

**State of California
Office of Administrative Law**

In re:
Department of Rehabilitation

Regulatory Action:

Title 09, California Code of Regulations

Adopt sections:

Amend sections: 7211, 7212.2, 7212.4,
7213.2, 7213.3, 7213.6,
7214.1, 7215.1, 7218, 7220,
7220.3, 7221, 7225

Repeal sections:

**NOTICE OF APPROVAL OF REGULATORY
ACTION**

Government Code Section 11349.3

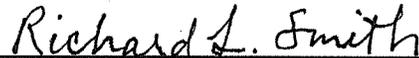
OAL Matter Number: 2017-0906-04

OAL Matter Type: Regular Resubmittal (SR)

The Department of Rehabilitation submitted this regulatory action to amend 13 sections in title 9 of the California Code of Regulations and an incorporated by reference monthly reporting form (DR 478) and form instructions (DR 478A) that govern the Business Enterprises Program for the Blind.

OAL approves this regulatory action pursuant to section 11349.3 of the Government Code. This regulatory action becomes effective on approval of the Secretary of the United States Department of Education in accordance with title 34 of the Code of Federal Regulations section 395.4(a).

Date: October 18, 2017



Richard L. Smith
Senior Attorney

For: Debra M. Cornez
Director

Original: Joe Xavier
Copy: Shelly Risbry

NOTICE PUBLICATION/REGULATIONS SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

S.D. 400 (REV. 01-2013)

RESUBMITTAL

OAL FILE NUMBERS	NOTICE FILE NUMBER Z-2016-0824-01	REGULATORY ACTION NUMBER 2017-0906-04 SR	EMERGENCY NUMBER
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For use by Office of Administrative Law (OAL) only

2017 SEP -6 P 3:52
OFFICE OF ADMINISTRATIVE LAW

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

OCT 18 2017
1:41 P.M.

NOTICE

REGULATIONS

AGENCY WITH RULEMAKING AUTHORITY
Department of Rehabilitation

AGENCY FILE NUMBER (if any)

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE		TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE	
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other		4. AGENCY CONTACT PERSON		TELEPHONE NUMBER	FAX NUMBER (Optional)
OAL USE ONLY	ACTION ON PROPOSED NOTICE <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn			NOTICE REGISTER NUMBER 2016 37-2	PUBLICATION DATE 9/9/2016

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S) BEP Late Penalty Fees & Monthly Operating Report	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S) 2017-0517-03S
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2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)

SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)	ADOPT
	AMEND 7211, 7212.2, 7212.4, 7213.2, 7213.3, 7213.6, 7214.1, 7215.1, 7218, 7220, 7220.3, 7221, and 7225
	REPEAL
TITLE(S) 9	

3. TYPE OF FILING

<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))	<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
<input checked="" type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)	<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)	<input type="checkbox"/> File & Print	<input type="checkbox"/> Print Only
<input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))		<input type="checkbox"/> Other (Specify)	

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)
6/29/17-8/14/17; 7/24/17-8/8/17

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)

<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a))	<input type="checkbox"/> Effective on filing with Secretary of State	<input type="checkbox"/> \$100 Changes Without Regulatory Effect	<input checked="" type="checkbox"/> Effective other (Specify) Upon Approval of US Dept. of Education See enclosed cover letter
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6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY

<input checked="" type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660)	<input type="checkbox"/> Fair Political Practices Commission	<input type="checkbox"/> State Fire Marshal
<input checked="" type="checkbox"/> Other (Specify) See Attached - US Dept of Education and California Vendors Policy Committee		

7. CONTACT PERSON Shelly Risbry	TELEPHONE NUMBER 916-558-5498	FAX NUMBER (Optional) 916-558-5860	E-MAIL ADDRESS (Optional) srisbry@dor.ca.gov
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8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

SIGNATURE OF AGENCY HEAD OR DESIGNEE Joe Xavier, Director	DATE 9-6-17
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For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

OCT 18 2017

Office of Administrative Law

Attachment to STD 400
Notice File Number: Z-2016-0824-01

B.6. Check if these Regulations Require Notice to, or Review,
Consultation, Approval or Concurrence by, Another Agency or Entity

Other: United States Department of Education, Rehabilitation Services
Administration per 34 C.F.R. 395.4; and

California Vendors Policy Committee per 20 U.S.C. 107b-1(3)
and 34 C.F.R. 395.14(b)(1)

**DOR DEPARTMENT of
REHABILITATION**

Employment, Independence & Equality

Edmund G. Brown Jr., Governor



State of California
Health and Human Services Agency
Office of Legal Affairs and
Regulations
721 Capitol Mall
Sacramento, CA 95814
(916) 558-5825 VOICE
(916) 558-5826 FAX
(916) 558-5807 TTY

Via Personal Delivery

Office of Administrative Law
300 Capitol Mall, Suite 1250
Sacramento, California 95814

September 6, 2017

Re: Submission of Regulations (Notice File No.Z-2016-0824-01)

To Whom It May Concern:

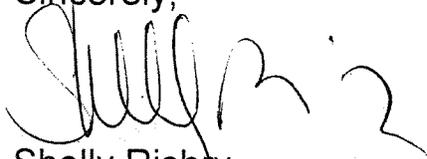
Please find enclosed the Department of Rehabilitation's (hereafter "Department") submission of regulations for Notice File No. Z-2016-0824-01 for the Business Enterprises Program for the Blind. As you may be aware, the Department administers the Business Enterprises Program for the Blind in accordance with Welfare and Institutions Code section 19625 et seq., the federal Randolph-Sheppard Act (20 U.S.C. 107 et seq.), and federal implementing regulations (34 C.F.R. 395 et seq.) The program provides legally blind, United States citizens who are 18 years or older and eligible for vocational rehabilitation services with opportunities to operate vending facilities on federal, state, and other property in California.

In accordance with title 34 of the Code of Federal Regulations part 395.4 and California law, the Department is required to promulgate the regulations in accordance with the Administrative Procedures Act (Gov. Code § 11340 et seq.). However, the Department may not implement the regulations unless and until approved by the Secretary of the United States Department of Education, in accordance with title 34 of the Code of Federal Regulations part 395.4(a). The United States Department of Education, Rehabilitation Services Administration has previously instructed the Department to submit the regulations to its office only after obtaining the approval of your office. At this time the Department is unable to request a specific effective date and requests that the enclosed regulations become effective upon the approval of the Secretary of the United States Department of Education, in accordance with title 34 of the Code of Federal Regulations part 395.4(a).

Office of Administrative Law
September 6, 2017
Page 2

In advance, thank you for your consideration. If you should have any questions, please do not hesitate to contact me at (916) 558-5498 or srisbry@dor.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shelly Risbry', with a stylized flourish at the end.

Shelly Risbry
Regulations Coordinator

Enclosure(s)

TEXT OF REGULATIONS

Title 9. Rehabilitative and Developmental Services Division 3. Department of Rehabilitation

Paragraph (23) of subdivision (a) of Section 7211, entitled Definitions and Terms, is amended as follows:

(23) "Financial Averages" mean the BEP Profit and Loss Statewide Financial Averages for types of vending facilities defined in subsection (a)(54) herein, developed by the BEP annually using information derived from the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), incorporated by reference herein, using the DR 478A, Vendor's Monthly Operating Report Privacy Notice and Instructions (Rev. ~~07/07~~ 06/16), incorporated by reference herein, submitted by BEP vendors.

NOTE: Authority cited: 20 USC Section 107b(5); 34 CFR Section 395.4; and Sections 19006, 19016, 19632 and 19639, Welfare and Institutions Code. Reference: 20 USC Sections 107, 107a(a)(5), 107a(b), 107a(e), 107b(3), 107b(6), 107b-1(2), 107b-1(3), 107d-1(a), 107d-3, 107d-4 and 107e(3); 34 CFR Sections 395.1(f)-(y), 395.2, 395.3(a)(3), (4), (7), (8) and (11)(ii) and (iv), 395.5, 395.7, 395.8, 395.9, 395.11, 395.13, 395.14, 395.16, 395.32, 395.33, 395.34 and 395.35; Section 8880.48, Government Code; and Sections 19011, 19095, 19095.5, 19153, 19625, 19626, 19627, 19629, 19630, 19631, 19632, 19635 and 19638, Welfare and Institutions Code.

Paragraph (2) of subdivision (b) of Section 7212.2, entitled Vendor-Trainers, is amended as follows:

(2) Be current with filing the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), incorporated by reference herein.

Note: Authority cited: 20 USC Section 107b(5); 34 CFR Section 395.4; and Sections 19006, 19016 and 19639, Welfare and Institutions Code.

Reference: 20 USC Sections 107b(6), 107d-1(a) and 107d-4; 34 CFR Sections 361.48, 395.3(a)(7) and (8), 395.11 and 395.13; Section 113947.1, Health and Safety Code; and Sections 19011, 19632(b) and 19635, Welfare and Institutions Code.

Paragraph (6) of subdivision (c) of Section 7212.4, entitled In-Service and Upward Mobility Training, is amended as follows:

(6) Financial management and preparation of the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), incorporated by reference herein.

Note: Authority cited: 20 USC Section 107b(5); 34 CFR Section 395.4; and Sections 19006, 19016, 19632 and 19639, Welfare and Institutions Code.

Reference: 20 USC Sections 107b-1(3) and 107d-4; 29 USC Section 723(a)(5), (14) and (18); 34 CFR Sections 361.5(b)(42), 361.48(f), (o) and (q), 395.3(a)(4) and (8), 395.11 and 395.14(b); and Sections 19011, 19150(a)(3) and 19150(a)(10), 19632(b) and 19638(b), Welfare and Institutions Code.

Subdivision (k) of Section 7213.2, entitled Suspension or Termination of a Vendor's Operating Agreement, is amended as follows:

(k) A vendor whose operating agreement is terminated may apply to operate another BEP vending facility, if the vendor pays all monies owed to the BEP, including, but not limited to, set-aside fees, payment for workers' compensation and liability insurance, and penalties, and files any delinquent DR 478, Vendor's Monthly Operating Reports (Rev. ~~07/07~~ 06/16), incorporated by reference herein.

Note: Authority cited: 20 USC Section 107b(5); 34 CFR Section 395.4; and Sections 19006, 19016 and 19639, Welfare and Institutions Code.

Reference: 20 USC Sections 107b(3), 107b(6) and 107d-1(a); 34 CFR Sections 395.1(o), 395.2, 395.3(a)(7), 395.9, 395.13, 395.16, 395.34 and 395.35; and Sections 19011, 19626, 19629 and 19635, Welfare and Institutions Code.

Paragraph (4) of subdivision (d) of Section 7213.3, entitled Good Cause for Suspension or Termination of a License or Operating Agreement, is amended as follows:

(4) Failure to file the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), incorporated by reference herein, in accordance with these regulations.

Paragraph (8) of subdivision (d) of Section 7213.3, entitled Good Cause for Suspension or Termination of a License or Operating Agreement, is amended as follows:

(8) Filing false or misleading DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16).

Note: Authority cited: 20 USC Section 107b(5); 34 CFR Section 395.4; and Sections 19006, 19016, 19632 and 19639, Welfare and Institutions Code. Reference: 20 USC Sections 107, 107a(a)(5), 107a(b), 107a(e), 107b(3), 107b(6), and 107d-1(a); 34 CFR Sections 395.1(i), 395.1(o), 395.2, 395.3(a)(7), 395.3(a)(11)(ii), 395.5, 395.7, 395.9, 395.13, 395.16, 395.34 and 395.35; and Sections 19011, 19625, 19626, 19629, 19632 and 19635, Welfare and Institutions Code.

Paragraph (1)(C) of subdivision (b) of Section 7213.6, entitled Reinstatement of a License, is amended as follows:

(C) If the individual requesting reinstatement was a former vendor, he or she has paid all monies owed to the BEP, including, but not limited to set-aside fees payment for workers' compensation or liability insurance, and penalties, and filed all of the required DR 478, Vendor's Monthly Operating Reports (Rev. ~~07/07~~ 06/16), incorporated by reference herein.

Note: Authority cited: 20 USC Section 107b(5); 34 CFR Section 395.4; and Sections 19006, 19016, 19632 and 19639, Welfare and Institutions Code. Reference: 20 USC Sections 107, 107a(a)(5), 107a(b), 107a(e), 107b(3), 107b(6) and 107d-1(a); 34 CFR Sections 395.1(i), 395.2, 395.3(a)(7),

395.5, 395.7, 395.9 and 395.13; Sections 113700-114180, Health and Safety Code; and Sections 19011, 19625, 19629 and 19635, Welfare and Institutions Code.

Subdivision (e) of Section 7214.1, entitled Application Requirements and the Application Process, is amended as follows:

(e) In addition to the grounds for immediate disqualification of an applicant established in subsection (d) herein, the BEP shall disqualify an applicant who owes the BEP monies, including, but not limited to, set-aside fees, payment for workers' compensation or liability insurance, and penalties, with the exception of subsection (e)(2) herein, or has any outstanding DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), incorporated by reference herein.

Paragraph (1) of subdivision (e) of Section 7214.1, entitled Application Requirements and the Application Process, is amended as follows:

(1) The Department's Accounting Office shall verify that each applicant who is a vendor is not delinquent in the submission of any DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), or payment of set-aside fees, penalties, or insurance payments. If the vendor is found to be delinquent on any of these payments, he or she may satisfy the delinquency by paying the amount of the delinquency in full, in the form of a cashier's check or money order, no later than five calendar days before the date of his or her interview. The applicant shall bring evidence of recent payment to the interview to avoid any potential disqualification.

Paragraph (5) of subdivision (g) of Section 7214.1, entitled Application Requirements and the Application Process, is amended as follows:

(5) Notice that a vendor who is an applicant may not participate in a selection interview unless he or she pays any delinquent or outstanding payments as specified in subsection (e) herein, or files any delinquent or outstanding DR478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16).

Note: Authority cited: 20 USC Section 107b(5); 34 CFR Section 395.4; and Sections 19006, 19016 and 19639, Welfare and Institutions Code.

Reference: 20 USC Sections 107, 107a(a)(5), 107a(b), 107a(e), 107b(3) and 107b-1(3); 34 CFR Sections 395.1(i), 395.2, 395.3(a)(4), 395.5, 395.7, 395.9 and 395.14(b); and Sections 19011, 19625, 19629 and 19638(b), Welfare and Institutions Code.

Paragraph (2) of subdivision (c) of Section 7215.1, entitled Interim Vending Facility; Announcement; Interviews; Selection of a Vendor, is amended as follows:

(2) A vendor's efficient operation and management of his or her current vending facility, as evidenced by submission of DR 478, Vendor's Monthly Operating Reports (Rev. ~~07/07~~ 06/16), incorporated by reference herein, and payment of any and all financial obligations to the BEP arising from the operation of his or her vending facility in accordance with these regulations.

Note: Authority cited: 20 USC Section 107b(5); 34 CFR Section 395.4; and Sections 19006, 19016 and 19639, Welfare and Institutions Code.

Reference: 20 USC Sections 107, 107a(a)(5), 107a(b) and 107a(e); 34 CFR Sections 361.5(b)(5), 395.1(i), 395.2, 395.3(a)(4), 395.3(a)(7), 395.5, 395.7 and 395.14(b); and Sections 19011, 19013.5(b), 19625, 19626 and 19638(b), Welfare and Institutions Code.

Subdivision (b) of Section 7218, entitled Vendor-Owned Vending Facility Equipment, is amended as follows:

(b) When vendors choose to purchase vending facility equipment, such equipment may be amortized and included as an operating expense when preparing the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), incorporated by reference herein, in accordance with the following:

Subdivision (c) of Section 7218, entitled Vendor-Owned Vending Facility Equipment, is amended as follows:

(c) The vendor shall maintain, repair, and replace any vendor-owned vending facility equipment at his or her expense and may include the expense as a cost of doing business when preparing the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16).

Note: Authority cited: 20 USC Section 107b(5); 34 CFR Section 395.4; and Sections 19006, 19016 and 19639, Welfare and Institutions Code.

Reference: 20 USC Section 107b(2); 34 CFR Sections 395.3(a)(5) and 395.6; and Section 19011, Welfare and Institutions Code.

Paragraph (1) of subdivision (h) of Section 7220, entitled Operation of a Vending Facility, is amended as follows:

(1) A quarterly meeting with the Business Enterprises Consultant, hereafter BEC, at the vendor's primary site, which shall include, but not be limited to, a review all of the DR 478, Vendor's Monthly Operating Reports (Rev. ~~07/07~~ 06/16) filed since the last quarterly meeting, payment of any financial obligations owed to the BEP, any delinquent DR 478, Vendor's Monthly Operating Reports (Rev. ~~07/07~~ 06/16) or payments of any financial obligations owed to the BEP, any complaints received from the contracting agency, and any incidents reported in accordance with subdivision (e) of this section.

Subdivision (j) of Section 7220, entitled Operation of a Vending Facility, is amended as follows:

(j) Under no circumstances shall a vendor purchase services, merchandise, supplies or equipment for his or her vending facility from himself or herself or a partnership or other entity in which the vendor has a financial interest of any type and include the cost of such services, merchandise, supplies or equipment in a DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16) to offset the set aside fees owed to the BEP.

Subdivision (m) of Section 7220, entitled Operation of a Vending Facility, is amended as follows:

(m) If records are not maintained to support the DR 478, Vendor's Monthly Operating Reports (Rev. ~~07/07~~ 06/16), the BEP or the Department may estimate the sales, expenses, and set-aside fees from all information available, including sales tax returns, facility announcements, prior ~~the~~ DR 478, Vendor's Monthly Operating Reports (Rev. ~~07/07~~ 06/16) filed for the vending facility or other similar locations. The vendor shall pay the BEP the set-aside fees calculated in accordance with this subdivision and any penalties.

Note: Authority cited: 20 USC Section 107b(5); 34 CFR Section 395.4; and Sections 19006, 19016 and 19639, Welfare and Institutions Code.

Reference: 20 USC Sections 107, 107a(a)(5), 107a(b), 107a(e) and 107b(3); 34 CFR Sections 361.5(b)(5), 395.1(o), 395.3(a)(7), 395.3(a)(11)(vi), 395.3(a)(11)(viii), 395.3(a)(11)(ix), 395.5, 395.7, 395.9, 395.16, 395.34 and 395.35; Section 12926, Government Code; Sections 113700 et seq. and 114259.4, Health and Safety Code; Sections 1171 et seq., 5401, 6408 and 6409.1, Labor Code; and Sections 19011, 19013.5(b), 19153, 19625, 19629, 19632(a) and 19633, Welfare and Institutions Code.

Paragraph (2) of subdivision (e) of Section 7220.3, entitled Vendor Placed on Probation, is amended as follows:

(2) Fails to file one or more DR 478, Vendor's Monthly Operating Reports (Rev. ~~07/07~~ 06/16), incorporated by reference herein, in accordance with Section 7221 of these regulations.

Note: Authority cited: 20 USC Section 107b(5); 34 CFR Section 395.4; and Sections 19006, 19016 and 19639, Welfare and Institutions Code.

Reference: 20 USC Sections 107, 107a(a)(5), 107a(b), 107a(e), 107b(6) and 107d-1(a); 34 CFR Sections 395.2, 395.3(a)(7), 395.3(a)(11)(ii), 395.5, 395.7 and 395.13; and Sections 19011, 19625, 19632(d) and 19635, Welfare and Institutions Code.

Section 7221 is amended as follows:

§ 7221. Vending Facility Trust Fund and Set-Aside Fees.

(a) Vendors operating a Business Enterprises Program for the Blind, hereafter BEP, vending facility shall pay a set-aside fee into the Vending Facility Trust Fund.

(1) Payment of the set-aside fee shall be made monthly based on the net proceeds, as defined in Welfare and Institutions Code section 19629(d) of the vending facility for the preceding month. The fees shall not exceed 6 percent of the monthly gross sales, and the vendor may determine if he or she shall pay 6 percent of the monthly gross sales or use the BEP established set-aside fee schedule that has been approved by the Rehabilitation Services Administration to determine the set-aside fees to be

paid. When using the set-aside schedule, the fees shall not exceed 6 percent of the monthly gross sales.

(2) Payment of the set-aside fee shall be made to the Department of Rehabilitation, Vending Facility Trust Fund, Accounting Section, P.O. Box 944222, Sacramento, California, ~~94299-9222~~ 94244-2220. Payment of the fee shall be accompanied by the completed DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), incorporated by reference herein. The income and expenses of each vending facility shall be reported using a DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16).

(b) No set-aside fee shall be paid by a vendor when the net proceeds of the Business Enterprise are less than the set-aside fee exemption amount determined by BEP in accordance with Welfare and Institutions Code section 19629(b) and pursuant to (a)(1) herein, however, the vendor is required to file a completed DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16) with the Department of Rehabilitation, Accounting Section, in accordance with subdivision (a)(2) of this subdivision, by the 25th day of the month following the month being reported or the vendor will be subject to the penalties contained in (c) herein.

(1) BEP shall adjust the set-aside fee exemption amount annually to reflect changes in the cost of living by the method indicated in Welfare and Institutions Code section 19629(b).

(2) BEP shall provide 30 days advance written notice to vendors of any adjustment to the set-aside fee exemption amount.

(3) Adjusted set-aside fee exemption amounts shall be effective on January 1st of the calendar year following the notice of adjustment.

(c) The DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), and the sum of the set-aside fee, and payment for liability insurance and workers' compensation insurance, hereafter collectively referred to as the set-aside charge, must either ~~must~~ be received by the ~~Department of Rehabilitation Accounting Section~~ or postmarked by the 25th calendar day following the reporting period month-end of the month following the month being reported, in accordance with subdivision (a)(2) of this section. Period month-end shall mean the last calendar day of the month. When the 25th day of the month falls on a Saturday, Sunday or a holiday, the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07-06/16~~) and the set-aside fee, charge shall be considered timely if postmarked on the following business day pursuant to Government Code section 6706. Penalties are not deductible expenses for purposes of calculating the set-aside fee.

(1) A penalty not to exceed either ~~45~~10 percent of the late set-aside charge or ~~\$75~~50, whichever is greater, shall be assessed ~~against a vendor for each month that~~ if the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07-06/16~~) or set-aside fee charge is late, but will not exceed \$250 for the first month. A \$50 penalty will be assessed for each subsequent month the late set-aside charge remains unpaid. If the set-aside charge or penalty remains unpaid for 90 days or more, the Vendor's Operating Agreement or License may be suspended or terminated. The DR 478, Vendor's Monthly Operating Report (Rev. 06/16) or set-aside charge is late when one or more of the following conditions occur:

(A) Set-aside fees charge or the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), ~~or both,~~ are not received pursuant to subsection (c) herein.

(B) The set-aside fee charge shall be considered ~~past due~~ late if ~~some of the amount owed is received, but the accompanying~~ the payment is incorrect and amount is less than the amount that is due in accordance with the DR 478, Vendor's Monthly Operating Report (Rev. 07/07) submitted for that month. Penalties will be assessed pursuant to section 7221(c)(1) above with the exception of outstanding amounts due of \$100 or less. If the outstanding amount due is \$100 or less, a 10% penalty will be assessed to the amount due and the vendor will be notified of the delinquent amount. The vendor is required to add the delinquent amount to the next month's DR 478, Vendor's Monthly Operating Report (Rev. 06/16) after notification. If the outstanding amount is not included in the next month's set-aside charge after notification, a \$50 penalty will be assessed pursuant to section 7221(c)(1).

(C) The set-aside fee charge shall be considered past due if payment is made by check, and the check is returned for insufficient funds or other reasons.

~~(D) The DR 478, Vendor's Monthly Operating Report (Rev. 07/07), shall be considered past due, if it is not signed by the vendor or the vendor does not use the DR 478, Vendor's Monthly Operating Report (Rev. 07/07) adopted by the Department~~

(2) Penalties shall not be assessed, if acts of nature beyond the vendor's control and due to no negligence on the part of the vendor, the vendor is unable to file the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), in accordance with subdivision (c) of this section. The vendor must notify the BEP Manager in writing of the facts that prevent the vendor from filing the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16) in accordance with subdivision (c) of this section. The BEP

Manager shall determine whether penalties shall not be assessed in accordance with this subsection.

(3) Vendors who have submitted a DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16) but have failed to include the set-aside-fee charge shall be given written notice of the delinquency.

(4) If a DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16) is delinquent for more than a one month, the BEP or the Department shall determine the set-aside-fee charge based on the most reliable information available and the vendor shall be liable for this amount, ~~together with any~~ applicable penalties.

(5) Submission of the DR 478, Vendor's Monthly Operating Report (Rev. 06/16), is an attestation that all amounts are true and correct.

(A) In the event a vendor is delinquent the first month at a new or newly assigned vending facility, the BEP or the Department may determine the set-aside fee using the estimates contained in the DR 460, Vending Facility Announcement (Rev. 09/09), incorporated by reference herein.

(d) Vendors shall send a copy of the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), to the Department's Accounting Office, as provided in subdivision (a)(2) of this section, as well as the BEP district office where the primary vending facility is located. Upon receipt, the Business Enterprises Consultant, ~~hereafter (BEC),~~ shall either accept or reject the DR 478 Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16). The BEC's review to determine whether to accept or reject the DR 478 Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16) shall include, but is not limited to, the following:

~~(1) Comparison of the DR 478, Vendor's Monthly Operating Report (Rev. 07/07), using financial averages, as defined in section 7211(a)(23) of~~

~~these regulations, with similar vending facilities in a similarly populated area.~~

(12) Verification of compliance with the DR 478A, Vendor's Monthly Operating Report Privacy Notice and Instructions (Rev. 07/07 06/16), incorporated by reference herein.

(23) Review of the gross receipts, net sales, cost of goods, payroll expense, other operating expense, other income, net proceeds, set-aside fee, and payments due. This review shall include all required data, increases or decreases, during the past year, ~~and comparability of such figures to those of similar facilities.~~

(e) If after the review, the BEC identifies issues that substantiate rejection of ~~rejects~~ the DR 478 Vendor's Monthly Operating Report (Rev. 07/07 06/16), the BEC will attempt to contact and discuss these issues with the vendor. If the issues are not rectified during this communication, the DR 478, Vendor's Monthly Operating Report (Rev. 06/16) such report shall be returned to the vendor with a written notice of the deficiencies. The vendor shall correct all deficiencies and submit the corrected DR 478, Vendor's Monthly Operating Report (Rev. 07/07 06/16), to the Department's Accounting Office in accordance with subdivision (a) of this section and the BEP field office in accordance with subdivision (d) of this section. The late penalty shall be assessed in accordance with subdivision (c) of this section.

(f) A vendor operating an interim vending facility shall submit a separate DR 478, Vendor's Monthly Operating Report (Rev. 07/07 06/16), while he or she is operating the facility.

(g) Department records of financial data including quarterly and annual reports of the Vending Facility Trust Fund shall be made available

to any interested party in accordance with the California Public Records Act (Government Code section 6250 et seq.).

(h) Set-aside funds deposited into the Vending Facility Trust Fund shall be used only for the purposes specified in Welfare and Institutions Code section 19629, 20 United States Code section 107b(3), and 34 Code of Federal Regulations section 395.9.

(i) The Department shall report financial averages to vendors. Financial averages are used by the Department to review trends and patterns within the food service industry, and to provide Department field staff with data that can be used to assist vendors to improve the operation and profitability of their vending facilities. BEP shall prepare and distribute to all vendors an annual report of the BEP profit and loss statewide financial averages for each type of by August 31st of each year, reporting data for the previous fiscal year.

Note: Authority cited: 20 USC Section 107b(5); 34 CFR Section 395.4, and Sections 19006, 19016 and 19639, Welfare and Institutions Code.

Reference: 20 USC Sections 107b(3) and 107b-1(1); and 34 CFR Sections 361.49(a)(5)(v), 395.9 and 395.12. Government Code, Sections 6250 et seq., 6706 and 12926; and Sections 19629, 19637 and 19639, Welfare and Institutions Code.

Paragraph 1 of subdivision (b) of Section 7225, entitled Vending Machine Commissions, is amended as follows:

(1) A commercial vending company operating vending machines on state property, where there is a BEP vending facility, shall pay commissions in accordance with a contract with the Department to BEP on

a monthly basis. All such commissions from these vending machines shall be paid to the BEP for disbursement to the vendor. Vending machine commissions shall be reported by the vendor on the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), incorporated by reference herein, when the commissions are received by the vendor.

Paragraph (1) of subdivision (d) of Section 7225, entitled Vending Machine Commissions:

(1) Such vending machine income shall be reported on the DR 478, Vendor's Monthly Operating Report (Rev. ~~07/07~~ 06/16), incorporated by reference herein, as part of the net proceeds for the month in which the income was received.

Note: Authority cited: 20 USC Section 107b(5); 34 CFR Section 395.4; and Sections 19006, 19016 and 19639, Welfare and Institutions Code.

Reference: 20 USC 107d-3; 34 CFR Sections 395.8 and 395.32; and Sections 19011 and 19630, Welfare and Institutions Code.

Repealed

VENDOR'S MONTHLY OPERATING REPORT

Name:	SSN: (last 4 digits) XXX-XX-	Facility Type: DV SB WV C VM			
Facility Name:	Facility #:	Report Period:	# Days:		

	#	Itemized Amt.	Total Entries
Gross Receipts (incl. sales tax)	1		
State Sales Tax	2		
Net Sales (line 1 less line 2)	3		
Opening Merchandise Inventory	4		
Merchandise Purchases	5		
Merchandise Available for Sale (add lines 4 + 5)	6		
Closing Merchandise Inventory	7		
Cost Of Goods Sold (line 6 less line 7)	8		
Blind Employee Wages (# of employees _____)	9		
Disabled Employee Wages (# of employees _____)	10		
Other Employee Wages (# of employees _____)	11		
Payroll Taxes	12		
Workers Comp. Insurance - *must match line 43 (Trainee Hours _____)	13		
Employee Benefits	14		
Total Payroll Expenses (add lines 9 thru 14)	15		
Rent/Utilities	16		
Telephone	17		
Liability Insurance - *must match line 44	18		
Laundry/Janitorial Services	19		
Supplies	20		
Accounting Services	21		
Pest Control/Trash Disposal	22		
Other Expenses (itemize)	23		
	24		
	25		
	26		
Total Operating Expenses (add lines 16 thru 26)	27		
Total Expenses (add lines 8 + 15 + 27)	28		
Profit From Operations (line 3 less line 28)	29		
Subsidies and Training Revenue	30		
Vending Machine Commissions	31		
Income from Services	32		
Total Other Income (add lines 30 thru 32)	33		
Net Proceeds Subject To Fees (add lines 29 + 33)	34		

	#	Itemized Amt.	Total Entries
Fee from Fee Schedule (use line 34)	35		
Maximum Fee (lines 3 + 33 = \$ _____ x 6%)	36		
Fee without Disabled Credit (lesser of line 35 or 36)	37		
Adjustment for Disabled Credit (10% of line 9 + 10)	38		
Fee to Vending Facility Trust Fund (line 37 less 38)	39		
Net Income (line 34 less 39)	40		
Workers Comp. Insurance Gross Wages (\$ _____ [total lines 9, 10 & 11] x Rate)	41		
Workers Comp. Insurance Overtime Wages Credit (\$ _____ x Rate)	42		
Net Workers Comp. Insurance Payment (line 41 less line 42) *also enter on line 13	43		
Liability Insurance Payment (line 3 / 1,000 x Rate + Base) *also enter on line 18	44		
Total Remitted (add lines 39 + 43 + 44)	45		
Other Payments (invoice # _____)	46		
Adjustment Payment from prior DR478 Adj. Rept.	47		
Total Payment (add lines 45 + 46 + 47)	48		

Vendor (print):	Prepared by:
Address:	Address:
Phone (including area code):	Phone (including area code):

I certify that I have reviewed this report and it is true and correct to the best of my knowledge and belief.

Vendor's Signature: 	Date Signed:
--	--------------

Payable to: Vending Facility Trust Fund	Mail to: Department of Rehabilitation Vending Facility Trust Fund Accounting Section P.O. Box 944222 Sacramento CA 94244-2220
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Reviewed by BEC:	Date:	Comments:
Reviewed by SBEC:	Date:	Comments:

Repeated

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

VENDOR'S MONTHLY OPERATING REPORT

The DR478 - Vendor's Monthly Operating Report is completed each month by the vendor to report monthly sales, expenses and profit. The DR478 is used by BEP to evaluate operations, develop required reports for federal and state governments, and establish set-aside fee, and insurance payment amounts. It is not intended for income tax purposes, welfare eligibility, or any purpose other than use by BEP.

The original DR478 and one copy, both front and back pages, must be postmarked or received by the Department's Accounting Section no later than the 25th of the month following the report month, along with a check or money order made payable to the **VENDING FACILITY TRUST FUND**. Cash will not be accepted.

It is recommended that the vendor's records and the DR478 be prepared by an accrual accounting method. This method allows for accounting of income when it is earned and expenses when they are incurred.

All monetary amounts entered on the DR478 shall be "rounded off" to the nearest whole dollar. "Rounding off" means amounts under 50 cents are decreased to the next lower dollar and amounts from 50 cents to 99 cents are increased to the next higher dollar.

NON-DEDUCTIBLE EXPENSES:

While some of the following items may be deductible when filing individual income tax returns, they are not accepted as business expenses by BEP and shall not be shown on the DR478:

- Charges for vendor's personal clothing.
- Commuting to and from work, including parking for self and/or employees.
- Personal life insurance, state disability insurance or retirement programs for self or family.
- Personal health or medical insurance for self or family.
- Initial stock repayments to BEP.
- Contributions or gifts to organizations or customers unless related directly to vending facility sales promotion activity.
- Accounting expenses not pertaining to BEP vending facility operations.
- Loss of merchandise through spoilage, theft, etc. (This will automatically be reflected in Cost of Goods.) Any theft shall be reported to appropriate law

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

- enforcement agencies and BEP.
- Unauthorized vehicle mileage or repair.
 - Purchase, rental or maintenance of unauthorized equipment.
 - Fees to Vending Facility Trust Fund.
 - Penalties for late fees, insurance and/or loan payments.
 - Loss of cash when there is no theft and the amount of loss is not verified or witnessed.

NAME:

Enter Vendor's first and last name.

SOCIAL SECURITY #:

Enter last 4 digits of the Vendor's personal Social Security number.

Privacy Statement: Disclosure of the last 4 digits of the Vendor's Social Security Number (SSN) is mandatory and is based on Welfare and Institutions Code section 19629. It is used to ensure that vendor is properly identified and credited for set-aside and insurance payments. Failure to provide vendor's SSN could result in payments not being properly credited to vendor's account and, if ongoing, to license suspension or termination.

FACILITY TYPE:

Circle one of the following: "DV" Dry Vending Facility, "SB" Snack Bar, "WV" Wet Vending Facility, "C" Cafeteria, or "VM" Vending Machine Facility.

FACILITY NAME:

Enter name of facility.

FACILITY #:

The facility number consists of 4 digits and a letter code. The first digit specifies the area in which the vending facility is located. The next 3 digits represent the vending facility number. The letter code represents the type of contracting organization. Enter the complete number (example: 3-535-C).

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

DR 478A (Rev. 07/07) Page 3 of 12

REPORT PERIOD:

Enter numerically the month and year of the period being reported, i.e., "09-92" for September 1992.

DAYS:

Enter the number of days of operation during the reporting period.

SALES**Line 1 -- Gross Receipts**

Enter gross receipts, including sales tax in the "Itemized Amt." column.

Line 2 -- State Sales Tax

Enter amount of sales tax on total sales for the month in the "Itemized Amt." column. Include sales tax on services such as film processing and video rentals.

Line 3 -- Net Sales

Net sales represents total sales, not including sales tax. Subtract Line 2 from Line 1. Enter remainder on Line 3 in the "Total Entries" column.

Line 4 -- Opening Merchandise Inventory

Opening merchandise inventory for a new facility or when taking over an existing facility from a previous vendor shall be reported as "zero" for the first report month in the "Itemized Amt." column. Subsequent reports by the same vendor shall pick up the closing merchandise inventory (Line 7 in the "Itemized Amt." column) for the prior report month and be reported in the "Itemized Amt." column.

Line 5 -- Merchandise Purchases

Enter total merchandise purchases for the reporting period, including disposable goods, paper and plastic, which are made available to the customer along with products sold in the "Itemized Amt." column.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

DR 478A (Rev. 07/07) Page 4 of 12

Merchandise purchases shall be reduced by 1) cost of goods for meals provided to employees; 2) discounts, commissions or rebates received from suppliers; and 3) amounts of merchandise taken home or consumed by the vendor.

When starting a new facility or taking over an existing facility, the purchase of merchandise inventory from suppliers or the previous vendor shall be recorded as merchandise purchases.

Pick-up and delivery charges shall be included in merchandise purchases. If pick-up or delivery charges are incurred by a vendor using a private vehicle, mileage rates may be charged, based on State-authorized expense allowance for use of private vehicles. If the vendor pays a monthly charge for parking, a prorated amount may be claimed if the vehicle is used for pick-up or delivery services.

Line 6 -- Merchandise Available for Sale

Add Lines 4 and Line 5. Enter the sum on Line 6 in the "Itemized Amt." column.

Line 7 -- Closing Merchandise Inventory

Enter the total amount of the closing merchandise inventory for the report month in the "Itemized Amt." column. Amounts shown as inventories must be actual at least twice annually, June 30 and December 31.

When closing a facility, enter the actual closing inventory on Line 7 in the "Itemized Amt." column.

Line 8 -- Cost of Goods Sold

Subtract Line 7 from Line 6. Enter the difference on Line 8 in the "Total Entries" column.

PAYROLL EXPENDITURES**Lines 9, 10 and 11 -- Blind, Disabled and Other Employee Wages**

In the "# of employees" box on the appropriate line of the form, report the number of disabled employees, to the nearest one-half position, employed by the vendor at the vending facility during the report month.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

DR 478A (Rev. 07/07) Page 5 of 12

In the "Itemized Amt." column on the appropriate line enter the total gross wages paid during the report month. Gross wages include employee benefits consisting of the value of employee meals, merchandise, vacation/sick pay, overtime pay, and any other substitute for money.

Line 12 -- Payroll Taxes

Enter the total amount of employer's payroll taxes for the report month in the "Itemized Amt." column. This includes State Unemployment Insurance (SUI), Federal Unemployment Insurance (FUTA) and the employer's share of Federal Insurance Contributions (FICA). Taxes must be paid and withheld on wages paid to spouse or family members as required by law.

Line 13 -- Workers Compensation Insurance

Any person, including spouses and family members, receiving salaries, wages or other remuneration from the vendor is an employee and must be covered by workers' compensation insurance.

Enter the number of trainee and/or volunteer hours used for skills and on the job training at the vending facility in the "Trainee Hours" box. Enter the "rounded off" workers' compensation insurance payment in the "Itemized Amt." column. This amount must match Line 43 in the "Total Entries" column.

Line 14 -- Employee Benefits

Enter the total amount expended for employee group insurance (health, hospitalization, retirement) for the report month in the "Itemized Amt." column.

Line 15 -- Total Payroll Expenses

Add Lines 9 through 14. Enter sum on Line 15 in the "Total Entries" column. Payroll expenses must include employees' gross wages before deductions, including meals furnished to employees, and vacation, holiday or bonus pay. Vendor's employees paying half price for meals would eliminate the employee meal benefit requirement. Cost of meals furnished shall be based on the State Employment Development Department's current meal cost schedule.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

DR 478A (Rev. 07/07) Page 6 of 12

Line 16 -- Rent/Utilities

Enter the total amount for vending facility rent and utilities for the report month in the "Itemized Amt." column.

Rent for authorized equipment will be shown on Other Expenses (itemize), Lines 23, 24, 25 or 26.

Line 17 -- Telephone

Enter the total amount expended for telephone services and equipment for the reporting period in the "Itemized Amt." column. Only telephone charges directly related to the operation of the facility will be allowed.

Line 18 -- Liability Insurance

Enter the "rounded off" amount of liability insurance payment in the "Itemized Amt." column. This amount must match Line 44 in the "Total Entries" column.

Line 19 -- Laundry/Janitorial Services

Enter the total amount expended for laundry services and for contracted janitorial services for the report month in the "Itemized Amt." column.

Line 20 -- Supplies

Enter the total amount expended for supplies for the report month in the "Itemized Amt." column. Supplies include soaps, cleaning compounds, office supplies, etc. Disposable goods, such as paper and plastic, which are made available to the customer along with products sold will be included in Line 5.

Line 21 -- Accounting Services

Enter the total amount expended for professional accounting services relating to the vending facility operation for the report month in the "Itemized Amt." column.

Line 22 -- Pest Control/Trash Disposal

Enter the total amount expended for pest control services and trash disposal for the

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

DR 478A (Rev. 07/07) Page 7 of 12

report month in the "Itemized Amt." column.

Lines 23, 24, 25 and 26 -- Other Expenses (itemize)

Enter the amount(s) of other expenses for the reporting period in the "Itemized Amt." column. Each amount must be itemized in the space provided. Attach additional sheet(s) if needed. Enter the totals of itemized expenses on Lines 23, 24, 25 and 26.

Examples of "Other Expenses" include:

1. Loss due to burglary or theft not covered by insurance. A copy of the police report must be attached to support any amount claimed as loss due to burglary or theft.
2. Vendor rental of equipment authorized by BEP.
3. Vendor purchase of equipment authorized by BEP. When equipment is sold by vendor, the amount received will be entered on Other Expenses (itemize) as a negative. Equipment costing \$240 or more will be amortized monthly at the rate of 1/24th of the equipment cost. There is a lifetime expense allowance for computers/computer software of \$5,000.
4. BEP approved travel, conference, meeting, convention expense. Expense allowances will be based on current state per diem and mileage rates as established by state guidelines.
5. Promotions, decorations, prizes, etc.
6. Business related bank service charges, including non-sufficient fund checks from customers. Delinquency penalty and interest charges caused by the vendor cannot be included.
7. Vendor maintenance of BEP authorized vendor purchased equipment used for the vending facility.
8. Business taxes other than California State sales tax.

Line 27 -- Total Operating Expenses

Add Lines 16 through 26. Enter the sum on Line 27 in the "Total Entries" column.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

DR 478A (Rev. 07/07) Page 8 of 12

Line 28 -- Total Expenses

Add Lines 8, 15 and 27. Enter the sum on Line 28 in the "Total Entries" column.

Line 29 -- Profit from Operations

Subtract Line 28 from Line 3. Enter the difference on Line 29 in the "Total Entries" column.

OTHER INCOMELine 30 -- Subsidies and Training Revenue

Enter total amount of subsidy received from contracting agency and training revenue for the report month in the "Itemized Amt." column.

Line 31 -- Vending Machine Commissions

Enter the total amount of vending machine commissions received for the reporting period in the "Itemized Amt." column. Commissions received for a period covering more than one month shall be reported when received, in total, for the report month.

Vendor must attach a copy of the commission statements from the vending machine owner to the monthly operating report. Vending machine commissions represent income from vending machines which are not serviced by the vendor.

Line 32 -- Income from Services

Enter the amount of profit received from services such as video rentals, film processing, lottery ticket sales, etc., including sales tax in the "Itemized Amt." column. Sales tax from services which are taxable shall be included in Line 2.

Line 33 -- Total Other Income

Add Lines 30 through 32. Enter sum on Line 33 in the "Total Entries" column.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

DR 478A (Rev. 07/07) Page 9 of 12

Line 34 -- Net Proceeds Subject to Fees

Add Line 29 and Line 33. Enter sum on Line 34 in the "Total Entries" column. If Line 34 is less than zero, do not complete Lines 35 through 39. Enter zero on Line 40 in the "Itemized Amt." column.

FEESLine 35 -- Fee from Fee Schedule

Consult the Vendor Monthly Fee Schedule and enter fee shown for Line 34 in the "Itemized Amt." column.

Line 36 -- Maximum Fee

Enter amount from Line 3 plus Line 33. Multiply by 6 percent. Enter result on Line 36 in the "Itemized Amt." column.

Line 37 -- Fee Without Disabled Credit

Enter amount from Line 35 or Line 36, whichever is less, in the "Itemized Amt." column.

Line 38 -- Adjustment for Disabled Credit

Enter on Line 38 in the "Itemized Amt." column, 10 percent of Gross Wages of certified legally blind and disabled employees. The information placed on this line should be 10 percent of Lines 9 and 10. Before a fee reduction can be taken, the employees' physical or mental disabilities must be certified by either a Department of Rehabilitation Counselor or a licensed physician.

Line 39 -- Fee to Vending Facility Trust Fund

Subtract Line 38 from Line 37. Enter the difference on Line 39 in the "Total Entries" column. If Line 38 is greater than Line 37, enter "zero". Deductions for gross wages of certified legally blind and disabled employees cannot exceed the fee without disabled credit.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

DR 478A (Rev. 07/07) Page 10 of 12

Line 40 -- Net Income

Subtract Line 39 from Line 34. Enter on Line 40 in the "Itemized Amt." column.

INSURANCE, OTHER PAYMENTS AND ADJUSTMENTSLine 41 -- Workers' Compensation Insurance Gross Wages

Enter gross wages from Line 9, 10 and 11 and wages for trainees and volunteers to the gross wages for determination of insurance payment. Trainee and volunteer wages are ascertained by multiplying total hours worked by the minimum wage. Enter insurance rate and multiply by the rounded gross wages. Enter the "rounded off" workers' compensation insurance payment before deducting overtime differential insurance adjustment in the "Itemized Amt." column.

Example 1: If vendor has "Other Employee Wages" (Line 11) of \$1,500 and also has Trainee Hours* of 35 hours on Line 13, Workers' Compensation insurance payment for Line 41 should be equal to:

$$\frac{35}{\text{trainee hrs}} \times \frac{7.25}{\text{minimum wage}} + \frac{1,500}{\text{other wages}} = \frac{1,701}{\text{total wages}} \times \frac{8.28\%}{\text{rate}} = 145$$

Example 2: If vendor has only Trainee Hours* of 35 hours on Line 13, Workers Compensation insurance payment for Line 41 should be equal to:

$$\frac{35}{\text{trainee hrs}} \times \frac{7.25}{\text{minimum wage}} = \frac{201}{\text{trainee wages}} \times \frac{8.28\%}{\text{rate}} = 21$$

* Provide the Trainee Hours on Line 13 in the "(Trainee Hours _____)" box.

Line 42 -- Workers Compensation Insurance Overtime Wages Credit

Enter the rounded overtime differential wages. Enter insurance rate and multiply by the rounded overtime differential wages. Enter the insurance payment adjustment in the "Itemized Amt." column.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

DR 478A (Rev. 07/07) Page 11 of 12

Line 43 -- Net Workers' Compensation Insurance Payment

Subtract Line 42 from Line 41. Enter the difference on Line 43 in the "Total Entries" column. Also enter on Line 13 in the "Itemized Amt." column.

Line 44 -- Liability Insurance Payment

Divide Line 3 by \$1,000, multiply by the Rate, then add the Base amount. Enter the "rounded off" liability insurance payment on Line 44 in the "Total Entries" column. Also enter on Line 18 in the "Itemized Amt." column.

Line 45 -- Total Remitted

Add Lines 39, 43 and 44. Enter sum on Line 45 in the "Total Entries" column.

Line 46 -- Other Payments

Enter loan number and amount of scheduled payment in the "Total Entries" column. Scheduled payment amount is shown on a promissory note, delinquent invoices, and/or New Horizon loan.

Line 47 -- Adjustment Payment

Enter the amount from the prior month's Adjustment Report "BEFR02". Enter total amount you are paying on Line 47 in the "Total Entries" column.

Line 48 -- Total Payment

Add Lines 45, 46 and 47 and enter on Line 48 in the "Total Entries" column. All payments shall be made by check or money order. Cash will not be accepted. The total remitted must equal Line 48.

Vendor/Accountant Identification and Vendor Signature

Enter name, address, and phone number of vendor and person preparing report.

Vendor must sign name and date the report.

**VENDOR'S MONTHLY OPERATING REPORT
INSTRUCTIONS**

DR 478A (Rev. 07/07) Page 12 of 12

The vendor's signature on the report signifies the report and attachments are a correct statement of the operation of the vendor's facility and contains only valid financial information for the location. Filing a false, incomplete or misleading monthly operating report shall be good cause for the suspension or termination of a vendor's license or operating agreement. The vendor is responsible for the completeness, accuracy, and submission of the report with an acceptable check or money order. An unsigned or incomplete report will not be accepted and will be returned to the vendor for completion.

Payable To:

Remit check or money order only for the total amount of payments and make out to: "VENDING FACILITY TRUST FUND".

Mail To:

Send the completed DR478 and one copy with payment to the:

Department of Rehabilitation
Vending Facility Trust Fund
Accounting Section
P.O. Box 944222
Sacramento, CA 94244-2220

DR478's and payment postmarked later than the 25th of the month following the report period month will be delinquent. A penalty of 10 percent of the late payments due (Line 45), or \$25, whichever is greater, will be assessed against a vendor. The DR478 must accompany the payment.

A review of the Vendor's Monthly Operating Report (DR478) will be completed by BEP staff and retained for four (4) years in the BEP files for reference. Copies of comments made by the BEP staff may be made available upon individual vendor request for those that apply to his or her facility.

A copy of these instructions should be given to the vendor's accountant or any other person preparing the report. When a vendor chooses an individual to prepare DR478 reports, that person must be able to prepare legible, detailed and accurate reports. Vendors who do not understand how to complete the reports should contact their Business Enterprises Consultant for assistance.

Adopted**VENDOR'S MONTHLY OPERATING REPORT**

DR 478 (Rev. 06/16) Page 1 of 2

**REFER TO DR478A VENDOR'S MONTHLY OPERATING REPORT PRIVACY NOTICE
AND INSTRUCTIONS**

Name:	SSN: (last 4 digits) XXX-XX-	Facility Type: DV SB WV C VM
Facility Name:	Facility #:	Report Period: # Days:

	#	Itemized Amt.	Total Entries
Gross Receipts (incl. sales tax)	1		
State Sales Tax	2		
Net Sales (line 1 less line 2)	3		
Opening Merchandise Inventory	4		
Merchandise Purchases	5		
Merchandise Available for Sale (add lines 4 + 5)	6		
Closing Merchandise Inventory	7		
Cost Of Goods Sold (line 6 less line 7)	8		
Blind Employee Wages (# of employees _____)	9		
Disabled Employee Wages (# of employees _____)	10		
Other Employee Wages (# of employees _____)	11		
Payroll Taxes	12		
Workers Comp. Insurance - *must match line 43 (Trainee Hours _____)	13		
Employee Benefits	14		
Total Payroll Expenses (add lines 9 thru 14)	15		
Rent/Utilities	16		
Telephone	17		
Liability Insurance - *must match line 44	18		
Laundry/Janitorial Services	19		
Supplies	20		
Accounting Services	21		
Pest Control/Trash Disposal	22		
Other Expenses (itemize)	23		
	24		
	25		
	26		
Total Operating Expenses (add lines 16 thru 26)	27		
Total Expenses (add lines 8 + 15 + 27)	28		
Profit From Operations (line 3 less line 28)	29		
Subsidies and Training Revenue	30		
Vending Machine Commissions	31		
Income from Services	32		
Total Other Income (add lines 30 thru 32)	33		
Net Proceeds Subject To Fees (add lines 29 + 33)	34		

	#	Itemized Amt.	Total Entries
Fee from Fee Schedule (use line 34)	35		
Maximum Fee (lines 3 + 33 = \$ _____ x 6%)	36		
Fee Adjustment Calculation			
Lesser of Line 35 or Line 36	36A		
Multiply Line 36A by 10%	36B		
Fee without Disabled Credit (line 36A less line 36B)	37		
Adjustment for Disabled Credit (10% of line 9 + 10)	38		
Fee to Vending Facility Trust Fund (line 37 less 38)	39		
Net Income (line 34 less 39)	40		
Workers Comp. Insurance Gross Wages (\$ _____ [total lines 9, 10 & 11] x Rate)	41		
Workers Comp. Insurance Overtime Wages Credit (\$ _____ x Rate)	42		
Net Workers Comp. Insurance Payment (line 41 less line 42) *also enter on line 13	43		
Liability Insurance Payment (line 3 / 1,000 x Rate + Base) *also enter on line 18	44		
Total Remitted (add lines 39 + 43 + 44)	45		
Other Payments (invoice # _____)	46		
Adjustment Payment from prior DR478 Adj. Rept.	47		
Total Payment (add lines 45 + 46 + 47)	48		

Vendor (print):	Prepared by:
Address:	Address:
Phone (including area code):	Phone (including area code):

Submission of this DR478, Vendor's Monthly Operating Report is an attestation that all amounts are true and correct.

Payable to: Vending Facility Trust Fund	Mail to: Department of Rehabilitation Vending Facility Trust Fund Accounting Section P.O. Box 944222 Sacramento CA 94244-2220
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Reviewed by BEC:	Date:	Comments:
Reviewed by Field Manager:	Date:	Comments:

Please refer to DR 478A, Vendor's Monthly Operating Report Privacy Notice and Instructions

Adopted

STATE OF CALIFORNIA

**VENDOR'S MONTHLY OPERATING REPORT
PRIVACY NOTICE AND INSTRUCTIONS**

DR 478A (Rev. 06/16) Page 1 of 13

DEPARTMENT OF REHABILITATION
BUSINESS ENTERPRISES PROGRAM

VENDOR'S MONTHLY OPERATING REPORT

The DR 478, Vendor's Monthly Operating Report (Rev. 06/16), hereafter DR 478, is completed each month by the vendor to report monthly sales, expenses and profit. The DR 478 is used by Business Enterprises Program for the Blind, hereafter BEP, to evaluate operations, develop required reports for federal and state governments, and establish set-aside fee, and insurance payment amounts. It is not intended for income tax purposes, welfare eligibility, or any purpose other than use by BEP. Please do not provide personal information that is not requested.

The Information Practices Act of 1977 (Civil Code section 1798.17) and the Federal Privacy Act (Title 5 United States Code section 552a(e)(3)) require this notice to be provided to individuals when collecting personal information. The information requested on this form is mandatory to ensure that the Department properly reports information provided by the individual. Failure to provide the information requested or providing false information may result in forms and payments not being properly attributed to the individual and, if ongoing, may result in license suspension or termination. Please refer to Title 34 Code of Federal Regulations section 295.4 and California Code of Regulations, title 9, sections 7213.3 and 7221. The Department's Privacy Policy can be found online at <http://dor.ca.gov/Public/Privacy.html>. To access these records you may contact the BEP Operations Manager at: BEP Operations Manager, 721 Capitol Mall, Sacramento, California 95814; BEPResponse@dor.ca.gov; and during business hours only at (916) 558-5358, TTY (844) 729-2800.

The original DR 478 both front and back pages, must be postmarked or received by the Department's Accounting Section no later than the 25th of the month following the report month, along with a check or money order made payable to the **VENDING FACILITY TRUST FUND**. A copy of the DR 478 must also be transmitted to the vendor's BEP field office no later than the 25th of the month following the report month. Cash will not be accepted.

It is recommended that the vendor's records and the DR 478 be prepared by an accrual accounting method. This method allows for accounting of income when it is earned and expenses when they are incurred.

All monetary amounts entered on the DR 478 shall be "rounded off" to the nearest whole dollar. "Rounding off" means amounts under 50 cents are decreased to the next lower dollar and amounts from 50 cents to 99 cents are increased to the next higher dollar.

**VENDOR'S MONTHLY OPERATING REPORT
PRIVACY NOTICE AND INSTRUCTIONS**

DR 478A (Rev. 06/16) Page 2 of 13

NON-DEDUCTIBLE EXPENSES:

While some of the following items may be deductible when filing individual income tax returns, they are not accepted as business expenses by BEP and shall not be shown on the DR 478:

- Charges for vendor's personal clothing.
- Commuting to and from work, including parking for self and/or employees.
- Personal life insurance, state disability insurance or retirement programs for self or family.
- Personal health or medical insurance for self or family.
- Initial stock repayments to BEP.
- Contributions or gifts to organizations or customers unless related directly to vending facility sales promotion activity.
- Accounting expenses not pertaining to BEP vending facility operations.
- Loss of merchandise through spoilage, theft, etc. (This will automatically be reflected in Cost of Goods.) Any theft shall be reported to appropriate law enforcement agencies and BEP.
- Unauthorized vehicle mileage or repair.
- Purchase, rental or maintenance of unauthorized equipment.
- Fees to Vending Facility Trust Fund.
- Penalties for late fees, insurance and/or loan payments.
- Loss of cash when there is no theft and the amount of loss is not verified or witnessed.

NAME:

Enter Vendor's first and last name.

SOCIAL SECURITY #:

Enter last 4 digits of the Vendor's personal Social Security number.

Privacy Statement: Disclosure of the last 4 digits of the Vendor's Social Security Number (SSN) is mandatory. It is used to ensure that vendor is properly identified and credited for set-aside and insurance payments. Failure to provide vendor's SSN could result in payments not being properly credited to vendor's account and, if ongoing, to license suspension or termination.

**VENDOR'S MONTHLY OPERATING REPORT
PRIVACY NOTICE AND INSTRUCTIONS**

DR 478A (Rev. 06/16) Page 3 of 13

FACILITY TYPE:

Circle one of the following: "DV" Dry Vending Facility, "SB" Snack Bar, "WV" Wet Vending Facility, "C" Cafeteria, or "VM" Vending Machine Facility.

FACILITY NAME:

Enter name of facility.

FACILITY #:

The facility number consists of 4 digits and a letter code. The first digit specifies the area in which the vending facility is located. The next 3 digits represent the vending facility number. The letter code represents the type of contracting organization. Enter the complete number (example: 3-535-C).

REPORT PERIOD:

Enter numerically the month and year of the period being reported, i.e., "09-92" for September 1992.

DAYS:

Enter the number of days of operation during the reporting period.

SALES**Line 1 -- Gross Receipts**

Enter gross receipts, including sales tax in the "Itemized Amt." column.

Line 2 -- State Sales Tax

Enter amount of sales tax on total sales for the month in the "Itemized Amt." column. Include sales tax on services such as film processing and video rentals.

Line 3 -- Net Sales

Net sales represent total sales, not including sales tax. Subtract Line 2 from Line 1. Enter remainder on Line 3 in the "Total Entries" column.

**VENDOR'S MONTHLY OPERATING REPORT
PRIVACY NOTICE AND INSTRUCTIONS**

DR 478A (Rev. 06/16) Page 4 of 13

Line 4 -- Opening Merchandise Inventory

Opening merchandise inventory for a new facility or when taking over an existing facility from a previous vendor shall be reported as "zero" for the first report month in the "Itemized Amt." column. Subsequent reports by the same vendor shall pick up the closing merchandise inventory (Line 7 in the "Itemized Amt." column) for the prior report month and be reported in the "Itemized Amt." column.

Line 5 -- Merchandise Purchases

Enter total merchandise purchases for the reporting period, including disposable goods, paper and plastic, which are made available to the customer along with products sold in the "Itemized Amt." column.

Merchandise purchases shall be reduced by 1) cost of goods for meals provided to employees; 2) discounts, commissions or rebates received from suppliers; and 3) amounts of merchandise taken home or consumed by the vendor.

When starting a new facility or taking over an existing facility, the purchase of merchandise inventory from suppliers or the previous vendor shall be recorded as merchandise purchases.

Pick-up and delivery charges shall be included in merchandise purchases. If pick-up or delivery charges are incurred by a vendor using a private vehicle, mileage rates may be charged, based on State-authorized expense allowance for use of private vehicles. If the vendor pays a monthly charge for parking, a prorated amount may be claimed if the vehicle is used for pick-up or delivery services.

Line 6 -- Merchandise Available for Sale

Add Lines 4 and Line 5. Enter the sum on Line 6 in the "Itemized Amt." column.

Line 7 -- Closing Merchandise Inventory

Enter the total amount of the closing merchandise inventory for the report month in the "Itemized Amt." column. Amounts shown as inventories must be actual at least twice annually, June 30 and December 31.

When closing a facility, enter the actual closing inventory on Line 7 in the "Itemized Amt." column.

**VENDOR'S MONTHLY OPERATING REPORT
PRIVACY NOTICE AND INSTRUCTIONS**

DR 478A (Rev. 06/16) Page 5 of 13

Line 8 -- Cost of Goods Sold

Subtract Line 7 from Line 6. Enter the difference on Line 8 in the "Total Entries" column.

PAYROLL EXPENDITURES**Lines 9, 10 and 11 -- Blind, Disabled and Other Employee Wages**

In the "# of employees" box on the appropriate line of the form, report the number of disabled employees, to the nearest one-half position, employed by the vendor at the vending facility during the report month.

In the "Itemized Amt." column on the appropriate line enter the total gross wages paid during the report month. Gross wages include employee benefits consisting of the value of employee meals, merchandise, vacation/sick pay, overtime pay, and any other substitute for money.

Line 12 -- Payroll Taxes

Enter the total amount of employer's payroll taxes for the report month in the "Itemized Amt." column. This includes State Unemployment Insurance (SUI), Federal Unemployment Insurance (FUTA) and the employer's share of Federal Insurance Contributions (FICA). Taxes must be paid and withheld on wages paid to spouse or family members as required by law.

Line 13 -- Workers Compensation Insurance

Any person, including spouses and family members, receiving salaries, wages or other remuneration from the vendor is an employee and must be covered by workers' compensation insurance.

Enter the number of trainee and/or volunteer hours used for skills and on the job training at the vending facility in the "Trainee Hours" box. Enter the "rounded off" workers' compensation insurance payment in the "Itemized Amt." column. This amount must match Line 43 in the "Total Entries" column.

**VENDOR'S MONTHLY OPERATING REPORT
PRIVACY NOTICE AND INSTRUCTIONS**

DR 478A (Rev. 06/16) Page 6 of 13

Line 14 -- Employee Benefits

Enter the total amount expended for employee group insurance (health, hospitalization, retirement) for the report month in the "Itemized Amt." column.

Line 15 -- Total Payroll Expenses

Add Lines 9 through 14. Enter sum on Line 15 in the "Total Entries" column. Payroll expenses must include employees' gross wages before deductions; this includes meals furnished to employees, and vacation, holiday or bonus pay. Vendor's employees paying half price for meals would eliminate the employee meal benefit requirement. Cost of meals furnished shall be based on the State Employment Development Department's current meal cost schedule.

Line 16 -- Rent/Utilities

Enter the total amount for vending facility rent and utilities for the report month in the "Itemized Amt." column.

Rent for authorized equipment will be shown on Other Expenses (itemize), Lines 23, 24, 25 or 26.

Line 17 -- Telephone

Enter the total amount expended for telephone services and equipment for the reporting period in the "Itemized Amt." column. Only telephone charges directly related to the operation of the facility will be allowed.

Line 18 -- Liability Insurance

Enter the "rounded off" amount of liability insurance payment in the "Itemized Amt." column. This amount must match Line 44 in the "Total Entries" column.

Line 19 -- Laundry/Janitorial Services

Enter the total amount expended for laundry services and for contracted janitorial services for the report month in the "Itemized Amt." column.

**VENDOR'S MONTHLY OPERATING REPORT
PRIVACY NOTICE AND INSTRUCTIONS**Line 20 -- Supplies

Enter the total amount expended for supplies for the report month in the "Itemized Amt." column. Supplies include soaps, cleaning compounds, office supplies, etc. Disposable goods, such as paper and plastic, which are made available to the customer along with the products sold, must be included in Line 5.

Line 21 -- Accounting Services

Enter the total amount expended for professional accounting services relating to the vending facility operation for the report month in the "Itemized Amt." column.

Line 22 -- Pest Control/Trash Disposal

Enter the total amount expended for pest control services and trash disposal for the report month in the "Itemized Amt." column.

Lines 23, 24, 25 and 26 -- Other Expenses (itemize)

Enter the amount(s) of other expenses for the reporting period in the "Itemized Amt." column. Each amount must be itemized in the space provided. Attach additional sheet(s) if needed. Enter the totals of itemized expenses on Lines 23, 24, 25 and 26.

Examples of "Other Expenses" include:

1. Loss due to burglary or theft not covered by insurance. A copy of the police report must be attached to support any amount claimed as loss due to burglary or theft.
2. Vendor rental of equipment authorized by BEP.
3. Vendor purchase of equipment authorized by BEP. When equipment is sold by vendor, the amount received will be entered on Other Expenses (itemize) as a negative. Equipment costing \$240 or more will be amortized monthly at the rate of 1/24th of the equipment cost. There is a lifetime expense allowance for computers/computer software of \$5,000.
4. BEP approved travel, conference, meeting, convention expense. Expense allowances will be based on current state per diem and mileage rates as established by state guidelines.

**VENDOR'S MONTHLY OPERATING REPORT
PRIVACY NOTICE AND INSTRUCTIONS**

DR 478A (Rev. 06/16) Page 8 of 13

5. Promotions, decorations, prizes, etc.
6. Business related bank service charges, including non-sufficient fund checks from customers. Delinquency penalty and interest charges caused by the vendor cannot be included.
7. Vendor maintenance of BEP authorized vendor purchased equipment used for the vending facility.
8. Business taxes other than California State sales tax.

Line 27 -- Total Operating Expenses

Add Lines 16 through 26. Enter the sum on Line 27 in the "Total Entries" column.

Line 28 -- Total Expenses

Add Lines 8, 15 and 27. Enter the sum on Line 28 in the "Total Entries" column.

Line 29 -- Profit from Operations

Subtract Line 28 from Line 3. Enter the difference on Line 29 in the "Total Entries" column.

OTHER INCOME**Line 30 -- Subsidies and Training Revenue**

Enter total amount of subsidy received from contracting agency and training revenue for the report month in the "Itemized Amt." column.

Line 31 -- Vending Machine Commissions

Enter the total amount of vending machine commissions received for the reporting period in the "Itemized Amt." column. Commissions received for a period covering more than one month shall be reported when received, in total, for the report month.

Vendor must attach a copy of the commission statements from the vending machine owner to the monthly operating report. Vending machine commissions represent income from vending machines which are not serviced by the vendor.

**VENDOR'S MONTHLY OPERATING REPORT
PRIVACY NOTICE AND INSTRUCTIONS**

DR 478A (Rev. 06/16) Page 9 of 13

Line 32 -- Income from Services

Enter the amount of profit received from services such as video rentals, film processing, lottery ticket sales, etc., including sales tax in the "Itemized Amt." column. Sales tax from services which are taxable shall be included in Line 2.

Line 33 -- Total Other Income

Add Lines 30 through 32. Enter sum on Line 33 in the "Total Entries" column.

Line 34 -- Net Proceeds Subject to Fees

Add Line 29 and Line 33. Enter sum on Line 34 in the "Total Entries" column. If Line 34 is less than zero, do not complete Lines 35 through 39. Enter zero on Line 40 in the "Itemized Amt." column.

FEES**Line 35 -- Fee from Fee Schedule**

Consult the Vendor's Monthly Fee Schedule and enter fee shown for Line 34 in the "Itemized Amt." column.

Line 36 -- Maximum Fee

Enter amount from Line 3 plus Line 33. Multiply by 6 percent. Enter result on Line 36 in the "Itemized Amt." column.

Line 36A and Line 36B -- Fee Adjustment Calculation

Line 36A – The lesser of Line 35 or Line 36. Enter result in the 36A box.

Line 36B – Multiply Line 36A by 10 percent. Enter the result in the Line 36B box.

Line 37 -- Fee Without Disabled Credit

Subtract Line 36B from Line 36A. Enter the remainder at Line 37 in the "Itemized Amt." column.

**VENDOR'S MONTHLY OPERATING REPORT
 PRIVACY NOTICE AND INSTRUCTIONS**

DR 478A (Rev. 06/16) Page 10 of 13

Line 38 -- Adjustment for Disabled Credit

Enter on Line 38 in the "Itemized Amt." column, 10 percent of Gross Wages of certified legally blind and disabled employees. The information placed on this line should be 10 percent of Lines 9 and 10. Before a fee reduction can be taken, the employees' physical or mental disabilities must be certified by either a Department of Rehabilitation Counselor or a licensed physician.

Line 39 -- Fee to Vending Facility Trust Fund

Subtract Line 38 from Line 37. Enter the difference on Line 39 in the "Total Entries" column. If Line 38 is greater than Line 37, enter "zero". Deductions for gross wages of certified legally blind and disabled employees cannot exceed the fee without disabled credit.

Line 40 -- Net Income

Subtract Line 39 from Line 34. Enter on Line 40 in the "Itemized Amt." column.

INSURANCE, OTHER PAYMENTS AND ADJUSTMENTSLine 41 -- Workers' Compensation Insurance Gross Wages

Enter gross wages from Line 9, 10 and 11 and wages for trainees and volunteers to the gross wages for determination of insurance payment. Trainee and volunteer wages are ascertained by multiplying total hours worked by the minimum wage. Enter insurance rate and multiply by the rounded gross wages. Enter the "rounded off" workers' compensation insurance payment before deducting overtime differential insurance adjustment in the "Itemized Amt." column.

Example 1: If vendor has "Other Employee Wages" (Line 11) of \$1,500 and also has Trainee Hours* of 35 hours on Line 13, Workers' Compensation insurance payment for Line 41 should be equal to:

$$\frac{35}{\text{trainee hrs}} \times \frac{7.25}{\text{minimum wage}} + \frac{1,500}{\text{other wages}} = \frac{1,701}{\text{total wages}} \times \frac{8.28\%}{\text{rate}} = 145$$

**VENDOR'S MONTHLY OPERATING REPORT
 PRIVACY NOTICE AND INSTRUCTIONS**

DR 478A (Rev. 06/16) Page 11 of 13

Example 2: If vendor has only Trainee Hours* of 35 hours on Line 13, Workers Compensation insurance payment for Line 41 should be equal to:

$$\frac{35}{\text{trainee hrs}} \times \frac{7.25}{\text{minimum wage}} = \frac{201}{\text{trainee wages}} \times \frac{8.28\%}{\text{rate}} = 21$$

* Provide the Trainee Hours on Line 13 in the "(Trainee Hours _____)" box.

Line 42 -- Workers Compensation Insurance Overtime Wages Credit

Enter the rounded overtime differential wages. Enter insurance rate and multiply by the rounded overtime differential wages. Enter the insurance payment adjustment in the "Itemized Amt." column.

Line 43 -- Net Workers' Compensation Insurance Payment

Subtract Line 42 from Line 41. Enter the difference on Line 43 in the "Total Entries" column. Also enter on Line 13 in the "Itemized Amt." column.

Line 44 -- Liability Insurance Payment

Divide Line 3 by \$1,000, multiply by the Rate, then add the Base amount. Enter the "rounded off" liability insurance payment on Line 44 in the "Total Entries" column. Also enter on Line 18 in the "Itemized Amt." column.

Line 45 -- Total Remitted

Add Lines 39, 43 and 44. Enter sum on Line 45 in the "Total Entries" column.

Line 46 -- Other Payments

Enter loan number and amount of scheduled payment in the "Total Entries" column. Scheduled payment amount is shown on a promissory note, delinquent invoices, and/or New Horizon loan.

Line 47 -- Adjustment Payment

Enter the amount from the prior month's Adjustment Report "BEFR02". Enter total amount you are paying on Line 47 in the "Total Entries" column.

**VENDOR'S MONTHLY OPERATING REPORT
PRIVACY NOTICE AND INSTRUCTIONS**

DR 478A (Rev. 06/16) Page 12 of 13

Line 48 -- Total Payment

Add Lines 45, 46 and 47 and enter on Line 48 in the "Total Entries" column. All payments shall be made by check or money order. Cash will not be accepted. The total remitted must equal Line 48.

Vendor/Accountant Identification and Vendor Attestation

Enter name, address, and phone number of vendor and person preparing report.

Submission of the DR 478 is an attestation that all amounts are true and correct. Filing a false, incomplete or misleading monthly operating report shall be good cause for the suspension or termination of a vendor's license or operating agreement. The vendor is responsible for the completeness, accuracy, and submission of the report with an acceptable check or money order. An incomplete report will not be accepted and will be returned to the vendor for completion.

Payable To:

Remit check or money order only for the total amount of payments and make out to: "VENDING FACILITY TRUST FUND".

Mail To:

Send the completed DR 478 with payment to the:

Department of Rehabilitation
Vending Facility Trust Fund
Accounting Section
P.O. Box 944222
Sacramento, CA 94244-2220

A DR 478 and payment postmarked later than the 25th of the month following the report period month will be delinquent. A penalty of 10 percent of the late payments due (Line 45), or \$50, whichever is greater, will be assessed against a vendor. The DR 478 must accompany the payment.

A copy of the DR 478 shall be sent to the BEP district office where the primary vending facility is located. A review of the DR 478 will be completed by BEP staff and retained for four (4) years in the BEP files for reference. Copies of comments made by the BEP

**VENDOR'S MONTHLY OPERATING REPORT
PRIVACY NOTICE AND INSTRUCTIONS**

DR 478A (Rev. 06/16) Page 13 of 13

staff may be made available upon individual vendor request for those that apply to his or her facility.

A copy of these instructions should be given to the vendor's accountant or any other person preparing the report. When a vendor chooses an individual to prepare DR 478 reports, that person must be able to prepare legible, detailed and accurate reports. Vendors who do not understand how to complete the reports should contact their Business Enterprises Consultant for assistance.