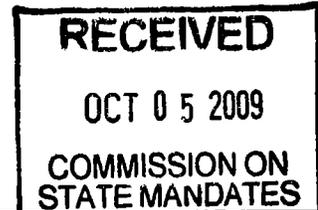


# SixTen and Associates

## Mandate Reimbursement Services

KEITH B. PETERSEN, President  
3270 Arena Blvd. Suite 400-363  
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E-Mail: [Kbpsixten@aol.com](mailto:Kbpsixten@aol.com)  
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October 1, 2009

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

RE: Yosemite Community College District  
Health Fee Elimination  
Fiscal Years: 2002-03 through 2006-07  
Incorrect Reduction Claim

Dear Ms. Higashi:

Enclosed is the original and two copies of the above referenced incorrect reduction claim for Yosemite Community College District.

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:

Teresa Scott, Executive Vice Chancellor Fiscal Services  
Yosemite Community College District  
2201 Blue Gum Avenue  
Modesto, CA 95358

Thank-you.

Sincerely,



Keith B. Petersen

# COMMISSION ON STATE MANDATES

## 1. INCORRECT REDUCTION CLAIM TITLE

1/84, 1118/87 Health Fee Elimination

## 2. CLAIMANT INFORMATION

Yosemite Community College District

Teresa Scott  
Executive Vice Chancellor, Fiscal Services  
2201 Blue Gum Avenue  
Modesto, CA 95358  
Voice: 209-575-6530  
Fax: 209-575-6562  
E-Mail: scott@yosemite.edu

## 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  
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<b>RECEIVED</b> For CSM Use Only
Filing Date: <b>OCT 05 2009</b>
<b>COMMISSION ON STATE MANDATES</b>

IRC #: 09-4206-T-25

## 4. IDENTIFICATION OF STATUTES OR EXECUTIVE ORDERS

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

## 5. AMOUNT OF INCORRECT REDUCTION

Fiscal Year	Amount of Reduction
2002-03	\$39,067
2003-04	\$80,888
2004-05	\$12,566
2005-06	\$182,362
2006-07	\$136,990
<b>TOTAL:</b>	<b>\$451,873</b>

## 6. NOTICE OF NO INTENT TO CONSOLIDATE

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

Sections 7-15 are attached as follows:

7. Written Detailed Narrative:	Pages 1 to 27
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. SCO Mandated Cost Manual Forward, 2003 edition:	Exhibit <u>E</u>
13. San Francisco Taxpayer's Assn	Exhibit <u>F</u>
14. Health Fee Revenue Reports	Exhibit <u>G</u>
15. Annual Reimbursement Claims:	Exhibit <u>H</u>

## 16. 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.

Teresa Scott  
Executive Vice Chancellor, Fiscal Services

Teresa Scott 9-24-08  
Signature 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

10 BEFORE THE

11 COMMISSION ON STATE MANDATES

12 STATE OF CALIFORNIA

13 INCORRECT REDUCTION CLAIM OF: )

14 ) No. CSM \_\_\_\_\_

15 )  
16 ) Chapter 1, Statutes of 1984, 2nd E.S.  
17 ) Chapter 1118, Statutes of 1987

18 )  
19 **YOSEMITE** )  
20 **Community College District,** )

Education Code Section 76355

21 ) **Health Fee Elimination**

22 )  
23 Claimant. )

Annual Reimbursement Claims:

24 )  
25 ) Fiscal Year 2002-03

26 ) Fiscal Year 2003-04

27 ) Fiscal Year 2004-05

28 ) Fiscal Year 2005-06

29 ) Fiscal Year 2006-07

30 )  
31 \_\_\_\_\_ )  
INCORRECT REDUCTION CLAIM FILING

32 PART I. AUTHORITY FOR THE CLAIM

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

1 "Claimant") is a school district as defined in Government Code Section 17519.<sup>1</sup> Title 2,  
2 California Code of Regulations (CCR), Section 1185(a), requires claimants 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  
6 date of the Controller's "written notice of adjustment notifying the claimant of a  
7 reduction." A Controller's audit report dated April 30, 2009, has been issued. The audit  
8 report constitutes a demand for repayment and adjudication of the claim. The Claimant  
9 also received five "result of review" letters dated May 10, 2009. Copies of these letters  
10 are 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 the District's annual reimbursement  
16 claims for the 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, 2002 through June 30, 2007.

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<sup>1</sup> Government Code Section 17519, added by Chapter 1459, Statutes of 1984:

"School district" means any school district, community college district, or county superintendent of schools.

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1 As a result of the audit, the Controller determined that \$451,873 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>&lt;State&gt; District</u>
5	2002-03	\$39,067	\$39,067	\$39,067	<\$39,067>
6	2003-04	\$151,046	\$80,888	\$0	\$70,158
7	2004-05	\$280,694	\$12,566	\$0	\$268,128
8	2005-06	\$413,324	\$182,362	\$0	\$230,962
9	2006-07*	<u>\$319,864<sup>2</sup></u>	<u>\$136,990</u>	<u>\$234,716<sup>3</sup></u>	<u>&lt;\$51,842&gt;</u>
10	Totals	\$1,203,995	\$451,873	\$273,783	\$478,339

11 \*Amended

12 Since the District has been paid \$273,783 for these claims, the audit report concludes  
13 that \$478,339 is due to the District.

14 PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

15 The District has not filed any previous incorrect reduction claims for this mandate  
16 program. The District is not aware of any other incorrect reduction claims having been  
17 adjudicated on the specific issues or subject matter raised by this incorrect reduction  
18 claim.

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<sup>2</sup> \$329,864 less \$10,000 late filing penalty.

<sup>3</sup> Although the final audit report, dated April 30, 2009, states that \$234,716 has been paid to the District, the "results of review" letter issued on May 10, 2009, states that the amount is 263,110. The difference is attributable to a \$28,394 payment from the District to the Controller on April 16, 2008.



1 added Education Code Section 76355<sup>4</sup> containing substantially the same provisions as

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<sup>4</sup> 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' salaries, athletic insurance, medical supplies for athletics, physical examinations for intercollegiate athletics, ambulance services, the salaries of health

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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  
3 exemption 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  
13 student health services for which it was authorized to charge a fee pursuant to former

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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 Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1 Section 72246 in the 1983-1984 fiscal year, to maintain student health services at that  
2 level in the 1984-1985 fiscal year and each fiscal year thereafter.

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

8 3. Parameters and Guidelines

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

12 4. Claiming Instructions

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

20 PART V. STATE CONTROLLER CLAIM ADJUDICATION

21 The Controller conducted an audit of the District's annual reimbursement claims

1 for fiscal years 2002-03, 2003-04, 2004-05, 2005-06, and 2006-07. The audit  
2 concluded that \$752,122 of the District's costs claimed was allowable, and \$451,873  
3 was unallowable. A copy of the April 30, 2009, audit report and the District's response  
4 is attached as Exhibit "D."

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

6 By letter dated March 12, 2009, the Controller transmitted a copy of its draft audit  
7 report. The District objected to the proposed adjustments set forth in the draft audit  
8 report by letter dated March 24, 2009. A copy of District's response is included in  
9 Exhibit "D," the final audit report.

10 PART VII. STATEMENT OF THE ISSUES

11 **Finding 1: Understated services and supplies**

12 The District does not dispute this finding.

13 **Finding 2 - Overstated indirect costs**

14 The Controller asserts that the District overstated indirect costs by \$96,841 for  
15 the audit period.

16 FY 2002-03 and FY 2003-04

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

21 /

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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

2           The District calculated its indirect cost rate for FY 2004-05 through FY 2006-07  
3 in the same manner as it did for FY 2002-03 and FY 2003-04, using the FAM-29C  
4 method but correcting for instances where the Controller's method did not follow the  
5 CCFS-311 characterization of costs as direct or indirect. The District also had a  
6 federally approved rate that it did not use for these annual reimbursement claims.  
7 However, unlike the first two fiscal years of this audit, the audit report states that "the  
8 district's federally-approved rates are irrelevant for FY 2004-05, FY 2005-06, and FY  
9 2006-07" because the claiming instructions no longer allow federally approved indirect  
10 cost rates to be used.

11           There was no amendment of the parameters and guidelines to support this  
12 abrupt change of position. The Controller simply decided to stop accepting federally  
13 approved rates, after years of accepting them, with no stated justification or opportunity  
14 for public comment. The claiming instructions do not comply with the Administrative  
15 Procedure Act, and are therefore not enforceable. Accordingly, the auditors cannot rely  
16 on them as the basis for this different treatment of FY 2004-05 through FY 2006-07.

17 **PARAMETERS AND GUIDELINES**

18           No particular indirect cost rate calculation is required by law. The Controller  
19 insists that the rate be calculated according to the claiming instructions. The  
20 parameters and guidelines for the Health Fee Elimination mandate state that "[i]ndirect  
21 costs *may be claimed* in the manner described by the State Controller in his claiming

1 instructions.” The District claimed these indirect costs “in the manner” described by the  
2 Controller. The correct forms were used and the claimed amounts were entered at the  
3 correct locations. Further, “may” is not “shall”; the parameters and guidelines do not  
4 *require* that indirect costs be claimed in the manner specified by the Controller. In the  
5 audit report, the Controller asserts that because the parameters and guidelines  
6 specifically reference the claiming instructions, the claiming instructions thereby  
7 become authoritative criteria. Since the Controller’s claiming instructions were never  
8 adopted as law, or regulations pursuant to the Administrative Procedure Act, the  
9 claiming instructions are a statement of the Controller’s interpretation and not law.

10 The Controller’s interpretation of Section VI of the parameters and guidelines  
11 would, in essence, subject claimants to underground rulemaking at the direction of the  
12 Commission. The Controller’s claiming instructions are unilaterally created and modified  
13 without public notice or comment. The Commission would violate the Administrative  
14 Procedure Act if it held that the Controller’s claiming instructions are enforceable as  
15 standards or regulations. In fact, until 2005, the Controller regularly included a  
16 “forward” in the Mandated Cost Manual for Community Colleges (September 30, 2003  
17 version attached as Exhibit “E”) that explicitly stated the claiming instructions were  
18 “issued for the sole purpose of assisting claimants” and “should not be construed in any  
19 manner to be statutes, regulations, or standards.”

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

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1 followed the parameters and guidelines. The burden of proof is on the Controller to  
2 prove that the product of the District's calculation is unreasonable, not to recalculate the  
3 rate according to its unenforceable ministerial preferences.

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

11 PRIOR YEAR CCFS-311

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

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

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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

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

1 EXCESSIVE OR UNREASONABLE

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

8 The Controller has the burden to show that the indirect cost rate used by the  
9 District is excessive or unreasonable, pursuant to Government Code Section  
10 17561(d)(2). In response to this assertion, the audit report states:

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

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

21 Section 12410 is found in the part of the Government Code that provides a  
22 general description of the duties of the Controller. It is not specific to the audit of  
23 mandate reimbursement claims. It is a well-settled maxim of statutory interpretation that  
24 "[a] specific provision relating to a particular subject will govern in respect to that

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1 subject, as against a general provision, although the latter, standing alone, would be  
2 broad enough to include the subject to which the more particular provision relates.”<sup>5</sup>

3 The audit authority in Section 17561(d)(2) is more specific than the Controller’s general  
4 audit authority contained in Government Code Section 12410. Therefore, the Controller  
5 only has the audit authority granted by Government Code Section 17561(d)(2) when  
6 auditing mandate reimbursement claims.

7 Further, the Controller has not asserted or demonstrated that, if Section 12410  
8 was the applicable standard, the audit adjustments were made in accordance with this  
9 standard. The District’s claim was correct, in that it reported the actual costs incurred.

10 There is also no allegation in the audit report that the claim was in any way illegal.

11 Finally, the phrase “sufficient provisions of law for payment” refers to the requirement  
12 that there be adequate appropriations prior to the disbursement of any funds. There is  
13 no indication that any state funds were disbursed without sufficient appropriations.

14 Thus, even if the standards of Section 12410 were applicable to mandate  
15 reimbursement audits, the Controller has failed to put forth any evidence that these  
16 standards are not met.

17 There is no indication that the Controller is actually relying on the audit standards  
18 put forth in Section 12410 for the adjustments to the District’s reimbursement claims.

19 The final audit report claims that the Controller did actually determine that the District’s

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<sup>5</sup> *San Francisco Taxpayers Assn. V. Board of Supervisors* (1992) 2 Cal.4th 571, 577. Attached as Exhibit “F.”

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1 costs were excessive<sup>6</sup>, as required by Section 17561(d)(2), because the claimed costs  
2 were not “proper” since the indirect cost rates used did not match the rates derived by  
3 the auditors using the Controller’s alternative methodology.

4 Neither State law nor the parameters and guidelines make compliance with the  
5 Controller’s claiming instructions a condition of reimbursement. The District has  
6 followed the parameters and guidelines. The burden of proof is on the Controller to  
7 prove that the product of the District’s calculation is unreasonable, not to recalculate the  
8 rate according to its unenforceable ministerial preferences.

9 **Finding 3 - Offsetting savings/reimbursements incorrectly reported as authorized**  
10 **health service fees**

11 The District does not dispute this finding.

12 **Finding 4 - Understated authorized health service fee revenues claimed**

13 The audit report concludes that the District understated offsetting revenue by  
14 \$316,222 for the audit period because it claimed student health service fees that were  
15 actually collected, rather than those that were merely authorized. In doing so, the audit  
16 report asserts that “the district failed to follow specific SCO claiming instructions.”

---

<sup>6</sup> The audit report states that it found the FY 2005-06 and FY 2006-07 indirect cost rates to be excessive, while the FY 2004-05 indirect costs were understated. It then remarks that “[t]he district did not explain why it is contesting an audit adjustment in its favor.” While no explanation is required, the District does not subscribe to the implied philosophy that actions in contradiction to the parameters and guidelines should be overlooked simply because of the result obtained. The Controller does not explain how the same auditing methods could somehow be proper when applied to FY 2004-05, but improper when applied to FY 2005-06 and FY 2006-07.

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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

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

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1 Parameters and Guidelines

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

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

10 In order for the District to "experience" these "offsetting savings" the District must  
11 actually have collected these fees. Note that the student health fees are named as a  
12 potential source of the reimbursement *received* in the preceding sentence. The use of  
13 the term "any offsetting savings" further illustrates the permissive nature of the fees.  
14 Student fees actually collected must be used to offset costs, but not student fees that  
15 could have been collected and were not. Thus, the Controller's conclusion is based on  
16 an illogical interpretation of the parameters and guidelines by the Controller.

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

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

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

---

1 the claimant would be required to deduct the amount authorized. However, the  
2 Commission declined to add this requirement and adopted the parameters and  
3 guidelines without this language.

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

12 Education Code Section 17556

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

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1           The two court cases the audit report relies upon (*County of Fresno v. California*  
2 (1991) 53 Cal.3d 482 and *Connell v. Santa Margarita* (1997) 59 Cal.App.4th 382) are  
3 similarly misplaced. Both cases concern the approval of a test claim by the  
4 Commission. They do not address the issue of offsetting revenue in the reimbursement  
5 stages, only whether there is fee authority *sufficient to fully fund* the mandate that would  
6 prevent the Commission from approving the test claim.

7           In *County of Fresno*, the Commission had specifically found that the fee authority  
8 was sufficient to fully fund the test claim activities and denied the test claim. The court  
9 simply agreed to uphold this determination because Government Code Section  
10 17556(d) was consistent with the California Constitution. The Health Fee Elimination  
11 mandate, as decided by the Commission, found that the fee authority is not sufficient to  
12 fully fund the mandate. Thus, *County of Fresno* is not applicable because it concerns  
13 the activity of approving or denying a test claim and has no bearing on the annual claim  
14 reimbursement process.

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

20           **Finding 5 - Understated offsetting savings/reimbursements**

21           The audit report concludes that the District understated offsetting savings and

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1 reimbursements by \$118,807 for the audit period because it did not report fees charged  
2 for supplemental services, revenue recognized when converting from a cash to accrual  
3 basis accounting system, and interest.

4 Supplemental Service Fees

5 In accordance with governmental accounting practices, the District separately  
6 accounted for some costs and revenues (e.g., clinical services) in a fund (Fund 12)  
7 separate from the student health service center fund (Fund 14). Finding 1 merges those  
8 costs (\$59,763) and revenue (\$14,411 located in Finding 5) with Fund 14 which is  
9 consistent with the cost accounting practice of matching costs and revenues. The  
10 District does not dispute Finding 1 or this portion of Finding 5.

11 FY 2003-04 Corrections

12 Finding 3 properly reverses \$19,965 in revenue reductions to the FY 2003-04  
13 claimed costs that were either duplicated from Fund 12 or the result of changes in  
14 accruals. The District does not dispute Finding 3 or this portion of Finding 5.

15 Interest Income

16 Finding 5 asserts that the District understated offsetting savings by \$84,431 for  
17 the audit period because it did not claim interest income received. The interest income  
18 is paid by the Stanislaus County Treasurer, where the District deposits its cash in a  
19 pooled investment fund. The District then allocates the total investment income  
20 reported by the County to its various funds. The audit report asserts that this interest  
21 income constitutes offsetting savings experienced as a direct result of the test claim

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1 statute because it is earned from the student health service fees that are collected  
2 under the fee authority established by Chapter 1118, Statutes of 1987. However, the  
3 parameters and guidelines do not identify interest earned as an offsetting savings, nor  
4 are they required to under the applicable regulations.

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

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

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1     **Statute of Limitations**

2	January 12, 2004	FY 2002-03 claim filed by the District
3	January 10, 2005	FY 2003-04 claim filed by the District
4	January 12, 2007	FY 2002-03 statute of limitations for audit expires
5	January 10, 2008	FY 2003-04 statute of limitations for audit expires
6	March 24, 2008	Audit entrance conference for all fiscal years

7           This is not an audit finding. The District alleges that the audit of the FY 2002-03  
8 and FY 2003-04 annual reimbursement claims commenced after the time limitation for  
9 audit had passed. The final audit report asserts that initiation of the audit was proper  
10 because the initial payment for the FY 2002-03 claim did not occur until October 25,  
11 2006, and there has been no payment for the FY 2003-04 claim. However, the clause in  
12 Government Code Section 17558.5 that delays the commencement of the time for the  
13 Controller to audit to the date of initial payment is void because it is impermissibly  
14 vague.

15     Applicable Time Limitation for Audit

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

21           (a) A reimbursement claim for actual costs filed by a local agency or school  
22 district pursuant to this chapter is subject to audit by the Controller no later than

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1 four years after the end of the calendar year in which the reimbursement claim is  
2 filed or last amended. However, if no funds are appropriated for the program for  
3 the fiscal year for which the claim is made, the time for the Controller to initiate  
4 an audit shall commence to run from the date of initial payment of the claim.

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

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

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

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

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

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

30 The amendment is pertinent because this is the first time that the factual issue of

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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

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

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

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

22 Vagueness

23 The two versions of Section 17558.5 applicable to the FY 2002-03 and FY 2003-  
24 04 annual reimbursement claims both provide that the time limitation for audit "shall  
25 commence to run from the date of initial payment" if no payment is made. However, this

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1 provision is void because it is impermissibly vague. At the time a claim is filed, the  
2 claimant has no way of knowing when payment will be made or how long the records  
3 applicable to that claim must be maintained. The current backlog in mandate payments,  
4 which continues to grow every year, could potentially require claimants to maintain  
5 detailed supporting documentation for decades. Additionally, it is possible for the  
6 Controller to unilaterally extend the audit period by withholding payment or directing  
7 appropriated funds only to those claims that have already been audited.

8 Therefore, the only specific and enforceable time limitation to commence an  
9 audit is three years from the date the claim was filed, and the annual reimbursement  
10 claims for FY 2002-03 and FY 2003-04 were past this time period when the audit was  
11 commenced on March 24, 2008. All adjustments to these two fiscal years are void and  
12 should be withdrawn.

13 PART VIII. RELIEF REQUESTED

14 The District filed its annual reimbursement claims within the time limits  
15 prescribed by the Government Code. The amounts claimed by the District for  
16 reimbursement of the costs of implementing the program imposed by Chapter 1,  
17 Statutes of 1984, 2nd E.S., Chapter 1118, Statutes of 1987, and Education Code  
18 Section 76355 represent the actual costs incurred by the District to carry out this  
19 program. These costs were properly claimed pursuant to the Commission's Parameters  
20 and Guidelines. Reimbursement of these costs is required under Article XIII B, Section  
21 6 of the California Constitution. The Controller denied reimbursement without any basis

Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1 in law or fact. In many cases, the audit report fails to specify the activity or costs denied  
2 which prevents a comprehensive evaluation of the Controller's action. The District has  
3 met its burden of going forward on this claim by complying with the requirements of  
4 Section 1185, Title 2, California Code of Regulations. Because the Controller has  
5 enforced and is seeking to enforce these adjustments without benefit of statute or  
6 regulation, the burden of proof is now upon the Controller to establish a legal basis for  
7 its actions.

8 The District requests that the Commission make findings of fact and law on each  
9 and every adjustment made by the Controller and each and every procedural and  
10 jurisdictional issue raised in this claim, and order the Controller to correct its audit report  
11 findings therefrom.

12 /

13 /

14 /

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20 /

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Incorrect Reduction Claim of Yosemite Community College District  
1/84; 1118/87 Health Fee Elimination

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1 PART IX. CERTIFICATION

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

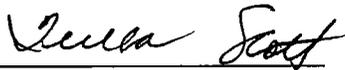
7 Executed on September 24, 2009, at Modesto, California, by

8 

9 Teresa M. Scott, Executive Vice Chancellor  
10 Yosemite Community College District  
11 2201 Blue Gum Avenue  
12 Modesto, CA 95358  
13 Phone: (209) 575-6530  
14 Fax: (209) 575-6562  
15 E-Mail: scottt@yosemite.edu

16 APPOINTMENT OF REPRESENTATIVE

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

19 

20 Teresa M. Scott, Executive Vice Chancellor  
21 Yosemite Community College District

9/24/09

Date

22 Attachments:

23 Exhibit "A" "Results of Review" letters dated May 10, 2009  
24 Exhibit "B" Parameters and Guidelines as amended May 25, 1989  
25 Exhibit "C" Controller's Claiming Instructions, September 2003  
26 Exhibit "D" Controller's Audit Report and the District's response, April 30, 2009  
27 Exhibit "E" Controller's Mandated Cost Manual, September 2003 version  
28 Exhibit "F" *San Francisco Taxpayers Assn. V. Board of Supervisors* (1992) 2  
29 Cal.4th 571  
30 Exhibit "G" District Health Fee Revenue reports for FY 2002-03  
31 Exhibit "H" Annual Reimbursement Claims

**Exhibit A**



**JOHN CHIANG**  
California State Controller  
Division of Accounting and Reporting  
MAY 10, 2009

2-575-6562  
CC50150  
00254  
2009/05/10

p.3

BOARD OF TRUSTEES  
YOSEMITE COMM COLL DIST  
STANISLAUS COUNTY  
P O BOX 4065  
MODESTO CA 95352

RECEIVED  
MAY 13 2009  
CALIFORNIA STATE CONTROLLER

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

WE HAVE REVIEWED YOUR 2002/2003 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED		39,067.00
TOTAL ADJUSTMENTS (DETAILS BELOW)	-	39,067.00
TOTAL PRIOR PAYMENTS (DETAILS BELOW)		-39,067.00
AMOUNT DUE STATE		<u>39,067.00</u>

PLEASE REMIT A WARRANT IN THE AMOUNT OF \$ 39,067.00 WITHIN 30 DAYS FROM THE DATE OF THIS LETTER, PAYABLE TO THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875 WITH A COPY OF THIS LETTER. FAILURE TO REMIT THE AMOUNT DUE WILL RESULT IN OUR OFFICE PROCEEDING TO OFFSET THE AMOUNT FROM THE NEXT PAYMENTS DUE TO YOUR AGENCY FOR STATE MANDATED COST PROGRAMS.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT GWEN CARLOS AT (916) 324-2341 OR IN WRITING AT THE ABOVE ADDRESS.

ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	39,067.00
TOTAL ADJUSTMENTS		39,067.00
PRIOR PAYMENTS:		
SCHEDULE NO. MA64136A		
PAID 10-25-2006		
TOTAL PRIOR PAYMENTS	-39,067.00	-39,067.00

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  
MAY 10, 2009

209-575-6562

00234  
2009/05/10

p.5

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STANISLAUS COUNTY  
P O BOX 4065  
MODESTO CA 95352

RECEIVED

MAY 10 2009

CONTROLLER'S OFFICE

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		151,046.00
ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	80,888.00
TOTAL ADJUSTMENTS	-	80,888.00
AMOUNT DUE CLAIMANT		<u>70,158.00</u>

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT GWEN CARLOS AT (916) 324-2341 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.

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  
MAY 10, 2009

CC50150  
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2009/05/10

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YOSEMITE COMM COLL DIST  
STANISLAUS COUNTY  
P O BOX 4065  
MODESTO CA 95352

RECEIVED

MAY 12 2009

CONTROLLER'S OFFICE

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		280,694.00
ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	12,566.00
TOTAL ADJUSTMENTS		<u>12,566.00</u>
AMOUNT DUE CLAIMANT		<u>\$ 268,128.00</u>

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT GWEN CARLOS AT (916) 324-2341 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.

SINCERELY,

*Ginny Brummels*  
GINNY BRUMMELS, MANAGER

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

575-6562

p.1



**JOHN CHIANG**  
California State Controller  
Division of Accounting and Reporting  
MAY 10, 2009

CC50150  
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2009/05/10

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STANISLAUS COUNTY  
P O BOX 4065  
MODESTO CA 95352

Post-It <sup>®</sup> Fax Note	7671	DATE	5/13/09	# of pages	5 pp
TO	Sergio Perez	FROM	Dorothy Brummels		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #		Fax #			

CONTROLLER'S OFFICE

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 413,324.00

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS - 182,362.00

TOTAL ADJUSTMENTS - 182,362.00

AMOUNT DUE CLAIMANT \$ 230,962.00

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT GWEN CARLOS AT (916) 324-2341 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.

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  
MAY 10, 2009

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2009/05/10

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STANISLAUS COUNTY  
P O BOX 4065  
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MAY 13 2009

CONTROLLER'S OFFICE

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

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

AMOUNT CLAIMED		329,864.00
TOTAL ADJUSTMENTS (DETAILS BELOW)	-	118,596.00
TOTAL PRIOR PAYMENTS (DETAILS BELOW)		-263,110.00
AMOUNT DUE STATE	\$	<u>51,842.00</u>

PLEASE REMIT A WARRANT IN THE AMOUNT OF \$ 51,842.00 WITHIN 30 DAYS FROM THE DATE OF THIS LETTER, PAYABLE TO THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875 WITH A COPY OF THIS LETTER. FAILURE TO REMIT THE AMOUNT DUE WILL RESULT IN OUR OFFICE PROCEEDING TO OFFSET THE AMOUNT FROM THE NEXT PAYMENTS DUE TO YOUR AGENCY FOR STATE MANDATED COST PROGRAMS.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT GWEN CARLOS AT (916) 324-2341 OR IN WRITING AT THE ABOVE ADDRESS.

ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	136,990.00
LATE CLAIM PENALTY	-	10,000.00
PRIOR COLLECTIONS		28,394.00
TOTAL ADJUSTMENTS	-	118,596.00
PRIOR PAYMENTS:		
SCHEDULE NO. MA64147E		
PAID 03-12-2007	-263,110.00	
TOTAL PRIOR PAYMENTS		-263,110.00

SINCERELY,

*Ginny Brummels*  
GINNY BRUMMELS, MANAGER

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

**Exhibit B**

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.

**Exhibit C**

## 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 17564(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.

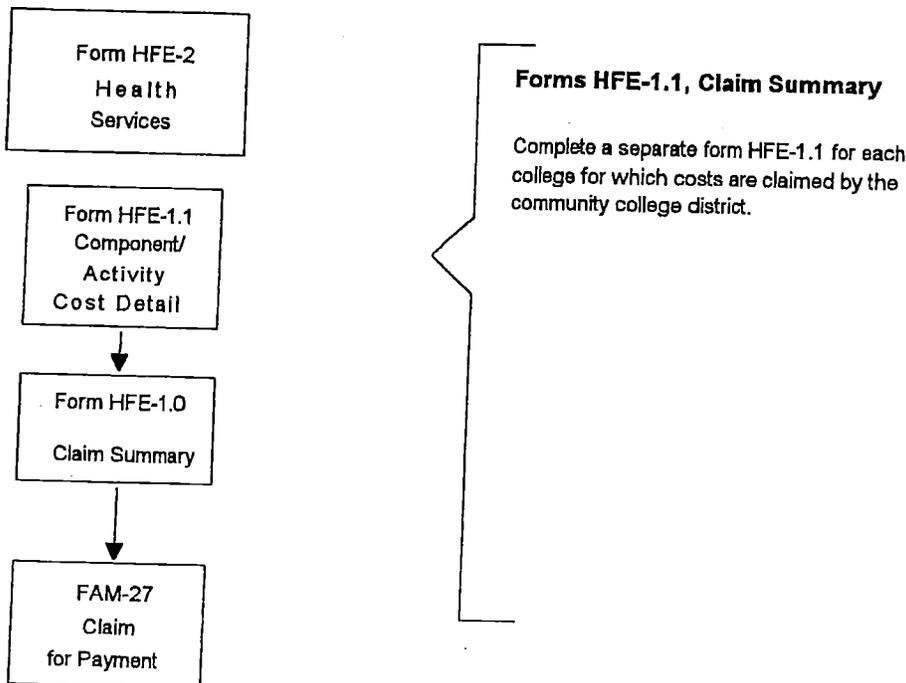
**C. Form HFE-1.0, Claim Summary**

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**  
(19) Program Number 00234  
(20) Date Filed \_\_\_/\_\_\_/\_\_\_  
(21) LRS Input \_\_\_/\_\_\_/\_\_\_

**Program**  
**234**

L  
A  
B  
E  
L  
  
H  
E  
R  
E

(01) Claimant Identification Number \_\_\_\_\_  
(02) Claimant Name \_\_\_\_\_  
County of Location \_\_\_\_\_  
Street Address or P.O. Box \_\_\_\_\_ Suite \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

**Reimbursement Claim Data**

(22) HFE-1.0, (04)(b) \_\_\_\_\_  
(23) \_\_\_\_\_  
(24) \_\_\_\_\_  
(25) \_\_\_\_\_

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
Fiscal Year of Cost	(06) 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 \_\_\_\_\_

Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number ( ) - Ext. \_\_\_\_\_  
E-Mail Address \_\_\_\_\_

<b>Program</b> <b>234</b>	<b>HEALTH FEE ELIMINATION</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (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

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.0</b>
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(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.	
<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]

<b>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</b>	<b>FORM HFE-1.0</b>
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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 <b style="font-size: 24pt;">234</b>	<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	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

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

<b>Program</b> <b>234</b>	<b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>HFE-1.1</b>
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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**

(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
- Bandaids
- Booklets/Pamphlets
- Dressing Change
- Rest
- Suture Removal
- Temperature
- Weigh
- Information
- Report/Form
- Wart Removal
- Others, list

Committees

- Safety
- Environmental
- Disaster Planning

**Exhibit D**

# YOSEMITE COMMUNITY COLLEGE DISTRICT

Audit Report

## HEALTH FEE ELIMINATION PROGRAM

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

*July 1, 2002, through June 30, 2007*



JOHN CHIANG  
California State Controller

April 2009



**JOHN CHIANG**  
**California State Controller**

April 30, 2009

Anne DeMartini, Board Chair  
Board of Trustees  
Yosemite Community College District  
2201 Blue Gum Avenue  
Modesto, CA 95358

Dear Ms. DeMartini:

The State Controller's Office audited the costs claimed by Yosemite Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2002, through June 30, 2007.

The district claimed \$1,203,995 (\$1,213,995 less a \$10,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$752,122 is allowable and \$451,873 is unallowable. The costs are unallowable because the district claimed understated services and supplies costs, overstated indirect costs, understated authorized health service fees, and understated offsetting savings/reimbursements. The State paid the district \$273,783. Allowable costs claimed exceed the amount paid by \$478,339.

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 CSM's Web site link at [www.csm.ca.gov/docs/IRCFORM.pdf](http://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/sk

cc: Teresa Scott, Executive Vice Chancellor  
Yosemite Community College District  
Kuldeep Kaur, Specialist  
Fiscal Planning and Administration  
California Community Colleges Chancellor's Office  
Jeannie Oropeza, Program Budget Manager  
Education Systems Unit  
Department of Finance

# Contents

## Audit Report

<b>Summary</b> .....	1
<b>Background</b> .....	1
<b>Objective, Scope, and Methodology</b> .....	2
<b>Conclusion</b> .....	2
<b>Views of Responsible Official</b> .....	3
<b>Restricted Use</b> .....	3
<b>Schedule 1—Summary of Program Costs</b> .....	4
<b>Findings and Recommendations</b> .....	7

# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by Yosemite Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2002, through June 30, 2007.

The district claimed \$1,203,995 (\$1,213,995 less a \$10,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$752,122 is allowable and \$451,873 is unallowable. The costs are unallowable because the district claimed understated services and supplies costs, overstated indirect costs, understated authorized health service fees, and understated offsetting savings/reimbursements. The State paid the district \$273,783. Allowable costs claimed exceed the amount paid by \$478,339.

## Background

Chapter 1, Statutes of 1984, 2<sup>nd</sup> 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, 2<sup>nd</sup> 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, 2002, 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, Yosemite Community College District claimed \$1,203,995 (\$1,213,995 less a \$10,000 penalty for filing a late claim) for costs of the Health Fee Elimination Program. Our audit disclosed that \$752,122 is allowable and \$451,873 is unallowable.

For the FY 2002-03 claim, the State paid the district \$39,067. Our audit disclosed that the claimed costs are unallowable. The State will offset \$39,067 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

For the FY 2003-04 claim, the State made no payment to the district. Our audit disclosed that \$70,158 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2004-05 claim, the State made no payment to the district. Our audit disclosed that \$268,128 is allowable. The State will that amount, contingent upon available appropriations.

For the FY 2005-06 claim, the State made no payment to the district. Our audit disclosed that \$230,962 is allowable. The State will that amount, contingent upon available appropriations.

For the FY 2006-07 claim, the State paid the district \$234,716. Our audit disclosed that \$182,874 is allowable. The State will offset \$51,842 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

**Views of  
Responsible  
Official**

We issued a draft audit report on March 12, 2009. Teresa Scott, Executive Vice Chancellor, responded by letter dated March 24, 2009 (Attachment), disagreeing with the audit results except for Findings 1 and 3. This final audit report includes the district's response.

**Restricted Use**

This report is solely for the information and use of Yosemite 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

April 30, 2009

**Schedule 1—  
Summary of Program Costs  
July 1, 2002, through June 30, 2007**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs:				
Salaries	\$ 248,395	\$ 248,395	\$ —	
Benefits	77,779	77,779	—	
Services and supplies	70,613	70,613	—	
Total direct costs	396,787	396,787	—	
Indirect costs	95,030	84,206	(10,824)	Finding 2
Total direct and indirect costs	491,817	480,993	(10,824)	
Less authorized health service fees	(446,250)	(490,194)	(43,944)	Finding 4
Less offsetting savings/reimbursements	(6,500)	(21,458)	(14,958)	Finding 5
Subtotal	39,067	(30,659)	(69,726)	
Audit adjustments that exceed costs claimed	—	30,659	30,659	
Total program costs	<u>\$ 39,067</u>	—	<u>\$ (39,067)</u>	
Less amount paid by the State		(39,067)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (39,067)</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries	\$ 264,370	\$ 264,370	\$ —	
Benefits	116,417	116,417	—	
Services and supplies	89,423	90,508	1,085	Finding 1
Total direct costs	470,210	471,295	1,085	
Indirect costs	118,916	89,621	(29,295)	Finding 2
Total direct and indirect costs	589,126	560,916	(28,210)	
Less authorized health service fees	(431,580)	(442,899)	(11,319)	Findings 3, 4
Less offsetting savings/reimbursements	(6,500)	(47,859)	(41,359)	Finding 5
Total program costs	<u>\$ 151,046</u>	70,158	<u>\$ (80,888)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 70,158</u>		

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
Salaries	\$ 303,647	\$ 303,647	\$ —	
Benefits	141,296	141,296	—	
Services and supplies	73,063	73,237	174	Finding 1
Total direct costs	518,006	518,180	174	
Indirect costs	180,680	187,633	6,953	Finding 2
Total direct and indirect costs	698,686	705,813	7,127	
Less authorized health service fees	(411,492)	(416,184)	(4,692)	Finding 4
Less offsetting savings/reimbursements	(6,500)	(21,501)	(15,001)	Finding 5
Total program costs	<u>\$ 280,694</u>	268,128	<u>\$ (12,566)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 268,128</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs:				
Salaries	\$ 344,990	\$ 344,990	\$ —	
Benefits	159,108	159,108	—	
Services and supplies	99,407	107,911	8,504	Finding 1
Total direct costs	603,505	612,009	8,504	
Indirect costs	219,555	203,371	(16,184)	Finding 2
Total direct and indirect costs	823,060	815,380	(7,680)	
Less authorized health service fees	(402,179)	(554,058)	(151,879)	Finding 4
Less offsetting savings/reimbursements	(7,557)	(30,360)	(22,803)	Finding 5
Total program costs	<u>\$ 413,324</u>	230,962	<u>\$ (182,362)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 230,962</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs:				
Salaries	\$ 453,320	\$ 453,320	\$ —	
Benefits	187,474	187,474	—	
Services and supplies	105,929	105,929	—	
Total direct costs	746,723	746,723	—	
Indirect costs	306,679	259,188	(47,491)	Finding 2
Total direct and indirect costs	1,053,402	1,005,911	(47,491)	
Less authorized health service fees	(709,335)	(774,633)	(65,298)	Finding 4
Less offsetting savings/reimbursements	(14,203)	(38,889)	(24,686)	Finding 5
Less late filing penalty <sup>2</sup>	(10,000)	(9,515)	485	
Total program costs	<u>\$ 319,864</u>	182,874	<u>\$ (136,990)</u>	
Less amount paid by the State		(234,716)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (51,842)</u>		

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>Summary: July 1, 2002, through June 30, 2007</u>				
Direct costs:				
Salaries	\$ 1,614,722	\$ 1,614,722	\$ —	
Benefits	682,074	682,074	—	
Services and supplies	438,435	448,198	9,763	
Total direct costs	2,735,231	2,744,994	9,763	
Indirect costs	920,860	824,019	(96,841)	
Total direct and indirect costs	3,656,091	3,569,013	(87,078)	
Less authorized health service fees	(2,400,836)	(2,677,968)	(277,132)	
Less offsetting savings/reimbursements	(41,260)	(160,067)	(118,807)	
Less late filing penalty <sup>2</sup>	(10,000)	(9,515)	485	
Subtotal	1,203,995	721,463	(482,532)	
Audit adjustments that exceed costs claimed	—	30,659	30,659	
Total program costs	<u>\$ 1,203,995</u>	752,122	<u>\$ (451,873)</u>	
Less amount paid by the State		<u>(273,783)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 478,339</u>		

<sup>1</sup> See the Findings and Recommendations section.

<sup>2</sup> The district incorrectly self-assessed a \$10,000 late claim penalty. The correct penalty amount is \$9,515.

# Findings and Recommendations

## **FINDING 1— Understated services and supplies**

The district understated services and supplies by \$9,763 for the audit period. The district accounted for most health services-related revenues and expenses in its Fund 14 accounts. The district claimed costs based on its Fund 14 accounts. However, the district separately accounted for some student fee revenue and related materials and supplies expenses in separate Fund 12 accounts that the district did not include in claimed costs. This finding reports an audit adjustment for the understated services and supplies. We reported an audit adjustment for the associated understated revenue in Finding 5 of our report.

The following table summarizes the audit adjustment.

	Fiscal Year			Total
	2003-04	2004-05	2005-06	
Audit adjustment	\$ 1,085	\$ 174	\$ 8,504	\$ 9,763

The 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.

### Recommendation

We recommend that the district claim health services costs that its accounting records support.

### District's Response

The District does not dispute this finding.

### SCO's Comment

Our finding and recommendation are unchanged.

**FINDING 2—  
Overstated indirect costs**

The district overstated indirect costs by \$96,841 for the audit period. The district overstated or understated indirect costs for each fiscal year.

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

For FY 2004-05, FY 2005-06, and FY 2006-07, the parameters and guidelines and the SCO’s claiming instructions do not provide districts the option of using a federally-approved rate. The district claimed indirect costs based on indirect cost rates it prepared using the FAM-29C methodology allowed by the parameters and guidelines and the SCO’s claiming instructions. However, the district did not allocate direct and indirect costs as specified in the claiming instructions. We recalculated the rates and applied the allowable indirect cost rates to allowable direct costs.

The following table summarizes the audit adjustment:

	Fiscal Year					Total
	2002-03	2003-04	2004-05	2005-06	2006-07	
Allowable salaries and wages	\$ 248,395	\$ 264,370	\$ —	\$ —	\$ —	
Allowable direct costs	—	—	518,180	612,009	746,723	
Allowable indirect cost rate	× 33.90%	× 33.90%	× 36.21%	× 33.23%	× 34.71%	
Allowable indirect costs	84,206	89,621	187,633	203,371	259,188	
Less indirect costs claimed	(95,030)	(118,916)	(180,680)	(219,555)	(306,679)	
Audit adjustment	\$ (10,824)	\$ (29,295)	\$ 6,953	\$ (16,184)	\$ (47,491)	\$ (96,841)

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

For FY 2002-03 and 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 [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.

Because the Health Fee Elimination Program's parameters and guidelines do not specifically allow for a federally-approved rate, the district's federally-approved rates are irrelevant for FY 2004-05, FY 2005-06, and FY 2006-07.

#### Recommendation

We recommend that the district claim indirect costs based on indirect cost rates computed in accordance with the SCO's claiming instructions. For the Health Fee Elimination Program, the district should prepare its indirect cost rate proposals using SCO's FAM-29C methodology.

#### District's Response

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

Since federally approved rates are an acceptable alternative method, the District does not dispute this audit finding as to FY 2002-03 and FY 2003-04.

##### FY 2004-05 and FY 2005-06

The draft audit report is factually in error when it states that the District prepared indirect cost rate proposals for FY 2004-05 and FY 2005-06 in accordance with OMB A-21. No proposal was made to any state or federal agency for an "approved" indirect cost rate. The District used the same FAM-29C method based on the CCFS-311 as the auditor, but made different allocations of indirect costs. The principal difference is that the District used the capital costs stated in the CCFS-311, whereas the Controller deleted these capital costs and substituted depreciation expense as stated on the District's annual financial statements.

##### FY 2006-07

The District used the same FAM-29C method based on the CCFS-311 as did the auditor. . . . The remaining difference in the rate claimed by the District in the amended FY 2006-07 claim and the audited rate is a result of differences in how some of the indirect costs were treated.

##### Parameters and Guidelines

The parameters and guidelines for the Health Fee Elimination program (as last 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.

Since the Controller's claiming instructions were never adopted as rules or regulations, they have no force of law. The burden is on the Controller to show that the indirect cost rate 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.

Prior Year CCFS-311

The draft audit report did not disclose that for FY 2004-05, FY 2005-06, and FY 2006-07, the audit used the most recent CCFS-311 information available for the calculation of the indirect cost rate. The District used the prior year CCFS-311. The CCFS-311 is prepared based on annual costs from the prior fiscal year for use in the current budget year. When the audit utilizes a different CCFS-311 than the District, this constitutes an undisclosed audit adjustment. The audit report does not state an enforceable requirement to use the most current CCFS-311.

As a practical example of how unjustifiable the Controller's position is on prior year CCFS-311 reports, note that the federally approved indirect cost rates (such as the federal rate the audit used for FY 2002-03 and FY 2003-04) are approved for periods of two to four years. This means the data from which the rates were calculated can be from three to five years prior to the last year in which the federal rate is used.

SCO's Comment

We modified our audit finding slightly for clarification. Our audit adjustment and recommendation are unchanged. Our comments to the district's response are as follows:

**FY 2004-05 and FY 2005-06**

The district inaccurately states "No proposal was made to any state or federal agency for an 'approved' indirect cost rate." On March 25, 2004, the U.S. Department of Health and Human Services approved the district's indirect cost rate for FY 2004-05 through FY 2007-08. However, the district did not use these federally approved rates to claim mandate-related indirect costs. We modified our audit finding to state that the district submitted indirect cost rate proposals using FAM-29C methodology for FY 2004-05 and FY 2005-06. In its response, the district states that it did not adhere to the SCO's claiming instructions because it "made different allocations of indirect costs." The parameters and guidelines state, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions."

**FY 2006-07**

The district did not provide its FY 2006-07 ICRP in time for inclusion in the draft report. Therefore, our draft audit report stated that the district did not provide its FY 2006-07 ICRP. We modified our audit finding to state that the district prepared its FY 2006-07 ICRP using FAM-29C methodology.

The district did not allocate direct and indirect costs as specified in the SCO's claiming instructions.

## Parameters and Guidelines

The parameters and guidelines state, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions." The district misinterprets the phrase "may be claimed" by concluding that compliance with the claiming instructions is voluntary. The district's assertion is invalid, as it would allow districts to claim indirect costs in whatever manner they choose. Instead, "may be claimed" simply permits the district to claim indirect costs. However, if the district claims indirect costs, then the district must comply with the SCO's claiming instructions.

Neither this district nor any other district requested that the Commission on State Mandates (CSM) review the SCO's claiming instructions pursuant to Title 2, *California Code of Regulations* (CCR), Section 1186. Furthermore, the district may not now request a review of the claiming instructions applicable to the audit period. Title 2 CCR 1186(j)(2) states, "A request for review filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year."

The district contends that "The burden is on the Controller to show that the indirect cost rate used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute..." Government Code section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. Government Code section 17561, subdivision (d)(2), allows the SCO to audit the district's records to verify actual mandate-related costs and reduce any claim that the SCO determines is excessive or unreasonable. In addition, Government Code section 12410 states, "The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment." Therefore, the district's contention is without merit.

Nevertheless, the SCO did conclude that the district's FY 2005-06 and FY 2006-07 indirect cost rates were excessive. (The SCO concluded that the district understated its FY 2004-05 indirect cost rate. The district did not explain why it is contesting an audit adjustment in its favor.) "Excessive" is defined as "exceeding what is usual, *proper*, necessary, or normal. . . . Excessive implies an amount or degree too great to be reasonable or acceptable. . . [emphasis added]."<sup>1</sup> The SCO calculated indirect cost rates using the alternative methodology identified in the SCO's claiming instructions. The alternative methodology indirect cost rates did not support the rates that the district claimed; thus, the claimed rates were excessive.

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<sup>1</sup> Merriam-Webster's Collegiate Dictionary, Tenth Edition, © 2001.

**Prior Year CCFS-311**

The district states, “The CCFS-311 is prepared based on annual costs from the prior fiscal year for use in the current budget year.” Although this is how the district used its data, there are no mandate-related authoritative criteria supporting this methodology. Government Code section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. In addition, the parameters and guidelines require the district to report actual costs. For each fiscal year, “actual costs” are costs of the current fiscal year, not costs from a prior fiscal year.

The parameters and guidelines and the SCO’s claiming instructions do not allow districts to claim indirect costs based on federally approved rates in FY 2004-05, FY 2005-06, and FY 2006-07. Therefore, the district’s comments regarding federally approved rates are irrelevant.

**FINDING 3—  
Offsetting savings/  
reimbursements  
incorrectly reported as  
authorized health  
service fees**

The district incorrectly reported offsetting savings/reimbursements totaling \$39,090 as authorized health service fees in FY 2003-04. This amount included interest revenue, duplicate staff charges that the district also claimed as offsetting savings/reimbursements, and miscellaneous student fees that the district recognized when it converted from cash to accrual-basis accounting.

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

	Fiscal Year 2003-04
Interest	\$ 12,625
Staff charges	6,500
Miscellaneous student fees	<u>19,965</u>
Audit adjustment	39,090
Authorized health service fees claimed	<u>(431,580)</u>
Adjusted authorized health service fees claimed	<u><u>\$ (392,490)</u></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. Except for the duplicate staff charges, we recognized these revenues in our audit adjustment for understated offsetting savings/reimbursements in Finding 5.

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 does not dispute this finding.

SCO's Comment

Our finding and recommendation are unchanged.

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

The district understated authorized health service fees by \$316,222 for the audit period. The district understated these fees because it reported actual receipts rather than authorized fees and because it did not charge students the full authorized fee amount in FY 2005-06 and FY 2006-07.

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 audit period, 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. The California Community Colleges Chancellor's Office (CCCCO) identified the fees authorized by Education Code section 76355, subdivision (a). For FY 2002-03 and FY 2003-04, the authorized fees were \$12 per semester and \$9 per summer session. For FY 2004-05, the authorized fees were \$13 per semester and \$10 per summer session. For FY 2005-06, the authorized fees were \$14 per semester and \$11 per summer session. For FY 2006-07, the authorized fees were \$15 per semester and \$12 per summer session.

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:

	Semester			Total
	Summer	Fall	Spring	
<u>Fiscal Year 2002-03</u>				
Number of enrolled students	10,568	24,587	22,472	
Less number of BOGG recipients	<u>(2,694)</u>	<u>(6,214)</u>	<u>(5,901)</u>	
Subtotal	7,874	18,373	16,571	
Authorized health fee rate	× \$ (9)	× \$(12)	× \$(12)	
Authorized health service fees	<u>\$ (70,866)</u>	<u>\$(220,476)</u>	<u>\$(198,852)</u>	\$ (490,194)
Less authorized health service fees claimed				<u>446,250</u>
Audit adjustment				<u>(43,944)</u>
<u>Fiscal Year 2003-04</u>				
Number of enrolled students	9,580	22,631	22,031	
Less number of BOGG recipients	<u>(2,569)</u>	<u>(6,486)</u>	<u>(6,526)</u>	
Subtotal	7,011	16,145	15,505	
Authorized health fee rate	× \$ (9)	× \$(12)	× \$(12)	
Authorized health service fees	<u>\$ (63,099)</u>	<u>\$(193,740)</u>	<u>\$(186,060)</u>	(442,899)
Less adjusted authorized health service fees claimed (Finding 3)				<u>392,490</u>
Audit adjustment				<u>(50,409)</u>
<u>Fiscal Year 2004-05</u>				
Number of enrolled students	9,865	21,620	20,839	
Less number of BOGG recipients	<u>(3,734)</u>	<u>(7,672)</u>	<u>(7,489)</u>	
Subtotal	6,131	13,948	13,350	
Authorized health fee rate	× \$(10)	× \$(13)	× \$(13)	
Authorized health service fees	<u>\$ (61,310)</u>	<u>\$(181,324)</u>	<u>\$(173,550)</u>	(416,184)
Less authorized health service fees claimed				<u>411,492</u>
Audit adjustment				<u>(4,692)</u>
<u>Fiscal Year 2005-06</u>				
Number of enrolled students	10,127	21,763	21,020	
Less number of BOGG recipients	<u>(4,007)</u>	<u>(8,016)</u>	<u>—</u>	
Subtotal	6,120	13,747	21,020	
Authorized health fee rate	× \$(11)	× \$(14)	× \$(14)	
Authorized health service fees	<u>\$ (67,320)</u>	<u>\$(192,458)</u>	<u>\$(294,280)</u>	(554,058)
Less authorized health service fees claimed				<u>402,179</u>
Audit adjustment				<u>(151,879)</u>
<u>Fiscal Year 2006-07</u>				
Number of enrolled students	10,579	22,214	20,965	
Authorized health fee rate	× \$(12)	× \$(15)	× \$(15)	
Authorized health service fees	<u>\$(126,948)</u>	<u>\$(333,210)</u>	<u>\$(314,475)</u>	(774,633)
Less authorized health service fees claimed				<u>709,335</u>
Audit adjustment				<u>(65,298)</u>
Total audit adjustment				<u>\$(316,222)</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 CCCCCO data element STD7, codes A through G. The district should eliminate duplicate entries for students who attend more than one of the district's colleges. In addition, we recommend that 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 and documentation identifying the number of students excluded.

### District's Response

The audit utilizes student enrollment information from the State Community College Chancellor's data base. These statistics are not available to districts at the time the claims are prepared nor does the audit report substantiate this source as either uniquely accurate or superior to enrollment data maintained by the District and independently audited each year. However, since the District did not calculate the fees based on student enrollment, this is not a District annual claim issue, but a Controller's audit adjustment rationale.

### COLLECTIBLE STUDENT HEALTH SERVICE FEES

The District asserts that the "collectible method" of determining the student health service fee revenue offset is not supported by law or fact.

### "Authorized" Fee Amount

There is no "authorized" rate other than the amounts stated in Education Code Section 76355. The draft audit report alleges that claimants must compute the total student health 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 services rates absent rulemaking or compliance with the Administrative Procedure Act by the "authorizing" state agency.

### Optional Fee

Education Code Section 76355, subdivision (a), 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. . . ." 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 supplied in both instances). Therefore, districts have the option of charging a fee to some or all of its students.

#### 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.

The operating cost of the student health service program is not determined by the fees collected. There is nothing in the language of the statute regarding the authority to charge a fee, or any nexus of fee revenue to increased cost, or 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 (CSM) 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 on State Mandates 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 last amended on May 25, 1989, state, in relevant part: “Any offsetting savings that 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).” The use of the term “any offsetting savings” further illustrates the permissive nature of the fees. Student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not, because uncollected fees are “offsetting savings” that were not “experienced.” The parameters and guidelines do not allow the Controller to reduce claimed costs by revenue never received by the claimants and such an offset is contrary to the generally accepted accounting principle that requires revenues and costs to be properly matched.

### SCO's Comment

Our finding and recommendation are unchanged. The district states, "The audit utilizes student enrollment information from the State Community College Chancellor's data base. These statistics are not available to districts at the time the claims are prepared nor does the audit report substantiate this source as either uniquely accurate or superior to enrollment data maintained by the District. . . ." This is the district's own data. In addition, the district implies that the SCO used data that is somehow different from "enrollment data maintained by the District." Our audit used data retrieved from the California Community Colleges Chancellor's Office (CCCCO). The CCCCCO data is extracted directly from enrollment information that the district submitted. Districts are required to submit this data to the CCCCCO within one month after each term ends; thus, the district has its fiscal year enrollment data available approximately seven months before its mandated program claims are due to the state.

The district also states, "Since the District did not calculate the fees based on student enrollment, this is not a District annual claim issue, but a Controller's audit adjustment rationale." We disagree; this is a district annual claim issue. For its FY 2002-03 claim, the district reported inaccurate student enrollment. For its FY 2003-04 through FY 2006-07 claims, the district failed to follow specific SCO claiming instructions. The district did not report student enrollment and did not calculate the total health fees that could have been collected.

### **"Authorized" Fee Amount**

We agree that Education Code section 76355 (specifically, subdivision (a)) authorizes the health service fee rate. The statutory section also provides the basis for calculating the authorized rate applicable to each fiscal year. The statutory section states:

- (1) 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.
- (2) 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).

The CCCCCO *notifies* districts when the authorized rate increases pursuant to Education Code section 76355, subdivision (a)(2). Therefore, the Administrative Procedures Act is irrelevant.

### **Optional Fee**

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. . . ." The district ignores the direct correlation that if the district has authority to collect fees attributable to health service expenses, then it is not *required* to incur a cost. Therefore, those health service expenses do not meet the statutory definition of mandated costs.

### **Government Code Section 17556**

The district presents an invalid argument that the statutory language applies only when the fee authority is sufficient to offset the "entire" mandated costs. The CSM recognized that the Health Fee Elimination Program's costs are not uniform between 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" cost 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.<sup>2</sup> 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.

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<sup>2</sup> *County of Fresno v. California* (1991) 53 Cal. 3d 482; *Connell v. Santa Margarita* (1997) 59 Cal. App. 4<sup>th</sup> 382.

## Parameters and Guidelines

The district incorrectly interprets the parameters and guidelines' requirement regarding authorized health service fees. The CSM clearly 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.

Thus, the CSM concluded that claimants must 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, as the CSM's staff concluded that DOF's proposed language did not substantively change the scope of its 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 conclusion regarding authorized health service fees.

The district states that "such an offset is contrary to the generally accepted accounting principle that requires revenues and costs to be properly matched." This statement is presented out of context; generally accepted accounting principles are not controlling criteria in identifying authorized health fee revenues attributable to the Health Fee Elimination mandated program. If a district voluntarily assesses less than the authorized health service fees, or fails to collect fees assessed, it is the district's responsibility to "match" health service expenditures with other district revenue sources.

**FINDING 5—  
Understated offsetting  
savings/reimbursements**

The district understated offsetting savings/reimbursements by \$118,807 for the audit period.

The district did not report offsetting savings/reimbursements for interest, student fees, and other miscellaneous revenue documented in its accounting records. The district charged students a separate fee for various health services that it provided. In FY 2003-04, the district also recognized miscellaneous revenue as it converted from a cash to accrual basis accounting system.

The following table summarizes the audit adjustment:

	Fiscal Year					Total
	2002-03	2003-04	2004-05	2005-06	2006-07	
Interest	\$ (16,890)	\$ (12,625)	\$ (13,216)	\$ (17,014)	\$ (24,686)	\$ (84,431)
Student fees and other miscellaneous revenue	1,932	(28,734)	(1,785)	(5,789)	—	(34,376)
Audit adjustment	\$ (14,958)	\$ (41,359)	\$ (15,001)	\$ (22,803)	\$ (24,686)	\$(118,807)

The parameters and guidelines state:

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.

Recommendation

We recommend that the district report all offsetting savings/reimbursements on its mandated cost claims.

District's Response

Finding 5 offsets \$84,431 of interest income against the claimed cost of the student health services program. . . . The interest income is paid by the Stanislaus County Treasurer where the District deposits its cash in a pooled investment fund. The District allocates the total investment income reported by the County to its various funds.

The draft audit report characterizes the interest income offset as an "offsetting savings/reimbursement". . . .

The parameters and guidelines criteria for offsetting savings and reimbursements do not apply to interest income. First, the interest income is not generated "as a direct result of" Education Code 76355, the statutory basis for the student health services program. Indeed, since the student health service program operates at a loss (the reason for the annual mandate claim for excess costs), the student health service program cannot generate investment principal. Second, the interest income is neither state nor federal reimbursement for providing the student health service program. Third, the interest income is not fees paid by others for services not included in the student health service program.

SCO's Comment

The parameters and guidelines state, "Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed." In its response, the district confirms that it received pooled investment fund income attributable to its health services fund. The health services fund and its associated revenues exist specifically because of Chapter 1118, Statutes of 1987, which authorized districts to assess a health service fee.

The district states, "Indeed, since the student health service program operates at a loss . . . the student health service program cannot generate investment principal." The district's response fails to consider basic cash flow principles. Each term, districts collect health fee revenue at the beginning of the term. This revenue is available for deposit in the county pooled investment fund and is depleted during the term as the district incurs health service program expenses. The revenue earns interest until such time that it is depleted.

During our exit conference conducted January 23, 2009, the district's consultant stated to district personnel that the district's mistake was that it posted interest revenue to the health services fund. We strongly recommend that the district continue to allocate interest earned on pooled investment funds according to generally accepted accounting principles.

**OTHER ISSUE—  
FY 2006-07 amounts  
paid**

The district's response included comments regarding FY 2006-07 amounts paid. The district's response and SCO's comment are as follows:

District's Response

The draft audit report states that the District was paid \$234,716 on the FY 2006-07 annual claim. The last remittance advice (March 12, 2007) received by the District for this fiscal year indicates that the amount paid was \$263,110.

SCO's Comment

The Summary of Program Costs (Schedule 1) is unchanged. The district is contesting a reported amount that is in its favor. The district's response fails to disclose that the district re-paid the SCO \$28,394, as documented by the SCO's remittance advice dated April 23, 2008. Thus, the net amount that the State paid to the district is \$234,716.

**OTHER ISSUE—  
FY 2006-07 late claim  
filing penalty**

The district's response included comments regarding the FY 2006-07 late claim penalty. The district's response and SCO's comment are as follows:

**District's Response**

On February 6, 2009, the District submitted an amended FY 2006-07 claim in the amount of \$329,864 that incorporates some of the audit adjustments. presented at the January 23, 2009, exit conference. Since this amended claim is a late claim, it is subject to a late filing penalty of 10% of the amount claimed up to \$10,000. The draft audit report adjusts the late filing penalty to \$9,515 for the audited allowed "total program costs" of \$192,389. Ten percent of \$192,389-is not \$9,515. It appears the late filing penalty should be \$10,000.

**SCO's Comment**

The Summary of Program Costs (Schedule 1) is unchanged. Again, the district is contesting an adjustment in its favor. Nevertheless, the district is in error. The district erroneously equates an "amended claim" with a "late claim." When a district amends its claim after the claim filing date established by Government Code section 17560, only the additional claimed costs are subject to the late claim penalty assessment (i.e., the original amount claimed is not late; only the new, additional costs are filed late). The district's amended claim increased total claimed costs by \$95,148, from \$234,716 to \$329,864. The SCO correctly applied a 10% late penalty assessment to the \$95,148 increase pursuant to Government Code section 17568. Allowable costs are irrelevant to the late claim penalty assessment.

**OTHER ISSUE—  
Statute of limitations**

The district's response included comments related to the statute of limitations applicable to the district's FY 2002-03 and FY 2003-04 mandated cost claims. The district's response and SCO's comment are as follows:

**District's Response**

Government Code Section 17558.5, as amended effective January 1, 2003, requires the Controller to initiate an audit within three years after a claim is filed. The District's FY 2002-03 claim was filed on January 12, 2004. The District's FY 2003-04 claim was filed on January 10, 2005. The entrance conference date for the audit was March 24, 2008, which is after the three-year period to commence the audit for those two fiscal years had expired.

**SCO's Comment**

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

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

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

For its FY 2002-03 claim, the district received its initial payment on October 25, 2006. Pursuant to Government Code section 17558.5, subdivision (a), the SCO had until October 24, 2009, to initiate an audit of this claim. For its FY 2003-04 claim, the district received no payment. Pursuant to the same statutory language, the time for the SCO to initiate an audit has not yet commenced. Therefore, the SCO properly initiated an audit of these claims within the statutory time allowed.

**OTHER ISSUE—  
Public records request**

The district's response included a public records request. The district's response and SCO's comment 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 (indirect cost rate calculation standards) and Finding 2 (calculation of the student health services fees offset).

SCO's Comment

The SCO provided the district the requested records by separate letter dated April 7, 2009.

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

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Office of the Executive Vice Chancellor



Yosemite Community College District

P.O. Box 4065 / Modesto, CA 95352 / 2201 Blue Gum Avenue  
Phone (209) 575-6530 / FAX (209) 575 6562

March 24, 2009

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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  
Health Fee Elimination  
Yosemite Community College District  
Fiscal Years: 2002-03, 2003-04, 2004-05, 2005-06, and 2006-07 (amended)**

Dear Mr. Spano:

This letter is the response of the Yosemite Community College District to the draft audit report for the above referenced program and fiscal years transmitted by the letter from Jeffrey Brownfield, Chief, Division of Audits, State Controller's Office, dated March 12, 2009, and received by the District on March 13, 2009.

**Finding 1: Understated services and supplies**

This District does not dispute this finding. See Finding 5.

**Finding 2: Overstated indirect costs**

<u>Fiscal Year</u>	<u>Indirect Cost Rates Claimed and Audited</u>				<u>Audit Report Source</u>
	<u>As Claimed</u>	<u>Claimed Source</u>	<u>As Audited</u>		
2002-03	23.95%	CCFS-311	33.90%	"Federally approved rate"	
2003-04	25.29%	CCFS-311	33.90%	"Federally approved rate"	
2004-05	34.88%	CCFS-311	36.21%	CCFS-311 and depreciation	
2005-06	36.38%	CCFS-311	33.23%	CCFS-311 and depreciation	
2006-07 (amended)	41.07%	CCFS-311 and depreciation	34.71%	CCFS-311 and depreciation	

The Controller asserts that the indirect cost method used by the District was inappropriate since it was not a cost study specifically approved by the federal government.

#### CHOICE OF METHODS

The draft audit report states that the District prepared its indirect cost rates for the fiscal years 2002-03 through 2005-06 as "proposals" in accordance with OMB A-21 that were not federally approved.

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

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

##### FY 2004-05 and FY 2005-06

The draft audit report is factually in error when it states that the District prepared indirect cost rate proposals for FY 2004-05 and FY 2005-06 in accordance with OMB A-21. No proposal was made to any state or federal agency for an "approved" indirect cost rate. The District used the same FAM-29C method based on the CCFS-311 as the auditor, but made different allocations of indirect costs. The principal difference is that the District used the capital costs stated in the CCFS-311, whereas the Controller deleted these capital costs and substituted depreciation expense as stated on the District's annual financial statements.

##### FY 2006-07

On February 6, 2009, the District submitted an amended FY 2006-07 claim. The District used the same FAM-29C method based on the CCFS-311 as did the auditor. The District deleted the capital costs stated in the CCFS-311 and substituted the depreciation expense as reported in the District's annual financial statements. The District was not on notice of this method of treating depreciation costs at the time the FY 2004-05 and FY 2005-06 annual claims were timely filed. The audit report uses this method retroactively to FY 2004-05. The remaining difference in the rate claimed by the District in the amended FY 2006-07 claim and the audited rate is a result of differences in how some of the indirect costs were treated.

##### Parameters and Guidelines

The parameters and guidelines for the Health Fee Elimination program (as last 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.

Since the Controller's claiming instructions were never adopted as rules or regulations, they have no force of law. The burden is on the Controller to show that the indirect cost rate 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.

#### PRIOR YEAR CCFS-311

The draft audit report did not disclose that for FY 2004-05, FY 2005-06, and FY 2006-07, the audit used the most recent CCFS-311 information available for the calculation of the indirect cost rate. The District used the prior year CCFS-311. The CCFS-311 is prepared based on annual costs from the prior fiscal year for use in the current budget year. When the audit utilizes a different CCFS-311 than the District, this constitutes an undisclosed audit adjustment. The audit report does not state an enforceable requirement to use the most current CCFS-311.

As a practical example of how unjustifiable the Controller's position is on prior year CCFS-311 reports, note that the federally approved indirect cost rates (such as the federal rate the audit used for FY 2002-03 and FY 2003-04) are approved for periods of two to four years. This means the data from which the rates were calculated can be from three to five years 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 rates as unreasonable or excessive, the adjustments should be withdrawn.

#### **Finding 3: Offsetting savings/reimbursements incorrectly reported as authorized health service fees**

This District does not dispute this finding. See Finding 5.

#### **Finding 4: Understated authorized health service fees**

The draft audit report concludes that the student health service fee revenue offsets were understated for the five-year audit period. The difference between the claimed amount and the audited amount is that the District utilized actual revenues received rather than a calculation of the student health service fees potentially collectible. The auditor calculated "authorized health fee revenues," that is, the student fees collectible based on the highest student health service fee chargeable to all eligible students, rather than the full-time or part-time student health service fee actually charged by the District to the students not exempted by state law or District policy (e.g., BOGG waiver students).

The audit utilizes student enrollment information from the State Community College Chancellor's data base. These statistics are not available to districts at the time the claims are prepared nor does the audit report substantiate this source as either uniquely accurate

or superior to enrollment data maintained by the District and independently audited each year. However, since the District did not calculate the fees based on student enrollment, this is not a District annual claim issue, but a Controller's audit adjustment rationale.

#### COLLECTIBLE STUDENT HEALTH SERVICE FEES

The District asserts that the "collectible method" of determining the student health service fee revenue offset is not supported by law or fact.

#### "Authorized" Fee Amount

There is no "authorized" rate other than the amounts stated in Education Code Section 76355. The draft audit report alleges that claimants must compute the total student health 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 services rates absent rulemaking or compliance with the Administrative Procedure Act by the "authorizing" state agency.

#### Optional Fee

Education Code Section 76355, subdivision (a), 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 . . ." 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 supplied in both instances) Therefore, districts have the option of charging a fee to some or all of its students.

#### 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.

The operating cost of the student health service program is not determined by the fees collected. There is nothing in the language of the statute regarding the authority to charge a fee, or any nexus of fee revenue to increased cost, or 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 (CSM) 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 amended by Statutes of 2004, Chapter 895, 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 that: . . .

(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 on State Mandates 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 last amended on May 25, 1989, state, in relevant part: "Any offsetting savings that 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)." The use of the term "any offsetting savings" further illustrates the permissive nature of the fees. Student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not, because uncollected fees are "offsetting savings" that were not "experienced." The parameters and guidelines do not allow the Controller to reduce claimed costs by revenue never received by the claimants and such an offset is contrary to the generally accepted accounting principle that requires revenues and costs to be properly matched.

Since the draft audit report has stated no legal basis to disallow actual revenues as the amount of the offsetting revenue, the adjustments should be withdrawn.

**Finding 5: Understated offsetting savings/reimbursements**

Findings 1, 3, and 5 are connected by their content.

"FUND 12"

In accordance with governmental accounting practices, the District separately accounted for some costs and revenues (e.g., clinical services) in a fund (Fund 12) separate from the student health service center fund (Fund 14). Finding 1 merges those costs (\$9,763) and revenue (\$34,376 located in Finding 5) with Fund 14 which is consistent with the cost accounting practice of matching costs and revenues. The District does not dispute Finding 1.

**FY 2003-04 CORRECTIONS**

Finding 3 properly reverses \$39,090 in revenue reductions to the FY 2003-04 claimed costs that were either duplicated from Fund 12 or the result of changes in accruals. The District does not dispute Finding 3.

**INTEREST INCOME**

Finding 5 offsets \$84,431 of interest income against the claimed cost of the student health services program. Of this amount, \$12,625 was properly added back to the program costs in Finding 3 for FY 2003-04. The interest income is paid by the Stanislaus County Treasurer where the District deposits its cash in a pooled investment fund. The District allocates the total investment income reported by the County to its various funds.

The draft audit report characterizes the interest income offset as an "offsetting savings/reimbursement." The draft audit report cites only a portion of the parameters and guidelines for this proposition. The entire relevant citation is:

**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 (fecs) received from individuals other than students who are not covered by Education Code Section 72246 for health services.

The parameters and guidelines criteria for offsetting savings and reimbursements do not apply to interest income. First, the interest income is not generated "as a direct result of"

Education Code 76355, the statutory basis for the student health services program. Indeed, since the student health service program operates at a loss (the reason for the annual mandate claim for excess costs), the student health service program cannot generate investment principal. Second, the interest income is neither state nor federal reimbursement for providing the student health service program. Third, the interest income is not fees paid by others for services not included in the student health service program.

Since interest income does not meet the parameters and guidelines criteria for offsetting savings and reimbursements and the draft audit report has stated no other basis for this finding, the adjustments should be withdrawn.

### **Other Issues**

#### FY 2006-07 Amounts Paid

The draft audit report states that the District was paid \$234,716 on the FY 2006-07 annual claim. The last remittance advice (March 12, 2007) received by the District for this fiscal year indicates that the amount paid was \$263,110.

#### FY 2006-07 Late Claim Filing Penalty

On February 6, 2009, the District submitted an amended FY 2006-07 claim in the amount of \$329,864 that incorporates some of the audit adjustments presented at the January 23, 2009, exit conference. Since this amended claim is a late claim, it is subject to a late filing penalty of 10% of the amount claimed up to \$10,000. The draft audit report adjusts the late filing penalty to \$9,515 for the audited allowed "total program costs" of \$192,389. Ten percent of \$192,389 is not \$9,515. It appears the late filing penalty should be \$10,000.

### **Statute of Limitations**

<u>Fiscal Year</u>	<u>Date Submitted to SCO</u>	<u>SOL to audit expires</u>
FY 2002-03	January 12, 2004	Audit must start by January 12, 2007
FY 2003-04	January 10, 2005	Audit must start by January 10, 2008

Government Code Section 17558.5, as amended effective January 1, 2003, requires the Controller to initiate an audit within three years after a claim is filed. The District's FY 2002-03 claim was filed on January 12, 2004. The District's FY 2003-04 claim was filed on January 10, 2005. The entrance conference date for the audit was March 24, 2008, which is after the three-year period to commence the audit for those two fiscal years had expired.

The audit report should be changed to exclude findings for the FY 2002-03 and FY 2003-04 annual claims.

**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 (indirect cost rate calculation standards) and Finding 2 (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 10 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 its possession and to promptly notify the requesting party of that determination and the reasons therefore. Also, as required, when so notifying the District, please state the estimated date and time when the records will be made available.

O O O

The District requests that the audit report be changed to comply with the appropriate application of the parameters and guidelines regarding allowable activity costs and the Government Code sections concerning audits of mandate claims.

Sincerely,



Teresa Scott  
Executive Vice Chancellor

TMS/KP/cs

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

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

**Exhibit E**

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# MANDATED COST MANUAL FOR COMMUNITY COLLEGES

STATE OF CALIFORNIA



**STEVE WESTLY**  
STATE CONTROLLER

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## FOREWORD

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

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

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

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

## TABLE OF CONTENTS

<b>SECTION 1</b>	<b>Appropriation Information</b>	<b>Page</b>
1.	Reimbursable State Mandated Cost Programs	1
2.	Appropriations for the 2003-04 Fiscal Year	2
<b>SECTION 2</b>	<b>Filing a Claim</b>	
1.	Introduction	1
2.	Types of Claims	1
3.	Minimum Claim Amount	3
4.	Filing Deadline for Claims	3
5.	Payment of Claims	4
6.	State Mandates Apportionment System (SMAS)	5
7.	Direct Costs	6
8.	Indirect Costs	11
9.	Offsets Against State Mandated Claims	15
10.	Notice of Claim Adjustments	16
11.	Audit of Costs	16
12.	Source Documents	17
13.	Claim Forms and Instructions	17
14.	Retention of Claiming Instructions	18
<b>SECTION 3</b>	<b>State Mandated Cost Programs</b>	
<b>Program Name</b>	<b>Chapter/Statute</b>	<b>Program Number</b>
Absentee Ballots	Ch. 77/78	231
Collective Bargaining	Ch. 961/75	232
Health Benefits for Survivors of Peace Officers and Firefighters	Ch. 1120/96	233
Health Fee Elimination	Ch. 1/84	234
Investment Reports	Ch. 783/95	235
Law Enforcement College Jurisdiction Agreements	Ch. 284/98	212
Law Enforcement Sexual Harassment Training	Ch. 126/93	236
Mandate Reimbursement Process	Ch. 486/75	237
Open Meetings Act /Brown Act Reform	Ch. 641/86	238
Peace Officers Procedural Bill of Rights	Ch. 465/76	239
Photographic Record of Evidence	Ch. 875/85	240
Sex Offenders: Disclosure by Law Enforcement Officers	Ch. 908/96	241
Threats Against Peace Officers	Ch. 1249/92	242

## TABLE OF CONTENTS

SECTION 4 Appendix	Page
A. State of California Travel Expense Guidelines	1-3
B. Government Code Sections 17500 - 17616	1-17

**REIMBURSABLE STATE MANDATED COST PROGRAMS**

Claims for the following State mandated cost programs may be filed with the SCO. For your convenience, the programs are listed in alphabetical order by program name. An "X" indicates the fiscal year for which a claim may be filed.

2002-03 Reimburse- ment Claims	2003-04 Estimated Claims	Community College Districts	
x	x	Chapter 77/78	Absentee Ballots
x	x	Chapter 961/75	Collective Bargaining
x	x	Chapter 1120/96	Health Benefits for Survivors of Peace Officers & Firefighters
x	x	Chapter 1/84	Health Fee Elimination
x	x	Chapter 783/95	Investment Reports
x	x	Chapter 284/98	Law Enforcement College Jurisdiction Agreements
x	x	Chapter 126/93	Law Enforcement Sexual Harassment Training
x	x	Chapter 486/75	Mandate Reimbursement Process
x	x	Chapter 641/86	Open Meetings Act/Brown Act Reform
x	x	Chapter 465/76	Peace Officers Procedural Bill of Rights
x	x	Chapter 875/85	Photographic Record of Evidence
x	x	Chapter 908/96	Sex Offenders: Disclosure by Law Enforcement Officers
x	x	Chapter 1249/92	Threats Against Peace Officers

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**APPROPRIATIONS FOR THE 2003-04 FISCAL YEAR**

Source of State Mandated Cost Appropriations			
Schedule	Program		Amount Appropriated
Chapter 379/02, Item 6110-295-0001 <sup>1</sup>			
(1)	Chapter 77/78	Absentee Ballots	\$ 0
(2)	Chapter 961/75	Collective Bargaining	0
(3)	Chapter 1120/96	Health Benefits for Survivors of Peace Officers and Firefighters	0
(4)	Chapter 783/95	Investment Reports	0
(5)	Chapter 284/98	Law Enforcement College Jurisdiction Agreements	0
(6)	Chapter 126/93	Law Enforcement Sexual Harassment Training	0
(7)	Chapter 486/75	Mandate Reimbursement Process	0
(8)	Chapter 641/86	Open Meetings Act/Brown Act Reform	0
(9)	Chapter 465/76	Peace Officers Procedural Bill of Rights	0
(10)	Chapter 875/85	Photographic Record of Evidence	0
(11)	Chapter 908/96	Sex Offenders: Disclosure by Law Enforcement Officers	0
(12)	Chapter 1249/92	Threats Against Peace Officers	0
<b>Total Appropriations, Item 6110-295-001</b>			<u>\$ 0</u>
Chapter 379/02, Item 6870-295-0001			
(13)	Chapter 1/84	Health Fee Elimination	1,000
<b>TOTAL - Funding for the 2003-04 Fiscal Year</b>			<u><b>\$1,000</b></u>

<sup>1</sup> Pursuant to provision 5, "The Controller shall not make any payment from this item to reimburse community college districts for claimed costs of state-mandated education programs. Reimbursements to community college districts for education mandates shall be paid from the appropriate item within the community colleges budget."

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## FILING A CLAIM

### 1. Introduction

The law in the State of California, (Government Code Sections 17500 through 17616), provides for the reimbursement of costs incurred by school districts for costs mandated by the State. Costs mandated by the State means any increased costs which a school district is required to incur after July 1, 1980, as a result of any statute enacted after January 1, 1975, or any executive order implementing such statute which mandates a new program or higher level of service of an existing program.

Estimated claims that show costs to be incurred in the current fiscal year and reimbursement claims that detail the costs actually incurred for the prior fiscal year may be filed with the State Controller's Office (SCO). Claims for on-going programs are filed annually by January 15. Claims for new programs are filed within 120 days from the date claiming instructions are issued for the program. A 10 percent penalty, (up to \$1,000 for continuing claims, no limit for initial claims), is assessed for late claims. The SCO may audit the records of any school district to verify the actual amount of mandated costs and may reduce any claim that is excessive or unreasonable.

When a program has been reimbursed for three or more years, the COSM may approve the program for inclusion in the State Mandates Apportionment System (SMAS). For programs included in SMAS, the SCO determines the amount of each claimant's entitlement based on an average of three consecutive fiscal years of actual costs adjusted by any changes in the Implicit Price Deflator (IPD). Claimants with an established entitlement receive an annual apportionment adjusted by any changes in the IPD and, under certain circumstances, by any changes in workload. Claimants with an established entitlement do not file further claims for the program.

The SCO is authorized to make payments for costs of mandated programs from amounts appropriated by the State Budget Act, by the State Mandates Claims Fund, or by specific legislation. In the event the appropriation is insufficient to pay claims in full, claimants will receive prorated payments in proportion to the dollar amount of approved claims for the program. Balances of prorated payments will be made when supplementary funds are made available.

The instructions contained in this manual are intended to provide general guidance for filing a mandated cost claim. Since each mandate is administered separately, it is important to refer to the specific program for information relating to established policies on eligible reimbursable costs.

### 2. Types of Claims

There are three types of claims: Reimbursement, Estimated, and Entitlement. A claimant may file a reimbursement claim for actual mandated costs incurred in the prior fiscal year or may file an estimated claim for mandated costs to be incurred during the current fiscal year. An entitlement claim may be filed for the purpose of establishing a base year entitlement amount for mandated programs included in SMAS. A claimant who has established a base year entitlement for a program would receive an automatic annual payment which is reflective of the current costs for the program.

All claims received by the SCO will be reviewed to verify actual costs. An adjustment of the claim will be made if the amount claimed is determined to be excessive, improper, or unreasonable. The claim must be filed with sufficient documentation to support the costs claimed. The types of documentation required to substantiate a claim are identified in the instructions for the program. The certification of claim, form FAM-27, must be signed and dated by the entity's authorized officer in order for the SCO to make payment on the claim.

**A. Reimbursement Claim**

A reimbursement claim is defined in GC Section 17522 as any claim filed with the SCO by a local agency for reimbursement of costs incurred for which an appropriation is made for the purpose of paying the claim. The claim must include supporting documentation to substantiate the costs claimed.

Initial reimbursement claims are first-time claims for reimbursement of costs for one or more prior fiscal years of a program that was previously unfunded. Claims are due 120 days from the date of issuance of the claiming instructions for the program by the SCO. The first statute that appropriates funds for the mandated program will specify the fiscal years for which costs are eligible for reimbursement.

Annual reimbursement claims must be filed by January 15 following the fiscal year in which costs were incurred for the program. A reimbursement claim must detail the costs actually incurred in the prior fiscal year.

An actual claim for the 2002-03 fiscal year may be filed by January 15, 2004, without a late penalty. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000. However, initial reimbursement claims will be reduced by a late penalty of 10% with no limitation. In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. Claims filed more than one year after the deadline or without the requested supporting documentation will not be accepted.

**B. Estimated Claim**

An estimated claim is defined in GC Section 17522 as any claim filed with the SCO, during the fiscal year in which the mandated costs are to be incurred by the local agency, against an appropriation made to the SCO for the purpose of paying those costs.

An estimated claim may be filed in conjunction with an initial reimbursement claim, annual reimbursement claim, or at other times for estimated costs to be incurred during the current fiscal year. Annual estimated claims are due January 15 of the fiscal year in which the costs are to be incurred. Initial estimated claims are due on the date specified in the claiming instructions. Timely filed estimated claims are paid before those filed after the deadline.

After receiving payment for an estimated claim, the claimant must file a reimbursement claim by January 15 following the fiscal year in which costs were incurred. If the claimant fails to file a reimbursement claim, monies received for the estimated claims must be returned to the State.

**C. Entitlement Claim**

An entitlement claim is defined in GC Section 17522 as any claim filed by a local agency with the SCO for the sole purpose of establishing or adjusting a base year entitlement for a mandated program that has been included in SMAS. An entitlement claim should not contain nonrecurring or initial start-up costs. There is no statutory deadline for the filing of entitlement claims. However, entitlement claims and supporting documents should be filed by January 15 to permit an orderly processing of claims. When the claims are approved and a base year entitlement amount is determined, the claimant will receive an apportionment reflective of the program's current year costs. School mandates included in SMAS are listed in Section 2, number 6.

Once a mandate has been included in SMAS and the claimant has established a base year entitlement, the claimant will receive automatic payments from the SCO for the mandate. The automatic apportionment is determined by adjusting the claimant's base year entitlement for changes in the implicit price deflator of costs of goods and services to governmental agencies, as determined by the State Department of Finance. For programs approved by the COSM for inclusion in SMAS on or after January 1, 1988, the payment for each year succeeding the three year base period is adjusted according to any changes by both the deflator and average daily attendance. Annual apportionments for programs included in the system are paid on or before November 30 of each year.

A base year entitlement is determined by computing an average of the claimant's costs for any three consecutive years after the program has been approved for the SMAS process. The amount is first adjusted according to any changes in the deflator. The deflator is applied separately to each year's costs for the three years, which comprise the base year. The SCO will perform this computation for each claimant who has filed claims for three consecutive years. If a claimant has incurred costs for three consecutive years but has not filed a claim in each of those years, the claimant may file an entitlement claim, form FAM-43, to establish a base year entitlement. An entitlement claim does not result in the claimant being reimbursed for the costs incurred, but rather entitles the claimant to receive automatic payments from SMAS.

### 3. Minimum Claim Amount

For initial claims and annual claims filed on or after September 30, 2002, if the total costs for a given year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by GC Section 17564. The county shall determine if the submission of a combined claim is economically feasible and shall be responsible for disbursing the funds to each special district. Combined claims may be filed only when the county is the fiscal agent for the special districts. A combined claim must show the individual claim costs for each eligible school district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a special district, provides to the county and to the Controller, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

GC Section 17564(a) provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (\$1,000), provided that a county superintendent of schools may submit a combined claim on behalf of school districts within their county if the combined claim exceeds \$1,000, even if the individual school district's claim does not each exceed \$1,000. The county superintendent of schools shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school district. These combined claims may be filed only when the county superintendent of schools is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district provides a written notice of its intent to file a separate claim to the county superintendent of schools and to the SCO at least 180 days prior to the deadline for filing the claim.

### 4. Filing Deadline for Claims

Initial reimbursement claims (first-time claims) for reimbursement of costs of a previously unfunded mandated program must be filed within 120 days from the date of issuance of the program's claiming instructions by the SCO. If the initial reimbursement claim is filed after the deadline, but within one year of the deadline, the approved claim must be reduced by a 10% penalty. A claim filed more than one year after the deadline cannot be accepted for reimbursement.

Annual reimbursement claims for costs incurred during the previous fiscal year and estimated claims for costs to be incurred during the current fiscal year must be filed with the SCO and postmarked on or before January 15. If the annual or estimated reimbursement claim is filed after the deadline, but within one year of the deadline, the approved claim must be reduced by a 10% late penalty, not to exceed \$1,000. Claims must include supporting data to show how the amount claimed was derived. Without this information, the claim cannot be accepted.

Entitlement claims do not have a filing deadline. However, entitlement claims and supporting documents should be filed by January 15 to permit an orderly processing of claims. Entitlement claims are used to establish a base year entitlement amount for calculating automatic annual payments. Entitlement does not result in the claimant being reimbursed for costs incurred, but rather entitles the claimant to receive automatic payments from SMAS.

## 5. Payment of Claims

In order for the SCO to authorize payment of a claim, the Certification of Claim, form FAM-27, must be properly filled out, signed, and dated by the entity's authorized officer.

Reimbursement and estimated claims are paid within 60 days of the filing deadline for the claim. A claimant is entitled to receive accrued interest at the pooled money investment account rate if the payment was made more than 60 days after the claim filing deadline or the actual date of claim receipt, whichever is later. For an initial claim, interest begins to accrue when the payment is made more than 365 days after the adoption of the program's statewide cost estimate. The SCO may withhold up to 20 percent of the amount of an initial claim until the claim is audited to verify the actual amount of the mandated costs. The 20 percent withheld is not subject to accrued interest.

In the event the amount appropriated by the Legislature is insufficient to pay the approved amount in full for a program, claimants will receive a prorated payment in proportion to the amount of approved claims timely filed and on hand at the time of proration.

The SCO reports the amounts of insufficient appropriations to the State Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Chairperson of the respective committee in each house of the Legislature which considers appropriations in order to assure appropriation of these funds in the Budget Act. If these funds cannot be appropriated on a timely basis in the Budget Act, this information is transmitted to the COSM which will include these amounts in its report to assure that an appropriation sufficient to pay the claims is included in the next local government claims bill or other appropriation bills. When the supplementary funds are made available, the balance of the claims will be paid.

Unless specified in the statutes, regulations, or parameters and guidelines, the determination of allowable and unallowable costs for mandates is based on the Parameters and Guidelines adopted by the COSM. The determination of allowable reimbursable mandated costs for unfunded mandates is made by the COSM. The SCO determines allowable reimbursable costs, subject to amendment by the COSM, for mandates funded by special legislation. Unless specified, allowable costs are those direct and indirect costs, less applicable credits, considered to be eligible for reimbursement. In order for costs to be allowable and thus eligible for reimbursement, the costs must meet the following general criteria:

1. The cost is necessary and reasonable for proper and efficient administration of the mandate and not a general expense required to carry out the overall responsibilities of government.
2. The cost is allocable to a particular cost objective identified in the Parameters and Guidelines.
3. The cost is net of any applicable credits that offset or reduce expenses of items allocable to the mandate.

The SCO has identified certain costs that, for the purpose of claiming mandated costs, are unallowable and should not be claimed on the claim forms unless specified as reimbursable under the program. These expenses include, but are not limited to, subscriptions, depreciation, memberships, conferences, workshops general education, and travel costs.

## 6. State Mandates Apportionment System (SMAS)

Chapter 1534, Statutes of 1985, established SMAS, a method of paying certain mandated programs as apportionments. This method is utilized whenever a program has been approved for inclusion in SMAS by the COSM.

When a mandated program has been included in SMAS, the SCO will determine a base year entitlement amount for each school district that has submitted reimbursement claims, (or entitlement claims), for three consecutive fiscal years. A base year entitlement amount is determined by averaging the approved reimbursement claims, (or entitlement claims), for 1982-83, 1983-84, and 1984-85 years or any three consecutive fiscal years thereafter. The amounts are first adjusted by any change in IPD, which is applied separately to each year's costs for the three years

that comprise the base period. The base period means the three fiscal years immediately succeeding the COSM's approval.

Each school district with an established base year entitlement for the program will receive automatic annual payments from the SCO reflective of the program's current year costs. The amount of apportionment is adjusted annually for any change in the IPD. If the mandated program was included in SMAS after January 1, 1988, the annual apportionment is adjusted for any change in both the IPD and workload.

In the event a school district has incurred costs for three consecutive fiscal years but did not file a reimbursement claim in one or more of those fiscal years, the school district may file an entitlement claim for each of those missed years to establish a base year entitlement. An "entitlement claim" means any claim filed by a county with the SCO for the sole purpose of establishing a base year entitlement. A base year entitlement shall not include any nonrecurring or initial start-up costs.

Initial apportionments are made on an individual program basis. After the initial year, all apportionments are made by November 30. The amount to be apportioned is the base year entitlement adjusted by annual changes in the IPD for the cost of goods and services to governmental agencies as determined by the State Department of Finance.

In the event the county determines that the amount of apportionment does not accurately reflect costs incurred to comply with a mandate, the process of adjusting an established base year entitlement upon which the apportionment is based, is set forth in GC Section 17615.8 and requires the approval of the COSM.

School Mandates Included In SMAS

Program Name	Chapter/Statute	Program Number
Immunization Records	Ch. 1176/77	32

Pupil Expulsion Transcripts, program #91, Chapter 1253/75 was removed from SMAS for the 2002-03 fiscal year. This program was consolidated with other mandate programs that are included in Pupil Suspension, Expulsions, and Expulsion Appeals, program #176.

**7. Direct Costs**

A direct cost is a cost that can be identified specifically with a particular program or activity. Each claimed reimbursable cost must be supported by documentation as described in Section 12. Costs that are typically classified as direct costs are:

**(1) Employee Wages, Salaries, and Fringe Benefits**

For each of the mandated activities performed, the claimant must list the names of the employees who worked on the mandate, their job classification, hours worked on the mandate, and rate of pay. The claimant may, in-lieu of reporting actual compensation and fringe benefits, use a productive hourly rate:

**(a) Productive Hourly Rate Options**

A local agency may use one of the following methods to compute productive hourly rates:

- Actual annual productive hours for each employee
- The weighted-average annual productive hours for each job title, or
- 1,800\* annual productive hours for all employees

If actual annual productive hours or weighted-average annual productive hours for each job title is chosen, the claim must include a computation of how these hours were computed.

\* 1,800 annual productive hours excludes the following employee time:

- o Paid holidays
- o Vacation earned
- o Sick leave taken
- o Informal time off
- o Jury duty
- o Military leave taken.

**(b) Compute a Productive Hourly Rate**

1. Compute a productive hourly rate for salaried employees to include actual fringe benefit costs. The methodology for converting a salary to a productive hourly rate is to compute the employee's annual salary and fringe benefits and divide by the annual productive hours.

**Table 1 Productive Hourly Rate, Annual Salary + Benefits Method**

<b>Formula:</b> $[(EAS + Benefits) + APH] = PHR$ $[(\$26,000 + \$8,099)] + 1,800 \text{ hrs} = 18.94$	<b>Description:</b> EAS = Employee's Annual Salary APH = Annual Productive Hours PHR = Productive Hourly Rate
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- As illustrated in Table 1, if you assume an employee's compensation was \$26,000 and \$8,099 for annual salary and fringe benefits, respectively, using the "Salary + Benefits Method," the productive hourly rate would be \$18.94. To convert a biweekly salary to EAS, multiply the biweekly salary by 26. To convert a monthly salary to EAS, multiply the monthly salary by 12. Use the same methodology to convert other salary periods.
2. A claimant may also compute the productive hourly rate by using the "Percent of Salary Method."

**Table 2 Productive Hourly Rate, Percent of Salary Method**

<b>Example:</b>		
<b>Step 1: Fringe Benefits as a Percent of Salary</b>		<b>Step 2: Productive Hourly Rate</b>
Retirement	15.00 %	<b>Formula:</b> $[(EAS \times (1 + FBR)) + APH] = PHR$ $[(\$26,000 \times (1.3115)) + 1,800] = \$18.94$
Social Security & Medicare	7.65	
Health & Dental Insurance	5.25	
Workers Compensation	3.25	
<b>Total</b>	<b>31.15 %</b>	
<b>Description:</b>		
EAS = Employee's Annual Salary		APH = Annual Productive Hours
FBR = Fringe Benefit Rate		PHR = Productive Hourly Rate

- As illustrated in Table 3, both methods produce the same productive hourly rate.

Reimbursement for personnel services includes, but is not limited to, compensation paid for salaries, wages and employee fringe benefits. Employee fringe benefits include employer's contributions for social security, pension plans, insurance, workmen's compensation insurance and similar payments. These benefits are eligible for reimbursement as long as they are distributed equitably to all activities. Whether these costs are allowable is based on the following presumptions:

- The amount of compensation is reasonable for the service rendered.
- The compensation paid and benefits received are appropriately authorized by the governing board.
- Amounts charged for personnel services are based on payroll documents that are supported by time and attendance or equivalent records for individual employees.
- The methods used to distribute personnel services should produce an equitable distribution of direct and indirect allowable costs.

For each of the employees included in the claim, the claimant must use reasonable rates and hours in computing the wage cost. If a person of a higher-level job position performs an activity which normally would be performed by a lower-level position, reimbursement for time spent is allowable at the average salary range for the lower-level position. The salary rate of the person at the higher level position may be claimed if it can be shown that it was more cost effective in comparison to the performance by a person at the lower-level position under normal circumstances and conditions. The number of hours charged to an activity should reflect the time expected to complete the activity under normal circumstances and conditions. The numbers of hours in excess of normal expected hours are not reimbursable.

**(c) Calculating an Average Productive Hourly Rate**

In those instances where the claiming instructions allow a unit as a basis of claiming costs, the direct labor component of the unit cost should be expressed as an average productive hourly rate and can be determined as follows:

<b>Table 4 Calculating an Average Productive Hourly Rate</b>			
	<u>Time Spent</u>	<u>Productive Hourly Rate</u>	<u>Total Cost by Employee</u>
Employee A	1.25 hrs	\$6.00	\$7.50
Employee B	0.75 hrs	4.50	3.38
Employee C	3.50 hrs	10.00	35.00
<b>Total</b>	<b>5.50 hrs</b>		<b>\$45.88</b>
Average Productive Hourly Rate is $\$45.88 / 5.50 \text{ hrs.} = \$8.34$			

**(d) Employer's Fringe Benefits Contribution**

A local agency has the option of claiming actual employer's fringe benefit contributions or may compute an average fringe benefit cost for the employee's job classification and claim it as a percentage of direct labor. The same time base should be used for both salary and fringe benefits when computing a percentage. For example, if health and dental insurance payments are made annually, use an annual salary. After the percentage of salary for each fringe benefit is computed, total them.

For example:

<u>Employer's Contribution</u>	<u>% of Salary</u>
Retirement	15.00%
Social Security	7.65%
Health and Dental	5.25%
Insurance	0.75%
Worker's Compensation	0.75%
Total	<u>28.65%</u>

**(e) Materials and Supplies**

Only actual expenses can be claimed for materials and supplies, which were acquired and consumed specifically for the purpose of a mandated program. The claimant must list the materials and supplies that were used to perform the mandated activity, the number of units consumed, the cost per unit, and the total dollar amount claimed. Materials and supplies purchased to perform a particular mandated activity are expected to be reasonable in quality, quantity and cost. Purchases in excess of reasonable quality, quantity and cost are not reimbursable. Materials and supplies withdrawn from inventory and charged to the mandated activity must be based on a recognized method of pricing, consistently applied. Purchases shall be claimed at the actual price after deducting discounts, rebates and allowances received by local agencies.

**(f) Calculating a Unit Cost for Materials and Supplies**

In those instances where the claiming instructions suggest that a unit cost be developed for use as a basis of claiming costs mandated by the State, the materials and supplies component of the unit cost should be expressed as a unit cost of materials and supplies as shown in Table 1 or Table 2:

**Table 1 Calculating A Unit Cost for Materials and Supplies**

<b>Supplies</b>	<u>Cost Per Unit</u>	<u>Amount of Supplies Used Per Activity</u>	<u>Unit Cost of Supplies Per Activity</u>
Paper	0.02	4	\$0.08
Files	0.10	1	0.10
Envelopes	0.03	2	0.06
Photocopies	0.10	4	<u>0.40</u>
			<u>\$0.64</u>

**Table 2 Calculating a Unit Cost for Materials and Supplies**

Supplies	Supplies <u>Used</u>	Unit Cost of Supplies <u>Per Activity</u>
Paper (\$10.00 for 500 sheet ream)	250 Sheets	\$5.00
Files (\$2.50 for box of 25)	10 Folders	1.00
Envelopes (\$3.00 for box of 100)	50 Envelopes	1.50
Photocopies (\$0.05 per copy)	40 Copies	<u>2.00</u>
		<u>\$9.50</u>

If the number of reimbursable instances, is 25, then the unit cost of supplies is \$0.38 per reimbursable instance (\$9.50 / 25).

**(g) Contract Services**

The cost of contract services is allowable if the local agency lacks the staff resources or necessary expertise, or it is economically feasible to hire a contractor to perform the mandated activity. The claimant must give the name of the contractor; explain the reason for having to hire a contractor; describe the mandated activities performed; give the dates when the activities were performed, the number of hours spent performing the mandate, the hourly billing rate, and the total cost. The hourly billing rate shall not exceed the rate specified in the claiming instructions for the mandated program. The contractor's invoice, or statement, which includes an itemized list of costs for activities performed, must accompany the claim.

**(h) Equipment Rental Costs**

Equipment purchases and leases (with an option to purchase) are not reimbursable as a direct cost unless specifically allowed by the claiming instructions for the particular mandate. Equipment rentals used solely for the mandate are reimbursable to the extent such costs do not exceed the retail purchase price of the equipment plus a finance charge. The claimant must explain the purpose and use for the equipment, the time period for which the equipment was rented and the total cost of the rental. If the equipment is used for purposes other than reimbursable activities, only the prorata portion of the rental costs can be claimed.

**(i) Capital Outlay**

Capital outlays for land, buildings, equipment, furniture and fixtures may be claimed if the claiming instructions specify them as allowable. If they are allowable, the claiming instructions for the program will specify a basis for the reimbursement. If the fixed asset or equipment is also used for purposes other than reimbursable activities for a specific mandate, only the prorata portion of the purchase price used to implement the reimbursable activities can be claimed.

**(j) Travel Expenses**

Travel expenses are normally reimbursable in accordance with travel rules and regulations of the local jurisdiction. For some programs, however, the claiming instructions may specify certain limitations on expenses, or that expenses can only be reimbursed in accordance with the State Board of Control travel standards. When claiming travel expenses, the claimant must explain the purpose of the trip, identify the name and address of the persons incurring the expense, the date and time of departure and return for the trip, description of each expense claimed, the cost of transportation,

number of private auto mileage traveled, and the cost of tolls and parking with receipts required for charges over \$10.00.

**(k) Documentation**

It is the responsibility of the claimant to make available to the SCO, upon request, documentation in the form of general and subsidiary ledgers, purchase orders, invoices, contracts, canceled warrants, equipment usage records, land deeds, receipts, employee time sheets, agency travel guidelines, inventory records, and other relevant documents to support claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

**8. Indirect Costs**

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

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

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

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

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

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

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

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

Table 4 Indirect Cost Rate for Community Colleges

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

Table 4 Indirect Cost Rate for Community Colleges (continued)

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

Table 4 Indirect Cost Rate for Community Colleges (continued)

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

**9. Offset Against Mandated Claims**

As noted previously, allowable costs are defined as those direct and indirect costs, less applicable credits, considered to be eligible for reimbursement. When all or part of the costs of a mandated program are specifically reimbursable from local assistance revenue sources (e.g., state, federal, foundation, etc.), only that portion of any increased costs payable from school district funds is eligible for reimbursement under the provisions of GC Section 17561.

**Example 1:**

As illustrated in Table 5, this example shows how the "Offset against State Mandated Claims" is determined for school districts receiving block grant revenues not based on a formula allocation. Program costs for each of the situations equals \$100,000.

**Table 5 Offset Against State Mandates, Example 1**

	<b>Program Costs</b>	<b>Actual Local Assistance Revenues</b>	<b>State Mandated Costs</b>	<b>Offset Against State Mandated Claims</b>	<b>Claimable Mandated Costs</b>
1.	\$100,000	\$95,000	\$2,500	\$-0-	\$2,500
2.	100,000	97,000	2,500	-0-	2,500
3.	100,000	98,000	2,500	500	2,000
4.	100,000	100,000	2,500	2,500	-0-
5.	100,000 *	50,000	2,500	1,250	1,250
6.	100,000 *	49,000	2,500	250	2,250

\* School district share is \$50,000 of the program cost.

Numbers (1) through (4), in Table 5, show intended funding at 100% from local assistance revenue sources. Numbers (5) and (6) show cost sharing on a 50/50 basis with the district. In numbers (1) through (6), included in the program costs of \$100,000 are state mandated costs of \$2,500. The offset against state mandated claims is the amount of actual local assistance revenues which exceeds the difference between program costs and state mandated costs. This offset cannot exceed the amount of state mandated costs.

In (1), local assistance revenues were less than expected. Local assistance funding was not in excess of the difference between program costs and state mandated costs. As a result, the offset against state mandated claims is zero and \$2,500 is claimable as mandated costs.

In (4), local assistance revenues were fully realized to cover the entire cost of the program, including the state mandate activity; therefore, the offset against state mandated claims is \$2,500, and claimable costs are \$0.

In (5), the district is sharing 50% of the project cost. Since local assistance revenues of \$50,000 were fully realized, the offset against state mandated claims is \$1,250.

In (6), local assistance revenues were less than the amount expended and the offset against state mandated claims is \$250. Therefore, the claimable mandated costs are \$2,250.

**Example 2:**

As illustrated in Table 6, this example shows how the offset against state mandated claims is determined for school districts receiving special project funds based on approved actual costs. Local assistance revenues for special projects must be applied proportionately to approved costs.

**Table 6 Offset Against State Mandates, Example 2**

	Program Costs	Actual Local Assistance Revenues	State Mandated Costs	Offset Against State Mandated Claims	Claimable Mandated Costs
1.	\$100,000	\$100,000	\$2,500	\$2,500	\$-0-
2.	100,000 **	75,000	2,500	1,875	625
3.	100,000 **	45,000	1,500	1,125	375

\*\* School district share is \$25,000 of the program cost.

In (2), the entire program cost was approved. Since the local assistance revenue source covers 75% of the program cost, it also proportionately covered 75% of the \$2,500 state mandated costs, or \$1,875.

If in (3) local assistance revenues are less than the amount expected because only \$60,000 of the \$100,000 program costs were determined to be valid by the contracting agency, then a proportionate share of state mandated costs is likewise reduced to \$1,500. The offset against state mandated claims is \$1,125. Therefore, the claimable mandated costs are \$375.

#### Federal and State Funding Sources

The listing in Appendix C is not inclusive of all funding sources that should be offset against mandated claims but contains some of the more common ones. State school fund apportionments and federal aid for education, which are based on average daily attendance and are part of the general system of financing public schools as well as block grants which do not provide for specific reimbursement of costs (i.e., allocation formulas not tied to expenditures), should not be included as reimbursements from local assistance revenue sources.

#### Governing Authority

The costs of salaries and expenses of the governing authority, such as the school superintendent and governing board, are not reimbursable. These are costs of general government as described in the Office of Management and Budget Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments".

#### 10. Notice of Claim Adjustment

All claims submitted to the SCO are reviewed to determine if the claim was prepared in accordance with the claiming instructions. If any adjustments are made to a claim, the claimant will receive a "Notice of Claim Adjustments" detailing adjustments made by the SCO.

#### 11. Audit of Costs

All claims submitted to the State Controller's Office (SCO) are reviewed to determine if costs are related to the mandate, are reasonable and not excessive, and the claim was prepared in accordance with the SCO's claiming instructions and the Parameters and Guidelines (P's & G's) adopted by the Commission on State Mandates (COSM). If any adjustments are made to a claim, a "Notice of Claim Adjustment" specifying the claim component adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within 30 days after payment of the claim.

Pursuant to Government Code (GC) Section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, must be

retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

On-site audits will be conducted by the SCO as deemed necessary. Accordingly, all documentation to support actual costs claimed must be retained for a period of three years after the end of the calendar year in which the reimbursement claim was filed or amended regardless of the year of costs incurred. When no funds are appropriated for initial claims at the time the claim is filed, supporting documents must be retained for three years from the date of initial payment of the claim. Claim documentation shall be made available to the SCO on request.

## **12. Source Documents**

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

## **13. Claim Forms and Instructions**

A claimant may submit a computer generated report in substitution for Form-1 and Form-2, provided the format of the report and data fields contained within the report are identical to the claim forms included with these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file an estimated or reimbursement claim. The SCO will revise the manual and claim forms as necessary.

### **A. Form-2, Component/Activity Cost Detail**

This form is used to segregate the detail costs by claim component. In some mandates, specific reimbursable activities have been identified for each component. The expenses reported on this form must be supported by the official financial records of the claimant and copies of supporting documentation, as specified in the claiming instructions, must be submitted with the claims. All supporting documents must be retained for a period of not less than three years after the reimbursement claim was filed or last amended.

### **B. Form-1, Claim Summary**

This form is used to summarize direct costs by component and compute allowable indirect costs for the mandate. The direct costs summarized on this form are derived from Form-2 and are carried forward to form FAM-27.

Community colleges have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21) or form FAM-29C.

### C. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized officer of the county. All applicable information from Form-1 must be carried forward onto this form in order for the SCO to process the claim for payment. An original and one copy of the FAM-27 is required.

Claims should be rounded to the nearest dollar. Submit a signed original and one copy of form FAM-27, Claim for Payment, and all other forms and supporting documents (**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.**) Use the following mailing addresses:

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Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

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Other delivery services:

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Division of Accounting and Reporting  
3301 C Street, Suite 500  
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## 14. RETENTION OF CLAIMING INSTRUCTIONS

For your convenience, the revised claiming instructions in this package have been arranged in alphabetical order by program name. These revisions should be inserted in the School Mandated Cost Manual and the old forms they replace should be removed. The instructions should then be retained permanently for future reference, and the forms should be duplicated to meet your filing requirements. Annually, updated forms and any other information or instructions claimants may need to file claims, as well as instructions and forms for all new programs released throughout the year will be placed on the SCO's web site at [www.sco.ca.gov/ard/local/locreim/index/shtml](http://www.sco.ca.gov/ard/local/locreim/index/shtml).

If you have any questions concerning mandated cost reimbursements, please write to us at the address listed for filing claims, send e-mail to [lrsdar@sco.ca.gov](mailto:lrsdar@sco.ca.gov), or call the Local Reimbursements Section at (916) 324-5729.

All claims submitted to the SCO are reviewed to determine if costs are related to the mandate, are reasonable and not excessive, and the claim was prepared in accordance with the SCO's claiming instructions and the COSM's P's and G's. If any adjustments are made to a claim, a "Notice of Claim Adjustment" specifying the claim component adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within 30 days after payment of the claim.

On-site audits will be conducted by the SCO as deemed necessary. Pursuant to GC Section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a school district is subject to audit by the State Controller no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and shall be made available to the SCO on request.

**Exhibit F**

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## San Francisco Taxpayers Assn. v. Board of Supervisors (1992) 2 Cal.4th 571, 7 Cal.Rptr.2d 245; 828 P.2d 147

[No. S018200. May 4, 1992.]

SAN FRANCISCO TAXPAYERS ASSOCIATION, Plaintiff and Respondent, v. BOARD OF SUPERVISORS OF  
THE CITY AND COUNTY OF SAN FRANCISCO, Defendant and Appellant.

(Superior Court of the City and County of San Francisco, No. 901018, Raymond J. Arata, Jr., Judge.)

(Opinion by Panelli, J., with Lucas, C. J., Arabian, Baxter and George, JJ., concurring. Separate dissenting  
opinions by Mosk and Kennard, JJ.)

### COUNSEL

Louise H. Renne, City Attorney, Burke E. DeLeventhal and Thomas J. Owen, Deputy City Attorneys, for  
Defendant and Appellant.

Ronald A. Zumbun, Anthony T. Caso and Jonathan M. Coupal for Plaintiff and Respondent.

### OPINION

PANELLI, J.

California's voters, by adopting Proposition 4, placed a constitutional spending limit on appropriations by the state and local governments. (See Cal. Const., art. XIII B, § 1, added by initiative measure in [2 Cal.4th 574] Special Statewide Elec. (Nov. 6, 1979).) The measure sets out, for the purpose of calculating each governmental entity's spending limit, those categories of appropriations that are and are not subject to limitation. We granted review to decide which of the measure's provisions determines the treatment of a city's contributions to employee retirement funds that were established before Proposition 4 took effect. Section 5 fn. 1 provides that appropriations to "retirement" funds are "subject to limitation." Section 9 provides that appropriations for "debt service" are not. In accordance with the plain language of section 5, the more specific provision, we hold that retirement contributions are subject to limitation.

### Background

The electorate approved Proposition 4 in 1979, thus adding article XIII B to the state Constitution. While the earlier Proposition 13 limited the state and local governments' power to increase taxes (see Cal. Const., art. XIII A, added by initiative measure in Primary Elec. (June 6, 1978)), Proposition 4, the so-called "Spirit of 13," imposed a complementary limit on the rate of growth in governmental spending. Article XIII B operates by subjecting each state and local governmental entity's appropriations to a limit equal to the entity's appropriations in the prior year, adjusted for changes in population and the cost of living. (§§ 1, 8, subs. (e), (f).)

Not all appropriations are subject to the constitutional spending limit. In general, "[a]ppropriations subject to limitation" include "any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of state subventions to that entity ...." (§ 8, subd. (b) [applicable to local governments].) However, the voters specifically excluded some categories of appropriations from the spending limit. Section 9, for example, permits appropriations beyond the limit for "[d]ebt service" and to "comply [ ] with mandates of the courts or the federal government ...." (§ 9, subs. (a), (b).) Conversely, the voters specifically determined that the spending limit would apply to other types of appropriations. The provision at issue in this case, section 5, declares that contributions to a "retirement" fund are "subject to limitation."

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Article XIII B took effect during the 1980-1981 fiscal year. Pursuant to its provisions, defendant and appellant Board of Supervisors (Board) of the City [2 Cal.4th 575] and County of San Francisco (City) established an appropriations limit that included the City's contributions to retirement funds. The Board continued to treat such contributions as subject to the spending limit for six consecutive fiscal years.

The Board changed its historical position in 1986. That year, the City Attorney advised the Board that appropriations for certain "mandatory employee benefits," including retirement contributions, were exempt from the spending limit as "debt service" under section 9. *fn. 2* Adopting that position, the Board revised the City's base-year spending limit by subtracting \$59,388,698, which represented the amount of the City's appropriations for such benefits in the year the voters approved Proposition 4. The Board derived the 1986-1987 spending limit by adjusting the revised base-year limit to reflect intervening increases in population and the cost of living. (See § 1.) Each subsequent fiscal year's spending limit has excluded retirement contributions.

In September 1987, a decision of the Court of Appeal cast doubt on the City Attorney's interpretation of article XIII B. The County of Santa Barbara, like the City of San Francisco, had decided several years after Proposition 4 to exclude retirement contributions from its spending limit as "debt service." The Second District Court of Appeal rejected the county's position, holding that "the plain language of section 5 requires the inclusion of such contributions as appropriations subject to the appropriations limit" and that the more specific language of section 5 takes precedence over section 9, the more general provision governing debt service. (Santa Barbara County Taxpayers Assn. v. County of Santa Barbara (1987) 194 Cal.App.3d 674, 678 [239 Cal.Rptr. 769] [hereafter Santa Barbara Taxpayers].) We denied a petition for review in that case on November 18, 1987.

In calculating the City's spending limit for the 1988-1989 fiscal year, the Board recognized that its exclusion of retirement contributions was inconsistent with the Santa Barbara Taxpayers decision. Even without the benefit of the exclusion, the City's projected "appropriations subject to limitation" did not exceed its annual spending limit. However, based on the City Attorney's advice that the Court of Appeal's opinion was "wrongly decided" the Board determined to continue to exclude retirement contributions. [2 Cal.4th 576]

The consequence of the Board's decision was to increase by \$40,336,171 the total amount (\$97,640,070) by which the City's spending limit exceeded its appropriations subject to limitation in the 1988-1989 fiscal year. *fn. 3* However, based on the City Attorney's opinion that the decision would "entail time consuming and difficult litigation," the City Controller recommended that the Board not "collect or appropriate revenues based upon [the \$40 million] spread until the impact of the Santa Barbara [Taxpayers] decision on the City of San Francisco has been clarified."

In December 1988, plaintiff and respondent San Francisco Taxpayers Association (hereafter Taxpayers) initiated this action to challenge the Board's exclusion of retirement contributions from the City's spending limit. Taxpayers alleged that the Board's action violated section 5, which provides that "contributions" to "retirement" funds are "subject to limitation." Following the Second District's decision in Santa Barbara Taxpayers (*supra*, 194 Cal.App.3d 674), the superior court granted Taxpayers' motion for summary judgment and entered judgment against the Board. In its judgment, the court declared the Board's action invalid and ordered the Board, by injunction and writ of mandate, to revise the City's appropriations limit to include retirement contributions. On appeal, the First District declined to follow Santa Barbara Taxpayers and reversed the judgment. We granted review to resolve the conflict.

### Discussion

[1a] The question before us is whether section 5 or section 9 governs the treatment of retirement contributions for the purpose of calculating the City's spending limit. Section 5 expressly provides that a governmental entity's contributions to "retirement" funds are "subject to limitation." *fn. 4* [2 Cal.4th 577] Section 9, which does not mention retirement contributions, provides that appropriations for "debt service" are not subject to limitation. *fn. 5*

Ordinary principles of interpretation point to the conclusion that section 5, the more specific provision, governs. [2] "It is well settled ... that a general provision is controlled by one that is special, the latter being treated as an exception to the former. A specific provision relating to a particular subject will govern in respect to that subject, as against a general provision, although the latter, standing alone, would be broad enough to include the subject to which the more particular provision relates." (Rose v. State of California (1942) 19 Cal.2d 713, 723-724 [123 P.2d 505].) [1b] Thus, even if we were to assume for argument's sake that the term "debt service" (§§ 8(g), 9(a)) might be broad enough to include retirement contributions, the treatment of such contributions is nevertheless governed by the voters' specific declaration that they are "subject to limitation." (§ 5.) This was the correct conclusion of the Court of Appeal in Santa Barbara Taxpayers (*supra*, 194 Cal.App.3d at pp. 681-682). *fn. 6*

The Board does not view this case as an example of a specific provision taking precedence over a general provision. Instead, the Board argues that sections 5 and 9(a) conflict and that we should "harmonize" them by giving effect to both so far as possible. (Cf. Lungren v. Deukmejian (1988) 45 Cal.3d 727, 735 [248 Cal.Rptr. 115, 755 P.2d 299]; Dyna-Med, Inc. v. Fair Employment & Housing Com. (1987) 43 Cal.3d 1379, 1387 [241 Cal.Rptr. 67, 743 P.2d 1323].) The Board would achieve harmony by distinguishing between payments required

by pension contracts, on one hand, and discretionary payments to reserve funds, on the other. As the Board would interpret the law, required payments constitute debt service while discretionary payments do not.

Two flaws render the Board's argument untenable. First, there is no conflict between sections 5 and 9(a) unless one assumes that the voters did not mean what they said in section 5—that "retirement" contributions are "subject to limitation." Read according to its plain meaning, section 5 creates an exception to section 9(a) rather than a conflict. [2 Cal.4th 578]

Second, the Board's argument would permit the City to evade section 5 completely, simply by satisfying its contractual obligations. According to the Board, so long as the City does not employ reserve funds for its own convenience its retirement contributions will never become subject to limitation. The voters could not reasonably have intended such a result, which would in effect nullify their express declaration that retirement contributions are subject to limitation. Such an interpretation is obviously to be avoided. (See, e.g., *Lungren v. Deukmejian*, supra, 45 Cal.3d at p. 735; *People v. Craft* (1986) 41 Cal.3d 554, 561 [224 Cal.Rptr. 626, 715 P.2d 585].) In contrast, to give full effect to section 5 does not nullify section 9(a), which continues to apply to a wide variety of other obligations.

The Board offers several additional arguments against this conclusion. None is persuasive.

First, the Board argues that retirement contributions must be treated as debt service in order to achieve consistency with article XIII A. Article XIII A limits the maximum rate of ad valorem taxes on real property but permits taxes in excess of that rate to repay certain voter-approved indebtedness. In *Carman v. Alvord* (1982) 31 Cal.3d 318, 324-333 [182 Cal.Rptr. 506, 644 P.2d 192] (*Carman*), we held that article XIII A's exemption for "indebtedness" was broad enough to include a city's retirement obligations. Thus, a city may levy taxes in excess of the maximum rate to satisfy such obligations. (*Ibid.*)

Because articles XIII A and XIII B address the treatment of indebtedness in similar language, the Board argues that retirement contributions cannot be debt service under the former (see *Carman*, supra, 31 Cal.3d 318) but not under the latter. The argument, however, ignores both the reasoning of *Carman* and the language of article XIII B. Our conclusion in *Carman* that retirement obligations constituted "indebtedness" was expressly based on article XIII A's failure to articulate a distinction for retirement contributions. (*Carman*, supra, 31 Cal.3d at p. 330.) In contrast, article XIII B does articulate a distinction between retirement contributions and other obligations. (§ 5.) Article XIII B also provides that its definition of "debt service" applies only in the context of that article and is subject to exceptions as "expressly provided" therein. (§ 8.) As already discussed, the specific provision governing retirement contributions (§ 5) must be viewed as an [2 Cal.4th 579] exception to the more general provisions governing debt service (§§ 8(g), 9(a)).

The Board's argument for "consistent" interpretations of articles XIII A and XIII B is not based solely on similarities in language. It would also be "meaningless," according to the Board, to permit the City to raise taxes to satisfy retirement obligations while denying it the power to spend the resulting revenues. However, the argument misconceives the purpose of subjecting retirement contributions to the overall spending limit. The purpose is not to prevent the City from satisfying its contractual obligations but simply to control the overall rate of growth in appropriations, if necessary by reducing other spending. Indeed, each year's spending limit reflects the fact that the City made retirement contributions in the prior year and the assumption that it will continue to do so. (See §§ 1, 5.) In contrast, to exclude a category of appropriations from the spending limit would in effect remove that category from the budget, permitting both it and overall spending to increase faster than the rate that the voters adopted as the measure of acceptable growth. (§ 1.)

The relationship between the *Carman* rule and the treatment of retirement contributions under article XIII B must be understood in this light. *Carman* permits the City to pass through directly to the voters the cost of any retirement contributions, regardless of the maximum tax rate set out in article XIII A. Unless such contributions are subject to the spending limit set out in article XIII B, as the voters expressly provided (§ 5), one of the largest categories of local governmental spending in § 8 would be completely insulated from fiscal control. The result would be a material impairment of article XIII B's effectiveness in limiting the overall growth of appropriations.

The Board finds support for its contrary interpretation of article XIII B in a remark by the Legislative Analyst. In his report on the proposed measure, the Legislative Analyst concluded that "a local government with an unfunded liability in its retirement system could appropriate its excess revenues to reduce the liability, as such an appropriation would be considered a payment toward a legal 'indebtedness' under this ballot measure." (*Ballot Pamphlet, Special Statewide Elec.* (Nov. 6, 1979) p. 20.) [3a] In this case, as always, we consider the Legislative Analyst's views because we assume the voters considered them along with the other materials in the ballot pamphlet. (See, e.g., *Raven v. Deukmejian* (1990) 52 Cal.3d 336, 349 [276 Cal.Rptr. 326, 801 P.2d 1077].) [2 Cal.4th 580]

Nevertheless, a nonjudicial interpretation of the Constitution is entitled only to as much deference as its logic and persuasiveness demand. [1c] In this case, the Legislative Analyst's views are not persuasive because there is no indication that they take into account the most directly relevant provision, section 5.

[3b] The Legislative Analyst's comment regarding the treatment of retirement contributions is based on a memorandum to him from the Legislative Counsel dated June 15, 1979. In the memorandum, the Legislative Counsel concludes that "any legally binding obligation existing or legally authorized as of January 1, 1979, would be considered as 'indebtedness' for purposes of subdivision (g) of Section 8" and that "such a legally binding obligation would include the unfunded liability of a public employee retirement system." However, the memorandum does not mention or consider the effect of section 5, which expressly contradicts the memorandum's conclusion. In the Ballot Pamphlet, the Legislative Analyst merely repeated the Legislative Counsel's conclusion, again without any consideration of section 5.

The Legislative Analyst's comments, like other materials presented to the voters, "may be helpful but are not conclusive in determining the probable meaning of initiative language." (Carman, *supra*, 31 Cal.3d at p. 330.) Thus, when other statements in the election materials contradict the Legislative Analyst's comments we do not automatically assume that the latter accurately reflects the voters' understanding. (*Id.*, at pp. 330-331.) In Carman, for example, the official title and summary of Proposition 13 led us to reject the Legislative Analyst's conclusion that the measure's exemption from the maximum tax rate for voter-approved indebtedness applied only to bonded debt. (*Ibid.*) [1d] The case for rejecting the Legislative Analyst's views is even more compelling here, where the contradiction is in the language of the initiative. (§ 5.) Under circumstances such as these, to prefer an "extrinsic source" over "a clear statement in the Constitution itself" would be "a strained approach to constitutional analysis." (Cf. *Delaney v. Superior Court* (1990) 50 Cal.3d 785, 802-803 [268 Cal.Rptr. 753, 789 P.2d 934] [rejecting, as contrary to the language of the proposed measure, the Legislative Analyst's inference that the newspaper's shield law would apply only to confidential information].)

[4a] The Board's final argument for interpreting article XIII B to exclude retirement contributions is that such an interpretation will "eliminate doubts" as to the measure's constitutionality. According to the Board, to restrict the City's spending power impairs the security of its pension obligations and, thus, constitutes a "potential" violation of the contract clause of [2 Cal.4th 581] the federal Constitution. *fn. 9* The Board expressly disclaims any intent to assert a cause of action or to raise an affirmative defense under the clause. "Rather," to quote the Board's brief, "the City has raised the potential impairment of contracts to explain and support its choice among competing interpretations of Article XIII B."

Taxpayers contend that the Board lacks standing to make the constitutional argument for two reasons. First, as a creation of the state, the City may not invoke the contract clause "in opposition to the will of [its] creator." (*Coleman v. Miller* (1939) 307 U.S. 433, 441 [83 L.Ed. 1385, 1390, 59 S.Ct. 972, 122 A.L.R. 695]; see also *Williams v. Mayor* (1933) 289 U.S. 36, 40 [77 L.Ed. 1015, 1020, 53 S.Ct. 431]; *State of California v. Marin Mun. W. Dist.* (1941) 17 Cal.2d 699, 705 [111 P.2d 651]; *Cox Cable San Diego, Inc. v. City of San Diego* (1987) 188 Cal.App.3d 952, 967 [233 Cal.Rptr. 735].) Second, any impairment of the City's retirement obligations would cause actual harm only to those persons entitled to receive retirement benefits. (See *Amador Valley Joint Union High Sch. Dist. v. State Bd. of Equalization* (1978) 22 Cal.3d 208, 242 [149 Cal.Rptr. 239, 583 P.2d 1281] [*in dictum*].)

These arguments about the Board's standing are irrelevant because the Board is not challenging article XIII B's validity under the contract clause. Instead, we are called upon to decide what the article means. [5] In doing so, we assume that the voters intended the measure to be valid and construe it to avoid "serious" doubts as to its constitutionality if that can be done "without doing violence to the reasonable meaning of the language." (*Miller v. Municipal Court* (1943) 22 Cal.2d 818, 828 [142 P.2d 297]; see also *Gollust v. Mendell* (1991) \_\_\_\_ U.S. \_\_\_\_ [115 L.Ed.2d 109, 111 S.Ct. 2173, 2181]; *Crowell v. Benson* (1932) 285 U.S. 22, 62 [76 L.Ed. 598, 619, 52 S.Ct. 285].) [4b] These well established rules provide us with ample warrant to consider the Board's argument about how the contract clause should affect our interpretation of article XIII B.

We turn, then, to the argument's merits. In essence, the Board contends that the City's power to spend is the security for its pension obligations and that any restriction of the power *ipso facto* reduces the value of its employees' pension rights. This reduction in value, according to the Board, constitutes a "potential" impairment of the City's contractual obligations.

To establish this point on summary judgment, the Board submitted declarations in which experts applied techniques of financial analysis to predict [2 Cal.4th 582] the effect of a spending limit on the hypothetical market value of an employee's interest in retirement benefits. The trial court sustained objections to these declarations on relevance grounds. Even without such declarations, however, we may assume for argument's sake, as do the parties, that a spending limit has at least a theoretical effect on the security of the City's retirement obligations. In the Board's view, "an impairment occurs when the State changes the law so as to erode the ability of the City to perform, whether a breach necessarily follows or not." *fn. 10*

The Board relies, by analogy, on cases in which the high court refused to enforce state laws that purported to disable cities from levying taxes to repay municipal bonds. (See, e.g., *Wolff v. New Orleans* (1881) 103 U.S. 358, 365-369 [26 L.Ed. 395, 398-399]; *Von Hoffman v. City of Quincy* (1867) 71 U.S. 535, 554-555 [18 L.Ed. 403, 410].) These cases stand for the proposition that a state may not authorize a city to contract and then restrict its taxing power so that it cannot fulfill its obligations. *fn. 11* (*Wolff v. New Orleans, supra*, 103 U.S. at pp. 367-369 [26 L.Ed. at pp. 399-400]; *Von Hoffman v. City of Quincy, supra*, 71 U.S. at pp. 554-555 [18 L.Ed. at p.

410]; cf. *United States Trust Co. v. New Jersey* (1977) 431 U.S. 1, 24, fn. 22 [52 L.Ed.2d 92, 111, 97 S.Ct. 1505.] Underlying such decisions, at least implicitly, is the idea that "[t]he principal asset of a municipality is its taxing power" and that "[a]n unsecured municipal security is therefore merely a draft on the good faith of a municipality in exercising its taxing power." (*Faitoute Co. v. Asbury Park* (1942) 316 U.S. 502, 509 [86 L.Ed. 1629, 1635, 62 S.Ct. 1129]; cf. *Von Hoffman v. City of Quincy*, supra, 71 U.S. at p. 555 [18 L.Ed. at p. 410].)

By analogy to these cases, the Board argues that the contract clause would also invalidate a state law purporting to disable a municipality from spending money to satisfy its contractual obligations. While there is support for the proposition, the relevant cases involve statutes specifically enacted for the purpose of repudiating particular contractual duties rather than laws imposing budgetary restrictions. In *United States Trust Co. v. New Jersey* (supra, 431 U.S. 1, 17-28 [52 L.Ed.2d 92, 106-113]) the high court declared unenforceable a statute intended to abrogate a port authority's express covenant to its bondholders not to make unauthorized expenditures out of revenues designated for repayment of the bonds. Similarly, in *Valdes v. Cory* ((1983) 139 Cal.App.3d 773, 789-791 [189 Cal.Rptr. 212]), the Court of Appeal ordered the state Controller and other public employers to make [2 Cal.4th 583] periodic payments to the Public Employees' Retirement Fund despite legislation intended to abrogate the underlying contractual and statutory duties.

Unlike the laws at issue in the cited cases, article XIII B does not repudiate, or even modify, any contractual right or obligation. fn. 12 Article XIII B can more accurately be said to bring retirement obligations under the umbrella of an overall spending limit, but even this limited statement is an oversimplification. In fact, other provisions of the law provide substantial protection for retirement obligations, even in the face of budgetary competition. Specifically, the City has mandatory duties to make periodic payments to its retirement funds in amounts sufficient to keep the funds actuarially sound (Gov. Code, §§ 20741 et seq. [contributions to Public Employees' Retirement Fund], 45341 et seq. [contributions to single-employer plans]; see generally *Valdes v. Cory*, supra, 139 Cal.App.3d 773); and article XIII A permits the City to recover the cost of such contributions without regard to the constitutional maximum tax rate. (See *Carman*, supra, 31 Cal.3d 318.)

Nor does article XIII B provide a strong incentive for a governmental entity to attempt to avoid its retirement obligations. This is because each year's spending limit reflects the prior year's retirement contributions and other appropriations, adjusted to account for the change in population and the cost of living. fn. 13 (§§ 1, 5.) Thus, the City's high retirement costs in the base year have been reflected in subsequent years by higher and higher adjusted spending limits. Under section 11, this court's determination that retirement contributions are subject to limitation will entail a corresponding increase in the City's base-year and current spending limits. Moreover, if the voters wish to increase discretionary spending in other areas they may do so by the vote of a simple majority. (§ 4.) We note that as of March 1990, voters in 117 jurisdictions had considered proposals to increase spending limits to permit the appropriation of revenues already collected. Of these proposals, 106 were approved. (Cal. Leg., 1990 Revenue and Taxation Reference Book, at p. 196 (1990).)

While it can be argued that any budget entails a theoretical reduction in the security of the budgeted obligations, more is required to establish a serious doubt as to a law's validity under the contract clause. Particularly in [2 Cal.4th 584] this area, "[t]he Constitution is "intended to preserve practical and substantial rights, not to maintain theories" [citation].'" (*City of El Paso v. Simmons* (1965) 379 U.S. 497, 515 [13 L.Ed.2d 446, 458, 85 S.Ct. 577], quoting *Faitoute Co. v. City of Asbury Park*, supra, 316 U.S. at p. 514 [86 L.Ed. at p. 1637].) While the contract clause "appears literally to proscribe 'any' impairment ... 'the prohibition is not an absolute one and is not to be read with literal exactness like a mathematical formula.'" (*United States Trust Co. v. New Jersey*, supra, 431 U.S. at p. 21 [52 L.Ed. 2d at p. 109], quoting *Home Building & Loan Assn. v. Blaisdell* (1934) 290 U.S. 398, 428 [78 L.Ed. 413, 423, 54 S.Ct. 231, 88 A.L.R. 1481].)

The threshold inquiry under the contract clause is "whether the state law has, in fact, operated as a substantial impairment of a contractual relationship." (*Allied Structural Steel Co. v. Spannaus* (1978) 438 U.S. 234, 244 [57 L.Ed.2d 727, 736, 98 S.Ct. 2716].) Viewing article XIII B with reference to the whole system of law of which it is a part (cf. *Bowland v. Municipal Court* (1976) 18 Cal.3d 479, 489 [134 Cal.Rptr. 630, 556 P.2d 1081]), it cannot fairly be said that article XIII B has operated as a substantial impairment. Its effect, rather, has been to require governmental entities to reduce the overall growth in appropriations by reducing expenditures not required by law, except where the voters have chosen to increase the spending limit. A governmental entity that decided to make discretionary appropriations in other areas rather than legally required contributions to retirement funds might well thereby violate the contract clause (*Valdes v. Cory*, supra, 139 Cal.App.3d 773), but it would not be acting under the aegis or compulsion of article XIII B.

While we must construe a provision to avoid serious doubts as to its constitutionality, the "avoidance of a difficulty will not be pressed to the point of disingenuous evasion." (*Moore Ice Cream Co. v. Rose* (1933) 289 U.S. 373, 379 [77 L.Ed. 1265, 1270, 53 S.Ct. 620].) The manifest purpose of Proposition 4 was to limit the overall growth of governmental appropriations. To remove from the spending limit such a large category of appropriations as retirement contributions would do violence to that goal. Under these circumstances, the Board's constitutional arguments do not justify a departure from the plain statement that contributions to retirement funds are subject to limitation.

## Disposition

The decision of the Court of Appeal is reversed.

Lucas, C. J., Arabian, J., Baxter, J., and George, J., concurred. [2 Cal.4th 585]

MOSK, J.

I dissent. The majority's holding that retirement contributions are subject to the limitation of section 1 of article XIII B of the California Constitution is based entirely on a literal reading of the language of section 5 of article XIII B (hereafter section 5) and the rule of statutory construction that a specific provision relating to a particular subject will govern over a more general provision relating to the same subject. That is, even though retirement contributions may be classified as an indebtedness under subdivision (a) of section 9 of article XIII B (hereafter section 9(a)), the majority conclude that section 5 must prevail because it refers specifically to contributions to retirement funds. In the view of the majority, the section 5 inclusion of retirement fund contributions is an exception to the general provision of section 9(a).

This holding is not only in violation of well-established rules of statutory construction, but is contrary to the intent of the voters in adopting article XIII B of the state Constitution (hereafter article XIII B). It is clear from the legislative history of that provision that the voters intended to exclude retirement contributions as an indebtedness under section 9(a). They were specifically told in the ballot pamphlet analysis by the Legislative Analyst that the government's liability to make payments into a retirement fund was an "indebtedness" under article XIII B. This statement is a persuasive indication of the intent of the voters since, as the majority recognize, it must be assumed that they considered it in voting on the measure.

The majority reject the conclusion that logically follows from the Legislative Analyst's statement. They cast doubt on its correctness because it is a "nonjudicial interpretation" of the language of article XIII B. But this may be said of any statement in the ballot pamphlet. In attempting to discern the intent of the voters, the legal persuasiveness of the analysis is not the standard; the purpose of consulting the ballot pamphlet is to determine what the voters intended, assuming, as we must, that they considered the statements made therein. The majority find the Legislative Analyst's conclusion to be unpersuasive because "there is no indication" that he considered the language of section 5 in making his analysis. But there is no reason to suppose that he informed the voters that pension contributions are an indebtedness under article XIII B without considering the other provisions of the article, including section 5. The issue is not whether he was correct in his analysis of the measure in the hindsight of a court considering the issue more than a decade after it was adopted, but the understanding of the voters as to the meaning of these provisions.

Another reason given by the majority for rejecting the Legislative Analyst's conclusion is that it contradicts section 5. But this is circular reasoning, for it assumes the answer to the question at issue. The problem posed by [2 Cal.4th 586] this case is whether pension contributions are excluded from the spending limitation as an indebtedness under section 9(a), or whether they are included in view of the language of section 5. To conclude, as do the majority, that contributions are not an indebtedness because such a determination would be contrary to the meaning of section 5, presupposes that section 5 prevails over section 9(a). That, of course, is the very issue under consideration.

In sum, there is no escaping the fact that the voters were expressly told by the Legislative Analyst that pension contributions were exempt from the spending limitation under article XIII B. The majority, instead of accepting the fact that this was the voters' understanding and attempting to harmonize sections 5 and 9(a) in accordance with that understanding, hold that section 5 dominates, thereby disregarding the intent of the electorate.

The result reached by the majority is particularly inappropriate in the present case because sections 5 and 9(a) may be harmonized so as to give effect to both provisions. The majority disregard a rule of construction critical in the present context, i.e., that a court must attempt to reconcile provisions relating to the same subject matter to the extent possible, so as to avoid substantially nullifying the effect of any part of an enactment. (*Lungren v. Deukmejian* (1988) 45 Cal.3d 727, 735 [248 Cal.Rptr. 115, 755 P.2d 299]; *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 58 [233 Cal.Rptr. 38, 729 P.2d 202]; *People v. Craft* (1986) 41 Cal.3d 554, 560 [224 Cal.Rptr. 626, 715 P.2d 585].) The holding that section 5 is an exception to section 9(a) results in practically nullifying the effect of the latter provision. According to the majority's own analysis, retirement contributions constitute "one of the largest categories of local governmental spending." Such contributions are undoubtedly indebtedness of the city, a proposition the majority accept, at least for the sake of argument. To assume that the electorate chose in section 9(a) to exempt all indebtedness existing on January 1, 1979, from the spending limitation, but not to include within such indebtedness "one of the largest categories of governmental spending," results in a significant abrogation of section 9(a).

This consequence is particularly unwarranted in the present case because sections 5 and 9(a) may be reconciled so as to give effect to both provisions. That is, section 5 may be construed as referring to pension funds established [2 Cal.4th 587] after January 1, 1979. Section 9(a), on the other hand, applies to funds established prior to that date to fulfill the city's obligations to meet an "indebtedness." This construction is consistent with both the language of section 5—it provides that a government entity "may establish" such funds

as it "shall deem reasonable and proper," implying establishment of funds at a future time-and the general rule that constitutional provisions are applied prospectively. (In re Marriage of Bouquet (1976) 16 Cal.3d 583, 587 [128 Cal.Rptr. 427, 546 P.2d 1371]; Mannheim v. Superior Court (1970) 3 Cal.3d 678, 686 [91 Cal.Rptr. 585, 478 P.2d 17].)

The majority reject an alternate means offered by the Board of Supervisors for the City and County of San Francisco (board) to harmonize the two sections. The board asserts that if the government is required by contract to satisfy its obligation to pay pensions by making appropriations to a fund for that purpose, this constitutes a debt, not subject to the spending limitation under section 9(a). But if no such contractual requirement exists, and the government chooses as a matter of discretion to establish a pension fund as a means of accruing a reserve for the payment of pensions, then this is not an indebtedness, and the contributions to such a fund would be subject to the limitation.

The majority respond to this suggested means of harmonizing the two sections by asserting that section 5 creates an exception to section 9(a), and therefore there is no reason to attempt to harmonize the two sections. As discussed above, however, the view that section 5 is an exception to section 9(a) is untenable because it results in practically negating the effect of the latter provision.

The second answer to the board's theory offered by the majority is that the city could evade section 5 by "satisfying its contractual obligations." But this is exactly what section 9(a) requires, if such obligations are indebtedness incurred before January 1, 1979. Contrary to the majority, the board's suggestion would not nullify the express declaration in section 5 that retirement contributions are subject to limitation, for contributions to a pension fund not required to be established by contract would be included in the limitation.

Finally, in my view *Carman v. Alvord* (1982) 31 Cal.3d 318 [182 Cal.Rptr. 506, 644 P.2d 192] (*Carman*), supports the conclusion that retirement contributions are an indebtedness under section 9(a). *Carman* involved the construction of article XIII A of the California Constitution (hereafter article XIII A). Subdivision (b) of section 1 of article XIII A (hereafter subdivision [2 Cal.4th 588] (b)) exempts from the 1 percent limit on ad valorem taxes on real property imposed by section 1, subdivision (a) of the article "taxes to pay the interest and redemption charges on ... any indebtedness approved by the voters prior to January 1, 1978 ...." The voters of the City of San Gabriel had, many years prior to 1978, approved a measure authorizing the city to levy a tax to fund the city's employee retirement system. After article XIII A became effective, the city levied a special tax for that purpose. The plaintiff filed an action alleging that the tax was unconstitutional because it exceeded the 1 percent limit on ad valorem real property taxes.

We held that an employer's duty to pay pensions promised and earned on terms substantially equivalent to those offered when the employee entered public service was a vested contractual right. Our opinion reasoned that the term "any indebtedness," as used in subdivision (b), includes obligations arising out of a city's pension plan, and the term "interest and redemption charges" refers to "the sums ... necessary to avoid default on obligations to pay money, including those for pensions." (*Carman*, supra, 31 Cal.3d at p. 328; accord, *City of Fresno v. Superior Court* (1984) 156 Cal.App.3d 1137, 1145-1146 [202 Cal.Rptr. 313]; *City of Watsonville v. Merrill* (1982) 137 Cal.App.3d 185, 193 [186 Cal.Rptr. 857].)

The language of subdivision (b) is similar to that of sections 9(a) and 8(g) of article XIII B. Unless there is some persuasive reason to interpret the provisions in the two articles differently, they should be construed as having the same meaning. Nevertheless the majority assert that the term "indebtedness" has a different meaning in the two provisions because article XIII A does not have a provision similar to section 5, making contributions to retirement funds subject to the spending limitation.

But the majority fail to point to any substantive difference in a city's obligations under article XIII A and article XIII B which would justify the conclusion that the duty to pay pensions or to fund a pension system for that purpose constitutes an "indebtedness" under one but not the other. Even if the meaning of the term "indebtedness" may vary, depending on the context in which it is used, the meaning attributed to it must relate to the nature of the obligation involved. *Carman* points out that the term "indebtedness" encompasses "obligations which are yet to become due as [well as] those which are already matured" (31 Cal.3d at p. 327), and in support of its conclusion it relies on a case holding that the term "indebtedness" means "a complete and absolute liability to the extent that payment must ultimately be made ...." (*County of Shasta v. County of Trinity* (1980) 106 Cal.App.3d 30, 38 [165 Cal.Rptr. 18].) There can be no question that the obligation to [2 Cal.4th 589] pay pensions comes within these definitions. It is, therefore, an indebtedness, and is exempt from the spending limitation.

Moreover, as the Court of Appeal noted, articles XIII A and XIII B "are complementary fiscal measures designed to limit the government's ability to raise and spend tax revenues." This view is subscribed to by this court. (*City of Sacramento v. State of California* (1990) 50 Cal.3d 51, 59, fn. 1 [266 Cal.Rptr. 139, 785 P.2d 522].) Since, as we held in *Carman*, a government entity may impose a tax to fund pension payments without regard to the tax limitation of article XIII A, it is anomalous to hold, as do the majority, that the voters intended to prohibit the use of the funds generated for this purpose without a compensating reduction in other government expenditures.

I would affirm the judgment of the Court of Appeal.

KENNARD, J.

I dissent. Article XIII B of the California Constitution (hereafter article XIII B) limits state and local governments' ability to spend tax revenues. In general, a public entity can spend no more than it spent the year before, adjusted for changes in population and the cost of living. This limitation does not apply to all government spending, but only to spending falling within the constitutional definition of "appropriations subject to limitation." (Art. XIII B, § 1.) The majority holds that all contributions that a public entity makes to a retirement fund for its employees are "appropriations subject to limitation" and therefore subject to the article XIII B limit. This holding is based on a superficial analysis of the relevant constitutional provisions. A more complete analysis reveals that contributions to employee retirement funds are exempt from the article XIII B limit when the public entity makes them under an obligation that existed on January 1, 1979.

A provision of article XIII B exempts all "debt service" appropriations from the spending limit. (Art. XIII B, § 9, subd. (a).) In this context, "debt service" is defined as "appropriations required to pay the cost of interest and redemption charges, including the funding of any reserve or sinking fund required in connection therewith, on indebtedness existing or legally authorized as of January 1, 1979, or on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for that purpose." (Id., § 8, subd. (g).)

A public entity's mandatory contributions to an employee retirement fund constitute debt service. This court so held in *Carman v. Alvord* (1982) 31 Cal.3d 318, 327-328 [182 Cal.Rptr. 506, 644 P.2d 192]. Although in that case we construed a provision of article XIII A of the California Constitution, rather than the "debt service" provisions of article XIII B, these two articles [2 Cal.4th 590] are closely related and the language of the relevant provisions is virtually identical. In 1 There is no sound reason to conclude that the electorate intended to give the same words different meanings in these related and complementary parts of the state Constitution. Accordingly, mandatory contributions to an employee retirement fund are exempt from the article XIII B spending limit as "debt service" if the contributions are made under an obligation existing on January 1, 1979.

The conclusion that mandatory payments to pre-1979 retirement funds are exempt as debt service is fortified by the analysis of the Legislative Analyst included in the voter pamphlet for the election at which article XIII B was enacted. In relevant part, it read: "[A] local government with an unfunded liability in its retirement system could appropriate its excess revenues to reduce the liability, as such an appropriation would be considered a payment toward a legal 'indebtedness' under this ballot measure." (Ballot Pamph., Proposed Amends. to Cal. Const. with arguments to voters, Special Statewide Elec. (Nov. 6, 1979) p. 20, italics added.) Stated more simply, payments to existing employee retirement funds will be exempt from the article XIII B spending limit as debt service. The majority concedes this is what the Legislative Analyst's words mean, but it asserts that the Legislative Analyst was mistaken. On the contrary, the Legislative Analyst's conclusion is the most reasonable interpretation of article XIII B's language. Moreover, the Legislative Analyst's words are persuasive evidence of the voters' intent in enacting article XIII B because the voters had those words before them, as part of the voters' pamphlet, when they were deciding how to vote, and none of the other statements in the pamphlet disputed this interpretation.

The majority relies on a provision of article XIII B that expressly refers to employee retirement contributions. It states: "Each entity of government may establish such contingency, emergency, unemployment, reserve, retirement, sinking fund, trust, or similar funds as it shall deem reasonable and proper. Contributions to any such fund, to the extent that such contributions are derived from the proceeds of taxes, shall for purposes of this Article constitute appropriations subject to limitation in the year of contribution. Neither withdrawals from any such fund, nor expenditures of ... such withdrawals, nor transfers between or among such funds, shall for purposes of this Article constitute appropriations subject to limitation." (Art. XIII B, § 5, italics added.)

To be sure, this provision (hereafter section 5) necessarily contemplates that some contributions to employee retirement funds are subject to the [2 Cal.4th 591] article XIII B spending limit. But the majority reads it more expansively. The majority concludes that under section 5 all contributions to employee retirement funds are subject to the article XIII B spending limit, and that the debt service provisions, to the extent they provide a basis for exempting such retirement contributions from the article XIII B spending limit, must be disregarded because they fail to mention retirement fund contributions by name. This reasoning does not withstand scrutiny.

Putting aside retirement contributions, there is a need to reconcile section 5 with article XIII B's "debt service" provisions because both refer expressly to reserve and sinking funds. Section 5 includes payments to reserve and sinking funds with retirement contributions as appropriations subject to the article XIII B spending limit, whereas the "debt service" provisions state that payments to reserve and sinking funds may qualify as debt service that is exempt from the article XIII B limit. The only way to give effect to both provisions, as required by accepted rules of statutory and constitutional construction (see, e.g., *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 58 [233 Cal.Rptr. 38, 729 P.2d 202]), is to divide reserve and sinking funds into

two categories, so that some of the funds are subject to limitation under section 5 while others are exempt from limitation under the "debt service" provisions. This is easily done.

Section 5 speaks prospectively ("Each entity ... may establish such [reserve and sinking] ... funds ...") and therefore it is reasonably interpreted to apply only to reserve or sinking funds established after article XIII B appeared on the legal horizon. The "debt service" provisions, by contrast, look generally to the past. They provide an exemption for "indebtedness existing or legally authorized as of January 1, 1979." All payments made to reserve or sinking funds in existence on that date, and which otherwise meet the constitutional definition of "debt service," are exempt.

Thus, a fair reading of article XIII B compels the conclusion that payments to reserve and sinking funds can and must be divided between those made to funds established on or before January 1, 1979 (and therefore exempt) and those made to funds established afterward (and so not exempt). If payments to reserve and sinking funds can and must be so divided, then should not contributions to retirement funds (which are a kind of reserve fund) be divided in the same manner? The majority gives no satisfactory answer to this question.

Had section 5 been intended to establish an exception to the "debt service" exemption, as the majority concludes, it would have been logical to place [2 Cal.4th 592] section 5 with the "debt service" provisions, or at least to include within section 5 a reference to those provisions. Section 5's location distinctly apart from the "debt service" provisions, and the absence of any cross-reference to those provisions, suggests that section 5 was intended to serve a different purpose. That purpose is not difficult to discern. Rather than specifying whether particular funds are or are not exempt from the article XIII B limit, the primary purpose of section 5 is to explain how the article XIII B limit works when applied to those funds that are not exempt. The main point of section 5 is that in the case of various kinds of nonexempt reserve funds maintained by public entities, the article XIII B limit applies when the government makes payments into the fund, and not when payments are made out of the fund. This overriding purpose is in no way frustrated by a conclusion that certain fund payments (that is, those to service preexisting debt) are not subject to the article XIII B limit at all.

The majority relies on the rule of statutory and constitutional construction that a specific provision prevails over a general provision. But this rule applies only when the provisions at issue are inconsistent. (See Code Civ. Proc., § 1859 ["[W]hen a general and particular provision are inconsistent, the latter is paramount to the former."]; *International Assn. of Fire Fighters Union v. City of Pleasanton* (1976) 56 Cal.App.3d 959, 976 [129 Cal.Rptr. 68].) "Two statutes dealing with the same subject are given concurrent effect if they can be harmonized, even though one is specific and the other general." (*People v. Price* (1991) 1 Cal.4th 324, 385 [3 Cal.Rptr. 106, 821 P.2d 610].) Properly read, section 5 is not inconsistent with the "debt service" provisions of article XIII B; these provisions can and should be harmonized. Under the "debt service" provisions, a public entity's contributions to an employee retirement fund are exempt from the article XIII B limit if they are made to discharge an obligation that existed on January 1, 1979; all other contributions to employee retirement funds are subject to that limit. I would so hold.

FN 1. All further references to section numbers, unless otherwise noted, are to sections of article XIII B of the California Constitution.

FN 2. The Board also excluded appropriations for certain other employee benefits, including contributions to the health service and social security systems. Only the treatment of retirement contributions is at issue in this case.

FN 3. The \$40,336,171 amount represents the effect of excluding "mandatory employee benefits" (see fn. 2, ante), which include retirement contributions, from both the base-year limit and the 1988-1989 limit. In other words, \$40,336,171 is the amount by which the City's appropriations for "mandatory employee benefits" grew, between the base year and 1988-1989, in excess of the permissible rate of growth set out article XIII B.

FN 4. Section 5 provides: "Each entity of government may establish such contingency, emergency, unemployment, reserve, retirement, sinking fund, trust, or similar funds as it shall deem reasonable and proper. Contributions to any such fund, to the extent that such contributions are derived from the proceeds of taxes, shall for purposes of this Article constitute appropriations subject to limitation in the year of contribution. Neither withdrawals from any such fund, nor expenditures of (or authorizations to expend) such withdrawals, nor transfers between or among such funds, shall for purposes of this Article constitute appropriations subject to limitation." (Italics added.)

FN 5. Section 9, subdivision (a) (hereafter section 9(a)), provides: "Appropriations subject to limitation' ... do not include ... Appropriations for debt service." (Italics added.)

Section 8, subdivision (g) (hereafter section 8(g)), provides: "'Debt service' means appropriations required to pay the cost of interest and redemption charges, including the funding of any reserve or sinking fund required in connection therewith, on indebtedness existing or legally authorized as of January 1, 1979, or on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for that purpose." (Italics added.)

FN 6. The Legislature has similarly concluded that the state's retirement contributions are subject to limitation. (See 1991-1992 Budget, Stats. 1991, ch. 118, § 3.60, subd. (c).)

FN 7. Specifically, the maximum tax rate does not apply "to ad valorem taxes or special assessments to pay the interest and redemption charges on (1) any indebtedness approved by the voters prior to July 1, 1978, or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition." (Cal. Const., art. XIII A, § 1, subd. (b).)

FN 8. The City, in its Comprehensive Annual Financial Report for the year ended June 30, 1988, reported retirement contributions of approximately \$240 million. The City's appropriations limit for that year, which excluded retirement contributions, was approximately \$700 million.

FN 9. "No state shall ... pass any ... law impairing the obligation of contracts ...." (U.S. Const., art. I, § 10, cl. 1.)

FN 10. Because the Board's argument is so broad, and because the Board expressly disclaims any intent to assert a cause of action or defense under the contract clause, there is no need to remand for additional evidentiary proceedings.

FN 11. We rejected a similar challenge to article XIII A as premature in *Amador Valley Joint Union High Sch. Dist. v. State Bd. of Equalization*, supra, 22 Cal.3d at pages 238-242.

FN 12. For this reason, the rule that "alterations of employees' pension rights must bear some material relation to the theory of a pension system and its successful operation" (*Miller v. State of California* (1977) 18 Cal.3d 808, 816 [135 Cal.Rptr. 386, 557 P.2d 970]), quoting *Allen v. City of Long Beach* (1955) 45 Cal.2d 128, 131 [287 P.2d 765]), has no bearing on this case.

FN 13. Proposition 111 liberalized the definition of "cost of living," thus permitting greater annual increases to the spending limit. (See § 8, subd. (e)(2), added by initiative measure in Primary Elec. (June 5, 1990).)

FN 1. Under subdivision (g) of section 8 of article XIII B (hereafter section 8(g)), "debt service" is defined as "appropriations required to pay the cost of interest and redemption charges, including the funding of any reserve or sinking fund required in connection therewith, on indebtedness existing or legally authorized as of January 1, 1979."

FN 1. Article XIII A limits real property taxes, but it exempts from this limit real property taxes imposed "to pay the interest and redemption charges on ... any indebtedness approved by the voters" before article XIII A was enacted. (Cal. Const., art. XIII A, § 1, subd. (b).)

[Return to Top](#)

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**Exhibit G**

FY 2002-03

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

YOSEMITE COMMUNITY COLLEGE DISTRICT  
 INCOME LEDGER

RUN DATE: OCTOBER 14, 2003  
 PAGE 2  
 FY 03

RESPONSIBILITY BUDGET

ACCOUNT NUMBER DATE	DESCRIPTION	TITLE	MTR CD	MTR NMNR	ANTICIPATED	REALIZED	UNREALIZED BALANC
4-101-8876-0000-000	ALTERNATE ACCT # 000-000	HEALTH FEES - SUMMER					
6/30/03	HEALTH A/R 6/30/03	MJC					
9/16/03	A27562 03/03-SUMMR	HEAL FEE		RV+ JV163		1,106.00	
9/19/03	A27562 02/03-SUMMR	HEAL FEE		RI C0415		77.00	
1/15/03	A27562 01/03-SUMMR	HEAL FEE		RI C0219		310.00	
12/17/02	A27562 12/02-SUMMR	HEAL FEE		RI C0116		109.00	
11/26/02	A27562 11/02-SUMMR	HEAL FEE		RI C1217		652.00	
10/17/02	A27562 10/02-SUMMR	HEAL FEE		RI C1126		1,361.50	
9/20/02	A27562 09/02-SUMMR	HEAL FEE		RI C1017		722.50	
8/28/02	A27562 08/02-SUMMR	HEAL FEE		RI C0920		313.00	
7/01/02	SMR FEE DEFER'D FR 6/30 XFR			RV+ JV003		12,293.00	
7/01/02	REV DEFERRAL 5/02 MJC XFR			RV+ JV003		41,908.50	
				4-101-8876-0000-000	* TOTAL *	53,896.50	53,896.50
					*** TOTAL RESPONSIBILITY: 01		

P4 2002-03

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

YOSEMITE COMMUNITY COLLEGE DISTRICT  
 INCOME LEDGER

RY 2002-03  
 RUN DATE: OCTOBER 14, 2003  
 PAGE 3  
 FY 03

ACCOUNT NUMBER	DESCRIPTION	TITLE	TR CD	TR NTR CD	ANTICIPATED	REALIZED	UNREALIZED BALANCE
4-102-8876-0000-000	ALTERNATE ACCT # 000-000	HEALTH FEES - FALL					
6/30/03	HEALTH A/R 6/30/03	MJC				3,513.00	
6/30/03	A27572 06/03-FALL	HEALTH FEE		RV+ JVL63		12.00	
6/18/03	A27572 06/03-FALL	HEAL FEE		RI C0678		180.00	
5/21/03	A27572 04/03-FALL	HEAL FEE		RI C0521		871.00	
4/16/03	A27572 03/03-FALL	HEAL FEE		RI C0316		210.00	
3/19/03	A27572 02/03-FALL	HEAL FEE		RI C0319		788.50	
2/19/03	A27572 01/03-FALL	HEAL FEE		RI C0219		39.50	
1/16/03	A27572 12/02-FALL	HEAL FEE		RI C0116		1,090.00	
12/17/02	A27572 11/02-FALL	HEAL FEE		RI C1217		1,139.00	
11/26/02	A27572 10/02-FALL	HEAL FEE		RI C1126		41,957.50	
10/17/02	A27572 09/02-FALL	HEAL FEE		RI C1017		85,096.50	
9/20/02	A27572 08/02-FALL	HEAL FEE		RI C0920		40,027.50	
8/28/02	A27572 07/02-FALL	HEAL FEE		RI C0828		168,719.50	
				* TOTAL *		168,719.50	168,719.50-
				** TOTAL RESPONSIBILITY, 02		168,719.50	168,719.50-

174 2002-03

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

YOSEMITE COMMUNITY COLLEGE DISTRICT  
 INCOME LEDGER

RUN DATE: OCTOBER 14, 2003  
 PAGE 4  
 FY 03

ACCOUNT NUMBER	DESCRIPTION	TITLE	TR CD	MTR NMBR	ANTICIPATED	REALIZED	UNREALIZED BALAN
4-103-8876-0000-000	ALTERNATE ACCT # 000-000	HEALTH FEES - SPRING					
5/30/03	HEALTH A/R 5/30/03	MJC	RV+	JV163		4,898.00	
5/18/03	A27582-06/03-SPRG	HEALTH FEE	RI	C0518		252.00	
5/21/03	A27582-04/03-SPRG	HEAL FEE	RI	C0521		48.00	
4/16/03	A27582-03/03-SPRG	HEAL FEE	RI	C0416		1,956.00	
3/19/03	A27582-02/03-SPRG	HEAL FEE	RI	C0319		1,793.00	
2/19/03	A27582-01/03-SPRG	HEAL FEE	RI	C0219		4,023.50	
1/15/03	A27582-12/02-SPRG	HEAL FEE	RI	C0115		54,929.50	
12/11/02	A27582-11/02-SPRG	HEAL FEE	RI	C1217		68,168.00	
					* TOTAL *	22,570.00	158,652.00
					*** TOTAL RESPONSIBILITY. 03	158,652.00	158,652.00

**Exhibit H**

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>HEALTH FEE ELIMINATION</b>	For State Controller Use only (19) Program Number 00029 (20) Date File ___/___/___ (21) LRS Input ___/___/___	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">029</span>
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(01) Claimant Identification Number: S50150			Reimbursement Claim Data	
(02) Mailing Address:			(22) HFE - 1.0, (04)(b)	\$ 39,067
Claimant Name Yosemite Community College District			(23)	
County of Location Stanislaus			(24)	
Street Address P. O. Box 4065			(25)	
City Modesto	State CA	Zip Code 95352	(26)	
Type of Claim	Estimated Claim	Reimbursement Claim	(27)	
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(28)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(29)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(30)	
Fiscal Year of Cost	(06) 2003-2004	(12) 2002-2003	(31)	
Total Claimed Amount	(07) \$ 40,000	(13) \$ 39,067	(32)	
Less: 10% Late Penalty, but not to exceed \$		(14) \$ -	(33)	
Estimate Claim Payment Received		(15) \$ -	(34)	
Net Claimed Amount		(16) \$ 39,067	(35)	
Due from State	(08) \$ 40,000	(17) \$ 39,067	(36)	
Due to State		(18) \$ -	(37)	

**(38) CERTIFICATION OF CLAIM**

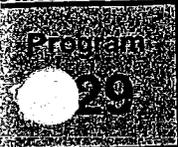
In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, 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 mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Officer	Date
	01/08/04
Teresa Scott	Vice Chancellor, Fiscal Services
or Print Name	Title

Name of Contact Person or 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:**  
Claimant Name  
  
Yosemite Community College

**(02) Type of Claim:**  
Reimbursement   
Estimated

Fiscal Year  
  
2002-2003

**(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. Modesto Junior College	\$ 29,489.03
2. Columbia College	\$ 9,578.46
3.	\$ -
4.	\$ -
5.	\$ -
6.	\$ -
7.	\$ -
8.	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -
21.	\$ -
<b>(04) Total Amount Claimed</b>	\$ 39,067

[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]

Program <b>029</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
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<b>(01) Claimant:</b> Yosemite Community College	<b>(02) Type of Claim:</b> Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2002-2003
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**(03) Name of College** Modesto Junior 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: 23.95%	Total
<b>(05) Cost of Health Services for the Fiscal year of Claim</b>	\$ 327,069	\$ 78,333	\$ 405,402
<b>(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87</b>		\$ -	\$ -
<b>(07) Cost of providing current fiscal year health services at the 1986/87 level</b> [Line (05) - line (06)]	\$ 327,069	\$ 78,333	\$ 405,402

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

Period for which health fees were collected	(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	4,203	9,669	\$ 12.00	\$ 50,436	\$ 12.00	\$ 116,028	\$ 166,464
2. Per spring semester	4,055	8,569	\$ 12.00	\$ 48,660	\$ 12.00	\$ 102,828	\$ 151,488
3. Per summer session	122	5,707	\$ 9.00	\$ 1,098	\$ 9.00	\$ 51,363	\$ 52,461
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -

<b>(09) Total health fee that could have been collected</b>	[Line (8.1g) + (8.2g) + .....(8.6g)]	\$ 370,413
<b>(10) Sub-total</b>	[Line (07) - line (09)]	\$ 34,989

<b>Cost Reduction</b>		
(11) Less: Offsetting Savings, if applicable		\$ -
(12) Less: Other Reimbursements, if applicable		\$ 5,500
<b>(13) Total Amount Claimed</b>	[Line (10) - {(line (11) + line (12))}]	\$ 29,489

Program <b>029</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.2</b>
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(01) Claimant:  Yosemite Community College	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year  2002-2003
--	--	------------------------------

(03) Name of College: Columbia 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: 23.95%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 69,718	\$ 16,697	\$ 86,415
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87		\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 69,718	\$ 16,697	\$ 86,415

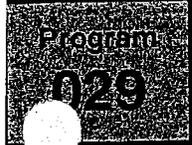
(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(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	697	2,310	\$ 12.00	\$ 8,364	\$ 12.00	\$ 27,720	\$ 36,084
2. Per spring semester	624	1,956	\$ 12.00	\$ 7,488	\$ 12.00	\$ 23,472	\$ 30,960
3. Per summer session	6	971	\$ 9.00	\$ 54	\$ 9.00	\$ 8,739	\$ 8,793
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
(09) Total health fee that could have been collected				[Line (8.1g) + (8.2g) + .....(8.6g)]			\$ 75,837
(10) Sub-total				[Line (07) - line (09)]			\$ 10,578
<b>Cost Reduction</b>							
(11) Less: Offsetting Savings, if applicable							\$ -
(12) Less: Other Reimbursements, if applicable							\$ 1,000
(13) Total Amount Claimed				[Line (10) - {(line (11) + line (12))}]			\$ 9,578

**YOSEMITE COMMUNITY COLLEGE DISTRICT  
CALCULATION OF INDIRECT COST RATE,  
FISCAL YEAR  
2001-2002**

For 02-03 claims

REFERENCE (CCFS 311)	DESCRIPTION	2001-2002
<b>INSTRUCTIONAL ACTIVITY</b>		
	<b>Instructional Costs</b>	
	Instructional Salaries and Benefits	32,859,663
	Instructional Operating Expenses	6,948,542
	Instructional Support Instructional Salaries and Benefits	70,327
	Auxiliary Operations Instructional Salaries and Benefits	0
	<b>TOTAL INSTRUCTIONAL COSTS 1</b>	<b>39,878,532</b>
	<b>Non-Instructional Costs</b>	
	Non-Instructional Salaries and Benefits	6,175,022
	Instructional Admin. Salaries and Benefits	5,233,517
	Instructional Admin. Operating Expenses	1,652,662
	Auxiliary Classes Non-Inst. Salaries and Benefits	91,404
	Auxiliary Classes Operating Expenses	3,570
	<b>TOTAL NON-INSTRUCTIONAL COSTS 2</b>	<b>13,156,175</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)</b>	<b>53,034,707</b>
<b>DIRECT SUPPORT ACTIVITY</b>		
	<b>Direct Support Costs</b>	
	Instructional Support Services Non Inst. Salaries and Benefits	2,999,718
	Instructional Support Services Operating Expenses	552,218
	Admissions and Records	1,031,544
	Counseling and Guidance	2,951,188
	Other Student Services	5,279,661
	<b>TOTAL DIRECT SUPPORT COSTS 4</b>	<b>12,814,329</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)</b>	<b>65,849,036</b>
	<b>Indirect Support Costs</b>	
	Operation and Maintenance of Plant	5,673,425
	Planning and Policy Making	2,793,925
	General Instructional Support Services	7,303,595
	<b>TOTAL INDIRECT SUPPORT COSTS 6</b>	<b>15,770,945</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS</b>	<b>81,619,981</b>
<b>SUPPORT COSTS ALLOCATION RATES</b>		
Indirect Support Costs Allocation Rate =	Total Indirect Supports Costs (6) Total Instructional Activity Costs and Direct Support Costs (5)	23.95%
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4) Total Instructional Activity Costs (3)	24.16%
Total Support Cost Allocation		48.11%



**MANDATED COSTS  
HEALTH FEE ELIMINATION  
COMPONENT/ACTIVITY COST DETAIL**

**FORM  
HFE-2.1**

(01) Claimant Yosemite Community College	Fiscal Year 2002-2003	
(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	X	X
College Physician, surgeon	X	X
Dermatology, Family practice	X	X
Internal Medicine	X	X
Outside Physician		
Dental Services		
Outside Labs, (X-ray, etc.,)	X	X
Psychologist, full services	X	X
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments	X	X
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports	X	X
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	X	X
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		
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 <b>029</b>	MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2.1	
(01) Claimant  Yosemite Community College District		Fiscal Year  2002-2003	
(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, AED, Oxygen		X	X
First Aid, Minor Emergencies		X	X
First Aid Kits, Filled, available for purchase/rent			X
Golf Carts for emergency response time			X
Immunizations			
Diphtheria/Tetanus		X	X
Measles/Rubella		X	X
Influenza			X
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		X	X
Athletes		X	X
Medications			
Antacids		X	X
Antidiarrheal		X	X
Aspirin, Tylenol, etc.,		X	X
Skin Rash Preparations		X	X
Eye Drops		X	X
Ear Drops			
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		X	X
Elevator Passes		X	X
Temporary Handicapped Parking Permits		X	X

Program 029	MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2.1	
(01) Claimant  Yosemite Community College	Fiscal Year  2002-2003		
(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 Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies	X X X X X X X X X X	X X X X X X X X X	
Tests Blood Pressure Hearing Tuberculosis Reading Information Vision Glucometer Urinalysis Hemoglobin EKG Strep A Testing PG Testing Monospot Hemacult Others, list STD	X X X X X X X X X X X X X X X X X X	X X X X X X X X X X X X X X X X X X X	
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:	X X X X X X X X X X X X X X X X X X X	X X X X X X X X X X X X X X X X X X X	
Committees Wellness Environmental Disaster Planning Student Services Council Academic Senate	X X X X X	X X X X X	

**YOSEMITE COMMUNITY COLLEGE DISTRICT  
CALCULATION OF INDIRECT COST RATE,  
FISCAL YEAR  
2001-2002**

*For 02-03 claims*

REFERENCE (CCFS 311)	DESCRIPTION	2001-2002
<b>INSTRUCTIONAL ACTIVITY</b>		
	<b>Instructional Costs</b>	
	Instructional Salaries and Benefits	32,859,663
	Instructional Operating Expenses	6,948,542
	Instructional Support Instructional Salaries and Benefits	70,327
	Auxiliary Operations Instructional Salaries and Benefits	0
	<b>TOTAL INSTRUCTIONAL COSTS 1</b>	<b>39,878,532</b>
	<b>Non-Instructional Costs</b>	
	Non-Instructional Salaries and Benefits	6,175,022
	Instructional Admin. Salaries and Benefits	5,233,517
	Instructional Admin. Operating Expenses	1,652,662
	Auxiliary Classes Non-Inst. Salaries and Benefits	91,404
	Auxiliary Classes Operating Expenses	3,570
	<b>TOTAL NON-INSTRUCTIONAL COSTS 2</b>	<b>13,156,175</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)</b>	<b>53,034,707</b>
<b>DIRECT SUPPORT ACTIVITY</b>		
	<b>Direct Support Costs</b>	
	Instructional Support Services Non Inst. Salaries and Benefits	2,999,718
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	Other Student Services	5,279,661
	<b>TOTAL DIRECT SUPPORT COSTS 4</b>	<b>12,814,329</b>
<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)</b>		<b>65,849,036</b>
	<b>Indirect Support Costs</b>	
	Operation and Maintenance of Plant	5,673,425
	Planning and Policy Making	2,793,925
	General Instructional Support Services	7,303,595
	<b>TOTAL INDIRECT SUPPORT COSTS 6</b>	<b>15,770,945</b>
<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS, AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS</b>		<b>81,619,981</b>
<b>SUPPORT COSTS ALLOCATION RATES</b>		
Indirect Support Costs Allocation Rate =	Total Indirect Support Costs (6) Total Instructional Activity Costs and Direct Support Costs (5)	23.95%
Support Costs Allocation Rate =	Total Direct Support Costs (4) Total Instructional Activity Costs (3)	24.16%
Total Support Cost Allocation		48.11%

### 1/84 Health Fee Elimination COLLEGE STUDENT HEALTH FEES

Yosemite District      LC College      2002-03 Fiscal Year  
Total Enroll. 1,190 3,838      3,381

Use a separate form 1.8 for each college campus with student health services.

CALCULATION OF "COLLECTIBLE FEES" <i>BOGGs</i>	Summer or 1 <sup>st</sup> Qtr <sup>213</sup>	Fall or 2 <sup>nd</sup> Qtr <sup>821</sup>	Winter/ 3 <sup>rd</sup> Qtr	Spring/ 4 <sup>th</sup> Qtr <sup>801</sup>
1 A. Total FULL-TIME student enrollment	7	889		818
B. Number of BOGG/waiver FULL-TIME students	1	192		194
C. A subtract B (FULL-TIME fee students)	6	697		624
D. FULL-TIME fee (e.g. \$12.00/semester)	\$ 9	\$ 12		\$ 12
E. Line 1 C multiplied by Line 1 D	\$ 54	\$ 8,364		\$ 7,488
2 A. Total PART-TIME student enrollment	1,183	2,949		2,563
B. Number of BOGG/waiver PART-TIME students	212	639		607
C. A subtract B (PART-TIME fee students)	971	2,310		1,956
D. PART-TIME fee (e.g. \$9.00/semester)	\$ 9	\$ 12		\$ 12
E. Line 2 C multiplied by Line 2 D	\$ 8,739	\$ 27,720		\$ 23,472
<b>3. Total collectible fees: Add lines 1 E and 2 E</b>	<b>\$ 8,793</b>	<b>\$ 36,084</b>		<b>\$ 30,960</b>
<b>ACTUAL STUDENT HEALTH SERVICES REVENUES</b>				<b>Amount</b>
4. A. Total Student Health Service Income per general ledger				\$ 81,833
B. Less: Clinical Service Fees collected from students				\$ (2534) ✓
C. Less: Service Fees collected for employee services				\$ (1,000) ✓
D. Less: Other program income (e.g. Medi-Cal)				\$ ✓
<b>5. TOTAL STUDENT FEES COLLECTED (LINE 4 A subtract B, C, D)</b>				<b>\$ 78,229</b> <b>80,833</b>

T = 75,837

**EMPLOYEE CERTIFICATION:** The State of California requires that school district personnel maintain a record of data for state mandates in order for the district to receive reimbursement. Your signature on this form certifies that you have reported actual data or have provided a good faith estimate which you "certify under penalty of perjury to be true and correct based on your personal knowledge or information." This information is used for cost accounting purposes only.

Employee Signature: Deborah K Campbell Date 10/14/02  
 Employee Name: (print) Deborah K Campbell Position or Title Controller

If you have any questions, please contact \_\_\_\_\_ at \_\_\_\_\_  
 PLEASE SUBMIT THIS INFORMATION BY \_\_\_\_\_; TO \_\_\_\_\_

## 1/84 Health Fee Elimination COLLEGE STUDENT HEALTH FEES

Yosemite District      MJC College      2002-03 Fiscal Year  
 TOTAL ENROLL 8,384 19,402      17,915

Use a separate form 1.8 for each college campus with student health services.

CALCULATION OF "COLLECTIBLE FEES"	<sup>2,535</sup> Summer or 1 <sup>st</sup> Qtr	<sup>5,530</sup> Fall or 2 <sup>nd</sup> Qtr	Winter/ 3 <sup>rd</sup> Qtr	<sup>5,291</sup> Spring/ 4 <sup>th</sup> Qtr
1 A. Total FULL-TIME student enrollment	175	5,878	/	5,754
B. Number of BOGG/waiver FULL-TIME students	53	1,675	/	1,699
C. A subtract B (FULL-TIME fee students)	122	4,203	/	4,055
D. FULL-TIME fee (e.g. \$12.00/semester)	\$ 9	\$ 12	\$	\$ 12
E. Line 1 C multiplied by Line 1 D	\$ 1,098	\$ 50,436	\$	\$ 48,660
2 A. Total PART-TIME student enrollment	8,209	13,524	/	12,161
B. Number of BOGG/waiver PART-TIME students	2,502	3,855	/	3,592
C. A subtract B (PART-TIME fee students)	5,707	9,669	/	8,569
D. PART-TIME fee (e.g. \$9.00/semester)	\$ 9	\$ 12	\$	\$ 12
E. Line 2 C multiplied by Line 2 D	\$ 51,363	\$ 116,028	\$	\$ 102,828
3. Total collectible fees: Add lines 1 E and 2 E	\$ 52,461	\$ 166,464	\$	\$ 151,488
<b>ACTUAL STUDENT HEALTH SERVICES REVENUES</b>				<b>Amount</b>
4. A Total Student Health Service Income per general ledger				\$ 398,253
B Less: Clinical Service Fees collected from students				\$ <14,357>
C Less: Service Fees collected for employee services				\$ <5,500>
D Less: Other program income (e.g. Medi-Cal)				\$
5. TOTAL STUDENT FEES COLLECTED (LINE 4 A subtract B, C, D)				\$ 378,396 \$ 392,753

T= 310,413

**EMPLOYEE CERTIFICATION:** The State of California requires that school district personnel maintain a record of data for state mandates in order for the district to receive reimbursement. Your signature on this form certifies that you have reported actual data or have provided a good faith estimate which you "certify under penalty of perjury to be true and correct based on your personal knowledge or information." This information is used for cost accounting purposes only.

Employee Signature: Deborah K. Campbell Date 10/14/03  
 Employee Name: (print) Deborah K. Campbell Position or Title Controller

If you have any questions, please contact \_\_\_\_\_, at \_\_\_\_\_.

PLEASE SUBMIT THIS INFORMATION BY \_\_\_\_\_; TO \_\_\_\_\_.

## 1/84 Health Fee Elimination DISTRICT / COLLEGE COST OF SERVICES RECAP

Yosemite  
District

2002-03  
Fiscal Year

**Use this form to summarize data for each college campus with student health services. You need to provide supporting documentation for all information listed below.**

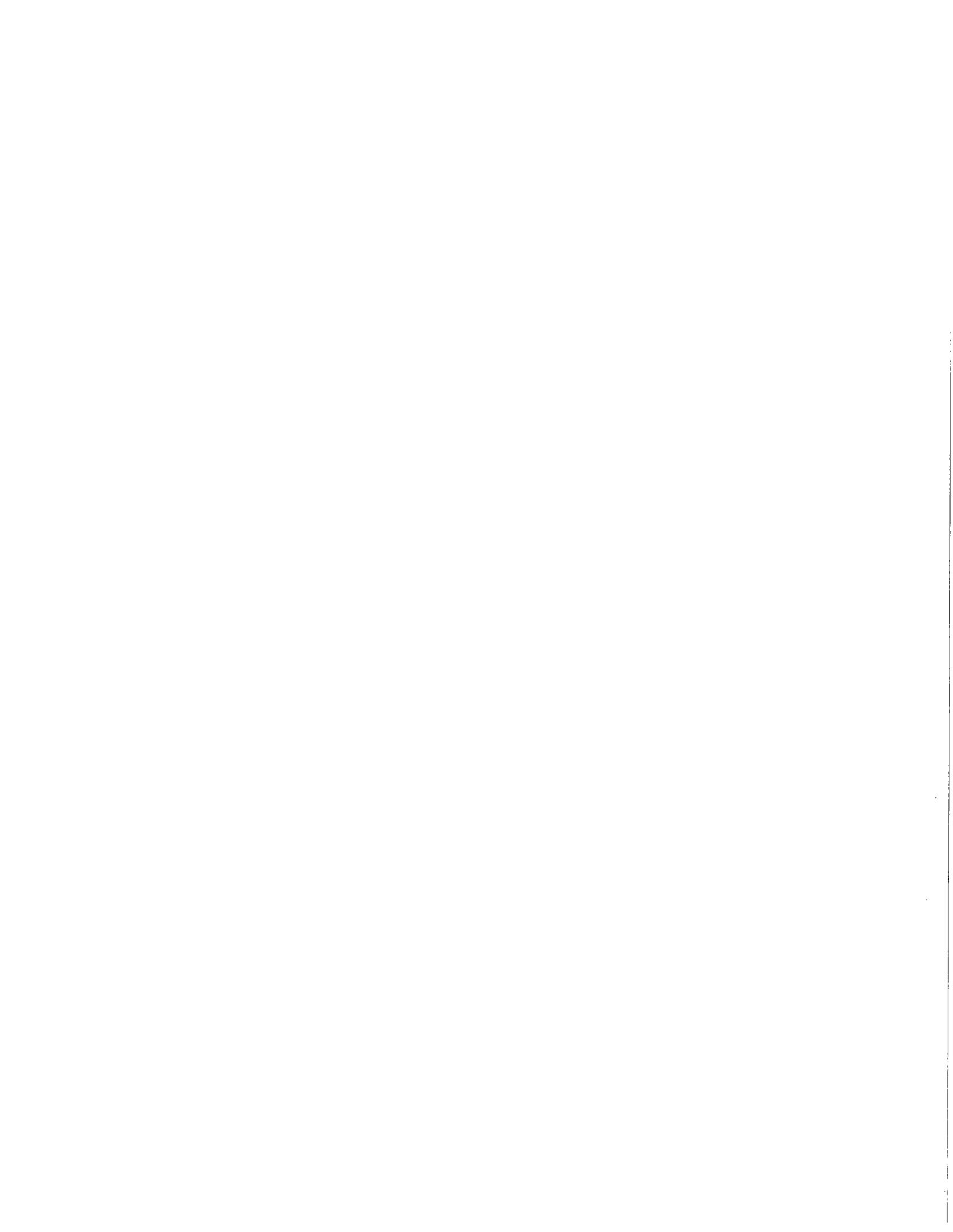
General Ledger Expense Data	MJC College 1	CC College 2	- College 3	District Total
1. General Ledger total direct expenses for Student Health Services	327,069	69,718	-	396,787
2. Add: Other G/L Accounts: Counseling, Instructional materials, student health insurance costs, etc.	0	0	-	0
3. Reverse (add) any revenue offsets or cost abatements which reduce general ledger expense accounts (e.g. lab fees) <i>* Interest</i>	(14,357)	(2,534)	-	(16,891)
4. Delete (subtract) unallowable costs for sabbaticals, athletic program expenses, etc. in student health services ledger accounts	0	0	-	0
<b>TOTAL: STUDENT SERVICE EXPENSES</b> Line 1 + Line 2 + Line 3 - Line 4.	312,712	67,184	-	379,896
Less: Cost of activities in excess of 1986-87 level of student services	0	0	-	0
<b>TOTAL CLAIMABLE STUDENT SERVICES EXPENSES FROM ALL SOURCES</b>	312,712	67,184	-	379,896

**EMPLOYEE CERTIFICATION:** The State of California requires that school district personnel maintain a record of data for state mandates in order for the district to receive reimbursement. Your signature on this form certifies that you have reported actual data or have provided a good faith estimate which you "certify under penalty of perjury to be true and correct based on your personal knowledge or information." This information is used for cost accounting purposes only.

Employee Signature: Deborah K. Campbell Date 10/14/03  
 Employee Name: (print) Deborah K. Campbell Position or Title Controller

If you have any questions, please contact \_\_\_\_\_, at \_\_\_\_\_.

PLEASE SUBMIT THIS INFORMATION BY \_\_\_\_\_; TO \_\_\_\_\_.



**CLAIM FOR PAYMENT**  
Pursuant to Government Code Section 17561  
**HEALTH FEE ELIMINATION**

For State Controller Use only

(19) Program Number 00234  
(20) Date Filed \_\_\_/\_\_\_/\_\_\_  
(21) LRS Input \_\_\_/\_\_\_/\_\_\_

**Program**  
**234**

L  
A  
B  
E  
L  
  
H  
E  
R  
E

(01) Claimant Identification Number: CC50150  
(02) Claimant Name: Yosemite Community College District  
County of Location: Stanislaus  
Street Address: P. O. Box 4065  
City: Modesto State: CA Zip Code: 95352

**Reimbursement Claim Data**  
(22) HFE-1.0, (04)(b) 151,046  
(23)  
(24)  
(25)

Type of Claim	Estimated Claim	Reimbursement Claim	
(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(26)	
(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)	
(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)	
(06) 2003-2004	(12) 2003-2004	(29)	
(07) Total Claimed Amount \$ 166,000	(13) Total Claimed Amount \$ 151,046	(30)	
Less: 10% Late Penalty	(14) \$ -	(31)	
Less: Prior Claim Payment Received	(15) \$ -	(32)	
Net Claimed Amount	(16) \$ 151,046	(33)	
(08) Due from State \$ 166,000	(17) Due from State \$ 151,046	(34)	
Due to State	(18)	(35)	
		(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

*Teresa Scott*

1-3-05

Teresa Scott

Vice Chancellor, Fiscal Services

Type or Print Name

Title

Name of Contact Person for Claim

SixTen and Associates

Telephone Number: (858) 514-8605

E-mail Address: kbpsixten@aol.com

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.0</b>
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(01) Claimant:  Yosemite 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) 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. Modesto Junior College	\$110,535.61
2. Columbia College	\$ 40,510.49
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<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	<b>\$ 151,046</b>
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**YOSEMITE COMMUNITY COLLEGE DISTRICT  
CALCULATION OF INDIRECT COST RATE,  
FISCAL YEAR  
2002-2003**

FOR 03/04  
CLAIMS

REFERENCE (CCFS 311)	DESCRIPTION	2002-2003
<b>INSTRUCTIONAL ACTIVITY</b>		
	<b>Instructional Costs</b>	
	Instructional Salaries and Benefits	35,192,268
	Instructional Operating Expenses	7,634,455
	Instructional Support Instructional Salaries and Benefits	74,533
	Auxiliary Operations Instructional Salaries and Benefits	0
	<b>TOTAL INSTRUCTIONAL COSTS 1</b>	<b>42,901,256</b>
	<b>Non-Instructional Costs</b>	
	Non-Instructional Salaries and Benefits	6,493,048
	Instructional Admin. Salaries and Benefits	4,988,595
	Instructional Admin. Operating Expenses	1,002,905
	Auxiliary Classes Non-Inst. Salaries and Benefits	118,649
	Auxiliary Classes Operating Expenses	0
	<b>TOTAL NON-INSTRUCTIONAL COSTS 2</b>	<b>12,603,197</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)</b>	<b>55,504,453</b>
<b>DIRECT SUPPORT ACTIVITY</b>		
	<b>Direct Support Costs</b>	
	Instructional Support Services Non Inst. Salaries and Benefits	3,513,084
	Instructional Support Services Operating Expenses	409,262
	Admissions and Records	967,567
	Counseling and Guidance	2,729,746
	Other Student Services	5,015,573
	<b>TOTAL DIRECT SUPPORT COSTS 4</b>	<b>12,635,232</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)</b>	<b>68,139,685</b>
	<b>Indirect Support Costs</b>	
	Operation and Maintenance of Plant	6,209,728
	Planning and Policy Making	2,641,704
	General Instructional Support Services	8,381,770
	<b>TOTAL INDIRECT SUPPORT COSTS 6</b>	<b>17,233,202</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS, AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS</b>	<b>85,372,887</b>
<b>SUPPORT COSTS ALLOCATION RATES</b>		
<b>Indirect Support Costs Allocation Rate =</b>	$\frac{\text{Total Indirect Supports Costs (6)}}{\text{Total Instructional Activity Costs and Direct Support Costs (5)}}$	25.29%
<b>Direct Support Costs Allocation Rate =</b>	$\frac{\text{Total Direct Support Costs (4)}}{\text{Total Instructional Activity Costs (3)}}$	22.76%
<b>Total Support Cost Allocation</b>		48.06%

<b>PROGRAM</b>  4	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
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(01) Claimant:  Yosemite 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: Modesto Junior 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: 25.29%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 383,229	\$ 96,919	\$ 480,148
(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)]	\$ 383,229	\$ 96,919	\$ 480,148

(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)
Per Fall Semester				\$ -		\$ -	\$ -
Per Spring Semester				\$ -		\$ -	\$ -
Per Summer Session				\$ -		\$ -	\$ -
Per First Quarter				\$ -		\$ -	\$ -
Per Second Quarter				\$ -		\$ -	\$ -
Per Third Quarter				\$ -		\$ -	\$ -

(9) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c))	\$ 364,112
(10) Subtotal	[Line (07) - line (09)]	\$ 116,036

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	
(12) Less: Other Reimbursements, if applicable	\$ 5,500.00
(13) Total Amount Claimed	\$ 110,536

<b>PROGRAM</b>  4	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.2</b>
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(01) Claimant:  Yosemite 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: Columbia 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: 25.29%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 86,981	\$ 21,997	\$ 108,978
(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)]	\$ 86,981	\$ 21,997	\$ 108,978

(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)
Per Fall Semester				\$ -		\$ -	\$ -
Per Spring Semester				\$ -		\$ -	\$ -
Per Summer Session				\$ -		\$ -	\$ -
Per First Quarter				\$ -		\$ -	\$ -
Per Second Quarter				\$ -		\$ -	\$ -
Per Third Quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c)	\$ 67,468
(10) Subtotal	[Line (07) - line (09)]	\$ 41,510

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	
(12) Less: Other Reimbursements, if applicable	\$ 1,000.00
(13) Total Amount Claimed	\$ 40,510 [Line (10) - {(line (11) + line (12))}]

<b>Program</b> <b>029</b>	<b>MANDATED COSTS</b> <b>1/84 HEALTH FEE ELIMINATION</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>HFE-2</b>
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(01) Claimant Yosemite Community College District	(02) Fiscal Year costs were incurred: 2003-2004
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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
Accident Reports	X	X
Appointments	X	X
College Physician, surgeon	X	X
Dermatology, Family practice	X	X
Internal Medicine	X	X
Outside Physician		
Dental Services		
Outside Labs, (X-ray, etc.,)	X	X
Psychologist, full services		
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments	X	X
Assessment, Intervention and Counseling		
Birth Control		
Lab Reports	X	X
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	X	X
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		
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

<b>Program</b> <b>029</b>	<b>MANDATED COSTS</b> <b>1/84 HEALTH FEE ELIMINATION</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>		<b>FORM</b> <b>HFE-2</b>	
(01) Claimant Yosemite 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, available for purchase/rent		X		
Golf Carts for emergency response time		X		
Immunizations				
Diphtheria/Tetanus	X	X		
Measles/Rubella	X	X		
Influenza		X		
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	X	X		
Athletes	X	X		
Medications				
Antacids	X	X		
Antidiarrheal	X	X		
Aspirin, Tylenol, etc.,	X	X		
Skin Rash Preparations	X	X		
Eye Drops	X	X		
Ear Drops				
Toothache, oil cloves	X	X		
Stingkill	X	X		
Midol, Menstrual Cramps	X	X		
Other, list--> Hydrocortisone, antihistamines, top. Antibiotics, Gatorade, oxygen, cool jel, epi-Nephrin	X	X		
Parking Cards/Elevator Keys	X	X		
Tokens				
Return Card/Key				
Parking Inquiry	X	X		
Elevator Passes	X	X		
Temporary Handicapped Parking Permits	X	X		

<b>Program 029</b>	<b>MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM HFE-2</b>
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(01) Claimant Yosemite Community College District	(02) Fiscal Year costs were incurred: 2003-2004
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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
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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	X	X
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		
Monospot		
Hemacult		
Others, list: STD		X
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
Student Services Council	X	X
Academic Senate	X	X



**CLAIM FOR PAYMENT**  
Pursuant to Government Code Section 17561  
**HEALTH FEE ELIMINATION**

For State Controller Use only  
(19) Program Number 00234  
(20) Date Filed \_\_\_/\_\_\_/\_\_\_  
(21) LRS Input \_\_\_/\_\_\_/\_\_\_

**Program**  
**234**

L A B E L  H E R E	(01) Claimant Identification Number: CC 50150		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name Yosemite Community College District		(22) HFE-1.0, (04)(b)	280,694
	County of Location Stanislaus		(23)	
	Street Address P. O. Box 4065		(24)	
	City Modesto	State CA	Zip Code 95352	(25)

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
Fiscal Year of Cost	(06) 2005-2006	(12) 2004-2005	(29)
Total Claimed Amount	(07) \$ 308,000	(13) \$ 280,694	(30)
Less: 10% Late Penalty		(14) \$ -	(31)
Less: Prior Claim Payment Received		(15) \$ -	(32)
Net Claimed Amount		(16) \$ 280,694	(33)
Due from State	(08) \$ 308,000	(17) \$ 280,694	(34)
Due to State		(18)	(35)

**(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

*Teresa M. Scott*

*11/24/05*

Teresa Scott

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

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.0</b>
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(01) Claimant:  Yosemite Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year  2004-2005
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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. Modesto Junior College	\$231,469.38
2. Columbia College	\$ 49,225.11
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<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	<b>\$ 280,694</b>
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PROGRAM <b>34</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
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(01) Claimant: Yosemite Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2004-2005
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(03) Name of College: Modesto Junior 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: 34.88%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 430,305	\$ 150,090	\$ 580,395
(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)]	\$ 430,305	\$ 150,090	\$ 580,395

(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)	\$ 343,426
(10) Subtotal	[Line (07) - line (09)]	\$ 236,969

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ 5,500.00
(13) Total Amount Claimed	\$ 231,469

PROGRAM <b>34</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.2</b>
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(01) Claimant: Yosemite Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2004-2005
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(03) Name of College: Columbia 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: 34.88%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 87,701	\$ 30,590	\$ 118,291
(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)]	\$ 87,701	\$ 30,590	\$ 118,291

(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))	\$ 68,066
(10) Subtotal	[Line (07) - line (09)]	\$ 50,225

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ 1,000.00
(13) Total Amount Claimed	\$ 49,225



<b>Program</b> <b>029</b>	<b>MANDATED COSTS</b> <b>1/84 HEALTH FEE ELIMINATION</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>HFE-2</b>	
<b>(01) Claimant</b> Yosemite Community College District		<b>(02) Fiscal Year costs were incurred:</b> 2004-2005	
<b>(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.</b>		<b>(a)</b> <b>FY</b> <b>1986/87</b>	<b>(b)</b> <b>FY</b> <b>of Claim</b>
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
Immunizations			
Diphtheria/Tetanus		X	X
Measles/Rubella		X	X
Influenza			X
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		X	X
Athletes		X	X
Medications			
Antacids		X	X
Antidiarrheal		X	X
Aspirin, Tylenol, etc.,		X	X
Skin Rash Preparations		X	X
Eye Drops		X	X
Ear Drops			
Toothache, oil cloves		X	X
Stingkill		X	X
Midol, Menstrual Cramps		X	X
Other, list---> Hydrocortisone, antihistamines, top. Antibiotics, Gatorade, oxygen, cool jel, epi-Nephrin		X	X
Parking Cards/Elevator Keys		X	X
Tokens			
Return Card/Key			
Parking Inquiry		X	X
Elevator Passes		X	X
Temporary Handicapped Parking Permits		X	X

<b>Program</b> <b>029</b>	<b>MANDATED COSTS</b> <b>1/84 HEALTH FEE ELIMINATION</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>HFE-2</b>
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(01) Claimant Yosemite Community College District	(02) Fiscal Year costs were incurred: 2004-2005
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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
<b>Referrals to Outside Agencies</b>		
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		
<b>Tests</b>	X	X
Blood Pressure	X	X
Hearing	X	X
Tuberculosis	X	X
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		
Monospot		
Hemacult		
Others, list> STD		X
<b>Miscellaneous</b>		
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		
<b>Committees</b>		
Safety	X	X
Environmental	X	X
Disaster Planning	X	X
Student Services Council	X	X
Academic Senate	X	X

Schedule 1  
 Yosemite Community College District  
 1/84 Health Fee Elimination  
 FY2004-2005

Purpose: To calculate expenses and income for Health Fees  
 Source: Yosemite General Ledger for Health  
 Findings:

**Modesto Junior College**

Total Expenses per Ledger		\$ 430,304.58	To HFE-1.1 (05)
Total Income per Ledger		\$ 360,159.41	
Less:	Interest	\$ (11,233.83)	
	<u>Other</u>	<u>\$ (5,500.00)</u>	
	<b>TOTAL</b>	<b>\$ 343,426</b>	<b>To HFE-1.1 (09)</b>

**Columbia College**

Total Expenses per Ledger		\$ 87,701.20	To HFE-1.1 (05)
Total Income per Ledger		\$ 71,048.69	
Less:	Interest	\$ (1,982.43)	
	<u>Other</u>	<u>\$ (1,000.00)</u>	
	<b>TOTAL</b>	<b>\$ 68,066</b>	<b>To HFE-1.1 (09)</b>

Conclusion: Findings go forward to MRP-2

## 1/84 Health Fee Elimination DISTRICT / COLLEGE COST OF SERVICES RECAP

YOSEMITE  
District

04-05  
Fiscal Year

**Use this form to summarize data for each college campus with student health services. You need to provide supporting documentation for all information listed below.**

General Ledger Expense Data	College 1 <i>Modesto</i>	College 2 <i>COLUMBIA</i>	College 3	District Total
1. General Ledger total direct expenses for Student Health Services	430304.53 ✓	87701.20 ✓		
2. Add: Other G/L Accounts: Counseling, Instructional materials, student health insurance costs, etc.				
3. Reverse (add) <sup>INTEREST</sup> any revenue offsets or cost abatements which reduce general ledger expense accounts (e.g. lab fees)	(11,233.83)	(1982.43)		
4. Delete (subtract) unallowable costs for sabbaticals, athletic program expenses, etc. in student health services ledger accounts				
<b>TOTAL: STUDENT SERVICE EXPENSES</b> Line 1 + Line 2 + Line 3 - Line 4.				
Less: Cost of activities in excess of 1986-87 level of student services				
<b>TOTAL CLAIMABLE STUDENT SERVICES EXPENSES FROM ALL SOURCES</b>	419,071 ✓	85,719 ✓		

**EMPLOYEE CERTIFICATION:** The State of California requires that school district personnel maintain a record of data for state mandates in order for the district to receive reimbursement. Your signature on this form certifies that you have reported actual data or have provided a good faith estimate which you "certify under penalty of perjury to be true and correct based on your personal knowledge or information." This information is used for cost accounting purposes only.

Employee Signature: \_\_\_\_\_ Date \_\_\_\_\_

Employee Name: (print) \_\_\_\_\_ Position or Title \_\_\_\_\_

If you have any questions, please contact \_\_\_\_\_, at \_\_\_\_\_

PLEASE SUBMIT THIS INFORMATION BY \_\_\_\_\_; TO \_\_\_\_\_

## 1/84 Health Fee Elimination COLLEGE STUDENT HEALTH FEES

Yosemite District                      Columbia College                      04-05 Fiscal Year

**Use a separate form 1.8 for each college campus with student health services.**

CALCULATION OF "COLLECTIBLE FEES"	Summer or 1 <sup>st</sup> Qtr	Fall or 2 <sup>nd</sup> Qtr	Winter/ 3 <sup>rd</sup> Qtr	Spring/ 4th Qtr
1 A. Total FULL-TIME student enrollment				
B. Number of BOGG/waiver FULL-TIME students				
C. A subtract B (FULL-TIME fee students)				
D. FULL-TIME fee (e.g. \$12.00/semester)	\$	\$	\$	\$
<b>E. Line 1 C multiplied by Line 1 D</b>	\$	\$	\$	\$
2 A. Total PART-TIME student enrollment				
B. Number of BOGG/waiver PART-TIME students				
C. A subtract B ( PART-TIME fee students)				
D. PART-TIME fee (e.g. \$9.00/semester)	\$	\$	\$	\$
<b>E. Line 2 C multiplied by Line 2 D</b>	\$	\$	\$	\$
<b>3. Total collectible fees: Add lines 1 E and 2 E</b>	\$	\$	\$	\$
<b>ACTUAL STUDENT HEALTH SERVICES REVENUES</b>			<b>Amount</b>	
4. A Total Student Health Service Income per general ledger			\$ 71048.69	J
B Less: Clinical Service Fees collected from students			\$	
C. Less: Service Fees collected for employee services			\$ 100.00	J
D. Less: Other program income (e.g. Medi-Cal)			\$	
<b>5. TOTAL STUDENT FEES COLLECTED (LINE 4 A subtract B, C, D)</b>			\$	

**EMPLOYEE CERTIFICATION:** The State of California requires that school district personnel maintain a record of data for state mandates in order for the district to receive reimbursement. Your signature on this form certifies that you have reported actual data or have provided a good faith estimate which you "certify under penalty of perjury to be true and correct based on your personal knowledge or information." This information is used for cost accounting purposes only.

Employee Signature: \_\_\_\_\_ Date \_\_\_\_\_

Employee Name: (print) \_\_\_\_\_ Position or Title \_\_\_\_\_

If you have any questions, please contact \_\_\_\_\_, at \_\_\_\_\_

PLEASE SUBMIT THIS INFORMATION BY \_\_\_\_\_; TO \_\_\_\_\_

## 1/84 Health Fee Elimination COLLEGE STUDENT HEALTH FEES

1/8 SEMITE
modesto
04-05  
 District College Fiscal Year

**Use a separate form 1.8 for each college campus with student health services.**

CALCULATION OF "COLLECTIBLE FEES"	Summer or 1 <sup>st</sup> Qtr	Fall or 2 <sup>nd</sup> Qtr	Winter/ 3 <sup>rd</sup> Qtr	Spring/ 4th Qtr
1 A. Total FULL-TIME student enrollment				
B. Number of BOGG/waiver FULL-TIME students				
C. A subtract B (FULL-TIME fee students)				
D. FULL-TIME fee (e.g. \$12.00/semester)	\$	\$	\$	\$
E. Line 1 C multiplied by Line 1 D	\$	\$	\$	\$
2 A. Total PART-TIME student enrollment				
B. Number of BOGG/waiver PART-TIME students				
C. A subtract B ( PART-TIME fee students)				
D. PART-TIME fee (e.g. \$9.00/semester)	\$	\$	\$	\$
E. Line 2 C multiplied by Line 2 D	\$	\$	\$	\$
<b>3. Total collectible fees: Add lines 1 E and 2 E</b>	\$	\$	\$	\$
<b>ACTUAL STUDENT HEALTH SERVICES REVENUES</b>			Amount	
4. A Total Student Health Service Income per general ledger			\$ 360,159.41 ↓	
B Less: Clinical Service Fees collected from students			\$	
C. Less: Service Fees collected for employee services			\$ 5,500 ↓	
D. Less: Other program income (e.g. Medi-Cal)			\$	
<b>5. TOTAL STUDENT FEES COLLECTED (LINE 4 A subtract B, C, D)</b>			\$	

**EMPLOYEE CERTIFICATION:** The State of California requires that school district personnel maintain a record of data for state mandates in order for the district to receive reimbursement. Your signature on this form certifies that you have reported actual data or have provided a good faith estimate which you "certify under penalty of perjury to be true and correct based on your personal knowledge or information." This information is used for cost accounting purposes only.

Employee Signature: \_\_\_\_\_ Date \_\_\_\_\_

Employee Name: (print) \_\_\_\_\_ Position or Title \_\_\_\_\_

If you have any questions, please contact \_\_\_\_\_, at \_\_\_\_\_.

PLEASE SUBMIT THIS INFORMATION BY \_\_\_\_\_ ; TO \_\_\_\_\_.



**CLAIM FOR PAYMENT**  
 Pursuant to Government Code Section 17561  
**HEALTH FEE ELIMINATION**

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

**Program**  
**234**

L  
A  
B  
E  
L  
  
H  
E  
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E

(01) Claimant Identification Number: CC 50150		<b>Reimbursement Claim Data</b>	
(02) Claimant Name: Yosemite Community College District		(22) HFE-1.0, (04)(b)	413,324
County of Location: Stanislaus		(23)	
Street Address: P. O. Box 4065		(24)	
City: Modesto	State: CA	Zip Code: 95352	(25)
<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	(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)
<b>Fiscal Year of Cost</b>	(06) 2006-2007	(12) 2005-2006	(30)
<b>Total Claimed Amount</b>	(07) \$ 454,000	(13) \$ 413,324	(31)
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14) \$ -	(32)
<b>Less: Prior Claim Payment Received</b>		(15) \$ -	(33)
<b>Net Claimed Amount</b>		(16) \$ 413,324	(34)
<b>Due from State</b>	(08) \$ 454,000	(17) \$ 413,324	(35)
<b>Due to State</b>		(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)

*Teresa Scott*

Date

1/2/07

Teresa Scott

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

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.0</b>
--	-------------------------

(01) Claimant:  Yosemite Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year  2005-2006
---	--	------------------------------

**(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. Modesto Junior College	\$350,020.76
2. Columbia College	\$ 63,303.36
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
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19.	
20.	
21.	

<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	<b>\$ 413,324</b>
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<b>PROGRAM</b> <span style="font-size: 2em; font-weight: bold;">234</span>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
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(01) Claimant: Yosemite 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: Modesto Junior 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: 36.38%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 506,863	\$ 184,397	\$ 691,260
(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)]	\$ 506,863	\$ 184,397	\$ 691,260

(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))	\$ 335,739
(10) Subtotal	[Line (07) - line (09)]	\$ 355,521

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	
(12) Less: Other Reimbursements, if applicable	\$ 5,500.00
(13) Total Amount Claimed	\$ 350,021 [Line (10) - {(line (11) + line (12))}]

	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
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(01) Claimant: Yosemite Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2005-2006
---	--	--------------------------

(03) Name of College: Columbia 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: 36.38%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 96,642	\$ 35,158	\$ 131,800
(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)]	\$ 96,642	\$ 35,158	\$ 131,800

(f) 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))	\$ 66,440
(10) Subtotal	[Line (07) - line (09)]	\$ 65,360

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ 2,057.00
(13) Total Amount Claimed	\$ 63,303

Program <b>234</b>	<b>MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM HFE-2</b>	
(01) Claimant Yosemite 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		X	X
College Physician, surgeon		X	X
Dermatology, Family practice		X	X
Internal Medicine		X	X
Outside Physician			
Dental Services			
Outside Labs, (X-ray, etc.,)		X	X
Psychologist, full services			
Cancel/Change Appointments		X	X
Registered Nurse		X	X
Check Appointments		X	X
Assessment, Intervention and Counseling			
Birth Control		X	X
Lab Reports		X	X
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		X	X
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			
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		X	X

Program <b>234</b>	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM <b>HFE-2</b>	
(01) Claimant Yosemite 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 Stop Smoking Library, Videos and Cassettes		X X X	X X X	
First Aid, Major Emergencies First Aid, Minor Emergencies First Aid Kits, Filled		X X	X X	
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information		X X X X	X X X X	
Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration		X X X	X X X	
Laboratory Tests Done Inquiry/Interpretation Pap Smears		X	X	
Physical Examinations Employees Students Athletes		X X	X X	
Medications Antacids Antidiarrheal Aspirin, Tylenol, etc., Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list--->		X X X X X X X X X	X X X X X X X X X	
Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits		X X X X X	X X X X X	

Program <b>234</b>	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM <b>HFE-2</b>	
(01) Claimant Yosemite 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		X	X
Blood Pressure		X	X
Hearing		X	X
Tuberculosis		X	X
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			
Monospot			
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



State Controller's Office

Community College Mandated Cost Manual

CLAIM FOR PAYMENT  
Pursuant to Government Code Section 17561  
HEALTH FEE ELIMINATION

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

(01) Claimant Identification Number: CC 50150		Reimbursement Claim Data	
(02) Claimant Name: Yosemite Community College District		(22) HFE-1.0, (04)(b)	329,864
County of Location: Stanislaus		(23)	
Street Address: P.O. Box 4065		(24)	
City: Modesto	State: CA	Zip Code: 95352	(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) \$ 329,864	(31)
Less: 10% Late Penalty, not to exceed \$10,000		(14) \$ 10,000	(32)
Less: Prior Claim Payment Received		(15) \$ 263,110	(33)
Net Claimed Amount		(16) \$ 56,754	(34)
Due from State	(08)	(17) \$ 56,754	(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) *Teresa Scott* Date *2-2-09*

Teresa Scott 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: kbsixten@aol.com



# STATE OF CALIFORNIA

BU-180821

THE TREASURER OF THE STATE WILL PAY OUT OF THE IDENTIFICATION NO.

FUND NO. 0001 FUND NAME GENERAL FUND

CC50150

6870

MO. DAY YR. 03 12 2007

90-1242/1211 60180821

TO: 180821

TREASURER  
YDSEMITE COMM COLL DIST  
STANISLAUS COUNTY  
P O BOX 4065  
MODESTO CA 95352

OF DOLLARS - CENTS  
\$263,110.00

*John Chiang*  
JOHN CHIANG  
CALIFORNIA STATE CONTROLLER

121113423: 60180821

DETACH ON DOTTED LINE  
KEEP THIS PORTION FOR YOUR RECORDS

60-180821

ISSUE DATE: 03/12/2007

ISSUE DATE: 03/12/2007

CLAIM SCHEDULE NBR: MA64147E

REIMBURSEMENT OF STATE MANDATED COSTS

PLEASE CALL GWEN 916-3242341 FOR QUERIES ABOUT THIS CLAIM.

ACL : CH 1/84

PROG : HEALTH FEE ELIMINATION (CC)

2006/2007 ESTIMATED PAYMENT

CLAIMED AMT: 454,000.00

TOTAL ADJUSTMENTS:

.00

TOTAL APPROVED CLAIMED AMT:

454,000.00

LESS PRIOR PAYMENTS:

.00

PRORATA PERCENT:

57.953835

PRORATA BALANCE DUE:

190,890.00-

APPROVED PAYMENT AMOUNT:

263,110.00

PAYMENT OFFSETS -NONE

NET PAYMENT AMOUNT:

263,110.00

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State Controller's Office

Community College Mandated Cost Manual

MANDATED COSTS  
HEALTH FEE ELIMINATION  
CLAIM SUMMARY

FORM  
HFE-1.0

(01) Claimant:

Yosemite Community College District

(02) Type of Claim:

Reimbursement

Estimated

Fiscal Year

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. Modesto Junior College	\$ 280,734
2. Columbia College	\$ 49,130
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	
<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)] \$ 329,864

State Controller's Office

Community College Mandated Cost Manual

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
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(01) Claimant: Yosemite Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2006-2007
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(03) Name of College: Modesto Junior 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: 41.07%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 633,397	\$ 260,136	\$ 893,533
(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)]	\$ 633,397	\$ 260,136	\$ 893,533

(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))	\$ 599,596
(10) Subtotal	[Line (07) - line (09)]	\$ 293,937

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ 7,703
(12) Less: Other Reimbursements, if applicable	\$ 5,500
(13) Total Amount Claimed	\$ 280,734

[Line (10) - (line (11) + line (12))]

State Controller's Office

Community College Mandated Cost Manual

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
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(01) Claimant: Yosemite Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2006-2007
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(03) Name of College: Columbia 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: 41.07%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 113,326	\$ 46,543	\$ 159,869
(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)]	\$ 113,326	\$ 46,543	\$ 159,869

(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))	\$ 109,739
(10) Subtotal	[Line (07) - line (09)]	\$ 50,130

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	
(12) Less: Other Reimbursements, if applicable	
(13) Total Amount Claimed	\$ 1,000
	[Line (10) - {(line (11) + line (12))}]
	\$ 49,130

Community College Mandated Cost Manual

<b>Program</b> <b>234</b>	<b>MANDATED COSTS</b> <b>1/84 HEALTH FEE ELIMINATION</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>HFE-2</b>
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(01) Claimant Yosemite 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
Accident Reports		
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		
Cancel/Change Appointments	X	X
Registered Nurse		
Check Appointments	X	X
X	X	X
Assessment, Intervention and Counseling		
Birth Control		
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	X	X
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		
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

Community College Mandated Cost Manual

<b>Program</b> <span style="font-size: 24pt; font-weight: bold;">234</span>	<b>MANDATED COSTS</b> <b>1/84 HEALTH FEE ELIMINATION</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <span style="font-size: 24pt; font-weight: bold;">HFE-2</span>
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(01) Claimant Yosemite Community College District	(02) Fiscal Year costs were incurred: <div style="text-align: right; padding-right: 20px;">2006-2007</div>
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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
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	X	X
Measles/Rubella	X	X
Influenza	X	X
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	X	X
Athletes	X	X
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	X	X
Return Card/Key		
Parking Inquiry	X	X
Elevator Passes	X	X
Temporary Handicapped Parking Permits	X	X

Program <b>234</b>	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM HFE-2	
(01) Claimant Yosemite 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	
Referrals to Outside Agencies				
Private Medical Doctor				
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		X		X
Reading		X		X
Information		X		X
Vision		X		X
Glucometer		X		X
Urinalysis		X		X
Hemoglobin		X		X
EKG		X		X
Strep A Testing				
PG Testing		X		X
Monospot				
Hemacult				
Others, list				
Miscellaneous				
Absence Excuses/PE Waiver				
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		X		X
Committees				
Safety				
Environmental		X		X
Disaster Planning		X		X