

IMPERIAL COUNTY

Audit Report

PESTICIDE USE REPORTS PROGRAM

Chapter 1200, Statutes of 1989

July 1, 2001, through June 30, 2006



JOHN CHIANG
California State Controller

September 2008



JOHN CHIANG
California State Controller

September 17, 2008

The Honorable Gary Wyatt, Chairman
Board of Supervisors
Imperial County
940 Main Street
El Centro, CA 92243

Dear Supervisor Wyatt:

The State Controller's Office audited the costs claimed by Imperial County for the legislatively mandated Pesticide Use Reports Program (Chapter 1200, Statutes of 1989) for the period of July 1, 2001, through June 30, 2006.

The county claimed and was paid \$200,245 for the mandated program. Our audit disclosed that \$13,791 is allowable and \$186,454 is unallowable. The unallowable costs resulted primarily because the county claimed reimbursement for ineligible costs and overstated offsetting revenues. The State will offset \$186,454 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at CSM's Web site, at www.csm.ca.gov (Guidebook link); you may obtain IRC forms by telephone, at (916) 323-3562, or by e-mail, at csminfo@csm.ca.gov.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/sk

cc: The Honorable Douglas R. Newland, Auditor-Controller
Imperial County
Stephen L. Birdsall, Agricultural Commissioner
Imperial County
Linda Evans, Lead Agricultural Biologist
Imperial County
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Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	1
Conclusion	2
Views of Responsible Official	2
Restricted Use	2
Schedule 1—Summary of Program Costs.....	3
Findings and Recommendations	5
Attachment—County’s Response to Draft Audit Report	

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Imperial County for the legislatively mandated Pesticide Use Reports Program (Chapter 1200, Statutes of 1989) for the period of July 1, 2001, through June 30, 2006.

The county claimed and was paid \$200,245 for the mandated program. Our audit disclosed that \$13,791 is allowable and \$186,454 is unallowable. The unallowable costs resulted primarily because the county claimed reimbursement for ineligible costs and overstated offsetting revenues. The State will offset \$186,454 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

Background

Food and Agricultural Code section 12979 (added and amended by Chapter 1200, Statutes of 1989) requires increased pesticide reporting requirements by pesticide users, which includes all agricultural users, and increases recordkeeping requirements by pesticide dealers who are licensed by the State. It also requires county agricultural commissioners to issue operator and site identification numbers to specified persons, inspect and audit certain records, and file the newly required pesticide use reports with the State.

On November 19, 1992, the Commission on State Mandates (CSM) determined that Chapter 1200, Statutes of 1989, imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. CSM adopted the parameters and guidelines on February 23, 1995. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Pesticide Use Reports Program for the period of July 1, 2001, through June 30, 2006.

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 12410, 17558.5, and 17561. We did not audit the county'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 county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

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, Imperial County claimed and was paid \$200,245 for costs of the Pesticide Use Reports Program. Our audit disclosed that \$13,791 is allowable and \$186,454 is unallowable.

The State paid the county \$200,245. Our audit disclosed that \$13,791 is allowable. The State will offset \$186,454 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

Views of Responsible Official

We issued a draft audit report on June 13, 2008. The Honorable Douglas R. Newland, Auditor-Controller, responded by letter dated July 2, 2008 (Attachment), agreeing with the audit results except for Finding 1. This final audit report includes the county's response.

Restricted Use

This report is solely for the information and use of Imperial County, 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 17, 2008

**Schedule 1—
Summary of Program Costs
July 1, 2001, through June 30, 2006**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>	<u>Reference¹</u>
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs:				
Issuing I.D. numbers	\$ 62,688	\$ 3,727	\$ (58,961)	Finding 1, 3
Reviewing and filing with DPR	12,378	14,303	1,925	Finding 3
Auditing and inspecting records	2,474	2,859	385	Finding 3
Total direct costs	77,540	20,889	(56,651)	
Indirect costs	22,409	6,037	(16,372)	Finding 1, 3
Total direct and indirect costs	99,949	26,926	(73,023)	
Less offsetting revenues	(30,482)	(23,630)	6,852	Finding 2
Total program costs	<u>\$ 69,467</u>	3,296	<u>\$ (66,171)</u>	
Less amount paid by the State		(69,467)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (66,171)</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs:				
Issuing I.D. numbers	\$ 60,064	\$ 4,637	\$ (55,427)	Finding 1, 3
Reviewing and filing with DPR	12,019	13,889	1,870	Finding 3
Auditing and inspecting records	4,685	5,413	728	Finding 3
Total direct costs	76,768	23,939	(52,829)	
Indirect costs	16,352	5,099	(11,253)	Finding 1, 3
Total direct and indirect costs	93,120	29,038	(64,082)	
Less offsetting revenues	(49,172)	(24,619)	24,553	Finding 2
Total program costs	<u>\$ 43,948</u>	4,419	<u>\$ (39,529)</u>	
Less amount paid by the State		(43,948)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (39,529)</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Issuing I.D. numbers	\$ 60,807	\$ 5,563	\$ (55,244)	Finding 1, 3
Reviewing and filing with DPR	12,776	14,764	1,988	Finding 3
Auditing and inspecting records	2,949	3,407	458	Finding 3
Total direct costs	76,532	23,734	(52,798)	
Indirect costs	14,110	4,376	(9,734)	Finding 1, 3
Total direct and indirect costs	90,642	28,110	(62,532)	
Less offsetting revenues	(41,467)	(26,149)	15,318	Finding 2
Total program costs	<u>\$ 49,175</u>	1,961	<u>\$ (47,214)</u>	
Less amount paid by the State		(49,175)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (47,214)</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
Issuing I.D. numbers	\$ 71,179	\$ 5,070	\$ (66,109)	Finding 1, 3
Reviewing and filing with DPR	12,160	14,053	1,893	Finding 3
Auditing and inspecting records	1,479	1,708	229	Finding 3
Total direct costs	84,818	20,831	(63,987)	
Indirect costs	16,987	4,224	(12,763)	Finding 1, 3
Total direct and indirect costs	101,805	25,055	(76,750)	
Less offsetting revenues	(77,540)	(20,940)	56,600	Finding 2
Total program costs	<u>\$ 24,265</u>	4,115	<u>\$ (20,150)</u>	
Less amount paid by the State		(24,265)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (20,150)</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs:				
Issuing I.D. numbers	\$ 72,828	\$ 5,241	\$ (67,587)	Finding 1, 3
Reviewing and filing with DPR	12,449	14,386	1,937	Finding 3
Auditing and inspecting records	1,845	2,132	287	Finding 3
Total direct costs	87,122	21,759	(65,363)	
Indirect costs	7,231	3,774	(3,457)	Finding 1,3,4
Total direct and indirect costs	94,353	25,533	(68,820)	
Less offsetting revenues	(80,963)	(58,032)	22,931	Finding 2
Subtotal	13,390	(32,499)	(45,889)	
Adjustment to eliminate negative balance	—	32,499	32,499	Finding 5
Total program costs	<u>\$ 13,390</u>	—	<u>\$ (13,390)</u>	
Less amount paid by the State		(13,390)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (13,390)</u>		
<u>Summary: July 1, 2001, through June 30, 2006</u>				
Direct costs:				
Issuing I.D. numbers	\$ 327,566	\$ 24,238	\$ (303,328)	
Reviewing and filing with DPR	61,782	71,395	9,613	
Auditing and inspecting records	13,432	15,519	2,087	
Total direct costs	402,780	111,152	(291,628)	
Indirect costs	77,089	23,510	(53,579)	
Total direct and indirect costs	479,869	134,662	(345,207)	
Less offsetting revenues	(279,624)	(153,370)	126,254	
Subtotal	200,245	(18,708)	(218,953)	
Adjustment to eliminate negative balance	—	32,499	32,499	
Total program costs	<u>\$ 200,245</u>	13,791	<u>\$ (186,454)</u>	
Less amount paid by the State		(200,245)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (186,454)</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Unallowable salaries and benefits related indirect costs

The county claimed \$402,780 in salaries and benefits and \$77,089 in related indirect costs for the audit period. Salaries and benefits totaling \$306,590 were unallowable because these costs are not identified in the parameters and guidelines as reimbursable costs. Related indirect costs totaled \$58,446.

The following table summarizes the audit adjustments by cost component:

Reimbursable Component	Amount Claimed	Amount Allowed	Audit Adjustment
Issuing ID numbers	\$ 327,566	\$ 20,976	\$ (306,590)
Reviewing and filing with DPR	61,782	61,782	—
Auditing and inspecting records	13,432	13,432	—
Total direct costs	402,780	96,190	(306,590)
Indirect costs	77,089	18,643	(58,446)
Total	<u>\$ 479,869</u>	<u>\$ 114,833</u>	<u>\$ (365,036)</u>

Issuing Identification (ID) Numbers

For the Issuing Identification Numbers cost component, the county claimed \$327,566 in salaries and benefits for the audit period (\$290,956 for issuing site identification numbers and \$36,610 for issuing operator identification numbers). We determined that \$306,590 is unallowable. The unallowable costs occurred because \$278,270 was claimed for issuing ineligible site identification numbers and \$28,320 was claimed for issuing ineligible operator identification numbers.

Issuing Site Identification Numbers

For the audit period, the county claimed \$290,956 in salaries and benefits for issuing site identification numbers. We determined that \$12,686 was allowable and \$278,270 was unallowable. Related indirect costs totaled \$53,096.

Fiscal Year	Amount Claimed	Amount Allowed	Audit Adjustment
2001-02	\$ 55,684	\$ 1,803	\$ (53,881)
2002-03	52,998	2,113	(50,885)
2003-04	53,483	3,007	(50,476)
2004-05	64,032	2,481	(61,551)
2005-06	64,759	3,282	(61,477)
	<u>\$ 290,956</u>	<u>\$ 12,686</u>	<u>\$ (278,270)</u>

The hours claimed were based on the results of a time study conducted by the county during FY 2001-02 which showed 12 minutes spent per site identification multiplied by the total number of site identification numbers issued. However, prior to the 100% use reporting requirement, a location identifier had always been assigned to holders of a restricted materials permit. When the mandate came into effect, the location—now called a site identification number—was also to be applied to persons

obtaining an operator identification number. The task of assigning a site identification number instead of a location identifier is not a new activity mandated by the state. In addition, the program's parameters and guidelines, section V(A), state that activities related to reports for the use of restricted materials are not reimbursable for restricted materials permit holders. Therefore, only the site numbers assigned as part of a non-restricted operator identification number is a reimbursable activity.

The following table summarizes the number of site identification numbers assigned as part of a non-restricted operator identification number versus the number of site identification numbers issued by fiscal year:

<u>Fiscal Year</u>	<u>Total Site ID Numbers Issued</u>	<u>Allowable Site ID Numbers on a Non-Restricted Operator ID</u>	<u>Difference</u>
2001-02	9,668	313	(9,355)
2002-03	9,775	348	(9,427)
2003-04	9,910	482	(9,428)
2004-05	9,991	387	(9,604)
2005-06	<u>10,309</u>	<u>525</u>	<u>(9,784)</u>
	<u>49,653</u>	<u>2,055</u>	<u>(47,598)</u>

Issuing Operator Identification Numbers

For the audit period, the county claimed \$36,610 in salaries and benefits for issuing operator identification numbers. We determined that \$8,290 was allowable and \$28,320 was unallowable. The related indirect costs totaled \$5,350.

The following table summarizes the audit adjustment by fiscal year:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowed</u>	<u>Audit Adjustment</u>
2001-02	\$ 7,003	\$ 1,422	\$ (5,581)
2002-03	7,066	1,900	(5,166)
2003-04	7,324	1,807	(5,517)
2004-05	7,148	1,907	(5,241)
2005-06	<u>8,069</u>	<u>1,254</u>	<u>(6,815)</u>
	<u>\$ 36,610</u>	<u>\$ 8,290</u>	<u>\$ (28,320)</u>

The hours claimed were based on the results of a time study conducted by the county during FY 2001-02 showing 45 minutes spent per operator identification multiplied by the total number of operator identification numbers issued. The county issues both non-restricted operator identification numbers and operator identification numbers to those with a restricted materials permit. The parameters and guidelines state that activities related to reports for the use of pesticides classified as restricted materials are not reimbursable. The county should only have claimed reimbursement for the non-restricted operator identification numbers issued.

The following table summarizes the non-restricted operator identification numbers issued versus the total number of operator identification numbers issued by fiscal year:

<u>Fiscal Year</u>	<u>Total Operator ID Numbers Claimed</u>	<u>Non-Restricted Operator ID Numbers</u>	<u>Difference</u>
2001-02	413	83	(330)
2002-03	399	107	(292)
2003-04	422	104	(318)
2004-05	406	108	(298)
2005-06	387	60	(327)
	<u>2,027</u>	<u>462</u>	<u>(1,565)</u>

Summary

The following table summarizes all of the overstated costs for each cost component by fiscal year:

<u>Cost Category</u>	<u>Fiscal Year</u>					<u>Total</u>
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	
Direct costs:						
Issuing ID numbers	\$ (59,462)	\$ (56,051)	\$ (55,993)	\$ (66,792)	\$ (68,292)	\$ (306,590)
Indirect cost rate	<u>× 28.90%</u>	<u>× 21.30%</u>	<u>× 25.70% *</u>	<u>× 28.00% *</u>	<u>× 12.30% *</u>	
Indirect cost adjustment	<u>(17,185)</u>	<u>(11,939)</u>	<u>(10,323)</u>	<u>(13,331)</u>	<u>(5,668)</u>	<u>(58,446)</u>
Audit adjustment**	<u>\$(76,647)</u>	<u>\$(67,990)</u>	<u>\$(66,316)</u>	<u>\$(80,123)</u>	<u>\$(73,960)</u>	<u>\$(365,036)</u>

* Indirect costs for FY 2001-02 and FY 2002-03 were based on salaries and benefits. However, indirect costs for FY 2003-04 through FY 2005-06 were based *only* on salaries. Direct cost adjustments for salaries are \$40,169, \$47,611, and \$46,081 for FY 2003-04, FY 2004-05, and FY 2005-06, respectively.

** Direct costs plus indirect cost adjustment.

The parameters and guidelines, adopted by the Commission on State Mandates on February 23, 1995, define the criteria for pesticide use reporting.

The parameters and guidelines, section V (Reimbursable Activities and Related Costs), outline the activities that are reimbursable for increased pesticide use reporting requirements. Activities related to reports for the use of pesticides that are classified by the state as restricted materials are not reimbursable because those reports were required prior to the enactment of the legislation underlying the mandated program.

The parameters and guidelines, section VII (Supporting Data), require that all costs be traceable to source documents that show evidence of and validity of claimed costs.

Recommendation

We recommend that the county establish and implement procedures to ensure that claimed costs include only eligible costs. In addition, we recommend that the county prepare a new time study to support the time increments spent for issuing identification numbers.

County's Response

Finding 1: During the audit, the Agricultural Commissioner addressed with the auditors whether the issuance of Identification Numbers is considered a mandate and therefore, the costs associated with reporting this information is reimbursable by the Department of Pesticide Regulation (please see the attached documentation). The Agricultural Commissioner stated that the revision of form 33-126x required the reported of the Side Identification Number, which had not been previously required and that the enactment of Food and Agricultural Code section 12979 and the associated California Code of Regulations allow them to seek reimbursement of costs associated with the reporting requirements implemented under those regulations.

Therefore, we disagree with this finding and the associated audit adjustment.

Rebuttal Point # 1 – Prior to 100% Use Reporting, restricted materials sites were identified by a location description. This could be an address, a field name, a canal gate, a field number, etc. The original hand written permits only had an area for a location description (see document #1 – Restricted Materials Permit Application). In fact, the updated, handwritten forms, provided by CDPH look exactly the same and still only have a location description. When the computerized format for restricted materials permits came out, they duplicated this location area. It was a 30 character area that had to be filled in (see document #2 – 1986 Computer Program Manual, pg. 19). In addition, there was an area for a field number, if the map had one, but one could put N/A if there was no field number (doc.#2, pg 19), nor was it a requirement of the code. This was not done on the handwritten permits and not required on the pesticide use reports.

In 1988, the computer program was changed and upgraded to expand the “field number”, what DPR calls a “location identifier”, into the anticipated Site ID number that would be needed when the new use reporting requirement finally went into effect 12/89 (see document #3 – 1988 Computer Program Manual, pg. I.23). This was a mandatory, 8 character ID# field that had to be filled in on the computerized version of a restricted materials permit, in addition to the 30 character location narrative (doc.#3, pg. I.24) from before. However, it was still not mandated by the code. The field # only had to be used if you were going to issue the restricted permit with the computer form. A handwritten form, with only the location description was acceptable, and, in fact, many counties continued to use this until they got up to speed with their computer technology. The pesticide use reports didn't even require a site ID number until the new code went into effect (see document #4 – Proposed 7-day Use Reports). Once it was mandated to get an operator ID and a site ID for all pesticide uses, the counties had to come up with a unique, 8 character numbering system that identified each field, regardless of whether there would be restricted or non-restricted uses on that field, or they were using a handwritten permit or a computerized print-out. Therefore, issuing a unique site ID for each fields was a new, time consuming task, whether or not it was as on a Restricted Materials Permit/operator ID, or a Non-Restricted only Operator ID.

Rebuttal Point # 2 – Yes, the program Parameters and guidelines, Section V (A) [see Document #5- Program Parameters and Guidelines] states “*Activities related to reports for the use of pesticides that are*

*classified by the state as restricted materials or for the use of pesticides that are applied by commercial pest control applicators and businesses are not reimbursable because those reports were required prior to the enactment of Food and Agricultural Code section 12979, of Chapter 1200, Statutes of 1989, and its implementing regulations in Title 3 of the California Code of Regulations (3 CCR).”, **but we are not counting the reviewing correcting or filing of those types of use reports on these claims.***

Section V (B) clearly identified “Reimbursable Activities” as “1. Issuing operator identification numbers pursuant to 3 CCR section 6622. and 2. Issuing site identification numbers pursuant to 3 CCR section 6623.” **V(B) 1. & 2. make no mention of only Non-Restricted sites on Non-Restricted Operator Ids.** If the distinction made in V(A) was pertinent to issuing Site IDs and Operator IDs, then it would have been made in V(B) 1. & 2., **as it was in V(B) 3., 4., & 5.**

Rebuttal Point # 3 – See Rebuttal Point # 2.

SCO’s Comment

The finding and recommendation remains unchanged.

We will address our comments in the same order as they appear in the county’s response.

Issuing Site Identification Numbers

Specific pesticide application locations, or “site identification,” became a requirement for the use of restricted pesticides on January 4, 1980. This was long before CSM issued its statement of decision for the Pesticide Use Reports Program on January 21, 1993. The parameters and guidelines were adopted on February 23, 1995, and apply to reimbursement claims submitted for costs incurred on or after July 1, 1990.

Background/History

The California Environmental Quality Act (CEQA) of 1970 is the State’s principal statute mandating environmental impact reports (EIR) of development projects in California and applies generally to all state and local agencies and to private activities that the agencies finance or regulate. CEQA requires that an EIR be developed and subject to public review and comment before a **permit** is issued for a project that might impact environmental quality. The EIR process must consider alternatives and develop mitigation to avoid adverse impacts.

The State Attorney General issued opinion SO 75/16 on May 4, 1976, stating that the State’s pesticide regulatory agencies had to comply with CEQA when registering a pesticide or granting a license, **permit**, or certificate. In other words, the opinion stated, under the terms of CEQA, the Department of Pesticide Use Regulation (DPR) was required to prepare an EIR before registering pesticides and that county agricultural commissioners (CACs) were required to prepare an EIR before approving several thousand permits issued annually to users of certain, high-hazard (“restricted”) pesticides.

To address this dilemma, legislation was passed (Statutes of 1978, Chapter 308; AB 3765) which provided for an abbreviated environmental review procedure that would serve as the functional equivalent of a full-sale EIR. This meant that the CACs did not have to prepare an EIR on each product or permit approved. However, instead of an EIR, documentation of environmental impacts, mitigation measures, and alternatives were required.

Regulations Adopted

An EIR-equivalent program must contain guidelines for the orderly evaluation of proposed activities and the preparation of a plan or other written documentation in a manner consistent with the environmental protection purposes of the regulatory program.

California Code of Regulations (CCR), Title 3, Chapter 2, Subchapter 4, Article 3 (Permit System), beginning with section 6420, outlines the procedures for the orderly evaluation of permit applications. It outlines the information that the application must contain (3 CCR 6428 and 6430), and requires the CACs to evaluate the potential environmental impact, based on his/her knowledge of local conditions (3 CCR 6432).

3 CCR 6428 includes nine items that are required to be included on each application for a permit for agricultural use of a restricted material. Section 6428(b) requires the location of each property to be treated. 3 CCR 6428 was originally effective on January 4, 1980, as 3 CCR 2452(j)(5), which was subsequently renumbered as section 6428 on August 13, 1985.

Summary

The requirement for counties to specifically identify locations where restricted pesticides were to be applied has been in place long before full pesticide use reporting. Therefore, reimbursement for issuing site identification numbers that are associated with restricted materials permits is not an allowable activity.

Section V(A) of the parameters and guidelines (Scope of Mandate) notes that “*activities* [emphasis added] related to reports for the use of pesticides that are classified by the state as restricted materials. . . are not reimbursable because the reports were required prior to the enactment of Food and Agricultural Code section 12979, of Chapter 1200, Statutes of 1989, and its implementing regulations in Title 3 of CCR.”

Section V(B) (Reimbursable Activities) defines the activities that are eligible for reimbursement. We concur that sections V(B)(3), (4), and (5) specifically mention the restrictions of section V(A). However, it is our position that paragraph 2 of section V(A) applies as an overriding caveat to all of the reimbursable *activities* included in section V(B). We find the fact that this paragraph begins with the word *activities* to be compelling evidence that the paragraph is intended to apply to all activities listed as reimbursable in section B. In addition, we find it inconsistent that two of the five reimbursable activities would apply to restricted materials while the other three would not.

Issuing Operator Identification Numbers

The county's response for this portion of the finding is identical to rebuttal point #2 above, which states that the activities of issuing site identification numbers and operator identification numbers should apply to both restricted and non-restricted materials permits only because these two activities did not include either the restrictive caveat of Section V(A) paragraph 2 or specifically mention that they only applied to non-restricted materials permits. Accordingly, our argument is also identical, in that the restrictive caveat of Section V(A) paragraph 2 applies to all five of the reimbursable activities listed in section V(B), not just activities 3, 4, and 5.

FINDING 2— Revenue offsets overstated

The county offset \$279,624 in its claims for the audit period. During the audit, we determined that the county received revenues allocable to the mandate from unclaimed gas tax allotments, mill tax assessments, and the county's Pesticide Use Regulation data entry contract with the DPR. These revenue sources totaled \$153,370 during the audit period, resulting in total revenue offset overstatements of \$126,254.

The following table summarizes the amounts claimed for revenue offset, the actual amounts received, and the audit adjustment amounts by fiscal year:

Fiscal Year	Offsetting Revenues	Amount Claimed	Amount per Audit	Audit Adjustment
2001-02	Mill Tax Assessment	\$ 22,193	\$ 9,374	\$ (12,819)
	Unclaimed Gas Tax	—	7,500	7,500
	PUR Contract for Data Entry	8,289	6,756	(1,533)
	Total, FY 2001-02	30,482	23,630	(6,852)
2002-03	Mill Tax Assessment	28,373	8,919	(19,454)
	Unclaimed Gas Tax	—	8,967	8,967
	PUR Contract for Data Entry	20,799	6,733	(14,066)
	Total, FY 2002-03	49,172	24,619	(24,553)
2003-04	Mill Tax Assessment	26,642	9,692	(16,950)
	Unclaimed Gas Tax	—	10,719	10,719
	PUR Contract for Data Entry	14,825	5,738	(9,087)
	Total, FY 2003-04	41,467	26,149	(15,318)
2004-05	Mill Tax Assessment	46,151	8,187	(37,964)
	Unclaimed Gas Tax	26,060	7,902	(18,158)
	PUR Contract for Data Entry	5,329	4,851	(478)
	Total, FY 2004-05	77,540	20,940	(56,600)
2005-06	Mill Tax Assessment	21,658	43,083	21,425
	Unclaimed Gas Tax	27,528	9,619	(17,909)
	PUR Contract for Data Entry	31,777	5,330	(26,447)
	Total, FY 2005-06	80,963	58,032	(22,931)
	Total	\$ 279,624	\$ 153,370	\$ (126,254)
	Summary:			
	Mill Tax Assessment	\$ 145,017	\$ 79,255	\$ (65,762)
	Unclaimed Gas Tax	53,588	44,707	(8,881)
	PUR Contract for Data Entry	81,019	29,408	(51,611)
	Total	\$ 279,624	\$ 153,370	\$ (126,254)

Mill Tax Assessment

DPR allocates these state funds to counties to help fund county pesticide use enforcement costs within the county Agricultural Commissioner’s Office. The disbursement of these funds is based on total expenditures and is in direct proportion to each county’s reported expenditure level. DPR reported mill tax assessments paid to Imperial County for pesticide use enforcement costs totaling \$79,255 during the audit period. However, the county offset \$145,017 for the mill tax assessment during the audit period. As a result, revenue offsets were overstated by \$65,762.

Unclaimed Gas Tax Allotments

These state funds are allocated to counties under the Food and Agricultural Code to help fund all of the activities carried out by the Agricultural Commissioner’s Office. These funds are apportioned to counties in relation to each county’s expenditures to the total amount expended by all counties for such agricultural programs. For the audit period, the county offset \$53,588 for the unclaimed gas tax allotments. DPR reported unclaimed gas tax allotments applicable to the mandated program totaling \$44,707 during the audit period. As a result, revenue offsets were overstated by \$8,881 for the audit period.

Pesticide Use Report Contract for Data Entry

The county entered into a pesticide use report agreement with the DPR for data entry. The parameters and guidelines (Section VIII) specifically state that the contract for electronic submittal of pesticide use reports between the county and the DPR must be deducted from any costs claimed. The county offset \$81,019 for pesticide use reporting data entry contract costs during the audit period. However, as noted in the table below, the county should have only offset \$29,408. As a result, revenue offsets were overstated by \$51,611 for the audit period.

The contract work includes activities that are mandate and non-mandate related, so the SCO determined that the amount to offset is the pesticide use reporting contract amount multiplied by the percentage of mandate-related pesticide use reports to total pesticide use reports (as determined by the county).

The following table summarizes the offsetting revenues related to the pesticide use report agreement for data entry by fiscal year:

<u>Fiscal Year</u>	<u>PUR Contract</u>	<u>Mandate-Related Percentage</u>	<u>Offset Amount</u>
2001-02	\$ 21,792	31%	\$ 6,756
2002-03	21,720	31%	6,733
2003-04	20,492	28%	5,738
2004-05	9,404	25%	4,851
2005-06	17,764	30%	5,330
	<u>\$ 101,172</u>		<u>\$ 29,408</u>

State Department of Pesticide Regulation Proposal

In March of 2007, the DPR requested that the CSM revise the parameters and guidelines to require counties to complete an offsetting revenue worksheet prior to claim submittal. If this proposal goes through, DPR will post on their Web site the fund figure information. Until then, DPR will make the offsetting revenue worksheet available to any county that requests it.

The parameters and guidelines, section VIII (Offsetting Savings and Other Reimbursements), states that reimbursement of the costs of mandated activities received from any source (e.g., federal, state, etc.) shall be identified and deducted from claimed costs.

Recommendation

We recommend that the county obtain the offsetting revenue worksheet from the DPR prior to filing future claims to ensure that all applicable revenues are offset against mandated program costs.

County’s Response

Finding 2: Maximus completes our mandated cost reports and we will direct them to obtain the offsetting revenue worksheet from the Department of Pesticide Regulation.

We concur with this finding.

SCO’s Comment

The finding and recommendation remain unchanged.

**FINDING 3—
Understated productive
hourly rates**

The county calculated productive hourly rates using an annual productive hourly base of 2,080 for each year of the audit period. The SCO’s Local Agencies Mandated Cost Manual allows the use of 1,800 annual productive hours; which takes into account vacations, sick leave, informal time off, and jury duty. Had the county used 1,800 hours to calculate productive hourly rates, they would have claimed an additional 15.556% or \$17,861 (\$14,962 for salaries and benefits and \$2,899 for related indirect costs).

The following table summarizes the percentage calculation:

<u>Claimed Annual Productive Hours</u>	<u>Allowable Annual Productive Hours</u>	<u>Difference</u>	<u>Percentage Difference</u>
2,080	1,800	280	15.556%

The following table summarizes the audit adjustments by cost component:

<u>Reimbursable Component</u>	<u>Amount Allowed (per Finding 1)</u>	<u>Total Amount Allowed</u>	<u>Audit Adjustment</u>
Issuing ID numbers	\$ 20,976	\$ 24,238	\$ 3,262
Reviewing and filing with DPR	61,782	71,395	9,613
Auditing and inspecting records	<u>13,432</u>	<u>15,519</u>	<u>2,087</u>
Total direct costs	96,190	111,152	14,962
Indirect costs	<u>18,643</u>	<u>21,542</u>	<u>2,899</u>
Total	<u>\$ 114,833</u>	<u>\$ 132,694</u>	<u>\$ 17,861</u>

Issuing Identification Numbers

The allowable salaries and benefits for issuing operator identification numbers and site identification numbers were increased by 15.556% or \$3,262.

The following table summarizes the understated costs by fiscal year:

<u>Fiscal Year</u>	<u>Allowable Salaries and Benefits (per Finding 1)</u>	<u>Understated PHRs 15.556%</u>	<u>Total Allowable Salaries and Benefits</u>
2001-02	\$ 3,225	\$ 501	\$ 3,726
2002-03	4,013	624	4,637
2003-04	4,814	749	5,563
2004-05	4,388	683	5,071
2005-06	<u>4,536</u>	<u>705</u>	<u>5,241</u>
	<u>\$ 20,976</u>	<u>\$ 3,262</u>	<u>\$ 24,238</u>

Reviewing and Filing with DPR

The allowable salaries and benefits for reviewing and filing with DPR were increased by 15.556% or \$9,613.

The following table summarizes the understated costs by fiscal year:

<u>Fiscal Year</u>	<u>Allowable Salaries and Benefits (per Finding 1)</u>	<u>Understated PHRs 15.556%</u>	<u>Total Allowable Salaries and Benefits</u>
2001-02	\$ 12,377	\$ 1,925	\$ 14,302
2002-03	12,019	1,870	13,889
2003-04	12,777	1,988	14,765
2004-05	12,160	1,893	14,053
2005-06	<u>12,449</u>	<u>1,937</u>	<u>14,386</u>
	<u>\$ 61,782</u>	<u>\$ 9,613</u>	<u>\$ 71,395</u>

Auditing and Inspecting Records

The allowable salaries and benefits for auditing and inspecting records were increased by 15.556% or \$2,087.

The following table summarizes the understated costs by fiscal year:

<u>Fiscal Year</u>	<u>Allowable Salaries and Benefits (per Finding 1)</u>	<u>Understated PHRs 15.556%</u>	<u>Total Allowable Salaries and Benefits</u>
2001-02	\$ 2,475	\$ 385	\$ 2,860
2002-03	4,686	728	5,414
2003-04	2,948	458	3,406
2004-05	1,478	229	1,707
2005-06	1,845	287	2,132
	<u>\$ 13,432</u>	<u>\$ 2,087</u>	<u>\$ 15,519</u>

Recommendation

We recommend the county calculate their productive hourly rates in accordance with guidance provided in the SCO’s Local Agencies Mandated Cost Manual.

County’s Response

Finding 3: We will direct Maximus to follow the State Controller’s Office Local Agencies Mandated Cost Manual instructions regarding the calculation of productive hourly rates.

We concur with this finding.

SCO’s Comment

The finding and recommendation remain unchanged.

**FINDING 4—
Understated indirect
cost rate**

The county understated its FY 2005-06 indirect cost rate by 13.4%, resulting in understated indirect costs of \$1,968. The misstatement was caused by inclusion of the county’s A-87 cost plan charge of \$146,162 for FY 2004-05 in its ICRP calculation for FY 2005-06. The correct A-87 cost plan charge for FY 2005-06 is \$463,920.

The understated indirect costs are summarized as follows:

<u>Category</u>	<u>Fiscal Year 2005-06</u>
Allowable indirect cost rate	25.7%
Claimed indirect cost rate	(12.3)%
Misstated indirect cost rate	<u>13.4%</u> (A)
Allowable salaries:	
Issuing id numbers	\$ 3,537
Reviewing and filing with DPR	9,707
Auditing and Inspecting records	1,439
Total	<u>\$ 14,683</u> (B)
Audit adjustment [(A) × (B)]	<u>\$ 1,968</u>

Recommendation

We recommend the county establish and implement procedures necessary to ensure that indirect costs rate calculations are consistent with the methodology outlined in the SCO's Mandated Cost Manual.

County's Response

Finding 4: We will direct Maximus to follow the State Controller's Office Local Agencies Mandated Cost Manual instructions regarding the calculation of indirect cost rates.

We concur with this finding.

SCO's Comment

The finding and recommendation remain unchanged.

**Attachment—
County’s Response to
Draft Audit Report**

Douglas R. Newland, CPA
Auditor-Controller
dougnewland@imperialcounty.net



County Administration Center
940 Main Street, Suite 108
El Centro, California 92243
Telephone: 760-482-4535
FAX: 760-482-4557

AUDITOR-CONTROLLER

July 2, 2008

State Controller's Office
Division of Audits
Attn: Jim L. Spano, Chief
Mandated Cost Audits Bureau
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. Spano:

As requested by Jeffrey Brownfield, below is our response to the audit report findings of the Imperial County Pesticide Use Reports Program for the audit period July 1, 2001, through June 30, 2006 are as follows:

Finding 1: During the audit, the Agricultural Commissioner addressed with the auditors whether the issuance of Identification Numbers is considered a mandate and therefore, the costs associated with reporting this information is reimbursable by the Department of Pesticide Regulation (please see attached documentation). The Agricultural Commissioner stated that the revision of form 33-126x required the reporting of the Site Identification Number, which had not been previously required and that the enactment of Food and Agricultural Code section 12979 and the associated California Code of Regulations allow them to seek reimbursement of costs associated with the reporting requirements implemented under those regulations.

Therefore, we disagree with this finding and the associated audit adjustment.

Finding 2: Maximus completes our mandated cost reports and we will direct them to obtain the offsetting revenue worksheet from the Department of Pesticide Regulation.

We concur with this finding.

Finding 3: We will direct Maximus to follow the State Controller's Office Local Agencies Mandated Cost Manual instructions regarding the calculation of productive hourly rates.

We concur with this finding.

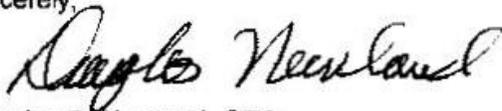
Finding 4: We will direct Maximus to follow the State Controller's Office Local Agencies Mandated Cost Manual instructions regarding the calculation of indirect cost rates.

We concur with this finding.

If you have questions or comments regarding the above responses, please contact Kenton R. Taylor, Assistant Auditor-Controller at (760) 482-4537.

Thank you for the opportunity to address the findings of this audit.

Sincerely,

A handwritten signature in black ink that reads "Douglas R. Newland". The signature is written in a cursive style with a large initial "D".

Douglas R. Newland, CPA
Auditor-Controller

Enclosures

Audit ID # S07-MCC-023
Commissioner Response

Imperial County Agricultural

During the Exit Conference on March 10, 2008, the following findings were contested by Imperial County.

FINDING #1- UNALLOWABLE SALARIES, BENEFITS AND RELATED INDIRECT COSTS

Issuing site I.D. Numbers -

"The hours claimed were based on the county's time study results which showed 12 minutes spent per site ID multiplied by the total number of site ID numbers issued. However, prior to the 100% use reporting requirement, a location identifier had always been assigned to holders of a restricted materials permit. When the mandate came into effect, the location - now called a site I.D. number - was also to be applied to persons obtaining an operator ID number. The task of assigning a site ID number instead of a location identifier is not a new activity mandated by the state."

Rebuttal Point # 1 - Prior to 100% Use Reporting, restricted materials sites were identified by a location description. This could be an address, a field name, a canal gate, a field number, etc. The original, hand written permits only had an area for a location description (see document #1 - Restricted Materials Permit Application). In fact, the updated, handwritten forms, provided by CDPR look exactly the same and still only have a location description. When the computerized format for restricted materials permits came out, they duplicated this location area. It was a 30 character area that had to be filled in (see document #2 - 1986 Computer Program Manual, pg. 19). In addition, there was an area for a field number, if the map had one, but one could put N/A if there was no field number (doc.#2, pg 19), nor was it a requirement of the code. This was not done on the handwritten permits and not required on the pesticide use reports.

In 1988, the computer program was changed and upgraded to expand the "field number", what DPR calls a "location identifier", into the anticipated Site ID number that would be needed when the new use reporting requirement finally went into effect 12/89 (see document #3 - 1988 Computer Program Manual, pg. 1.23). This was a mandatory, 8 character ID# field that had to be filled in on the computerized version of a restricted materials permit, in addition to the 30 character location narrative (doc.#3, pg. 1.24) from before. However, it was still not mandated by the code. The field # only had to be used if you were going to issue the restricted permit with the computer form. A handwritten form, with only the location description was acceptable, and, in fact, many counties continued to use this until they got up to speed with their computer technology. The pesticide use reports didn't even require a site ID number until the new code went into effect (see document # 4 - Proposed 7-day Use Reports). Once it was mandated to get an operator ID and a site ID for all pesticide uses, the counties had to come up with a unique, 8 character numbering system that identified each field, regardless of whether

Audit ID # S07-MCC-023
Commissioner Response (cont'd)

Imperial County Agricultural

there would be restricted or non-restricted uses on that field, or they were using a handwritten permit or a computerized print-out. Therefore, issuing a unique site ID for each field was a new, time consuming task, whether or not it was on a Restricted Materials Permit/operator ID, or a Non-Restricted only Operator ID.

In addition, the program's parameters and guidelines, in Section V (A), state that activities related to reports for the use of restricted materials are not reimbursable for restricted materials permit holders. Therefore, only the site numbers assigned as part of a non-restricted operator ID number is a new reimbursable activity.

Rebuttal Point # 2 - Yes, the program's Parameters and Guidelines, Section V (A) [see Document #5- Program Parameters and Guidelines] states "*Activities related to reports for the use of pesticides that are classified by the state as restricted materials or for the use of pesticides that are applied by commercial pest control applicators and businesses are not reimbursable because those reports were required prior to the enactment of Food and Agricultural Code section 12979, of Chapter 1200, Statutes of 1989, and its implementing regulations in Title 3 of the California Code of Regulations (3 CCR).*", **but we are not counting the reviewing, correcting or filing of those types of use reports on these claims.**

Section V (B) clearly identifies "*Reimbursable Activities*" as "*1. Issuing operator identification numbers pursuant to 3 CCR section 6622. and 2. Issuing site identification numbers pursuant to 3 CCR section 6623.*" V(B) 1. & 2. **make no mention of only Non-Restricted sites on Non-Restricted Operator IDs.** If the distinction made in V(A) was pertinent to issuing Site IDs and Operator IDs, then it would have been made in V(B) 1. & 2. **as it was in V(B) 3., 4., & 5.**

Issuing Operator I.D. Numbers –

"The hours claimed were based on the county's time study results showing 45 minutes spent per operator ID multiplied by the total number of operator ID numbers issued. The county issues both non-restricted operator ID numbers and operator ID numbers to those with a restricted materials permit. The parameters and guidelines state that activities related to reports for the use of pesticides classified as restricted materials are not reimbursable. The county should only have claimed reimbursement for the non-restricted operator ID numbers issued."

Rebuttal Point # 3 – See Rebuttal Point # 2.

Imperial County is not taking issue with the other findings in the Exit Conference notes, except where the calculations are impacted by the arguments above.

APPLICATION - RESTRICTED MATERIALS PERMIT

PERMITTEE: **SUFFLEMAN**
 PERMIT NO. **89038**

FOR POSSESSION ONLY FOR POSSESSION AND USE

PERMITTEE ADDRESS: **P.O. BOX 176, BEARLEY, CA 95227** PHONE: **366-2930** EXPIRATION DATE: **12/31/85**

TYPE OF PERMIT: SEASONAL JOB COMMERCIAL APPLICATOR

NOTICE OF INTENT REQUIRED: MUST BE SUBMITTED AT LEAST 24 HOURS PRIOR TO APPLICATION. METHOD: DROPPED BOY/FABRIC TRANSDUCTION

A. PESTICIDES/PESTS

1. Insecticide/Weedicide/Mite	2. Fungicide/Bactericide/Thrips	3. D-D-Toluenol/Thrips	4. D-D-Toluenol/Thrips	5. D-D-Toluenol/Thrips	6. D-D-Toluenol/Thrips	7. D-D-Toluenol/Thrips	8. D-D-Toluenol/Thrips	9. D-D-Toluenol/Thrips	10. D-D-Toluenol/Thrips	11. D-D-Toluenol/Thrips
12. Ronilol-Amygdal/Loopar	13. Parathion-Amygdal/Beetles	14. Phosdrin-Aphids/Mites	15. Sevin-Amygdal/Weeds	16. Syston-Aphids/Weeds	17. Augtracide-Ballothia/Cygnar	18. Tolone (80)-Sesatodes	19. Temik-Aphids/Beetles	20. Thimet-Aphids/Mites	21. Thiodan-Heliothia/Loopar	22. Trichlor-Mites/Thrips
23. Dieldrin-Aphids/Mites	24. 2,4-D-Weeds	25. 2,4-D-Weeds	26. 2,4-D-Weeds	27. 2,4-D-Weeds	28. 2,4-D-Weeds	29. 2,4-D-Weeds	30. 2,4-D-Weeds	31. 2,4-D-Weeds	32. 2,4-D-Weeds	33. 2,4-D-Weeds
34. 2,4-D-Weeds	35. 2,4-D-Weeds	36. 2,4-D-Weeds	37. 2,4-D-Weeds	38. 2,4-D-Weeds	39. 2,4-D-Weeds	40. 2,4-D-Weeds	41. 2,4-D-Weeds	42. 2,4-D-Weeds	43. 2,4-D-Weeds	44. 2,4-D-Weeds
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100. 2,4-D-Weeds	101. 2,4-D-Weeds	102. 2,4-D-Weeds	103. 2,4-D-Weeds	104. 2,4-D-Weeds	105. 2,4-D-Weeds	106. 2,4-D-Weeds	107. 2,4-D-Weeds	108. 2,4-D-Weeds	109. 2,4-D-Weeds	110. 2,4-D-Weeds

1. LOCATION	2. ACRE	3. TYPE	4. COMMODITY	5. PESTICIDE	6. DATE	7. APPLICATOR	8. PHONE
1. LOCUMENT 28 FLO. # 4	20.145	5F	POB	ALFALFA	1985		
2. OCCIDENT 30 FLO. # 5 F. S. W.	20.145	5F	POB	"	"		
3. ORIENT 31 # 6 E. E. N.	20.145	5F	POB	"	"		
4. GAYLIS 30 # 10	8.145	5F	POB	"	"		
5. ORCHID 27 # 12	15.145	5F	POB	"	"		
6. ORCHARD 1 # 20	3.145	5F	POB	"	"		
7. DELENDER 1 # 21	3.145	5F	POB	"	"		

8. MATERIAL: **364-5736** ADDRESS: **364-5736** PHONE: **364-5736**

9. APPLICATOR: **ROX HARTEN, PPH ENTO, 85 WY. P. O. BOX 1001, GRAMLEY, CA 95227, 366-4780**

10. CONDITIONS:

See Attk. Ltd: (1) 1985 Conditions of Use.
 (2) Maps for Conditions of Use.

I understand that this permit does not relieve me from liability for any damage to persons or property caused by the use of these pesticides. I warrant only claim of liability or damages against the county department of agriculture based on the issuance of this permit. I further understand that this permit may be revoked when pesticides are used in violation of the manufacturer's labeling or in violation of applicable laws, regulations and specific conditions of this permit. I authorize inspection at all reasonable times and whenever an emergency exists, by the Department of Food and Agriculture of the County Department of Agriculture of all areas treated or to be treated, storage facilities for pesticides in emptied containers and equipment used or to be used in the treatment.

PERMIT APPLICANT: **ROX HARTEN** SIGNATURE: **ROX HARTEN** TITLE: **PHOTOGRAPHER** DATE: **12-31-85**

11. RESTRICTED MATERIAL PERMIT IS HEREBY GRANTED FOR THE ABOVE MATERIALS: WHITE & YELLOW - COUNTY; PINK & GOLD - PERMITTEE

12. APPLICATION DENIED BY: **DAVID HARTEN** DATE: **12-31-85**

13. APPLICATION DENIED BY: **DAVID HARTEN** DATE: **12-31-85**

14. APPLICATION DENIED BY: **DAVID HARTEN** DATE: **12-31-85**

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62. APPLICATION DENIED BY: **DAVID HARTEN** DATE: **12-31-85**

SECTION ONE

Written for the user who will be entering, editing, and querying the pesticide permit data.

This section has been written so the beginning user may enter a permit step by step, following the directions as presented starting on page 4. As the user becomes more familiar with the computer program, he/she can use this section as a reference manual by using the index found at the end of the manual.

11/14/86

Screen B2 (continued)

Press ESC H

Screen A2 reappears so you may obtain the pesticide code numbers for the chemicals for which the permit is being issued.

You may press any key to return to Screen B2, or you may press ESC H to obtain more help screens. If you choose to see the additional help screens, you must see 3 screens before returning to Screen B1.

NOTE: See Appendix F for Help Screen B1 and B2 (three screens in total).

If you choose to view the screens on your terminal, press any key after viewing the third screen, and you will return to Screen B2.

Instructions for Screen B2:

- | | |
|-------------------|---|
| Permit # | - This field is auto-filled from Screen A1. |
| Permittee | - This field is auto-filled from Screen A1. |
| D (District Code) | - Optional field. |
| Sc (Section) | - REQUIRED FIELD. Numeric, right-hand just., 1-36.
Section numbers over 36 will be allowed but not verified by the computer.
If there is no specific location (Sc/Twn/Rng), enter a "1" in this field. |
| Twn (Township) | - REQUIRED FIELD. Numeric/Alpha.
Fill in all 3 spaces (i.e. "02N", "08S", "35N").
Computer only accepts "N" or "S" (alpha).
If there is no specific location (Sc/Twn/Rng), enter "00N" or "99N" in this field. |
| Rng (Range) | - REQUIRED FIELD. Numeric/Alpha.
Fill in all 3 spaces (i.e. "01E", "05W", "16W").
Computer only accepts "E" or "W" (alpha).
If there is no specific location (Sc/Twn/Rng), enter "00E" or "99E" in this field. |
| M (Meridian) | - REQUIRED FIELD.
M - MT. Diablo
H - Humboldt
S - San Bernardino
See Appendix G for Township/Range Survey System. |

NOTE: The computer checks the Section-Township-Range-Meridian fields for your county.

If "You have entered an invalid Meridian-Township-Range-Section" appears at the bottom of the screen, you must re-enter the correct information before the computer will allow you to continue entering data to this screen. You may "override" a section number if it is greater than 36.

11/14/86

Saving The Pesticide Data: ESC E

At this point, review the screen to verify the data is correct. Then press ESC E to record the information to the computer. "Screen entered" should appear at the bottom of the screen.

The computer will automatically fill the "Commodity" fields 1 - 20.

You may edit a commodity line by pressing ESC R. The computer will prompt you for the line number of the record you want to edit.

You may delete a commodity line by pressing ESC D. The computer will prompt you for the line number of the record you want to delete.

If you enter the wrong line number while editing or deleting, press ESC A to abort the screen before entering (saving) the screen with ESC E.

If "This is a required field" appears at the bottom of the screen, you must enter the required information at the position of the cursor. Now press ESC R. "Screen entered" should appear.

You may now continue to the next screen (Screen C) by pressing ESC F, or quit to Screen A1 by pressing ESC Q. If you pressed ESC Q and returned to Screen A1, you may press ESC Q again to return to the main menu.

11/14/86

SECTION ONE

Written for the user who will be entering, editing, and querying the pesticide permit data.

This section has been written so the beginning user may enter a permit step by step, following the directions as presented starting on page 3. As the user becomes more familiar with the computer program, he/she can use this section as a reference manual by using the index found at the end of the manual.

Press ESC 3. The following screen appears: (Screen B1)

Commodity	Commodity Name	Existing Records
Location		1
		2
		3
		4
		5
		6
		7
		8
		9
		10
		11
		12
		13
		14
		15
		16
		17
		18
		19
		20

If the permit is issued for pesticides to be used on one commodity in various locations, or on fewer commodities than locations, continue entering data here (Screen B1).

If the permit is issued for more than one commodity at one location, or more commodities than locations, press ESC 4 to "toggle" to Screen B2.

NOTE: If you choose to enter the location data on Screen B2, please go to page I.18.

SCREEN B1 (continued)

Press ESC H

Screen A2 reappears so you may obtain the pesticide code numbers for the chemicals for which the permit is being issued.

You may press any key to return to Screen B1, or you may press ESC H to obtain another help screen.

NOTE: See Appendix E for Help Screens B1 and B2

After viewing the help screens, press any key and you will return to Screen B1.

INSTRUCTIONS FOR SCREEN B1 :

Permit # - This field is auto-filled from Screen A1.
Permittee - This field is auto-filled from Screen A1.
Commodity# - Enter the code number or name of the commodity.
Commodity Name The computer will automatically code the commodity when you enter the correct commodity name -- or auto-fill the commodity if you enter the code.

----> Obtain the commodity name or code number from the Commodity List (known as COMMOD.LST in the computer directory or Appendix C or D of this manual).

NOTE: Seed commodities have their own commodity number.

NOTE: You cannot enter or "override" a commodity that does not appear on the Commodity List.

Location # - REQUIRED FIELD. Numeric/Alpha up to eight characters allowed.

NOTE: This part of the program is new. After entering the location number and pressing the return key, the screen will beep at you and at the bottom of the screen it will say "Location # not found." At this time you will need to move to the Location Reference Screen. To do this press ESC M. Instructions for entering data onto this screen begin on page I.22. To return to Screen B1 press ESC ESC.

D (District Code) - This field is auto-filled from Location File
Sc(Section) - This field is auto-filled from Location File
Twn(Township) - This field is auto-filled from Location File
Rng(Range) - This field is auto-filled from Location File
M(Meridian) - This field is auto-filled from Location File
Location Narrative - This field is auto-filled from Location File

D3/B8

Press ESC M (at Location # on Screen B1 or B2) or
From the Main Menu select option 2 (Location file)

The following screen appears: (Screen D)

SCREEN D

Location # _____

District _____ Meridian _____

Meridian _____ Township _____

Township _____ Range _____

Range _____ Section _____

Section _____

NOTE: See Appendix E for Help Screen

You may press ESC ESC to return to previous screen.

SCREEN D (continued)

Press ESC H

Help Screen appears, you may press any key to return to the data entry screen.

INSTRUCTIONS FOR SCREEN D:

- Permit # - This field is auto-filled from Screen A1.
Permittee - This field is auto-filled from Screen A1.

NOTE: These fields are not auto-filled when screen is entered from the Main Menu. You need to fill in the permit number.

- Location # - REQUIRED FIELD. Numeric/Alpha up to eight characters allowed.
- District - Optional Field
- Meridian - REQUIRED FIELD.
 M = Mt. Diablo
 H = Humboldt
 S = San Bernardino
 See Appendix F for Township/Range Survey System.
- Township - REQUIRED FIELD. Numeric/Alpha. Fill in all 3 spaces (i.e. "02N", "08S", "35W"). Computer only accepts "N" or "S" (alpha).
- Range - REQUIRED FIELD. Numeric/Alpha. Fill in all 3 spaces (i.e. "01E", "05W", "16W"). Computer only accepts "E" or "W" (alpha).
- Sc. (Section) - REQUIRED FIELD. Numeric, right-hand justified, 1-36. Section numbers over 36 will be allowed but not verified by the computer. If there is no specific location (Sc/Twn/Rng), enter a "1" in this field.

INSTRUCTIONS FOR SCREEN D (continued)

NOTE: The computer checks the Section-Township-Range-Meridian fields for your county.

If "Invalid TRS" appears at the bottom of the screen, you must reenter the correct information before the computer will allow you to continue entering data to this screen. You may "override" a section number if it is greater than 36. Program asks "Override Township-Section Check?"

- Easting - Optional field. Up to a 6-number coordinate may be entered.
- Northing - Optional field. Up to a 6-number coordinate may be entered.
- Location Narrative - REQUIRED FIELD. Alpha/Numeric, 30 in length. Enter location description.

NOTE: After entering the Location Narrative field you must choose to enter or abort this screen. The cursor does not lockup at this location.

Saving the Location Data: ESC E

At this point, review the screen to verify the data is correct. Then press ESC E to record the information to the computer. "Screen entered" should appear at the bottom of the screen.

You may edit a location record by simply calling up the location # and making the changes. Then ESC E to reenter the data.

You may delete a location record by calling up the location # you wish to delete then press ESC D. You will be asked, "Is this the correct record to delete?" (Y/N)

If "This is a required field" appears at the bottom of the screen, you must enter the required information at the position of the cursor. Now press ESC E. "Screen entered" should appear.

Press ESC N to view the next location record.
Press ESC P to view the previous location record.

If no other location record has been entered or you have reached the end of the file, the screen will respond "No more records."

After entering all of the location records press ESC ESC to return to Screens B1 or B2.

DEPARTMENT OF FOOD AND AGRICULTURE

ENF 90-27



1220 N Street
Sacramento, California 95814

February 5, 1990

TO: COUNTY AGRICULTURAL COMMISSIONERS

SUBJECT: Pesticide Use Report Forms

There have been many questions from county agricultural commissioners and growers about submitting old pesticide use report forms, privately generated computer forms, or printed forms (Form No. 39-025 and Form No. 33-126x). The questions seem to focus on the desire to use existing stocks of these forms before switching to the new forms required by the pesticide use reporting regulations. In most cases this involves computer paper that has been printed with the old pesticide use report format.

Computer generated use reports printed on paper with the old format but revised to include the new required information must be submitted for prior approval to the Department as outlined in Enforcement Letter 89-165. These old revised forms may be used once they are approved.

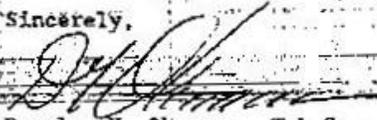
Hand-written revisions to the old forms will be allowed if they are in the approved format. This is a temporary policy until adequate stocks of the new forms are available. Attached is a sample of the old form with the required information in the approved format. The revisions must be legible and appropriately placed.

The Information Services Branch cannot process pesticide use report forms unless they contain the appropriate information in the approved format. As always, pesticide use report forms submitted to the Department that do not have the appropriate information, or are not complete, or have not been approved, will be returned to the county agricultural commissioner for correction. A log on the number of returned forms will be kept for each county.

Approximately 45 percent of the pesticide use report forms submitted to us to date have been incomplete or incorrect. It is obvious these forms have not been reviewed. We will be subtracting the number of returned incorrect use report forms from each commissioner's monthly contract total or Report No. 5. As the corrected forms are returned to the Department, they will be added back into the monthly total.

If you have any further questions, please contact Joel Trumbo at (916) 322-5022.

Sincerely,


Douglas Y. Okumura, Chief
Pesticide Enforcement Branch
(916) 445-5343



Attachment

cc: Dick Knoll and Bev Martin, Information Services Branch

Document 4 p1/2

STATE OF CALIFORNIA
DEPARTMENT OF FOOD AND AGRICULTURE
PESTICIDE ENFORCEMENT
22-1262 (REV. 5/85)

NURSERY

PESTICIDE USE REPORT

2275203

1 COUNTY NO.	2 SECTION	3 TOWNSHIP	4 RANGE	5 BASIS & MERIDIAN	6 APPLICATION METHOD	7 COMMODITY OR SITE TREATED	APPLICATOR NAME & ADDRESS			
1	2	3	4	5	6	7				
8 MAP ID, DESCRIBE LOCATION OP, ID, # / USE PERMIT #					9 DATE/TIME APPLIED		10 ACRES OR UNITS TREATED			
11					12		13			
14					15		16			
17					18		19			
20					21		22			
23					24		25			
26					27		28			
29					30		31			
32					33		34			
35					36		37			
38					39		40			
41					42		43			
44					45		46			
47					48		49			
50					51		52			
53					54		55			
56					57		58			
59					60		61			
62					63		64			
65					66		67			
68					69		70			
71					72		73			
74					75		76			
77					78		79			
80					81		82			
83					84		85			
86					87		88			
89					90		91			
92					93		94			
95					96		97			
98					99		100			

STATE OF CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE - PESTICIDE USE REPORT

1 County No.	2 Section	3 Township	4 Range	5 Basis & Meridian	6 Application Method	7 Commodity or Site Treated	APPLICATOR NAME & ADDRESS			
1	2	3	4	5	6	7				
8 MAP ID, DESCRIBE LOCATION OP, ID, # / USE PERMIT #					9 DATE/TIME APPLIED		10 ACRES OR UNITS TREATED			
11					12		13			
14					15		16			
17					18		19			
20					21		22			
23					24		25			
26					27		28			
29					30		31			
32					33		34			
35					36		37			
38					39		40			
41					42		43			
44					45		46			
47					48		49			
50					51		52			
53					54		55			
56					57		58			
59					60		61			
62					63		64			
65					66		67			
68					69		70			
71					72		73			
74					75		76			
77					78		79			
80					81		82			
83					84		85			
86					87		88			
89					90		91			
92					93		94			
95					96		97			
98					99		100			

387207 SUBMIT TO AGRICULTURAL COMMISSIONER WITHIN 7 DAYS OF THE APPLICATION

Parameters and Guidelines

Food and Agricultural Code Section 12979
Chapter 1200, Statutes of 1989

Pesticide Use Reports

I. Summary of Mandate

Chapter 1200, Statutes of 1989, added Food and Agricultural Code section 12979, and its implementing regulations in Title 3 of the California Code of Regulations. The addition of this section and its implementing regulations resulted in county agricultural commissioners receiving a greatly expanded number of pesticide use reports. While the chapter contained a funding mechanism, the Commission found that the funding was not sufficient to cover all of the increase in costs experienced by counties. Costs related to activities required by Food and Agricultural Code section 12979, and its implementing regulations in Title 3 of the California Code of Regulations that are not otherwise reimbursed by the Food Safety Account and increased mill assessment, were therefore found to be reimbursable costs mandated by the state.

II. Commission on State Mandates' Decision

The Commission on State Mandates determined a reimbursable state mandated program pertaining to Food and Agricultural Code section 12979 and its implementing regulations at its hearing of November 19, 1992, and adopted the Statement of Decision for this test claim at its hearing of January 21, 1993.

III. Eligible Claimants

Counties.

IV. Period of Reimbursement

Chapter 1200, Statutes of 1989, became operative October 1, 1989. Government Code section 17557 states that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for that fiscal year. The test claim for this mandate was filed by the County of San Bernardino on December 20, 1991, returned incomplete on January 21, 1992, and completed May 19, 1992. Therefore, reimbursement claims may be filed for costs incurred on or after July 1, 1990.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent fiscal year may be included in the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d), subpart (3), 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 provided by Government Code section 17564.

V. Reimbursable Activities and Related Costs

A. Scope of Mandate

Counties shall be reimbursed for the costs of increased pesticide use reporting requirements resulting from the enactment of Food and Agricultural Code section 12979, of Chapter 1200, Statutes of 1989, and its implementing regulations in Title 3 of the California Code of Regulations (Title 3, California Code of Regulations, sections 6000, 6393(c), 6562, 6568, 6619, 6622, 6623, 6624, 6626, 6627, 6627.1, and 6628), which increased pesticide use reporting requirements on pesticide users to include all agricultural users; increased record keeping requirements on pesticide dealers that are licensed by the state; and required county agricultural commissioners to issue operator and site identification numbers to specified persons, inspect and audit certain records, and file the newly-required pesticide use reports with the state.

Activities related to reports for the use of pesticides that are classified by the state as restricted materials or for the use of pesticides that are applied by commercial pest control applicators and businesses are not reimbursable because those reports were required prior to the enactment of Food and Agricultural Code section 12979, of Chapter 1200, Statutes of 1989, and its implementing regulations in Title 3 of the California Code of Regulations (3 CCR).

B. Reimbursable Activities

For each eligible claimant, costs of performing the following activities are reimbursable:

1. Issuing operator identification numbers pursuant to 3 CCR section 6622.
2. Issuing site identification numbers pursuant to 3 CCR section 6623.
3. Reviewing and filing with the Department of Pesticide Regulation (Department of Food and Agriculture until July 17, 1991) pesticide use reports other than those specified in V. A. above.
4. Inspecting pesticide use records of growers and other property operators who the county agricultural commissioner had reason to believe failed to report to the commissioner the use of pesticides that are not classified by the state as restricted materials.

5. Auditing the pesticide use records of growers who submitted pesticide use reports to the county agricultural commissioner for the use of pesticides that are not classified by the state as restricted materials.
6. Auditing the sales records specified in 3 CCR section 6562, which are prepared and maintained by pesticide dealers who are licensed by the state.

VI. Claim Preparation

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

A. Description of Reimbursable Activity

B. Supporting Documentation

1. Employee Salaries and Benefits

Show the name of the employee(s) involved, and/or the classification(s) of the employee(s) involved, mandated functions performed, number of hours devoted to the function, productive hourly rate and benefits. The average number of hours devoted to each mandated activity may be claimed if supported by a documented time study.

2. Services and Supplies

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

3. Allowable Overhead Costs

Indirect costs may be claimed only in the manner described by the State Controller in the claiming instructions. Indirect costs may be claimed either by using ten percent of direct labor as an indirect cost rate or by preparing a departmental indirect cost rate proposal to determine the rate.

VII. Supporting Data

For auditing purposes, all costs claimed shall be traceable to source documents (i.e., employee time records, invoices, receipts, purchase orders, contracts, time studies, worksheets, etc.) that show evidence of and validity of claimed costs. All documentation supporting such costs shall be made available to the State Controller or his agent, as may be requested, during the record retention period specified in Government Code section 17558.5, subdivision (a).

Government Code section 17558.5, subdivision (a), requires that all supporting source documents and worksheets must be kept on file not less than four years after the end of the calendar year in which the reimbursement claim is filed or last amended, unless no funds are appropriated for the program for the fiscal year for which the claim is made, in which case, the four year retention period shall commence to run from the date of initial payment of the claim.

VIII. Offsetting Savings and Other Reimbursements

Any offsetting savings the claimant experiences as a direct result of this statute and its implementing regulations must be deducted from the costs claimed.

In addition, reimbursement for the costs of these mandated activities received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim.

Specifically, reimbursements received from the memorandum of understanding for pesticide use reporting between the county agricultural commissioner and the Department of Pesticide Regulation (Department of Food and Agriculture until July 17, 1991) and the contract for the electronic submittal of pesticide use reports between the county and the Department of Pesticide Regulation (Department of Food and Agriculture until July 17, 1991) must be deducted from any costs claimed.

IX. State Controller's Office Required Certification

An authorized representative of the claimant will be required to provide a certification of the claim, as specified in the State Controller's claiming instructions, for those costs mandated by the statute for which reimbursement is requested.

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

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