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December 02, 2014
*Commission on
State Mandates*

JOHN CHIANG
California State Controller

December 2, 2014

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

Re: Draft Proposed Decision
Incorrect Reduction Claim (IRC)
Collective Bargaining and Collective Bargaining Agreement Disclosure
09-4425-I-17 and 10-4425-I-18
Government Code sections 3540-3549.9
Statutes 1975, Chapter 961; Statutes 1991, Chapter 1213
Fiscal Years 2002-2003 through 2005-2006
Sierra Joint Community College District, Claimant

Dear Ms. Halsey:

The State Controller's Office has reviewed the Commission's November 14, 2014 draft staff analysis related to the above IRC filed by Sierra Joint Community College District. We support the Commission's conclusion.

The draft staff analysis recommended that the SCO reinstate a reduction to salaries and benefits by \$6,944 for productively hourly rate adjustments (overstated salaries and benefits by \$9,186 for FY 2002-03 and understated salaries and benefits by \$2,242 for FY 2004-05). We recalculated productive hourly rates for six employees for FY 2002-03 and five employees for FY 2004-05 based on updated salary and productive hours information. However, we did not maintain a copy of the supporting documentation. The reinstatement of the unallowable costs for FY 2002-03 affects \$11,121 in costs (\$9,186 for salaries and benefits and \$1,935 for indirect costs). The reversal of understated costs for FY 2004-05 affects \$3,023 in costs (\$2,242 for salaries and benefits and \$781 for indirect costs).

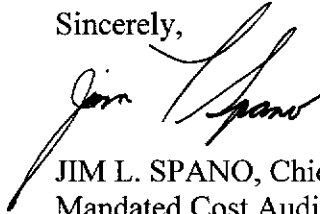
The draft staff analysis stated that the Commission has no jurisdiction over the understated indirect cost issue as there was no reduction. Nevertheless, we believe our adjustment is valid. The audit determined that indirect costs were overstated by \$103,032 for the audit period. The district claimed costs using an indirect cost rate that was not federally approved, and thus was not allowed by the parameters and guidelines. We recalculated the indirect cost rate using the SCO's FAM-29C that the parameters and guidelines allowed. We allowed the increased costs up to the amounts claimed.

Heather Halsey
December 2, 2014
Page 2

The draft staff analysis also determined that the audit was timely initiated and completed.

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

Sincerely,

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

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

JLS/sk

14827

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On December 3, 2014, I served the:

SCO Comments on Draft Proposed Decision

Collective Bargaining and Collective Bargaining Agreement Disclosure

09-4425-I-17 and 10-4425-I-18

Government Code Sections 3540-3549.9

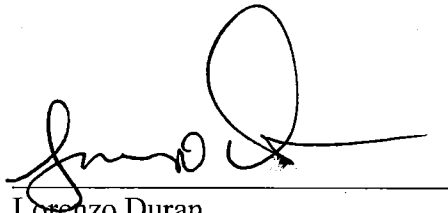
Statutes 1975, Chapter 961; Statutes 1991, Chapter 1213

Fiscal Years 2002-2003 through 2005-2006

Sierra Joint Community College District, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on December 3, 2014 at Sacramento, California.



Lorenzo Duran

Commission on State Mandates

980 Ninth Street, Suite 300

Sacramento, CA 95814

(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 11/19/14

Claim Number: 09-4425-I-17 and 10-4425-I-18

Matter: Collective Bargaining and Collective Bargaining Agreement Disclosure

Claimant: Sierra Joint Community College District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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