

# SixTen and Associates

## Mandate Reimbursement Services

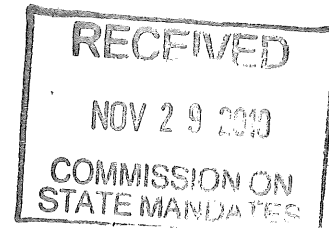
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November 24, 2010



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

RE: Health Fee Elimination #2  
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 San Mateo County 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:

Kathy Blackwood, Chief Financial Officer  
San Mateo County Community College District  
3401 CSM Drive  
San Mateo, CA 94402-3651  
Phone: 650-358-6869  
Fax: 650-574-6574  
E-Mail: [blackwoodk@smccd.edu](mailto:blackwoodk@smccd.edu)

Thank-you.

Sincerely,

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

Keith B. Petersen

# COMMISSION ON STATE MANDATES

## 1. INCORRECT REDUCTION CLAIM TITLE

San Mateo County Community College District

1/84, 1118/87 Health Fee Elimination #2

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

## 2. CLAIMANT INFORMATION

Kathy Blackwood, Chief Financial Officer  
San Mateo County Community College District  
3401 CSM Drive  
San Mateo, CA 94402-3651  
Phone: 650-358-6869  
Fax: 650-574-6574  
E-Mail: blackwoodk@smccd.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  
Fax: (916) 263-9701  
E-mail: Kbpsixten@aol.com

## 4. IDENTIFICATION OF STATUTES OR EXECUTIVE ORDERS

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

Statutes of 1987, Chapter 1118

For OSM Use Only	
Filing Date:	NOV 29 2010
COMMISSION ON STATE MANDATES	
IRC #:	

## 5. AMOUNT OF INCORRECT REDUCTION

<u>Fiscal Year</u>	<u>Amount of Reduction</u>
2002-03	\$205,050
2003-04	\$ 97,600
2004-05	\$135,148
2005-06	\$143,683
2006-07	\$200,453
TOTAL:	\$781,934

## 6. NOTICE OF NO INTENT TO CONSOLIDATE

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

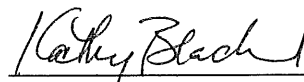
Sections 7-14 are attached as follows:

7. Written Detailed Narrative:	Pages 1 to 32
8. SCO Results of Review Letters:	Exhibit <u>A</u>
9. Parameters and Guidelines:	Exhibit <u>B</u>
10. SCO Claiming Instructions:	Exhibit <u>C</u>
11. SCO Audit Report:	Exhibit <u>D</u>
12. Chancellor's Letter:	Exhibit <u>E</u>
13. SCO Mandated Cost Manual:	Exhibit <u>F</u>
14. Annual Reimbursement Claims:	Exhibit <u>G</u>

## 15. 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.

Kathy Blackwood, Chief Financial Officer

  
Signature \_\_\_\_\_ Date 11/19/10

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: )

No. CSM \_\_\_\_\_

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

14 )  
15 )  
16 )  
17 )  
18 )  
19 **SAN MATEO COUNTY** )  
20 **Community College District,** )

Education Code Section 76355

**Health Fee Elimination #2**

21 )  
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  
35 school district, filed on or after January 1, 1985, that the Controller has incorrectly  
36 reduced payments to the local agency or school district pursuant to paragraph (2) of

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

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1 subdivision (d) of Section 17561.” San Mateo County Community College District  
2 (hereafter “District” or “Claimant”) is a school district as defined in Government Code  
3 Section 17519. Title 2, CCR, Section 1185 (a), requires the claimant to file an incorrect  
4 reduction claim with the Commission.

5 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),  
6 requires incorrect reduction claims to be filed no later than three years following the  
7 date of the Controller’s remittance advice notifying the claimant of a reduction. A  
8 Controller’s audit report dated September 23, 2009, has been issued. The audit report  
9 constitutes a demand for repayment and adjudication of the claim. The Claimant also  
10 received five “result of review” letters dated October 28, 2009, reporting the audit  
11 results and amounts due the state and this constitutes a payment adjudication. Copies  
12 of these letters are attached as Exhibit “A.”

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

16 PART II. SUMMARY OF THE CLAIM

17 The Controller conducted a field audit of the District’s annual reimbursement  
18 claims for the actual costs of complying with the legislatively mandated Health Fee  
19 Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session and  
20 Chapter 1118, Statutes of 1987) for the period of July 1, 2002, through June 30, 2007.  
21 As a result of the audit, the Controller determined that \$781,934 of the claimed costs

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

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1 were unallowable:

2	Fiscal	Amount	Audit	SCO	Amount Due
3	<u>Year</u>	<u>Claimed</u>	<u>Adjustment</u>	<u>Payments</u>	<u>&lt;State&gt; District</u>
4					
5	2002-03	\$340,276 <sup>1</sup>	\$205,050	\$307,148	<\$171,922>
6	2003-04	\$233,210	\$97,600	\$0	\$135,610
7	2004-05	\$314,446	\$135,148	\$0	\$179,298
8	2005-06	\$350,955 <sup>2</sup>	\$143,683	\$0	\$207,272
9	2006-07	<u>\$394,693</u>	<u>\$200,453</u>	<u>\$0</u>	<u>\$194,240</u>
10	Totals	\$1,633,580	\$781,934	\$307,148	\$544,498

11 The audit report states that the District has been paid \$307,148 for these claims and  
12 concludes that \$544,498 is due to the District.

13 PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

14 On September 1, 2005, the District filed an incorrect reduction claim for this  
15 mandate program for FY 1999-00, FY 2000-01, and FY 2001-02, that is pending  
16 Commission action. The District is not aware of any other incorrect reduction claims  
17 having been adjudicated on the specific issues or subject matter raised by this incorrect  
18 reduction claim.

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<sup>1</sup> The original claim amount was \$341,276. The original claim had erroneously reported a 10% late-filing penalty (\$34,128) due to some contemporaneous confusion regarding a recent change in the Government Code section pertaining to late-filing penalties. The unlimited 10% rate applies only to "initial," that is, new program annual claims, and not to "ongoing" program annual claims as is the case here and the penalty is properly limited by the audit to \$1,000.

<sup>2</sup> \$360,955 less \$10,000 late filing penalty.

1                                   PART IV. BASIS FOR REIMBURSEMENT

2    1.     Mandate Legislation

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

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

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

20            Chapter 8, Statutes of 1993, repealed Education Code Section 72246, and

1 added Education Code Section 76355<sup>3</sup> containing substantially the same provisions as

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<sup>3</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 San Mateo County Community College District  
1/84; 1118/87 Health Fee Elimination #2

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1 former Section 72246, effective April 15, 1993.

2 Chapter 320, Statutes of 2005, effective January 1, 2006, amended Education  
3 Code Section 76355 to remove the fee exemption for low-income students under  
4 76355(c)(3).

5 2. Test Claim

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

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

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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.



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

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

9 3. Parameters and Guidelines

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

13 4. Claiming Instructions

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

21 PART V. STATE CONTROLLER CLAIM ADJUDICATION

1           The Controller conducted an audit of the District's annual reimbursement claims  
2 for Fiscal Years 2002-03, 2003-04, 2004-05, 2005-06, and 2006-07. The audit  
3 concluded that \$851,646 of the District's costs claimed were allowable, and \$781,934  
4 was unallowable. A copy of the September 23, 2009, audit report is attached as Exhibit  
5 "D."

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

7           By letter dated July 22, 2009, the Controller transmitted a copy of the draft audit  
8 report. The District objected to the proposed adjustments set forth in the draft audit  
9 report by letter dated August 7, 2009. A copy of the District's response is included in  
10 Exhibit "D," the final audit report. The Controller then issued the final audit report on  
11 September 23, 2009, without any substantive changes.

12           PART VII. STATEMENT OF THE ISSUES

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

14           The audit report asserts that the District claimed unallowable services and  
15 supplies in the amount of \$61,288 for the audit period consisting of health fair related  
16 expenses and bad debt expense from uncollectible student health services fees.

17           A.    Health Fair Expenses

18           The audit report states that \$7,976 in claimed costs is unallowable because  
19 "[f]ood and promotional item expenditures are not required to maintain health services  
20 at the level that the district provided during fiscal year (FY) 1986-87." The audit report  
21 cites Government Code Section 17514 for the proposition that "mandated costs" are

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

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1 “increased costs that the district is *required* to incur.” The parameters and guidelines  
2 include health fairs as a mandated activity, so the related costs are mandated. The  
3 audit report cites the Controller’s audit authority located at Section 17561 to “reduce  
4 any excessive or unreasonable claim.” Therefore, the issue becomes whether these  
5 required activities are excessive or unreasonable.

6 The audit report does not assert the cost of the promotional items, that average  
7 less than \$2,000 for each fiscal year, is excessive. In fact, the amount disallowed is  
8 less than ten cents per student enrolled. The audit report simply asserts that districts  
9 are not “required” to incur these costs in order “to complete the activity of providing  
10 health information to those who inquire,” without demonstrating that this is true. This  
11 unsupported and subjective determination cannot be the basis for an audit finding of  
12 unallowable costs, particularly because the parameters and guidelines specifically  
13 provide for health fair expenses as reimbursable costs under the Health Fee Elimination  
14 mandate.

15 The audit report enumerates most of the list of information topics for “Health  
16 Talks or Fairs-Information” from page 3 of the parameters and guidelines, but the audit  
17 report enumeration stops after “smoking” and does not include the “etc.,” which means  
18 any content limitation suggested by the audit report is misrepresentative of the  
19 parameters and guidelines. Complete or not, the enumeration just describes the  
20 content of the health fair presentation and is not determinative of the issue of  
21 reasonableness of the promotional costs, or any other supply or equipment cost. The

1 purpose of health fairs is to effectively communicate health information to the student  
2 population in general, which requires that the students attend the health fair. The  
3 promotional materials are intended to promote attendance at the health fair. The audit  
4 report has stated no basis for evaluating the methods that the District has determined  
5 are needed to accomplish this goal. Therefore, the Controller has no basis for stating  
6 that the expenses identified are not reimbursable

7 Section V of the parameters and guidelines lists health fairs as a reimbursable  
8 activity. The audit report misconstrues the list of health fair subject matter as a basis to  
9 disallow the cost of the promotional items because these items are not listed. These  
10 promotional items are supplies that were properly claimed by the District as “a direct  
11 cost of the mandate” as required by the parameters and guidelines (Part VI. B. 2.). The  
12 parameters and guidelines do not dictate any particular health fair related expenses as  
13 reimbursable or non-reimbursable. All current period reasonable expenses related to  
14 health fairs are reimbursable so long as the claimant provided health fairs in the base  
15 year.

16 B. Uncollectible Student Health Services Fees

17 The audit report states that \$53,312 in claimed costs are unallowable because  
18 they represent a bad debt expense from uncollectible student health services fees. The  
19 audit report cites Section 17514 to conclude that “[b]ad debt expense is not a cost the  
20 district is *required* to incur.” As a practical matter, college districts do not incur this cost  
21 as a discretionary activity, the cost is forced upon the districts by those students who do

1 not pay their fees. The District makes a diligent effort to collect all fees, but at some  
2 point the administrative cost (not a program cost) of collecting a \$13 debt becomes  
3 cost-ineffective.

4 The District reported its gross student health service fee income as revenue and  
5 also its uncollected amounts as an expense, an appropriate application of generally  
6 accepted accounting principles. In the alternative, the District could have reported its  
7 student health service income net of uncollectible amounts, but the net effect to the  
8 general ledger is the same. The audit report asserts that “revenue accounting principles  
9 are irrelevant to mandated cost reimbursement” because the parameters and  
10 guidelines require authorized health services fees (as discussed in Finding 4), rather  
11 than those fees actually collected, to be deducted and thus any uncollectible amounts  
12 are therefore “not relevant.” The Controller policy then is that uncollectible revenues,  
13 either as a reduction of total revenues or as a bad debt expense, does not affect the  
14 calculation of student health service fees offset because “[n]either statutory language  
15 nor the parameters and guidelines include any provision to deduct ‘uncollectible’ fees  
16 from the authorized health service fees.” To the contrary, the District is required to  
17 report either net revenue or gross revenue and bad debt expense for purposes of the  
18 annual CCSF-311 report and for the annual financial statements that are by state law  
19 subject to review and approval by certified public accountants.

20 /

21 /

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

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1 **Finding 2 - Overstated indirect costs**

2		Audited	Adjustment	Auditor's
3	<u>Fiscal Year</u>	<u>Rate</u>	<u>Amount</u>	<u>Reason</u>
4	2002-03	30.00%	<\$12,414>	Limited to salary and benefits
5	2003-04	30.00%	<\$ 8,884>	Limited to salary and benefits
6	2004-05	29.25%	< \$ 4,896>	Claiming instructions do not allow federal rate
7	2005-06	31.68%	\$ 5,241	Claiming instructions do not allow federal rate
8	2006-07	33.72%	<u>\$20,062</u>	Claiming instructions do not allow federal rate
9	Total		<\$ 891>	

10 The audit report asserts that the District overstated indirect costs by \$891 for the  
 11 audit period. For FY 2002-03 and FY 2003-04, the audit report concludes that the  
 12 District incorrectly applied the federally approved indirect cost rate to total direct costs  
 13 rather than just salary and benefits. For FY 2004-05, FY 2005-06, and FY 2006-07, the  
 14 auditor recalculated the District's indirect cost rates utilizing the FAM-29C method  
 15 according to the Controller's claiming instructions because the Controller's policy does  
 16 not allow use of a federally approved rate after FY 2003-04.

17 FY 2002-03 and FY 2003-04

18			Claimed		Audited
19	<u>Fiscal Year</u>	<u>Rate</u>	<u>Source</u>	<u>Rate</u>	<u>Difference</u>
20	FY 2002-03	30.00%	Federal	30.00%	Salary and benefits only
21	FY 2003-04	30.00%	Federal	30.00%	Salary and benefits only

22 The audit report accepted the federally approved indirect cost rate reported by

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

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1 the District, but asserts that the District overstated indirect costs for FY 2002-03 and FY  
 2 2003-04 by \$21,298 because the District applied its federally approved indirect cost rate  
 3 of 30% to total direct cost, instead of just to the salaries and benefits only. This position  
 4 is apparently based on the conclusion that since the federal rate was calculated using  
 5 salary and benefits only, it can be applied only to salary and benefits. There is no such  
 6 limitation in the parameters and guidelines or the claiming instructions, nor does the  
 7 audit report cite a basis for this restriction of the application of the indirect cost rate only  
 8 to the costs that were the source of the direct cost base.

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

10 11 12 <u>Fiscal Year</u>	<u>Rate</u>	13 14 15 <u>Claimed</u>		16 17 18 <u>Audited</u>	
		<u>Source</u>	<u>Rate</u>	<u>Source</u>	<u>Source</u>
13 14 15 FY 2004-05	30.00%	Federal	29.25%	FAM 29C-with depreciation	
14 15 16 FY 2005-06	30.00%	Federal	31.68%	FAM 29C-with depreciation	
15 16 17 FY 2006-07	30.00%	Federal	33.72%	FAM 29C-with depreciation	

16 The District continued to use the federally approved cost study rate for FY 2004-  
 17 05, FY 2005-06, and FY 2006-07. Instead, the Controller used the CCFS-311, less  
 18 capital costs, but with audited district financial statement depreciation costs included, to  
 19 calculate the indirect cost rate using its Form FAM-29C method. The audit report states  
 20 that the District's indirect costs were understated by \$20,407 for FY 2004-05 through  
 21 FY 2006-07.<sup>4</sup> The Controller has decided to discontinue, retroactively to FY 2004-05,

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<sup>4</sup> The audit report remarks that "[t]he district is contesting an audit adjustment in its favor for these fiscal years." First, this statement is inaccurate because the

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

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1 the use of federally approved rates. According to the audit report, “[f]or FY 2004-05,  
2 FY 2005-06, and FY 2006-07, the parameters and guidelines and the SCO’s claiming  
3 instructions do not allow the district to use a federally approved rate.”

4 The audit report does not explain how federally approved rates are somehow  
5 unreasonable and unacceptable for FY 2004-05, FY 2005-06 and FY 2006-07, but  
6 reasonable and acceptable for previous years. There is absolutely no basis in law for  
7 the Controller to make this change in policy. There was no amendment to the  
8 parameters and guidelines. It appears that the Controller simply decided to stop  
9 accepting federally approved rates, after years of accepting them, with absolutely no  
10 justification or opportunity for public comment. This is contrary to the Administrative  
11 Procedure Act.

12 No particular indirect cost rate calculation is required by law. The audit report  
13 insists that the rate be calculated “in the manner described” in the claiming instructions.  
14 The parameters and guidelines state that “[I]ndirect costs *may be claimed* in the  
15 manner described by the State Controller in his claiming instructions (emphasis  
16 added).” The District claimed these indirect costs “in the manner” described by the  
17 Controller in that the correct forms were used and the claimed amounts were entered at  
18 the correct locations. Further, “may” is not “shall”; the parameters and guidelines do not

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adjustment is in the District’s favor only for FY 2005-06 and FY 2006-07, not for FY  
2004-05. Second, the District does not subscribe to the implied philosophy that audit  
findings in contradiction to the parameters and guidelines should be overlooked simply  
because of the result obtained.



1 *require* that indirect costs be claimed in the manner specified by the Controller. The  
2 audit report asserts that because the parameters and guidelines specifically reference  
3 the claiming instructions, the claiming instructions thereby become authoritative criteria.

4 Since the Controller's claiming instructions were never adopted as law, or  
5 regulations pursuant to the Administrative Procedure Act, the claiming instructions are a  
6 statement of the Controller's interpretation and not law. The Controller's interpretation  
7 of Section VI of the parameters and guidelines would, in essence, subject claimants to  
8 underground rulemaking at the Controller's discretion. The Controller's claiming  
9 instructions are unilaterally created and modified without public notice or comment. The  
10 Commission would violate the Administrative Procedure Act if it held that the  
11 Controller's claiming instructions are enforceable as standards or regulations. In fact,  
12 until 2005, the Controller regularly included a "forward" in the Mandated Cost Manual  
13 for Community Colleges (September 30, 2003, version attached as Exhibit "F") that  
14 explicitly stated the claiming instructions are "issued for the sole purpose of assisting  
15 claimants" and "should not be construed in any manner to be statutes, regulations, or  
16 standards."

17 Neither state law nor the parameters and guidelines make compliance with the  
18 Controller's claiming instructions a condition of reimbursement. The District has  
19 followed the parameters and guidelines. The audit report notes that the District did not  
20 request a review of the claiming instructions or amendment of the parameters and  
21 guidelines. There is no requirement that a claimant request such review, even when

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

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1 the claiming instructions are inconsistent with the parameters and guidelines, because  
2 the claiming instructions are not enforceable regulations. Thus, the fact that no review  
3 was requested is not determinative of the validity or force of the claiming instructions.  
4 Similarly, there is no need for any district to initiate a request to amend the parameters  
5 and guidelines as suggested by the audit report because the parameters and guidelines  
6 do not require claimants to comply with the claiming instructions.

7         The audit report did not conclude that the District's indirect cost rates were  
8 excessive or unreasonable. The Controller is authorized to reduce a claim only if it  
9 determines the claim to be excessive or unreasonable pursuant to Government Code  
10 Section 17561. Here the District used a federally approved indirect cost rate, and the  
11 Controller has disallowed it without a determination of whether the product of the  
12 District's calculation is excessive, unreasonable, or inconsistent with cost accounting  
13 principles. The burden of proof is on the Controller to prove that the product of the  
14 District's calculation is unreasonable, not to recalculate the rate according to its  
15 unenforceable ministerial preferences. The audit report states that the District's  
16 interpretation, that indirect costs may be calculated using any reasonable method, is  
17 invalid because "districts would be allowed to claim indirect costs in whatever manner  
18 they choose." There is no evidence that the Controller's FAM-29C method is more  
19 accurate or reasonable than other methods for calculating indirect costs and the audit  
20 report provides no support for its "recommendation" that only this method should be  
21 used. In fact, the relatively small variance between the claimed rate of 30% and the

1 “allowable” rates calculated by the auditors for FY 2004-05 through FY 2006-07,  
2 ranging from 29.25% to 33.72%, demonstrates that the claimed 30% federal rate is  
3 actually reasonable and not excessive.

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

7 **Finding 3 - Miscellaneous revenue incorrectly reported as authorized health**  
8 **service fees**

9 The District does not dispute this finding.

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

11 The audit report concludes that the District understated offsetting revenue by  
12 \$694,471 for the audit period because it claimed only those student health service fees  
13 that were actually charged and collected, rather than those that were “authorized.” The  
14 audit report states that the District “excluded” high school students concurrently enrolled  
15 and students registered only for telecourses and off-campus or weekend classes.<sup>5</sup> The  
16 audit report findings and recommendations regarding enrollment data obtained from the  
17 Chancellor’s Office, the students to be charged, and the amounts to charge these

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<sup>5</sup> “Excluded students”

These students were not excluded from anything. These students did not pay student health service fees so there are no fees to exclude or include in the total amount of student health service fees actually collected. Nor is there any indication that these students utilized student health services even if proof of use of these services is relevant to the issue of whether fees should be collected from these students.

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

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1 students are not relevant to the District claimed amounts since the District claimed  
2 actual revenues collected that resulted from the District's policy regarding which  
3 students are to be charged and how much they are to be charged. The District  
4 complied with the parameters and guidelines for the Health Fee Elimination mandate  
5 when it properly reported revenue actually received from student health service fees.

6 Education Code Section 76355

7 The audit report agrees that the District has the discretion to charge, or not to  
8 charge, a student health service fee. Education Code Section 76355, subdivision (a), in  
9 relevant part, provides: "The governing board of a district maintaining a community  
10 college *may require* community college students to pay a fee . . . for health supervision  
11 and services . . . (emphasis added) " There is no requirement that community colleges  
12 levy these fees. The permissive nature of the provision is further illustrated in  
13 subdivision (b) which states "*If*, pursuant to this section, a fee is required, the governing  
14 board of the district shall decide the amount of the fee, *if any*, that a part-time student is  
15 required to pay. *The governing board may decide whether the fee shall be mandatory*  
16 *or optional* (emphasis added)." However, the audit report asserts that claimants must  
17 compute the total discretionary student health service fees collectible based on the  
18 highest "authorized" rate.

19 The audit report does not provide the statutory basis for the calculation of the  
20 "authorized" rate or the source of the legal right of any state entity to "authorize" student  
21 health service fee amounts. There has been no rulemaking or compliance with the

1 Administrative Procedure Act by an “authorizing” state agency. The audit report agrees  
2 that the fee amounts “identified” by the State Chancellor’s office merely informs, by  
3 form letter to the local districts, that the Implicit Price Deflator has increased and that  
4 the districts may increase their student health service fee if the district so chooses. An  
5 example of one such notice is the letter dated March 5, 2001, attached as Exhibit “E.”  
6 While Education Code Section 76355 provides for an increase in the student health  
7 service fee, this authority is not self-implementing, and the Section does not grant the  
8 Chancellor the authority to establish mandatory fee amounts or mandatory fee  
9 increases. No state agency was granted that authority by the Education Code, and no  
10 state agency has exercised its rulemaking authority to establish mandatory fee  
11 amounts. It should be noted that the Chancellor’s letter properly states that increasing  
12 the amount of the fee is at the option of the district, and that the Chancellor is not  
13 asserting that authority.

14 Parameters and Guidelines

15 The parameters and guidelines for the Health Fee Elimination mandate state:

16 Any offsetting savings the claimant experiences as a direct result of this statute  
17 must be deducted from the costs claimed. In addition, reimbursement for this  
18 mandate received from any source, e.g., federal, state, etc., shall be identified  
19 and deducted from this claim. This shall include the amount of \$7.50 per full-  
20 time student per semester, \$5.00 per full-time student for summer school, or  
21 \$5.00 per full-time student per quarter, as authorized by Education Code Section  
22 72246(a)<sup>6</sup>.

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<sup>6</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 San Mateo County Community College District  
1/84; 1118/87 Health Fee Elimination #2

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

5 The audit report claims that the Commission’s intent was for claimed costs to be  
6 reduced by fees authorized, rather than fees actually received as stated in the  
7 parameters and guidelines. It is true that the Department of Finance proposed, as part  
8 of the amendments that were adopted on May 25, 1989, that a sentence be added to  
9 the offsetting savings section expressly stating that if no health service fee was  
10 charged, the claimant would be required to deduct the amount authorized. However, the  
11 Commission declined to add this requirement and adopted the parameters and  
12 guidelines without this language. The fact that the Commission *staff* and the California  
13 Community College Chancellors Office *staff*, at one time in the spectrum of the process,  
14 agreed with the Department of Finance’s interpretation does not negate the fact that the  
15 Commission adopted parameters and guidelines that *did not* include the additional  
16 language. The Commission intends the language of the parameters and guidelines to  
17 be construed as written, and only those savings that are *experienced* are to be  
18 deducted.

19 Notwithstanding, the parameters and guidelines do not “authorize” fees in an  
20 amount larger than \$7.50 per student per semester, consistent with version of  
21 Education Code Section 72246 (76355) extant at the time of the adoption of the

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

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1 parameters and guidelines, nor do the parameters and guidelines authorize an increase  
2 in “authorized fees” based on a deflator calculation. Strict compliance with the  
3 parameters and guidelines would limit the Controller’s calculation of the “authorized”  
4 offset of program costs by student health services revenues to \$7.50 per student per  
5 semester, which is generally less than the amount actually collected from the students.

6 Government Code Section 17514

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

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

18 There is nothing in the language of the statute regarding the authority to charge a fee,  
19 any nexus of fee revenue to increased cost, nor any language which describes the legal  
20 effect of fees collected. The audit report states that “[I]f the district has authority to  
21 collect fees attributable to health service expenses, then it is not required to *incur a*  
22 *cost.*” This again ignores the fact that Section 76355 makes charging a fee  
23 discretionary, and that fees are revenues and not avoided increased costs.

24 /

1     Government Code Section 17556

2             The audit report relies upon Government Code Section 17556 for the conclusion  
3     that “the Commission on State Mandates shall not find costs mandated by the State if  
4     the school district has the authority to levy fees to pay for the mandated program or  
5     increased level of service.” Government Code Section 17556 as last amended by  
6     Chapter 589, Statutes of 1989, actually states:

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

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

13             The audit report continues to rely upon an incorrect interpretation of Education  
14     Code Section 17556(d), while neglecting its context and omitting a crucial clause.  
15     Section 17556(d) does specify that the Commission on State Mandates shall not find  
16     costs mandated by the state if the local agency has the authority to levy fees, but only if  
17     those fees are “*sufficient to pay for the mandated program* (emphasis added).” Section  
18     17556 pertains specifically to the Commission’s threshold determination on a test claim,  
19     and does not concern the subsequent development of parameters and guidelines or the  
20     claiming process.

21             Section 17556 pertains specifically to the Commission’s determination on a test  
22     claim, and does not concern the development of parameters and guidelines or the  
23     claiming process. The Commission has already found state mandated costs for this  
24     program, and the Controller cannot substitute his judgment for that of the Commission



1 through the audit process. The Controller believes that the district's argument is  
2 "invalid," even in the face of the plain language and context of Section 17556. However,  
3 this belief is supported only by the observation that different districts incur varying costs  
4 under the same mandate program. This is true of every mandate that has been  
5 approved by the Commission, and does not change either the context or plain language  
6 of Section 17556, which specifically states that the fees must be "sufficient to pay for  
7 the mandate program" in order to avoid costs mandated by the state.

8         The two court cases the audit report relies upon (*County of Fresno v. California*  
9 (1991) 53 Cal.3d 482 and *Connell v. Santa Margarita* (1997) 59 Cal.App.4th 382) are  
10 similarly misplaced. Both cases concern the approval of a test claim by the  
11 Commission. They do not address the issue of offsetting revenue in the reimbursement  
12 stages, only whether there is fee authority *sufficient to fully fund* the mandate that would  
13 prevent the Commission from approving the test claim.

14         In *County of Fresno*, the Commission had specifically found that the fee authority  
15 was sufficient to fully fund the test claim activities and denied the test claim. The court  
16 simply agreed to uphold this determination because Government Code Section  
17 17556(d) was consistent with the California Constitution. The Health Fee Elimination  
18 mandate, decided by the Commission, found that the fee authority is not sufficient to  
19 fully fund the mandate. Thus, *County of Fresno* is not applicable because the subject  
20 matter concerns the activity of approving or denying a test claim and has no bearing on  
21 the annual claim reimbursement process.

1           Similarly, although a test claim had been approved and parameters and  
2 guidelines were adopted, the court in *Connell* focused its determination on whether the  
3 initial approval of the test claim had been proper. The court did not evaluate the  
4 parameters and guidelines or the reimbursement process because it found that the  
5 initial approval of the test claim had been in violation of Section 17556(d).

6           In conclusion, the audit report has provided no law or regulation that directly  
7 contradicts the parameters and guidelines which require districts to reduce claimed  
8 costs by the amount of revenue actually received from sources other than mandate  
9 reimbursement. Therefore, the District properly deducted health service fees received  
10 from its annual reimbursement claims and this finding should be withdrawn.

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

12           The District does not dispute this finding.

13           **Finding 6 - Inaccurate reporting and insufficient documentation of health services**  
14           **provided**

15           There is no fiscal effect from the Finding. The audit report asserts that “[t]he  
16 district did not properly report health services provided and did not maintain sufficient  
17 documentation of health services provided,” but does not identify any related audit  
18 adjustments because the District was not previously informed of these concerns. The  
19 District responded to these assertions regarding the additional services in its reply to  
20 the draft audit report, which is incorporated in this incorrect reduction claim. The  
21 principal point of disagreement is whether the additional services were *available* or

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

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1 *provided* in the base year. If the Controller's policy is that the same services have to be  
2 *rendered* in the current fiscal year, rather than just *available* to the students, this is an  
3 incorrect application of the parameters and guidelines language.

4 The parameters and guidelines are designed to reimburse the services  
5 "provided" in the current fiscal year that were also "provided" in 1986-87, at current  
6 fiscal year costs. New services are not reimbursable. As a matter of law, Education  
7 Code Section 76355, subdivision (e), requires that "[a]ny community college district that  
8 provided health services in the 1986-87 fiscal year shall maintain health services, at the  
9 level provided during the 1986-87 fiscal year, and each fiscal year thereafter." As a  
10 practical matter and as a matter of logic, for each subsequent fiscal year, this requires  
11 the claimant to actually certify that the base-year services continue to be *available*,  
12 although not necessarily *provided*. The District is certifying that the same level of  
13 services continue to be *available*, not that each and every service was *rendered* each  
14 subsequent year. Thus, the District need not have provided a particular service nor  
15 prove that it was either provided nor not provided, in either the base year or the audit  
16 year, but only that it was available to students at those times. In making the services  
17 *available*, the District is fulfilling its obligations in order to be eligible to claim mandated  
18 costs.

19 Therefore, the audit report incorrectly recommends that the district "report the  
20 level of health services provided" and "the specific health services that it provided  
21 during the claim year" since the mandate is only to make these services available and

1 not to prove the services were actually provided. The audit report incorrectly  
2 recommends that the district maintain “health service records identifying actual services  
3 that it provided” and “records that document the actual time spent and applicable  
4 materials and supplies costs” since the mandate is only to make these services  
5 available not to prove that the services were provided. It is appropriate to identify the  
6 cost of additional services, but there is no parameters and guidelines requirement for  
7 recording actual staff time and materials costs for each type of service, nor does the  
8 accounting system mandated by the Education Code, Title 5, and the Chancellor’s  
9 Office system report this information. Rather, the District has to continue to make the  
10 base-year services available, whether they are rendered or not. For example, hearing  
11 tests may be available every year, but there may be a year in which no hearing tests  
12 were required by students. Of course, if an available service is not provided in the  
13 current year, then there would be no cost incurred to be claimed and the State would  
14 not be reimbursing base-year services not rendered in the current fiscal year. The legal  
15 standard must be services *available*. The same base-year services were *available* to  
16 students in subsequent years, but not all of these may have been *provided*, absent a  
17 student need.

18 **OTHER ISSUES**

19 **Amounts Paid by the State**

20 This issue was not an audit finding. Annual claim payments received from the  
21 state are integral part of the calculation of amounts due the claimant or state as a result

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

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1 of the audit. The audit changed the amounts paid for one of the annual claims without  
 2 a finding in the audit report.

3 4 <u>Annual Claim Fiscal Year</u>	Amounts Paid by the State		
	<u>As Claimed</u>	<u>As Audited</u>	<u>Difference</u>
5 2002-03	\$ 0	\$307,148	\$307,148
6 2003-04	\$ 0	\$ 0	\$ 0
7 2004-05	\$ 0	\$ 0	\$ 0
8 2005-06	\$ 0	\$ 0	\$ 0
9 2006-07	\$ 0	\$ 0	\$ 0

10 The audit report indicates on page four that the District received \$307,148 in  
 11 payment on the FY 2002-03 claim. This amount was not included on the District's claim  
 12 form FAM-27 and the District has no contemporaneous Controller's remittance advice  
 13 confirming the payment. The audit report does not include any explanation or  
 14 documentation of the differences in these amounts. Since the amount paid reduces the  
 15 remaining state liability for the claim, any difference constitutes an adjustment that  
 16 should be supported by audit findings. The propriety of this adjustment cannot be  
 17 determined until the Controller states the reason for the changes.

18 **Statute of Limitations for Audit**

19 The District asserts that the audit of the FY 2002-03 and FY 2003-04 annual  
 20 reimbursement claims commenced after the time limitation for audit had passed.

21 Chronology of Claim Action Dates

22 January 12, 2005 FY 2002-03 and FY 2003-04 claims filed by the District

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

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1 January 12, 2008 FY 2002-03 and FY 2003-04 statute of limitations for audit  
2 expires

3 September 8, 2008 Audit entrance conference for all fiscal years

4 The District's FY 2002-03 and FY 2003-04 claims were mailed to the Controller  
5 on January 12, 2005. The final audit report asserts that initiation of the audit was  
6 proper because the initial payment for the FY 2002-03 claim did not occur until October  
7 24, 2009, and there has been no payment for the FY 2003-04 claim. The audit was  
8 initiated with the entrance conference conducted on September 8, 2008, which is more  
9 than three years after the annual claims were filed. The clause in Government Code  
10 Section 17558.5 that delays the commencement of the time for the Controller to audit to  
11 the date of initial payment is void because it is impermissibly vague.

12 Time Limitation for Audit

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

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

24 Thus, there are two standards. A funded claim is "subject to audit" for four years after

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

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1 the end of the calendar year in which the claim was filed. An unfunded claim must have  
2 its audit initiated within four years of first payment.

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

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

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

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

21 The amendment is pertinent because this is the first time that the factual issue of the  
22 date the audit is "initiated" is introduced for mandate programs for which funds are  
23 appropriated.

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

26 (a) A reimbursement claim for actual costs filed by a local agency or school  
27 district pursuant to this chapter is subject to the initiation of an audit by the  
28 Controller no later than three years after the date that the actual reimbursement  
29 claim is filed or last amended, whichever is later. However, if no funds are

1           appropriated or no payment is made to a claimant for the program for the fiscal  
2           year for which the claim is filed, the time for the Controller to initiate an audit  
3           shall commence to run from the date of initial payment of the claim. In any case,  
4           an audit shall be completed not later than two years after the date that the audit  
5           is commenced.

6           The annual reimbursement claims for FY 2002-03 and FY 2003-04 are subject to this  
7           version of Section 17558.5, which retains the same limitations period as the prior  
8           version, but also adds the requirement that an audit must be completed within two  
9           years of its commencement.

10          Vagueness

11           The version of Section 17558.5 applicable to the FY 2002-03 and FY 2003-04  
12          annual reimbursement claims provides that the time limitation for audit “shall  
13          commence to run from the date of initial payment” if no payment is made. However, this  
14          provision is void because it is impermissibly vague. At the time a claim is filed, the  
15          claimant has no way of knowing when payment will be made or how long the records  
16          applicable to that claim must be maintained. The current \$4 billion backlog in mandate  
17          payments for school and college districts, which continues to grow every year, could  
18          potentially require claimants to maintain detailed supporting documentation for  
19          decades. Additionally, it is possible for the Controller to unilaterally extend the audit  
20          period by withholding payment or directing appropriated funds only to those claims that  
21          have already been audited.

22           Therefore, the only specific and enforceable time limitation to commence an  
23          audit is three years from the date the claim was filed, and the annual reimbursement



1 claims for FY 2002-03 and FY 2003-04 were past this time period when the audit was  
2 commenced on September 8, 2008. All adjustments to these fiscal years are void and  
3 should be withdrawn.

4 PART VIII. RELIEF REQUESTED

5 The District filed its annual reimbursement claims within the time limits  
6 prescribed by the Government Code. The amounts claimed by the District for  
7 reimbursement of the costs of implementing the program imposed by Chapter 1,  
8 Statutes of 1984, 2nd E.S., Chapter 1118, Statutes of 1987, and Education Code  
9 Section 76355 represent the actual costs incurred by the District to carry out this  
10 program. These costs were properly claimed pursuant to the Commission's parameters  
11 and guidelines for the Health Fee Elimination program, and reimbursement of these  
12 costs is required under Article XIII B, Section 6 of the California Constitution. The  
13 Controller denied reimbursement without any basis in law or fact. The District has met  
14 its burden of going forward on this claim by complying with the requirements of Section  
15 1185, Title 2, California Code of Regulations. Because the Controller has enforced and  
16 is seeking to enforce these adjustments without benefit of statute or regulation, the  
17 burden of proof is now upon the Controller to establish a legal basis for these actions.

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

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

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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 November 19 2010, at San Mateo, California, by

8 Kathy Blackwood  
9 Kathy Blackwood, Chief Financial Officer  
10 San Mateo County Community College District  
11 3401 CSM Drive  
12 San Mateo, CA 94402-3651  
13 Phone: 650-358-6869  
14 Fax: 650-574-6574  
15 E-Mail: blackwoodk@smccd.edu

16 APPOINTMENT OF REPRESENTATIVE

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

19 Kathy Blackwood 11/19/10  
20 Kathy Blackwood, Chief Financial Officer Date  
21 San Mateo County Community College District

22 Attachments:

23 Exhibit "A" "Results of Review" letters dated October 28, 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 September 23, 2009, audit report including the August  
27 7, 2009, District response to the July 22, 2009, draft audit report  
28 Exhibit "E" Chancellor's letter of March 5, 2001  
29 Exhibit "F" Controller's Mandated Cost Manual Community Colleges Forward  
30 September 2003 version  
31 Exhibit "G" Annual Reimbursement Claims





JOHN CHIANG  
 California State Controller  
 Division of Accounting and Reporting  
 OCTOBER 28, 2009

CC91100  
 00234  
 2009/10/28

BOARD OF TRUSTEES  
 SAN MATEO CO COMM COLL DIST  
 SAN MATEO COUNTY  
 3401 COLLEGE OF SAN MATEO DR  
 SAN MATEO CA 94402

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		341,276.00
TOTAL ADJUSTMENTS (DETAILS BELOW)	-	206,050.00
TOTAL PRIOR PAYMENTS (DETAILS BELOW)		-307,148.00
AMOUNT DUE STATE	\$	<u>171,922.00</u>

PLEASE REMIT A WARRANT IN THE AMOUNT OF \$ 171,922.00 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 FRAN STUART AT (916) 323-0766 OR IN WRITING AT THE ABOVE ADDRESS.

ADJUSTMENT TO CLAIM:			
FIELD AUDIT FINDINGS	-	205,050.00	
LATE CLAIM PENALTY	-	1,000.00	
TOTAL ADJUSTMENTS	-		206,050.00
PRIOR PAYMENTS:			
SCHEDULE NO. MA64136A			
PAID 10-25-2006		-307,148.00	
TOTAL PRIOR PAYMENTS			-307,148.00

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  
 OCTOBER 28, 2009

CC41100  
 00234  
 2009/10/28

BOARD OF TRUSTEES  
 SAN MATEO CO COMM COLL DIST  
 SAN MATEO COUNTY  
 3401 COLLEGE OF SAN MATEO DR  
 SAN MATEO CA 94402

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 233,210.00

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS - 97,600.00

TOTAL ADJUSTMENTS - 97,600.00

AMOUNT DUE CLAIMANT \$ 135,610.00

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

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  
 OCTOBER 28, 2009

CC41100  
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 2009/10/28

BOARD OF TRUSTEES  
 SAN MATEO CO COMM COLL DIST  
 SAN MATEO COUNTY  
 3401 COLLEGE OF SAN MATEO DR  
 SAN MATEO CA 94402

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 314,446.00

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS - 135,148.00

TOTAL ADJUSTMENTS - 135,148.00

AMOUNT DUE CLAIMANT \$ 179,298.00

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

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  
 OCTOBER 28, 2009

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 2009/10/28

BOARD OF TRUSTEES  
 SAN MATEO CO COMM COLL DIST  
 SAN MATEO COUNTY  
 3401 COLLEGE OF SAN MATEO DR  
 SAN MATEO CA 94402

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		360,955.00
ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	143,683.00
LATE CLAIM PENALTY	-	10,000.00
TOTAL ADJUSTMENTS	-	<u>153,683.00</u>
AMOUNT DUE CLAIMANT	\$	<u><u>207,272.00</u></u>

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

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  
 OCTOBER 28, 2009

CC41100  
 00234  
 2009/10/28

BOARD OF TRUSTEES  
 SAN MATEO CO COMM COLL DIST  
 SAN MATEO COUNTY  
 3401 COLLEGE OF SAN MATEO DR  
 SAN MATEO CA 94402

DEAR CLAIMANT:

RE: HEALTH FEE ELIMINATION (CC)

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

AMOUNT CLAIMED 394,693.00

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS - 200,453.00

TOTAL ADJUSTMENTS - 200,453.00

AMOUNT DUE CLAIMANT \$ 194,240.00

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

SINCERELY,

*Ginny Brummels*  
 GINNY BRUMMELS, MANAGER

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





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

PARAMETERS AND GUIDELINES  
Chapter 1, Statutes of 1984, 2nd E.S.  
Chapter 1118, Statutes of 1987  
Health Fee Elimination

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community colleges districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 72246 to require any community college district that provided health services in 1986-87 to maintain health services at the level provided during the 1986-87 fiscal year in 1987-88 and each fiscal year thereafter.

II. COMMISSION ON STATE MANDATES' DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

At its hearing of April 27, 1989, the Commission determined that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to apply to all community college districts which provided health services in fiscal year 1986-87 and required them to maintain that level in fiscal year 1987-88 and each fiscal year thereafter.

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

#### IV. PERIOD OF REIMBURSEMENT

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

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

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

#### V. REIMBURSABLE COSTS

##### A. Scope of Mandate

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

##### B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87:

##### ACCIDENT REPORTS

##### APPOINTMENTS

- College Physician - Surgeon
- Dermatology, Family Practice, Internal Medicine
- Outside Physician
- Dental Services
- Outside Labs (X-ray, etc.)
- Psychologist, full services
- Cancel/Change Appointments
- R.N.
- Check Appointments

ASSESSMENT, INTERVENTION & COUNSELING

- Birth Control
- Lab Reports
- Nutrition
- Test Results (office)
- VD
- Other Medical Problems
- CD
- URI
- ENT
- Eye/Vision
- Derm./Allergy
- Gyn/Pregnancy Services
- Neuro
- Ortho
- GU
- Dental
- GI
- Stress Counseling
- Crisis Intervention
- Child Abuse Reporting and Counseling
- Substance Abuse Identification and Counseling
- Aids
- Eating Disorders
- Weight Control
- Personal Hygiene
- Burnout

EXAMINATIONS (Minor Illnesses)

- Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

- Sexually Transmitted Disease
- Drugs
- Aids
- Child Abuse
- Birth Control/Family Planning
- Stop Smoking
- Etc.
- Library - videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

- Diphtheria/Tetanus
- Measles/Rubella
- Influenza
- Information

INSURANCE

- On Campus Accident
- Voluntary
- Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

- Inquiry/Interpretation
- Pap Smears

PHYSICALS

- Employees
- Students
- Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

- Antacids
- Antidiarrhial
- Antihistamines
- Aspirin, Tylenol, etc.
- Skin rash preparations
- Misc.
- Eye drops
- Ear drops
- Toothache - Oil cloves
- Stingkill
- Midol - Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS

- Tokens
- Return card/key
- Parking inquiry
- Elevator passes
- Temporary handicapped parking permits

REFERRALS TO OUTSIDE AGENCIES

- Private Medical Doctor
- Health Department
- Clinic
- Dental
- Counseling Centers
- Crisis Centers
- Transitional Living Facilities (Battered/Homeless Women)
- Family Planning Facilities
- Other Health Agencies

TESTS

- Blood Pressure
- Hearing
- Tuberculosis
- Reading Information
- Vision
- Glucometer
- Urinalysis

Hemoglobin  
E.K.G.  
Strep A testing  
P.G. testing  
Monospot  
Hemacult  
Misc.

MISCELLANEOUS

Absence Excuses/PE Waiver  
Allergy Injections  
Band-aids  
Booklets/Pamphlets  
Dressing Change  
Rest  
Suture Removal  
Temperature  
Weigh  
Misc.  
Information  
Report/Form  
Wart Removal

COMMITTEES

Safety  
Environmental  
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety  
Stress Management  
Communication Skills  
Weight Loss  
Assertiveness Skills

## VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate.

### A. Description of Activity

1. Show the total number of full-time students enrolled per semester/quarter.
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester/quarter.
4. Show the total number of part-time students enrolled in the summer program.

### B. Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service

Claimed costs should be supported by the following information:

#### 1. Employee Salaries and Benefits

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

#### 2. Services and Supplies

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

#### 3. Allowable Overhead Cost

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

## VII. SUPPORTING DATA

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

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

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with;

and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone No.





## HEALTH FEE ELIMINATION

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

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

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

### 2. Eligible Claimants

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

### 3. Appropriations

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

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

Section 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.

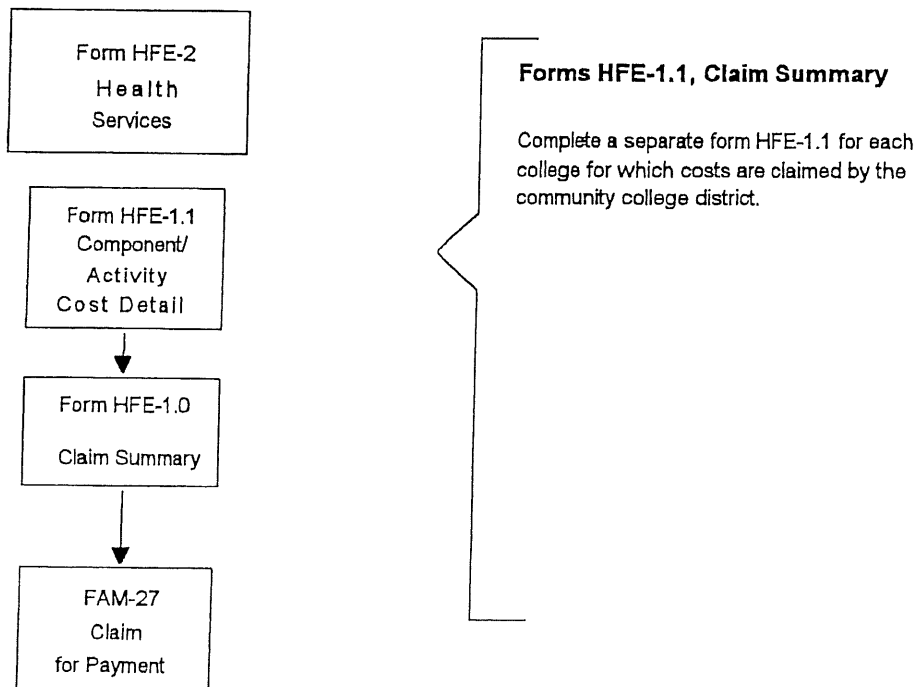
**C. Form HFE-1.0, Claim Summary**

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**



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

L A B E L  H E R E	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) HFE-1.0, (04)(b)	
	County of Location	(23)	
	Street Address or P.O. Box	Suite	(24)
	City	State	Zip Code

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>
------------------------------	---	------------------------------

- (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>
--	-------------------------

(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.	

(04) Total Amount Claimed	[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</b> <b>HEALTH FEE ELIMINATION</b> <b>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))]

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

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>	<b>FORM</b> <b>HFE-2</b>
--	-----------------------------

(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

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>	<b>FORM</b> <b>HFE-2</b>
--	-----------------------------

(01) Claimant:	(02) Fiscal Year costs were incurred:
----------------	---------------------------------------

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

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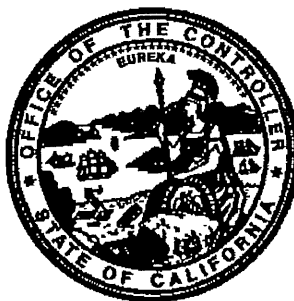
**SAN MATEO COUNTY  
COMMUNITY COLLEGE DISTRICT**

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

September 2009



JOHN CHIANG  
California State Controller

September 23, 2009

Karen Schwarz, President  
Board of Trustees  
San Mateo County Community College District  
3401 CSM Drive  
San Mateo, CA 94402

Dear Ms. Schwarz:

The State Controller's Office audited the costs claimed by San Mateo County 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 \$1,633,580 (\$1,644,580 less an \$11,000 penalty for filing late claims) for the mandated program. Our audit disclosed that \$851,646 is allowable and \$781,934 is unallowable. The costs are unallowable because the district claimed unallowable services and supplies, overstated indirect costs, understated authorized health service fees, and understated offsetting savings/reimbursements. The State paid the district \$307,148. Allowable costs claimed exceed the amount paid by \$544,498.

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



cc: Ron Galatolo, Chancellor  
San Mateo County Community College District  
Jim Keller, Executive Vice-Chancellor  
San Mateo County Community College District  
Raymond Chow, Controller  
San Mateo County 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>	<b>1</b>
<b>Background .....</b>	<b>1</b>
<b>Objective, Scope, and Methodology .....</b>	<b>2</b>
<b>Conclusion .....</b>	<b>2</b>
<b>Views of Responsible Official .....</b>	<b>3</b>
<b>Restricted Use .....</b>	<b>3</b>
<b>Schedule 1—Summary of Program Costs.....</b>	<b>4</b>
<b>Findings and Recommendations .....</b>	<b>6</b>
<b>Attachment—District’s Response to Draft Audit Report</b>	

# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by San Mateo County 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 \$1,633,580 (\$1,644,580 less an \$11,000 penalty for filing late claims) for the mandated program. Our audit disclosed that \$851,646 is allowable and \$781,934 is unallowable. The costs are unallowable because the district claimed unallowable services and supplies, overstated indirect costs, understated authorized health service fees, and understated offsetting savings/reimbursements. The State paid the district \$307,148. Allowable costs claimed exceed the amount paid by \$544,498.

## 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.

**Objective, Scope,  
and Methodology**

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.

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. Based on its consultant's recommendation, the district declined our request.

**Conclusion**

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

For the audit period, San Mateo County Community College District claimed \$1,633,580 (\$1,644,580 less an \$11,000 penalty for filing late claims) for costs of the Health Fee Elimination Program. Our audit disclosed that \$851,646 is allowable and \$781,934 is unallowable.

For the FY 2002-03 claim, the State paid the district \$307,148. Our audit disclosed that \$135,226 is allowable. The State will offset \$171,922 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

For the FY 2003-04 through FY 2006-07 claims, the State made no payment to the district. Our audit disclosed that \$716,420 is allowable. The State will pay that amount, contingent upon available appropriations.

**Views of  
Responsible  
Official**

We issued a draft audit report on July 22, 2009. Jim Keller, Executive Vice-Chancellor, responded by letter dated August 7, 2009 (Attachment), disagreeing with the audit results. This final audit report includes the district's response.

**Restricted Use**

This report is solely for the information and use of San Mateo County 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

September 23, 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	\$ 519,427	\$ 519,427	\$ —	
Benefits	103,896	103,896	—	
Services and supplies	41,381	41,381	—	
Total direct costs	664,704	664,704	—	
Indirect costs	199,411	186,997	(12,414)	Finding 2
Total direct and indirect costs	864,115	851,701	(12,414)	
Less authorized health service fees	(522,839)	(714,435)	(191,596)	Findings 3, 4
Less offsetting savings/reimbursements	—	(1,040)	(1,040)	Finding 5
Less late filing penalty	(1,000)	(1,000)	—	
Total program costs	<u>\$ 340,276</u>	135,226	<u>\$ (205,050)</u>	
Less amount paid by the State		(307,148)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (171,922)</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries	\$ 445,234	\$ 445,234	\$ —	
Benefits	101,340	101,340	—	
Services and supplies	29,612	27,857	(1,755)	Finding 1
Total direct costs	576,186	574,431	(1,755)	
Indirect costs	172,856	163,972	(8,884)	Finding 2
Total direct and indirect costs	749,042	738,403	(10,639)	
Less authorized health service fees	(515,832)	(590,862)	(75,030)	Findings 3, 4
Less offsetting savings/reimbursements	—	(11,931)	(11,931)	Finding 5
Total program costs	<u>\$ 233,210</u>	135,610	<u>\$ (97,600)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 135,610</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
Salaries	\$ 439,929	\$ 439,929	\$ —	
Benefits	103,247	103,247	—	
Services and supplies	67,491	66,413	(1,078)	Finding 1
Total direct costs	610,667	609,589	(1,078)	
Indirect costs	183,201	178,305	(4,896)	Finding 2
Total direct and indirect costs	793,868	787,894	(5,974)	
Less authorized health service fees	(479,422)	(585,142)	(105,720)	Finding 4
Less offsetting savings/reimbursements	—	(23,454)	(23,454)	Finding 5
Total program costs	<u>\$ 314,446</u>	179,298	<u>\$ (135,148)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 179,298</u>		

**Schedule 1 (continued)**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs:				
Salaries	\$ 522,997	\$ 522,997	\$ —	
Benefits	109,667	109,667	—	
Services and supplies	98,378	76,154	(22,224)	Finding 1
Total direct costs	731,042	708,818	(22,224)	
Indirect costs	219,313	224,554	5,241	Finding 2
Total direct and indirect costs	950,355	933,372	(16,983)	
Less authorized health service fees	(589,400)	(696,603)	(107,203)	Finding 4
Less offsetting savings/reimbursements	—	(19,497)	(19,497)	Finding 5
Less late filing penalty	(10,000)	(10,000)	—	
Total program costs	<u>\$ 350,955</u>	207,272	<u>\$ (143,683)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 207,272</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs:				
Salaries	\$ 628,774	\$ 628,774	\$ —	
Benefits	116,430	116,430	—	
Services and supplies	122,521	86,290	(36,231)	Finding 1
Total direct costs	867,725	831,494	(36,231)	
Indirect costs	260,318	280,380	20,062	Finding 2
Total direct and indirect costs	1,128,043	1,111,874	(16,169)	
Less authorized health service fees	(733,350)	(899,184)	(165,834)	Finding 4
Less offsetting savings/reimbursements	—	(18,450)	(18,450)	Finding 5
Total program costs	<u>\$ 394,693</u>	194,240	<u>\$ (200,453)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 194,240</u>		
<u>Summary: July 1, 2002, through June 30, 2007</u>				
Direct costs:				
Salaries	\$ 2,556,361	\$ 2,556,361	\$ —	
Benefits	534,580	534,580	—	
Services and supplies	359,383	298,095	(61,288)	
Total direct costs	3,450,324	3,389,036	(61,288)	
Indirect costs	1,035,099	1,034,208	(891)	
Total direct and indirect costs	4,485,423	4,423,244	(62,179)	
Less authorized health service fees	(2,840,843)	(3,486,226)	(645,383)	
Less offsetting savings/reimbursements	—	(74,372)	(74,372)	
Less late filing penalty	(11,000)	(11,000)	—	
Total program costs	<u>\$ 1,633,580</u>	851,646	<u>\$ (781,934)</u>	
Less amount paid by the State		(307,148)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 544,498</u>		

<sup>1</sup> See the Finding and Recommendation section.

# Findings and Recommendations

## FINDING 1— Unallowable services and supplies

The district claimed unallowable services and supplies totaling \$61,288. The district claimed \$7,976 to purchase food for exhibitors who participated in health fairs, to rent a popcorn cart, and to purchase various promotional items (mood lamps, curling ribbons, tattoo bracelets, etc.). In addition, the district claimed \$53,312 that it identified as a bad debt expense. The bad debt expense is related to uncollectible student health fees.

The following table summarizes the audit adjustment:

	Fiscal Year				Total
	2003-04	2004-05	2005-06	2006-07	
Services and supplies	\$ (1,755)	\$ (1,078)	\$ (22,224)	\$ (36,231)	\$ (61,288)

The program’s parameters and guidelines state that all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. Government Code section 17514 defines “mandated costs” as any increased costs that the district is *required* to incur. Government Code section 17561 states that the Controller may reduce any excessive or unreasonable claim. Food and promotional item expenditures are not required to maintain health services at the level that the district provided during fiscal year (FY) 1986-87.

The parameters and guidelines require that districts deduct authorized health service fees from health service expenditures claimed. Actual health service fees collected, along with uncollectible health service fees, are not relevant to the district’s mandated cost claim.

### Recommendation

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

### District’s Response

#### Health Fair Expenses

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

The draft audit report cites Government Code Section 17514 as a reason to disallow the health fair costs as not required. This conclusion directly contradicts the parameters and guidelines which include health fairs as reimbursable activities in Section V. Since the Commission has determined that health fair activities are reimbursable, then they are necessary, which invalidates the Controller’s reliance upon Section 17514.



The draft audit report cites Government Code Section 17561 which allows the Controller to audit and reduce any excessive or unreasonable claims. Since the parameters and guidelines allow reimbursement for the health fair activities, the costs associated with the activity cannot be unreasonable per se. The draft audit report concludes that the claimed health fair costs are “not required,” thus any health fair cost would be ostensibly excessive. The conclusion is subjective because the Controller has not cited a published standard for the type and scope of allowable health fair activity costs. The audit report makes no factual claims to support the adjustment on the grounds that the claimed costs were excessive. Absent a fact-based finding that the popcorn, for example, was too expensive, or some similar finding, there is no basis for the adjustment on the grounds that the claimed costs were excessive. Because there is no question that the health fair activity is appropriate, and no evidence that the costs were excessive, the adjustment should be withdrawn.

#### Bad Debt Expense

The draft audit report states that the \$53,312 of uncollectible student health fees is not allowable but does not cite a specific code section or portion of the parameters and guidelines in support of this conclusion.

As a matter of generally accepted accounting principles, the District reported its gross student health service fee income as revenue and also its uncollected amounts, an appropriate application of accrual accounting. In the alternative, the District could have reported its student health service income net of uncollectible amounts, but the net effect to the general ledger is the same. Since it is the Controller’s policy to offset the total collectible student health services fee against total student health services program costs, the bad debt expense should be allowed since the “collectible” fees make no allowance for fees not actually collected, which is a violation of generally accepted accounting principles.

#### SCO’s Comment

Our finding and recommendation are unchanged. Our comments are as follows.

#### **Health Fair Expenses**

The district concludes that we contradicted the parameters and guidelines by citing Government Code section 17514. We disagree. The district did not recognize the correlation between Government Code sections 17514 and 17561. Although the parameters and guidelines identify health fairs as a reimbursable activity, the district essentially asserts that any related expense is reimbursable, regardless of necessity or reasonableness.

The parameters and guidelines identify the reimbursable activity of health talks/fairs for the purpose of providing information on sexually transmitted diseases, drugs, AIDS, child abuse, birth control/family planning, and smoking cessation. The district is not required to purchase exhibitors’ food, rent popcorn carts, or purchase promotional items to

complete the activity of providing health information to those who inquire. Therefore, these are not costs the district is *required* to incur (Government Code section 17514), nor are the costs reasonable (Government Code section 17561).

### **Bad Debt Expense**

The district states that the finding does not cite specific criteria. We believe the district's position is incorrect. Our finding cites Government Code section 17514. Bad debt expense is not a cost that the district is *required* to incur.

The district relates generally accepted accounting principles to reimbursable mandated costs. We disagree. The applicable health fee revenue accounting principles are irrelevant to mandated cost reimbursement. The parameters and guidelines require districts to deduct authorized health service fees from allowable mandate-related costs.

The district states, "It is the Controller's policy to offset the total collectible student health services fee against total student health services program costs. . . ." There is no such "policy." We base our audit finding on the parameters and guidelines and applicable statutory requirements.

In addition, the district asserts a violation of generally accepted accounting principles because the required authorized health service fee deduction does not consider uncollected fees. The district did not cite a specific accounting principle or acknowledge a distinction between accounting principles and reimbursable mandated costs. Neither statutory language nor the parameters and guidelines include any provision to deduct "uncollectible" fees from authorized health service fees.

The district is authorized to assess health service fees. The district failed to collect the authorized revenues. However, this does not relieve it from its responsibility to offset those fees from its mandated program claims, nor does it permit the district to claim bad debt expense.

### **FINDING 2— Overstated indirect costs**

The district misstated indirect costs for each fiscal year, resulting in overstated indirect costs by \$891 for the audit period.

The district claimed indirect costs based on a federally approved rate of 30%. The district overstated FY 2002-03 and FY 2003-04 costs because it incorrectly applied the indirect cost rate to total direct costs. The district's federal approval letter states that the approved direct cost base is salaries and benefits only.

For FY 2004-05, FY 2005-06, and FY 2006-07, the parameters and guidelines and the SCO's claiming instructions do not allow the district to use a federally approved rate. We calculated allowable indirect cost rates based on the FAM-29C methodology that the parameters and guidelines and the SCO's claiming instructions allow. We applied the allowable indirect cost rates to allowable direct costs according to the SCO's claiming instructions.

The following table summarizes the audit adjustment:

	Fiscal Year					Total
	2002-03	2003-04	2004-05	2005-06	2006-07	
Allowable salaries and benefits	\$ 623,323	\$ 546,574	\$ —	\$ —	\$ —	
Allowable direct costs	—	—	609,589	708,818	831,494	
Allowable indirect cost rate	× 30.00%	× 30.00%	× 29.25%	× 31.68%	× 33.72%	
Allowable indirect costs	186,997	163,972	178,305	224,554	280,380	
Less indirect costs claimed	(199,411)	(172,856)	(183,201)	(219,313)	(260,318)	
Audit adjustment	\$ (12,414)	\$ (8,884)	\$ (4,896)	\$ 5,241	\$ 20,062	\$ (891)

The program’s 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.

Recommendation

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

District’s Response

Allocation Basis (FY 2002-03 and FY 2003-04)

Although the draft audit report did not disallow the federal indirect cost rate of 30% for the first two fiscal years, the audit does change the total amount of direct costs to which the rate is applied . . . The draft audit report concludes that since the federal rate was calculated using salary and benefits only, that the rate can be applied to salary and benefits only. There is no such limitation in the parameters and guidelines or the claiming instructions, nor does the draft audit report cite a basis for this restriction of the application of the indirect cost rate.

Federal Method Disallowed (FY 2004-05, FY 2005-06, and FY 2006-07)

The Controller asserts that a federally approved rate is not an allowable indirect cost rate methodology for the remaining three fiscal years that are the subject of this audit. According to the draft audit report, “[f]or FY 2004-05, FY 2005-06, and FY 2006-07, the parameters and

guidelines and the SCO's claiming instructions do not allow the district to use a federally approved rate." Instead, the draft audit report substitutes a rate calculated using the FAM-29C methodology.

The substituted methodology is unnecessary because no particular indirect cost rate methodology is required by law. The draft audit report asserts that indirect cost rates should be calculated according to the Controller's claiming instructions. The parameters and guidelines state that "[i]ndirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions." (Emphasis added). The Controller misconstrues the plain language of the parameters and guidelines. "May" is not "shall"; the parameters and guidelines do not *require* that indirect costs be claimed in the manner described by the Controller.

In prior years, federally approved indirect cost rates have been accepted by the Controller. The draft audit report contains no explanation as to why suddenly federally approved rates are no longer permissible. There is absolutely no basis in law for the Controller to make this change in policy. There was no amendment to the parameters and guidelines. It appears that the Controller simply decided to stop accepting federally approved rates, after years of accepting them, with absolutely no justification or opportunity for public comment. This is contrary to the Administrative Procedure Act.

#### SCO's Comment

##### **Allocation Basis (FY 2002-03 and FY 2003-04)**

The district implies that it may apply the rate to whatever base it chooses. The district draws a distinction between federal approval of the rate itself versus federal approval of the allocation base. There is no such distinction. The federal approval letter defines both the rate and the applicable base; they are inseparable.

##### **Federal Method Disallowed (FY 2004-05, FY 2005-06, and FY 2006-07)**

The district is contesting an audit adjustment in its favor for these fiscal years. Nevertheless, the district misconstrues the language of the parameters and guidelines. Using the district's interpretation, districts would be allowed to claim indirect costs in whatever manner they choose.

"May be claimed" simply permits the district to claim indirect costs. However, if the district chooses to claim indirect costs, then the parameters and guidelines require that it comply with the SCO's claiming instructions.

For FY 2004-05 forward, the SCO's claiming instructions state:

A CCD may claim indirect costs using the Controller's methodology (FAM-29C), or if specifically allowed by a mandated cost program's P's & G's [parameters and guidelines], a district may choose to claim indirect costs using either (1) a federally approved rate prepared in accordance with the Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*; or (2) a flat 7% rate.

The Health Fee Elimination Program’s parameters and guidelines do not specifically allow a federally approved rate. Therefore, the district must prepare its indirect cost rates using the SCO’s FAM-29C methodology.

Neither this district nor any other district requested that the Commission on State Mandates review the SCO’s claiming instructions pursuant to Title 2, California Code of Regulations (CCR), section 1186 (i.e., the district did not exercise its right for public comment). Furthermore, the district may not now request a review of the claiming instructions applicable to the audit period. Title 2, CCR, section 1186, subdivision (j) (2), states, “A request for review filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.”

If the district believes that the program’s parameters and guidelines are deficient, it should initiate a request to amend the parameters and guidelines pursuant to Government Code section 17557, subdivision (d). However, any such amendment would not be applicable to this audit period.

**FINDING 3—  
Miscellaneous revenue  
incorrectly reported as  
authorized health  
service fees**

The district incorrectly reported miscellaneous health service fund revenue totaling \$49,088 as authorized health service fees. This amount included gifts/donations, other local income, and incoming transfers. The district’s other local income is attributable to additional fees that the district charges for various health services that it provides. The incoming transfer amounts are transfers between the district’s general fund and its health services fund to cover any health services fund deficits. These transfers do not represent additional revenue to the district.

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

	Fiscal Year		Total
	2002-03	2003-04	
Gifts/donations (Account No. 8821)	\$ —	\$ 700	\$ 700
Other local income (Account No. 8890)	1,040	11,231	12,271
Incoming transfers (Account No. 8980)	4,506	31,611	36,117
Audit adjustment	5,546	43,542	\$ 49,088
Authorized health service fees claimed	<u>(522,839)</u>	<u>(515,832)</u>	
Adjusted authorized health service fees claimed	<u>\$ (517,293)</u>	<u>\$ (472,290)</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 incoming transfers, 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 concurs that the gifts and other local income can be removed from the total amount of student health service fees received and reported on the claim form as offsetting savings or reimbursements which is accomplished by the adjustments described in Finding 5. The District also concurs that the other item in this finding, the Account number 8980 interfund transfers, is not offsetting program income.

SCO's Comment

Our finding and recommendation are unchanged.

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

The district understated authorized health service fees by \$694,471. The district understated these fees because it reported actual receipts rather than authorized fees. In addition, the district did not charge the health services fee to all eligible students. The district voluntarily excluded high school students concurrently enrolled in 11 units or less and students registered only for telecourses, off-campus classes, or weekend classes.

Mandated costs do not include costs that are reimbursable from authorized fees. Government Code section 17514 states that "costs mandated by the state" means any increased costs that a school district is required to incur. To the extent community college districts can charge a fee, they are not required to incur a cost. In addition, Government Code section 17556 states that the Commission on State Mandates shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.

For the period July 1, 2002, through December 31, 2005, Education Code section 76355, subdivision (c), states that health fees are authorized for all students except those who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; or (3) demonstrate financial need. Effective January 1, 2006, only Education Code section 76355, subdivisions (c)(1) and (2) are applicable.

The California Community Colleges Chancellor's Office (CCCCO) identified the fees authorized by Education Code section 76355, subdivision (a). 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 CCCCO. The CCCCO identified enrollment and BOGG recipient data from its management information system (MIS) based on student data that the district reported. CCCCO identified the district's enrollment based on CCCCO's MIS data element STD7, codes A through G. CCCCO eliminated any duplicate students based on their social security numbers. From the district enrollment, CCCCO 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:

	<u>Summer Session</u>	<u>Fall Semester</u>	<u>Spring Semester</u>	<u>Total</u>
<u>Fiscal Year 2002-03</u>				
Number of enrolled students	16,756	28,383	28,602	
Less number of BOGG recipients	<u>(2,341)</u>	<u>(4,026)</u>	<u>(4,234)</u>	
Subtotal	14,415	24,357	24,368	
Authorized health fee rate	× \$ (9)	× \$ (12)	× \$ (12)	
Authorized health service fees	<u>\$ (129,735)</u>	<u>\$ (292,284)</u>	<u>\$ (292,416)</u>	\$(714,435)
Less adjusted authorized health service fees claimed (Finding 3)				<u>517,293</u>
Audit adjustment, FY 2002-03				<u>(197,142)</u>
<u>Fiscal Year 2003-04</u>				
Number of enrolled students	13,003	26,667	26,537	
Less number of BOGG recipients	<u>(2,205)</u>	<u>(5,906)</u>	<u>(6,158)</u>	
Subtotal	10,798	20,761	20,379	
Authorized health fee rate	× \$ (9)	× \$ (12)	× \$ (12)	
Authorized health service fees	<u>\$ (97,182)</u>	<u>\$ (249,132)</u>	<u>\$ (244,548)</u>	(590,862)
Less adjusted authorized health service fees claimed (Finding 3)				<u>472,290</u>
Audit adjustment, FY 2003-04				<u>(118,572)</u>
<u>Fiscal Year 2004-05</u>				
Number of enrolled students	12,937	24,493	26,165	
Less number of BOGG recipients	<u>(3,035)</u>	<u>(6,527)</u>	<u>(6,737)</u>	
Subtotal	9,902	17,966	19,428	
Authorized health fee rate	× \$ (10)	× \$ (13)	× \$ (13)	
Authorized health service fees	<u>\$ (99,020)</u>	<u>\$ (233,558)</u>	<u>\$ (252,564)</u>	(585,142)
Less authorized health service fees claimed				<u>479,422</u>
Audit adjustment, FY 2004-05				<u>(105,720)</u>
<u>Fiscal Year 2005-06</u>				
Number of enrolled students	13,210	24,339	24,815	
Less number of BOGG recipients	<u>(3,407)</u>	<u>(7,099)</u>	<u>—</u>	
Subtotal	9,803	17,240	24,815	
Authorized health fee rate	× \$ (11)	× \$ (14)	× \$ (14)	
Authorized health service fees	<u>\$ (107,833)</u>	<u>\$ (241,360)</u>	<u>\$ (347,410)</u>	(696,603)
Less authorized health service fees claimed				<u>589,400</u>
Audit adjustment, FY 2005-06				<u>(107,203)</u>

	Summer Session	Fall Semester	Spring Semester	Total
<u>Fiscal Year 2006-07</u>				
Number of enrolled students	12,512	24,672	25,264	
Authorized health fee rate	× \$ (12)	× \$ (15)	× \$ (15)	
Authorized health service fees	<u>\$(150,144)</u>	<u>\$(370,080)</u>	<u>\$(378,960)</u>	(899,184)
Less authorized health service fees claimed				<u>733,350</u>
Audit adjustment, FY 2006-07				<u>(165,834)</u>
Total audit adjustment				<u>\$(694,471)</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 CCCCO data element STD7, codes A through G. The district should eliminate duplicate entries for students who attend more than one district college. 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 from receiving health services and documentation identifying the number of students excluded.

District’s Response

“Authorized” Fee Amount

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

Education Code Section 76355

Education Code Section 76355, subdivision (a)(1), states that “[t]he governing board of a district maintaining a community college *may require* community college students to pay a fee...for health supervision and services...” (Emphasis added). There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states:

*If*, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, *if any*, that a part-time student is required to pay. *The governing board may decide whether the fee shall be mandatory or optional.* (Emphasis added).



Government Code Section 17514

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

There is nothing in the language of the statute regarding the authority to charge a fee, any nexus of fee revenue to increased cost, nor any language that describes the legal effect of fees collected.

Government Code Section 17556

The draft audit report relies upon Government Code Section 17556 for the conclusion that “the Commission on State Mandates shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.”

The draft audit report misrepresents the law. Government Code Section 17556 prohibits the Commission from finding costs subject to reimbursement, that is, approving a test claim activity for reimbursement, where the authority exists to levy fees in an amount sufficient to offset the entire mandated costs. Here, the Commission has already approved the test claim and made a finding of a new program or higher level of service for which the claimants do not have the ability to levy a fee in an amount sufficient to offset the entire mandated costs.

Parameters and Guidelines

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

SCO’s Comment

Our finding and recommendation are unchanged. Our comments are as follows:

**“Authorized” Fee Amount**

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

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

#### **Education Code Section 76355**

We agree that community college districts may choose not to levy a health service fee or to levy a fee less than the authorized amount. Regardless of the district’s decision to levy or not levy the authorized health service fee, Education Code section 76355, subdivision (a), provides districts the *authority* to levy the fee.

#### **Government Code Section 17514**

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

#### **Government Code Section 17556**

The district presents an argument that the statutory language applies only when the fee authority is sufficient to offset the “entire” mandated costs. We believe the district’s argument is invalid. The CSM recognized that the Health Fee Elimination Program’s costs are not uniform among districts. Districts provided different levels of service in FY 1986-87 (the “base year”). Furthermore, districts provided these services at varying costs. As a result, the fee authority may be sufficient to pay for some districts’ mandated program costs, while it is insufficient to pay the “entire” costs of other districts. Meanwhile, Education Code section 76355 (formerly section 72246) established a uniform health service fee assessment for students statewide. Therefore, the CSM adopted parameters and guidelines that clearly recognize an available funding source by identifying the health service fees as offsetting reimbursements. To the extent that districts have authority to charge a fee, they are not required to incur a cost.

Two court cases addressed the issue of fee authority.<sup>1</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>1</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 CSM recognized the *availability* of another funding source by including the fees as offsetting savings in the parameters and guidelines. The CSM’s staff analysis of May 25, 1989, states the following regarding the proposed parameters and guidelines amendments that the CSM adopted that day:

Staff amended Item “VIII. Offsetting Savings and Other Reimbursements” to reflect the reinstatement of [the] fee authority.

In response to that amendment, the [Department of Finance (DOF)] has proposed the addition of the following language to Item VIII. to clarify the impact of the fee authority on claimants’ reimbursable costs:

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

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

The CSM intended that claimants deduct authorized health service fees from mandate-reimbursable costs claimed. Furthermore, the staff analysis included an attached letter from the CCCCCO dated April 3, 1989. In that letter, the CCCCCO concurred with the DOF and the CSM regarding authorized health service fees.

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

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

The district understated offsetting savings/reimbursements by \$74,372. The district did not report offsetting savings/reimbursements for gifts/donations and other local income that its accounting records documented. The district recognized other local income because it charged students a separate fee for various health services that it provided.

The following table summarizes the audit adjustment:

	Fiscal Year					Total
	2002-03	2003-04	2004-05	2005-06	2006-07	
Gifts/donations (Account No. 8821)	\$ —	\$ (700)	\$ (5,500)	\$ —	\$ (500)	\$ (6,700)
Other local income (Account No. 8890)	(1,040)	(11,231)	(17,954)	(19,497)	(17,950)	(67,672)
Audit adjustment	<u>\$ (1,040)</u>	<u>\$ (11,931)</u>	<u>\$ (23,454)</u>	<u>\$ (19,497)</u>	<u>\$ (18,450)</u>	<u>\$ (74,372)</u>

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

The District concurs with these adjustments to classify the gifts and other local income as offsetting savings or reimbursements for purposes of claim reporting.

SCO's Comment

Our finding and recommendation remain unchanged.

**FINDING 6—  
Inaccurate reporting  
and insufficient  
documentation of health  
services provided**

The district did not properly report health services provided and did not maintain sufficient documentation of health services provided. Our prior audit did not inform the district of these deficiencies; therefore, this audit report does not identify any unallowable costs attributable to these issues.

The district incorrectly reported the level of health services that it provided on mandated claim form HFE-1.1. The form required the district to report whether it provided health services in the claim year that were less than, the same as, or more than the services that it provided in FY 1986-87. For each fiscal year, the district reported that it provided the same level of services that it provided in FY 1986-87. However, the district's health service records show that the district provided more services than it provided in FY 1986-87. The additional services included physical examinations, pap smears, influenza immunizations, and hepatitis B immunizations. On claim form HFE-2, the district did not report that it provided these services in either FY 1986-87 or during the claim year. In addition, the district did not maintain records to document the actual time that employees spent and applicable materials and supplies costs associated with these additional services.

Also, the district did not sufficiently document actual health services that it provided. The district provided health service records that were inconsistent among colleges and fiscal years. The health service records do not identify actual services consistent with the level of detail included in the parameters and guidelines. The district's records either did not identify the services provided or identified the services provided using general, vague descriptions.

The parameters and guidelines identify reimbursable health services and state that the district will be reimbursed only for those services that it provided in FY 1986-87. They also state that the district must support salary and benefit costs claimed with documentation that shows the mandated functions performed. Furthermore, they state:

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. . . .

#### Recommendation

We recommend that the district:

- Properly report the level of health services provided (i.e., whether the district provided health services in the claim year that are less than, the same as, or more than the services that it provided in FY 1986-87).
- Properly report the specific health services that it provided during the claim year.
- Maintain health service records identifying actual services that it provided in the same manner that the parameters and guidelines and the SCO's claim forms identify health services.
- Maintain records that document the actual time spent and applicable materials and supplies costs associated with health services exceeding the services that it provided in FY 1986-87.

#### District's Response

The draft audit report asserts that the District did not properly report or document health services provided. The claiming forms require claimants to report services *available*, not the services actually *provided*, each fiscal year. Education Code Section 76355 requires districts that provided student health services programs in FY 1986-87 to maintain that level of service, that is, the Section requires that all of the same services continue to be offered each subsequent fiscal year. Whether these offered services are actually provided in subsequent years depends on whether a student requires the offered service.

The draft audit report identified the following services as in excess of those available in FY 1986-87: physical examinations, pap smears, influenza immunizations, and Hepatitis B immunizations.

- Physical examinations are not listed in the current or base periods as separate activities. However, to the extent that these services were provided by or available from the District staff, or arranging appointments for such examinations were done by or available from District staff, they would not be new services.
- Pap smears are gynecological services which were reported in the current and base periods.

- Immunizations, the labor associated with providing the injection, were provided in the base period. The actual vaccine injected may change from year-to-year, for example, Hepatitis B immunizations were not generally provided to the population in FY 1986-87.

No work papers in support of the draft audit assertion of excess services were provided so the District cannot ascertain whether the number of these services were significant enough to warrant continuous cost accounting for these exceptions, if any.

#### SCO's Comment

Our finding and recommendation are unchanged. The district draws a distinction between "services available," "services provided," and "services offered." Such a distinction is not relevant.

The parameters and guidelines, Section III, Eligible Claimants, states:

Community college districts which *provided* [emphasis added] health services in 1986-87 fiscal year and continue to *provide* [emphasis added] the same services as a result of this mandate are eligible to claim reimbursement of those costs.

Section V, subdivision A, Scope of Mandate, states:

Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services *provided* [emphasis added] in 1986-87 fiscal year may be claimed.

Section V, subdivision B, Reimbursable Activities, states:

For each eligible claimant, the following cost items are reimbursable to the extent they were *provided* [emphasis added] by the community college district in fiscal year 1986-87.

#### **District Inaccurately Reported Health Services Provided**

Claim form HFE-1.1 directs the claimant to "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." The claimant identifies whether it provided less services, the same services, or more services. For the audit period, the district submitted claim form HFE-1.1 indicating that it provided the same services during each fiscal year compared to FY 1986-87.

On claim form HFE-2, the district identified the services that it provided in FY 1986-87. The district did not identify physical examinations, pap smears, influenza immunizations, and hepatitis B immunizations as services that it provided in FY 1986-87. However, the district's health service records show that the district did provide these services during the audit period. Therefore, the district provided more services than it provided in FY 1986-87 and incorrectly completed claim form HFE-1.1.

Regarding the specific excess services provided, our comments are as follows:

#### *Physical Examinations*

The district states, "Physical examinations are not listed in the current or base periods as separate activities." It is unclear whether the district is either (1) alleging that claim form HFE-2 does not separately list physical examinations as a health service, or (2) confirming that the district did not provide the service in FY 1986-87 and failed to report that it provided the service during the audit period. The district concludes by stating, "To the extent that these services were provided . . . they would not be new services."

Both the parameters and guidelines and claim form HFE-2 separately list physical examinations as a health service. For the audit period, the district did not identify physical examinations as a service that it provided during FY 1986-87. Clearly, if the district did not provide a service during FY 1986-87, but provided it during the audit period, it is a new service.

#### *Pap Smears*

The district states, "Pap smears are gynecological services which were reported in the current and base periods." Both the parameters and guidelines and claim form HFE-2 separately identify pap smears and gynecological services. The district's response confirms that it incorrectly reported services provided.

#### *Immunizations*

The parameters and guidelines identify only three eligible immunizations: diphtheria/tetanus, measles/rubella, and influenza. The district states, "Hepatitis B immunizations were not generally provided to the population in FY 1986-87." This is irrelevant. The district provided Hepatitis B vaccinations during the audit period. Therefore, the district failed to report that it provided more services during the audit period than it provided in FY 1986-87. In addition, the district reported that it provided only measles/rubella immunizations both during the audit period and in FY 1986-87. The district failed to report that it provided influenza immunizations during the audit period.

#### **District Did Not Sufficiently Document Health Services Provided**

In response to our audit issue of inaccurate reporting, the district states, "No work papers in support of the draft audit assertion of excess services were provided so the District cannot ascertain whether the number of these services were significant enough to warrant continuous cost accounting for these exceptions, if any."

We conducted an audit exit conference on June 4, 2009, and discussed all audit issues with district representatives. The district made no request for audit working papers related to this finding. However, the district's

response confirms that its own records are insufficient for the district to identify how frequently it provided the services in question.

The district had no additional comments regarding insufficient documentation of health services provided. The parameters and guidelines state that only services provided in FY 1986-87 are eligible for reimbursement. They also state that the district must identify the mandated functions performed. We continue to recommend that the district maintain health service records identifying actual services that it provided in the same manner that the parameters and guidelines and the SCO's claim forms identify those services. If the district is unable to validate that it has claimed costs for services that are reimbursable under the mandated program, the SCO will conclude that the entire claim is unallowable.

## OTHER ISSUES

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

## Statute of Limitations

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

### District's Comment

The District's (FY) 2002-03 and FY 2003-04 claims were mailed to the Controller on January 12, 2005. According to Government Code Section 17558.5, the Controller has three years to commence an audit of claims filed after January 1, 2005. The entrance conference date for the audit was September 8, 2008, which is after the three-year period to commence the audit expired. Therefore, the proposed audit adjustments for FY 2002-03 and FY 2003-04 are barred by the statute of limitations set forth in Government Code Section 17558.5.

### SCO's Response

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

*A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim [emphasis added].*

For its FY 2002-03 claim, the district received its initial payment on October 25, 2006. Pursuant to the above statutory language, 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 SCO's time to initiate an audit has not yet commenced. Therefore, the SCO properly initiated its audit within the statutory time allowed.

**Public Records  
Request**

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

District's Comment

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 2 (indirect cost rate calculation standards) and Finding 4 (calculation of the student health services fees offset).

SCO's Comment

The SCO provided the district the requested records by separate letter dated August 24, 2009.

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

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Cañada College, Redwood City  
College of San Mateo, San Mateo  
Skyline College, San Bruno

SAN MATEO COUNTY  
COMMUNITY COLLEGE DISTRICT

Associate Chancellor

August 7, 2009

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

Re: Chapter 1, Statutes of 1984, 2<sup>nd</sup> E. S.  
Chapter 1118, Statutes of 1987  
Health Fee Elimination Program  
Annual Claim Fiscal Years: 2002-03 through 2006-07  
San Mateo County Community College District

Dear Mr. Spano:

This letter is the response of the San Mateo County Community College District to the draft audit report for the above referenced program and fiscal years transmitted by the letter from Jeffrey V. Brownfield, Chief, Division of Audits, State Controller's Office, dated July 22, 2009, and received by the District on July 27, 2009.

**Finding 1 - Unallowable services and supplies**

The draft audit report concludes that \$61,288 of the District's claimed costs are unallowable services and supplies. This adjustment includes \$7,976 in unallowable health fair expenses and \$53,312 in uncollectible student health fees referred to as bad debt expenses.

Health Fair Expenses

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

The draft audit report cites Government Code Section 17514 as a reason to disallow the health fair costs as not required. This conclusion directly contradicts the parameters and guidelines which include health fairs as reimbursable activities in Section V. Since the Commission has determined that health fair activities are reimbursable, then they are necessary, which invalidates the Controller's reliance upon Section 17514.

The draft audit report cites Government Code Section 17561 which allows the Controller to audit and reduce any excessive or unreasonable claims. Since the parameters and guidelines allow reimbursement for the health fair activities, the costs associated with the activity cannot be unreasonable per se. The draft audit report concludes that the claimed health fair costs are "not required," thus any health fair cost would be ostensibly excessive. The conclusion is subjective because the Controller has not cited a published standard for the type and scope of allowable health fair activity costs. The audit report makes no factual claims to support the adjustment on the grounds that the claimed costs were excessive. Absent a fact-based finding that the popcorn, for example, was too expensive, or some similar finding, there is no basis for the adjustment on the grounds that the claimed costs were excessive. Because there is no question that the health fair activity is appropriate, and no evidence that the costs were excessive, the adjustment should be withdrawn.

#### Bad Debt Expense

The draft audit report states that the \$53,312 of uncollectible student health fees is not allowable but does not cite a specific code section or portion of the parameters and guidelines in support of this conclusion.

As a matter of generally accepted accounting principles, the District reported its gross student health service fee income as revenue and also its uncollected amounts, an appropriate application of accrual accounting. In the alternative, the District could have reported its student health service income net of uncollectible amounts, but the net effect to the general ledger is the same. Since it is the Controller's policy to offset the total collectible student health services fee against total student health services program costs, the bad debt expense should be allowed since the "collectible" fees make no allowance for fees not actually collected, which is a violation of generally accepted accounting principles.

#### **Finding 2 - Overstated indirect costs**

The District utilized a federally approved indirect cost rate of 30% for each of the five years that are the subject of the audit report. The Controller did not adjust this rate for FY 2002-03 and FY 2003-04. For FY 2004-05, FY 2005-06, and FY 2006-07, the draft audit report adjusts the claimed rate by substituting an audited rate calculated according to the Controller's FAM-29C methodology.  
Allocation Basis (FY 2002-03 and FY 2003-04)

Although the draft audit report did not disallow the federal indirect cost rate of 30% for the first two fiscal years, the audit does change the total amount of direct costs to which the rate is applied, thus resulting in reductions of \$12,414 and \$8,884, for FY 2002-03 and FY 2003-04, respectively. The draft audit report concludes that since the federal rate was calculated using salary and benefits only, that the rate can be applied to salary and benefits only. There is no such limitation in the parameters and guidelines or the claiming instructions, nor does the draft audit report cite a basis for this restriction of the application of the indirect cost rate.

Federal Method Disallowed (FY 2004-05, FY 2005-06, and FY 2006-07)

The Controller asserts that a federally approved rate is not an allowable indirect cost rate methodology for the remaining three fiscal years that are the subject of this audit. According to the draft audit report, "[f]or FY 2004-05, FY 2005-06, and FY 2006-07, the parameters and guidelines and the SCO's claiming instructions do not allow the district to use a federally approved rate." Instead, the draft audit report substitutes a rate calculated using the FAM-29C methodology.

The substituted methodology is unnecessary because no particular indirect cost rate methodology is required by law. The draft audit report asserts that indirect cost rates should be calculated according to the Controller's claiming instructions. The parameters and guidelines state that "[i]ndirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions." (Emphasis added). The Controller misconstrues the plain language of the parameters and guidelines. "May" is not "shall"; the parameters and guidelines do not *require* that indirect costs be claimed in the manner described by the Controller.

In prior years, federally approved indirect cost rates have been accepted by the Controller. The draft audit report contains no explanation as to why suddenly federally approved rates are no longer permissible. There is absolutely no basis in law for the Controller to make this change in policy. There was no amendment to the parameters and guidelines. It appears that the Controller simply decided to stop accepting federally approved rates, after years of accepting them, with absolutely no justification or opportunity for public comment. This is contrary to the Administrative Procedure Act.

**Finding 3 - Miscellaneous revenue incorrectly reported as authorized health service fees**

The District concurs that the gifts and other local income can be removed from the total amount of student health service fees received and reported on the claim form as offsetting savings or reimbursements which is accomplished by the adjustments described in Finding 5. The District also concurs that the other item

in this finding, the Account number 8980 interfund transfers, is not offsetting program income.

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

The draft audit report states that student health service fee revenue offsets were understated by \$694,471 for the audit period. This adjustment is due to the fact that the District reported the actual student health service fees that it collected rather than "authorized" student health service fees that could have been collected. The auditor calculated "authorized" student health service fee revenues, that is, the student health service fees collectible based on the highest student health service fee chargeable, rather than the full-time or part-time student health service fee actually charged to the student and actually collected.

##### "Authorized" Fee Amount

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

##### Education Code Section 76355

Education Code Section 76355, subdivision (a)(1), states that "[t]he governing board of a district maintaining a community college may require community college students to pay a fee for health supervision and services . . ." (Emphasis added). There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states:

*If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.* (Emphasis added).

##### Government Code Section 17514

The draft audit report relies upon Government Code Section 17514 for the conclusion that "[t]o the extent that community college districts can charge a fee,

they are not required to incur a cost." First, charging a fee has no relationship to whether costs are incurred to provide the student health services program. Second, Government Code Section 17514, as added by Chapter 1459, Statutes of 1984, actually states:

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

There is nothing in the language of the statute regarding the authority to charge a fee, any nexus of fee revenue to increased cost, nor any language that describes the legal effect of fees collected.

#### Government Code Section 17556

The draft audit report relies upon Government Code Section 17556 for the conclusion that "the Commission on State Mandates shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service." Government Code Section 17556 as last amended by Statutes of 2006, Chapter 538, actually states:

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

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

The draft audit report misrepresents the law. Government Code Section 17556 prohibits the Commission from finding costs subject to reimbursement, that is, approving a test claim activity for reimbursement, where the authority exists to levy fees in an amount sufficient to offset the entire mandated costs. Here, the Commission has already approved the test claim and made a finding of a new program or higher level of service for which the claimants do not have the ability to levy a fee in an amount sufficient to offset the entire mandated costs.

#### Parameters and Guidelines

The parameters and guidelines, as last amended on May 25, 1989, state, in relevant part: "Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed . . . . This shall include

the amount of [student fees] as authorized by Education Code Section 72246(a)." Student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not, because uncollected fees are "offsetting savings" that were not "experienced."

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

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

The District concurs with these adjustments to classify the gifts and other local income as offsetting savings or reimbursements for purposes of claim reporting.

#### **Finding 6 - Inaccurate reporting and insufficient documentation of health services provided**

The draft audit report asserts that the District did not properly report or document health services provided. The claiming forms require claimants to report services *available*, not the services actually *provided*, each fiscal year. Education Code Section 76355 requires districts that provided student health services programs in FY 1986-87 to maintain that level of service, that is, the Section requires that all of the same services continue to be offered each subsequent fiscal year. Whether these offered services are actually provided in subsequent years depends on whether a student requires the offered service.

The draft audit report identified the following services as in excess of those available in FY 1986-87: physical examinations, pap smears, influenza immunizations, and Hepatitis B immunizations:

- Physical examinations are not listed in the current or base periods as separate activities. However, to the extent that these services were provided by or available from the District staff, or arranging appointments for such examinations were done by or available from District staff, they would not be new services.
- Pap smears are gynecological services which were reported in the current and base periods.
- Immunizations, the labor associated with providing the injection, were provided in the base period. The actual vaccine injected may change from year-to-year, for example, Hepatitis B immunizations were not generally provided to the population in FY 1986-87.

No work papers in support of the draft audit assertion of excess services were provided so the District cannot ascertain whether the number of these services were significant enough to warrant continuous cost accounting for these exceptions, if any.



**Statute of Limitations**

The District's (FY) 2002-03 and FY 2003-04 claims were mailed to the Controller on January 12, 2005. According to Government Code Section 17558.5, the Controller has three years to commence an audit of claims filed after January 1, 2005. The entrance conference date for the audit was September 8, 2008, which is after the three-year period to commence the audit expired. Therefore, the proposed audit adjustments for FY 2002-03 and FY 2003-04 are barred by the statute of limitations set forth in Government Code Section 17558.5.


The audit report should be changed to exclude findings for the FY 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 2 (indirect cost rate calculation standards) and Finding 4 (calculation of the student health services fees offset).

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

Sincerely,



Jim Keller, Executive Vice-Chancellor  
San Mateo County Community College District

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

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



**CALIFORNIA COMMUNITY COLLEGES  
CHANCELLOR'S OFFICE**

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



March 5, 2001

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

From: Thomas J. Nussbaum  
Chancellor

Subject: Student Health Fee Increase

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

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

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

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

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

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

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

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

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

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



## 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





Fiscal Year

2002 - 2003

# SixTen and Associates

## Mandate Reimbursement Services

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

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

January 12, 2005

Claim File Copy

CERTIFIED MAIL # 7003 1010 0003 2876 5476

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

RE: Annual Reimbursement Claim  
San Mateo County Community College District CC41100

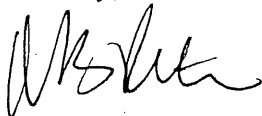
Dear Ms. Brummels:

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

486/75	Mandated Reimbursement Process	2002-2003
486/75	Mandated Reimbursement Process	2003-2004
1/84	Health Fee Elimination	2002-2003
1/84	Health Fee Elimination	2003-2004
641/86	Open Meetings/Brown Act Reform	2002-2003

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

Sincerely,



Keith B. Petersen

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>HEALTH FEE ELIMINATION</b>	For State Controller Use only (19) Program Number 00234 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">234</span>
--	---	---

LABEL HERE	(01) Claimant Identification Number: <span style="float: right;">CC41100</span>	<b>Reimbursement Claim Data</b>		
	(02) Claimant Name: <span style="float: right;">San Mateo County Community College District</span>	(22) HFE-1.0, (04)(b)	341,276	
	County of Location: <span style="float: right;">San Mateo</span>	(23)		
	Street Address: <span style="float: right;">3401 CSM Drive</span>	(24)		
	City: <span style="float: right;">San Mateo</span> State: <span style="float: right;">CA</span> Zip Code: <span style="float: right;">94402</span>	(25)		
	Type of Claim	(26)		

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(27)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)
Fiscal Year of Cost	(06)	(12) <span style="float: right;">2002-2003</span>	(30)
Total Claimed Amount	(07)	(13) <span style="float: right;">\$ 341,276</span>	(31)
Less: 10% Late Penalty		(14) <span style="float: right;">\$ 34,128</span>	(32)
Less: Prior Claim Payment Received		(15) <span style="float: right;">\$ -</span>	(33)
Net Claimed Amount		(16) <span style="float: right;">\$ 307,149</span>	(34)
Due from State	(08)	(17) <span style="float: right;">\$ 307,149</span>	(35)
Due to State		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer (USE BLUE INK) Date

Kathy L. Blackwood 1/10/05

Kathy Blackwood Chief Financial Officer

Type or Print Name Title

(38) Name of Contact Person for Claim Telephone Number: (858) 514-8605

SixTen and Associates E-mail Address: kbpsixten@aol.com

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0				
(01) Claimant:  San Mateo County Community College District	(02) Type of Claim: <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 20px;">Reimbursement</td> <td style="text-align: right;"><input checked="" type="checkbox"/></td> </tr> <tr> <td style="padding-left: 20px;">Estimated</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> </table>	Reimbursement	<input checked="" type="checkbox"/>	Estimated	<input type="checkbox"/>	Fiscal Year  2002-2003
Reimbursement	<input checked="" type="checkbox"/>					
Estimated	<input type="checkbox"/>					
(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. College of San Mateo	\$264,410.90					
2. Canada College	\$ 32,113.30					
3. Skyline College	\$ 44,752.00					
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>\$ 341,276</b>				

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN #:

DATE: March 11, 2003

INSTITUTION:  
San Mateo County Community College District  
3401 CSM Drive

FILING REF.: The preceding  
Agreement was dated  
February 4, 1999

San Mateo CA 94402

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES\*

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
PRED.	07/01/03	06/30/08	30.0	On-Campus	All Programs

INACTIVE:

BEGINNING 07/01/08 THIS ORGANIZATION DOES NOT HAVE AWARDS WITH THE FEDERAL GOVERNMENT THAT REIMBURSE FULL INDIRECT COSTS. IF IN THE FUTURE, AN AWARD IS RECEIVED WHICH PROVIDES FOR THE FULL REIMBURSEMENT OF ACTUAL INDIRECT COST, A PROVISIONAL RATE WILL BE ESTABLISHED AT THAT TIME.

\*BASE:

Direct salaries and wages including all fringe benefits.

<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:  San Mateo County Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2002-2003
---	--	--------------------------

(03) Name of College: College of San Mateo

(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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 381,573	\$ 114,472	\$ 496,045
(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)]	\$ 381,573	\$ 114,472	\$ 496,045

(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)	\$ 231,634
(10) Subtotal	[Line (07) - line (09)]	\$ 264,411

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 264,411

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

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.2</b>
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(01)	Claimant:  San Mateo County Community College District	(02) Type of Claim:  Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year  2002-2003
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(03) Name of College: Canada 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 105,931	\$ 31,779	\$ 137,710
(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)]	\$ 105,931	\$ 31,779	\$ 137,710

(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)	\$ 105,597
(10) Subtotal	[Line (07) - line (09)]	\$ 32,113

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 32,113

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.3</b>
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(01) Claimant:  San Mateo County Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2002-2003
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(03) Name of College: Skyline 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 177,200	\$ 53,160	\$ 230,360
(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)]	\$ 177,200	\$ 53,160	\$ 230,360

(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))	\$ 185,608
(10) Subtotal	[Line (07) - line (09)]	\$ 44,752

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 44,752



<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 San Mateo County Community College District	(02) Fiscal Year costs were incurred: 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			
College Physician, surgeon			
Dermatology, Family practice			
Internal Medicine			
Outside Physician			
Dental Services			
Outside Labs, (X-ray, etc.,)			
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			
Nutrition	X	X	
Test Results, office			
Venereal Disease			
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			
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			
Eating Disorders			
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			

<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 San Mateo County Community College District	(02) Fiscal Year costs were incurred: 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 Stop Smoking Library, Videos and Cassettes		X	X
First Aid, Major Emergencies First Aid, Minor Emergencies First Aid Kits, Filled		X X X	X X X
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information		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			
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-->		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

<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 San Mateo County Community College District		(02) Fiscal Year costs were incurred: 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		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			
Family Planning Facilities		X	X
Other Health Agencies			
Tests			
Blood Pressure		X	X
Hearing		X	X
Tuberculosis			
Reading		X	X
Information		X	X
Vision			
Glucometer			
Urinalysis			
Hemoglobin			
EKG			
Strep A Testing		X	X
PG Testing			
Monospot			
Hemacult			
Others, list			
Miscellaneous			
Absence Excuses/PE Waiver		X	X
Allergy Injections			
Band-aids		X	X
Booklets/Pamphlets		X	X
Dressing Change		X	X
Rest		X	X
Suture Removal			
Temperature		X	X
Weigh		X	X
Information		X	X
Report/Form		X	X
Wart Removal			
Others, list			
Committees			
Safety		X	X
Environmental			
Disaster Planning		X	X

Fiscal Year

2003 - 2004

# SixTen and Associates

## Mandate Reimbursement Services

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

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

January 12, 2005

Claim File Copy

CERTIFIED MAIL # 7003 1010 0003 2876 5476

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

RE: Annual Reimbursement Claim  
San Mateo County Community College District CC41100

Dear Ms. Brummels:

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

486/75	Mandated Reimbursement Process	2002-2003
486/75	Mandated Reimbursement Process	2003-2004
1/84	Health Fee Elimination	2002-2003
1/84	Health Fee Elimination	2003-2004
641/86	Open Meetings/Brown Act Reform	2002-2003

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

Sincerely,



Keith B. Petersen

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>HEALTH FEE ELIMINATION</b>	For State Controller Use only	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">234</span>
	(19) Program Number 00234	
	(20) Date Filed <u>   </u> / <u>   </u> / <u>   </u>	
	(21) LRS Input <u>   </u> / <u>   </u> / <u>   </u>	

L A B E L  H E R E	(01) Claimant Identification Number: <span style="float: right;">CC41100</span>		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name <span style="float: right;">San Mateo County Community College District</span>		(22) HFE-1.0, (04)(b)	233,210
	County of Location <span style="float: right;">San Mateo</span>		(23)	
	Street Address <span style="float: right;">3401 CSM Drive</span>		(24)	
	City	State	Zip Code	(25)
	San Mateo	CA	94402	
	<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) <span style="float: right;"><b>2004-2005</b></span>	(12) <span style="float: right;"><b>2003-2004</b></span>	(30)	
<b>Total Claimed Amount</b>	(07) <span style="float: right;">\$ <b>256,000</b></span>	(13) <span style="float: right;">\$ <b>233,210</b></span>	(31)	
<b>Less: 10% Late Penalty</b>		(14) <span style="float: right;">\$ -</span>	(32)	
<b>Less: Prior Claim Payment Received</b>		(15) <span style="float: right;">\$ -</span>	(33)	
<b>Net Claimed Amount</b>		(16) <span style="float: right;">\$ <b>233,210</b></span>	(34)	
<b>Due from State</b>	(08) <span style="float: right;">\$ <b>256,000</b></span>	(17) <span style="float: right;">\$ <b>233,210</b></span>	(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)

Date

*Kathy L. Blackwood*

1/10/05

Kathy Blackwood

Chief Financial Officer

Type or Print Name

Title

(38) Name of Contact Person for Claim

Telephone Number: (858) 514-8605

SixTen and Associates

E-mail Address: kbpsixten@aol.com

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

(01) Claimant:  San Mateo County Community College District	(02) Type of Claim: <table style="width: 100%; border: none;"> <tr> <td style="padding: 2px;">Reimbursement</td> <td style="text-align: right; padding: 2px;"><input checked="" type="checkbox"/></td> </tr> <tr> <td style="padding: 2px;">Estimated</td> <td style="text-align: right; padding: 2px;"><input type="checkbox"/></td> </tr> </table>	Reimbursement	<input checked="" type="checkbox"/>	Estimated	<input type="checkbox"/>	Fiscal Year	2003-2004
Reimbursement	<input checked="" type="checkbox"/>						
Estimated	<input type="checkbox"/>						

**(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. College of San Mateo	\$188,612.80
2. Canada College	\$ 23,133.10
3. Skyline College	\$ 21,463.90
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>\$ 233,210</b>

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN #:

DATE: March 11, 2003

INSTITUTION:  
 San Mateo County Community College District  
 3401 CSM Drive

FILING REF.: The preceding  
 Agreement was dated  
 February 4, 1999

San Mateo

CA 94402

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES\*

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
PRED.	07/01/03	06/30/08	30.0	On-Campus	All Programs

INACTIVE:

BEGINNING 07/01/08 THIS ORGANIZATION DOES NOT HAVE AWARDS WITH THE FEDERAL GOVERNMENT THAT REIMBURSE FULL INDIRECT COSTS. IF IN THE FUTURE, AN AWARD IS RECEIVED WHICH PROVIDES FOR THE FULL REIMBURSEMENT OF ACTUAL INDIRECT COST, A PROVISIONAL RATE WILL BE ESTABLISHED AT THAT TIME.

\*BASE:

Direct salaries and wages including all fringe benefits.



<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:  San Mateo County Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2003-2004
---	--	--------------------------

(03) Name of College: College of San Mateo

(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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 334,606	\$ 100,382	\$ 434,988
(06) Cost of providing current fiscal year health services in excess of 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 334,606	\$ 100,382	\$ 434,988

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

Collection Period	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code §76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code §76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That 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)	\$ 246,375
(10) Subtotal	[Line (07) - line (09)]	\$ 188,613

<b>Cost Reduction</b>		
(11) Less: Offsetting Savings, if applicable		\$ -
(12) Less: Other Reimbursements, if applicable		\$ -
(13) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}]	\$ 188,613

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.2</b>
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(01)	Claimant:  San Mateo County 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: Canada 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 94,827	\$ 28,448	\$ 123,275
(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)]	\$ 94,827	\$ 28,448	\$ 123,275

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

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

(09) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c))	\$ 100,142
(10) Subtotal	[Line (07) - line (09)]	\$ 23,133

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 23,133

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.3</b>
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(01)	Claimant: San Mateo County 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: Skyline 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 146,753	\$ 44,026	\$ 190,779
(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)]	\$ 146,753	\$ 44,026	\$ 190,779

(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)	\$ 169,315
(10) Subtotal	[Line (07) - line (09)]	\$ 21,464

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 21,464

<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 San Mateo County 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		
College Physician, surgeon		
Dermatology, Family practice		
Internal Medicine		
Outside Physician		
Dental Services		
Outside Labs, (X-ray, etc.)		
Psychologist, full services	X	X
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments		
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports	X	X
Nutrition		
Test Results, office		
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy	X	X
Gynecology/Pregnancy Service		
Neuralgic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling		
Substance Abuse Identification and Counseling		
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		

<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 San Mateo County 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 Stop Smoking Library, Videos and Cassettes		X	X
First Aid, Major Emergencies First Aid, Minor Emergencies First Aid Kits, Filled		X X X	X X X
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information		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			
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-->		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

<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 San Mateo County Community College District	(02) Fiscal Year costs were incurred: 2003-2004
--	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies		
Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women	X	X
Family Planning Facilities		
Other Health Agencies		
Tests		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis		
Reading	X	X
Information	X	X
Vision		
Glucometer		
Urinalysis		
Hemoglobin		
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		
Suture Removal	X	X
Temperature	X	X
Weigh	X	X
Information	X	X
Report/Form		
Wart Removal		
Others, list		
Committees		
Safety	X	X
Environmental		
Disaster Planning	X	X

Fiscal Year

2004 - 2005

# SixTen and Associates

## Mandate Reimbursement Services

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Claim File Copy

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

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

January 12, 2006

CERTIFIED MAIL # 7004 2510 0004 4007 0657

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

RE: Annual Reimbursement Claim  
San Mateo County Community College District CC41100

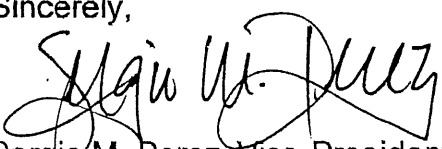
Dear Ms. Brummels:

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

1/84 Health Fee Elimination 2004-2005

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

Sincerely,

  
Sergio M. Perez, Vice-President  
Claims Processing Manager



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

(01) Claimant Identification Number: CC 41100		<b>Reimbursement Claim Data</b>	
(02) Claimant Name: San Mateo County Community College District		(22) HFE-1.0, (04)(b)	314,446
County of Location: San Mateo		(23)	
Street Address: 3401 CSM Drive		(24)	
City: San Mateo	State: CA	Zip Code: 94402	(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) 2005-2006	(12) 2004-2005	(30)
<b>Total Claimed Amount</b>	(07) \$ 345,000	(13) \$ 314,446	(31)
<b>Less: 10% Late Penalty</b>		(14) \$ -	(32)
<b>Less: Prior Claim Payment Received</b>		(15) \$ -	(33)
<b>Net Claimed Amount</b>		(16) \$ 314,446	(34)
<b>Due from State</b>	(08) \$ 345,000	(17) \$ 314,446	(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) Date

*Kathy L Blackwood* 1/10/06

---

Kathy Blackwood Chief Financial Officer

Type or Print Name Title

(38) Name of Contact Person for Claim Telephone Number: (858) 514-8605

SixTen and Associates E-mail Address: kbpsixten@aol.com

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

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

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

(a) Name of College	(b) Claimed Amount
1. College of San Mateo	\$205,868.57
2. Canada College	\$ 58,247.10
3. Skyline College	\$ 50,330.01
4.	
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21.	
<b>(04) Total Amount Claimed</b>	<b>\$ 314,446</b> <small>[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]</small>

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

(03) Name of College: College of San Mateo

(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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 325,310	\$ 97,593	\$ 422,904
(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)]	\$ 325,310	\$ 97,593	\$ 422,904

(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)	\$ 217,035
(10) Subtotal	[Line (07) - line (09)]	\$ 205,869

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable		\$ -
(12) Less: Other Reimbursements, if applicable		\$ -
(13) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}]	\$ 205,869

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.2</b>
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(01)	Claimant:  San Mateo County 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: Canada 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 115,568	\$ 34,670	\$ 150,238
(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)]	\$ 115,568	\$ 34,670	\$ 150,238

(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)	\$ 91,991
(10) Subtotal	[Line (07) - line (09)]	\$ 58,247

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 58,247

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

<b>PROGRAM</b> <b>234</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.3</b>
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(01)	Claimant: San Mateo County Community College Distric	(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: Skyline 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 169,789	\$ 50,937	\$ 220,726
(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)]	\$ 169,789	\$ 50,937	\$ 220,726

(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)) \$ 170,396

(10) Subtotal [Line (07) - line (09)] \$ 50,330

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable \$ -

(12) Less: Other Reimbursements, if applicable \$ -

(13) Total Amount Claimed [Line (10) - {(line (11) + line (12))} \$ 50,330

<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 San Mateo County Community College District	(02) Fiscal Year costs were incurred: 2004-2005
--	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Accident Reports	X	X
Appointments		
College Physician, surgeon		
Dermatology, Family practice		
Internal Medicine		
Outside Physician		
Dental Services		
Outside Labs, (X-ray, etc.,)		
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		
Nutrition	X	X
Test Results, office		
Venereal Disease		
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		
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		
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list		
Examinations, minor illnesses	X	X
Recheck Minor Injury		
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome		
Child Abuse		

<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 San Mateo County Community College District	(02) Fiscal Year costs were incurred: 2004-2005
--	--

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
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		
Pap Smears		
Physical Examinations		
Employees		
Students		
Athletes		
Medications		
Antacids	X	X
Antidiarrheal	X	X
Aspirin, Tylenol, etc.,	X	X
Skin Rash Preparations	X	X
Eye Drops		
Ear Drops		
Toothache, oil cloves	X	X
Stingkill	X	X
Midol, Menstrual Cramps	X	X
Other, list-->		
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		
Parking Inquiry	X	X
Elevator Passes		
Temporary Handicapped Parking Permits		

<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 San Mateo County Community College District	(02) Fiscal Year costs were incurred: 2004-2005
--	--

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



Fiscal Year

2005 - 2006

# Sixten and Associates Mandate Reimbursement Services

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

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

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

Claim File Copy

December 21, 2007

CERTIFIED MAIL # 7006 3450 0000 3941 8666

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

RE: Annual Reimbursement Claim  
San Mateo County Community College District CC41100

Dear Ms. Brummels:

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

1/84                      Health Fee Elimination                      2005-2006

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

Sincerely,



for Keith B. Petersen, President

**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**

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(01) Claimant Identification Number: CC 41100

(02) Claimant Name: San Mateo County Community College District

County of Location: San Mateo

Street Address: 3401 CSM Drive

City: San Mateo State: CA Zip Code: 94402

**Reimbursement Claim Data**

(22) HFE-1.0, (04)(b)	360,955
(23)	
(24)	
(25)	
(26)	
(27)	
(28)	
(29)	
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>
Fiscal Year of Cost	(06)	(12) 2005-2006
Total Claimed Amount	(07)	(13) \$ 360,955
Less : 10% Late Penalty, not to exceed \$10,000		(14) \$ 10,000
Less : Prior Claim Payment Received		(15) \$ -
Net Claimed Amount		(16) \$ 350,955
Due from State	(08)	(17) \$ 350,955
Due to State		(18)

**(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

*Kathy Blackwood*

12/20/07

Kathy Blackwood

Chief Financial Officer

Type or Print Name

Title

(38) Name of Contact Person for Claim

Telephone Number: (858) 514-8605

SixTen and Associates

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

(a) Name of College	(b) Claimed Amount
1. College of San Mateo	\$ 216,335
2. Canada College	\$ 61,153
3. Skyline College	\$ 83,467
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<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	<b>\$ 360,955</b>
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<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: San Mateo County 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: College of San Mateo

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: 30.00%	Total
5) Cost of Health Services for the Fiscal year of Claim	\$ 363,074	\$ 108,922	\$ 471,996
6) Cost of providing current fiscal year health services in excess of 1986/87		\$ -	\$ -
7) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 363,074	\$ 108,922	\$ 471,996

8) 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				\$ -		\$ -	\$ -

i) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c)	\$ 255,661
j) Subtotal	[Line (07) - line (09)]	\$ 216,335

**Cost Reduction**

k) Less: Offsetting Savings, if applicable	\$ -
l) Less: Other Reimbursements, if applicable	\$ -
m) Total Amount Claimed	\$ 216,335

**PROGRAM**  
**234**

**MANDATED COSTS**  
**HEALTH FEE ELIMINATION**  
**CLAIM SUMMARY**

**FORM**  
**HFE-1.1**

(01) Claimant: San Mateo County 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: Canada 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 145,662	\$ 43,699	\$ 189,361
(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)]	\$ 145,662	\$ 43,699	\$ 189,361

(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))	\$ 128,208
(10) Subtotal	[Line (07) - line (09)]	\$ 61,153

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}]
	\$ 61,153

<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: an Mateo County 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: Skyline 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: 30.00%	Total
5) Cost of Health Services for the Fiscal year of Claim	\$ 222,306	\$ 66,692	\$ 288,998
6) Cost of providing current fiscal year health services in excess of 1986/87		\$ -	\$ -
7) Cost of providing current fiscal year health services at 1986/87 level [Line (05) - line (06)]	\$ 222,306	\$ 66,692	\$ 288,998

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

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

) Total health fee that could have been collected:	The sum of (Line (08)(1)(c) through line (08)(6)(c)	\$ 205,531
) Subtotal	[Line (07) - line (09)]	\$ 83,467

**Cost Reduction**

) Less: Offsetting Savings, if applicable	\$ -
) Less: Other Reimbursements, if applicable	\$ -
) Total Amount Claimed	\$ 83,467

**Program**  
**234**

**MANDATED COSTS**  
**1/84 HEALTH FEE ELIMINATION**  
**COMPONENT/ACTIVITY COST DETAIL**

**FORM**  
**HFE-2**

(01) Claimant  
San Mateo County Community College District

(02) Fiscal Year costs were incurred:  
2005-2006

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Accident Reports	X	X
Appointments		
College Physician, surgeon		
Dermatology, Family practice		
Internal Medicine		
Outside Physician		
Dental Services		
Outside Labs, (X-ray, etc.)		
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		
Nutrition	X	X
Test Results, office		
Venereal Disease		
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		
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		
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		



Program <b>234</b>	MANDATED COSTS 1/84 HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM <b>HFE-2</b>	
(01) Claimant San Mateo County 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
First Aid, Major Emergencies First Aid, Minor Emergencies First Aid Kits, Filled		X X X	X X X
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information		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			
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--> Antibiotics, Antidepressants, Oral Contraceptives		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

(01) Claimant  
San Mateo County 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
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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		
Family Planning Facilities	X	X
Other Health Agencies		
Tests		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis		
Reading	X	X
Information	X	X
Vision	X	X
Glucometer		
Urinalysis		
Hemoglobin		
EKG		
Strep A Testing	X	X
PG Testing		
Monospot		
Hemacult		
Others, list>>All Blood Test, Cultures, Pulse Oximeter, Pulmonary Function		
Miscellaneous		
Absence Excuses/PE Waiver	X	X
Allergy Injections		
Band-aids	X	X
Booklets/Pamphlets	X	X
Dressing Change	X	X
Rest	X	X
Suture Removal		
Temperature	X	X
Weigh	X	X
Information	X	X
Report/Form	X	X
Wart Removal		
Others, list		
Committees		
Safety	X	X
Environmental		
Disaster Planning	X	X

Fiscal Year

2006 - 2007

# Six Ten and Associates Mandate Reimbursement Services

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

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

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

January 25, 2008

Claim File Copy

CERTIFIED MAIL # 7006 3450 0000 3941 8703

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

RE: Annual Reimbursement Claim  
San Mateo County Community College District CC41100

Dear Ms. Brummels:

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

1/84

Health Fee Elimination

2006-2007

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

Sincerely,



for Keith B. Petersen, President

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>HEALTH FEE ELIMINATION</b>	For State Controller Use only	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">234</span>
	(19) Program Number 00234	
	(20) Date Filed ___/___/___	
	(21) LRS Input ___/___/___	

(01) Claimant Identification Number: <span style="float: right;">CC 41100</span>	<b>Reimbursement Claim Data</b>	
(02) Claimant Name <span style="float: right;">San Mateo County Community College District</span>	(22) HFE-1.0, (04)(b)	394,693
County of Location <span style="float: right;">San Mateo</span>	(23)	
Street Address <span style="float: right;">3401 CSM Drive</span>	(24)	
City <span style="float: right;">San Mateo</span> State <span style="float: right;">CA</span> Zip Code <span style="float: right;">94402</span>	(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)	
			(29)	
Fiscal Year of Cost	(06) <span style="float: right;">2007-2008</span>	(12) <span style="float: right;">2006-2007</span>	(30)	
Total Claimed Amount	(07) \$ <span style="float: right;">434,000</span>	(13) \$ <span style="float: right;">394,693</span>	(31)	
Less: 10% Late Penalty, not to exceed \$10,000		(14) \$ <span style="float: right;">-</span>	(32)	
Less: Prior Claim Payment Received		(15) \$ <span style="float: right;">-</span>	(33)	
Net Claimed Amount		(16) \$ <span style="float: right;">394,693</span>	(34)	
Due from State	(08) \$ <span style="float: right;">434,000</span>	(17) \$ <span style="float: right;">394,693</span>	(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)

*Kathy Blackwood*

Kathy Blackwood

Type or Print Name

Date

*1/17/08*

Chief Financial Officer

Title

(38) Name of Contact Person for Claim Telephone Number: (858) 514-8605

SixTen and Associates 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:  San Mateo County 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) 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. Canada College	\$ 95,381
2. College of San Mateo	\$ 231,240
3. Skyline College	\$ 68,072
4.	
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<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$ 394,693
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<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: San Mateo County 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: Canada 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 <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>
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	Direct Cost	Indirect Cost of: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 197,584	\$ 59,275	\$ 256,859
(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)]	\$ 197,584	\$ 59,275	\$ 256,859

(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))	\$ 161,478
(10) Subtotal	[Line (07) - line (09)]	\$ 95,381

**Cost Reduction**

1) Less: Offsetting Savings, if applicable	
2) Less: Other Reimbursements, if applicable	
3) Total Amount Claimed	\$ 95,381 [Line (10) - {(line (11) + line (12))}]

<b>PROGRAM 234</b>	<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.1</b>
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(01) Claimant: San Mateo County 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: College of San Mateo

(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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 415,602	\$ 124,681	\$ 540,283
(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)]	\$ 415,602	\$ 124,681	\$ 540,283

(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))	\$ 309,043
(0) Subtotal	[Line (07) - line (09)]	\$ 231,240

**Cost Reduction**

(1) Less: Offsetting Savings, if applicable	
(2) Less: Other Reimbursements, if applicable	
(3) Total Amount Claimed	\$ 231,240 [Line (10) - {(line (11) + line (12))}]



<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: San Mateo County 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: Skyline 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: 30.00%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 254,539	\$ 76,362	\$ 330,901
(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)]	\$ 254,539	\$ 76,362	\$ 330,901

(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))	\$ 262,829
(10) Subtotal	[Line (07) - line (09)]	\$ 68,072

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ -
(13) Total Amount Claimed	\$ 68,072

<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>		
(01) Claimant San Mateo County Community College District	(02) Fiscal Year costs were incurred: 2006-2007			
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim		
Accident Reports	X	X		
Appointments				
College Physician, surgeon				
Dermatology, Family practice				
Internal Medicine				
Outside Physician				
Dental Services				
Outside Labs, (X-ray, etc.,)				
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				
Nutrition	X	X		
Test Results, office				
Venereal Disease				
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				
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				
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				

<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 San Mateo County 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
Birth Control/Family Planning		
Stop Smoking		
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		
Pap Smears		
Physical Examinations		
Employees		
Students		
Athletes		
Medications		
Antacids	X	X
Antidiarrheal	X	X
Aspirin, Tylenol, etc.,	X	X
Skin Rash Preparations	X	X
Eye Drops		
Ear Drops		
Toothache, oil cloves	X	X
Stingkill	X	X
Midol, Menstrual Cramps	X	X
Other, list--->		
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		
Parking Inquiry	X	X
Elevator Passes		
Temporary Handicapped Parking Permits		

