



JOHN CHIANG
California State Controller

September 27, 2012

Dorma Baker, Superintendent
Pajaro Valley Unified School District
294 Green Valley Road
Watsonville, CA 95076

Dear Ms. Baker:

The State Controller's Office reviewed the costs claimed by Pajaro Valley Unified School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 2002, through June 30, 2003. Our review was limited to ensuring that the California Department of Education Standardized Testing and Reporting Program apportionment was properly offset.

The district claimed \$29,215 for the mandated program. Our review disclosed that \$1,503 is allowable and \$27,712 is unallowable. The costs are unallowable because the district understated offsetting reimbursements, as described in the attached Summary of Program Costs and Finding and Recommendation.

For the fiscal year (FY) 2002-03 claim, the State paid the district \$29,215 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$1,503 is allowable. The State will apply \$27,712 against any balances of unpaid mandated program claims due the district as of October 19, 2010.

We communicated the review results to Brett McFadden, Chief Business Officer, via e-mail on August 31, 2012. Mr. McFadden did not respond to our e-mail.

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

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

Attachments

RE: S13-MCC-901

cc: Brett McFadden, Chief Business Officer
Pajaro Valley Unified School District
Michael C. Watkins, County Superintendent of Schools
Santa Cruz County Office of Education
Scott Hannan, Director, School Fiscal Services Division
California Department of Education
Carol Bingham, Director, Fiscal Policy Division
California Department of Education
Thomas Todd, Assistant Program Budget Manager
Education Systems Unit, Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

**Attachment 1—
Summary of Program Costs
July 1, 2002, through June 30, 2003**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Review</u>	<u>Review Adjustment ¹</u>
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits:			
Pre-test and post-test coordination	\$ 14,182	\$ 14,182	\$ —
Test administration	11,230	11,230	—
Reporting and recordkeeping	2,548	2,548	—
Total direct costs	27,960	27,960	—
Indirect costs	1,255	1,255	—
Total direct and indirect costs	29,215	29,215	—
Less offsetting reimbursements	—	(27,712)	(27,712)
Total program costs	<u>\$ 29,215</u>	1,503	<u>\$ (27,712)</u>
Less amount paid by the State ²		(29,215)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (27,712)</u>	

¹ See Attachment 2, Finding and Recommendation.

² Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

Attachment 2— Finding and Recommendation July 1, 2002, through June 30, 2003

**FINDING—
Understated offsetting
reimbursements**

The district understated offsetting reimbursements by \$27,712 because it did not report any of the Standardized Testing and Reporting (STAR) Program apportionments received from the California Department of Education (CDE) for the review period.

The parameters and guidelines (section VII) state:

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, services fees collected, federal funds and other state funds shall be identified and deducted from the claim.

California Education Code section 60640, subdivision (h)(1), specifies that the State Superintendent of Public Instruction shall apportion funds to school districts to enable them to administer the tests within the STAR Program. For the review period, we determined that the district received \$41,968 from the CDE.

We determined the amount that should have been offset by multiplying the total CDE apportionment by the reimbursable mandate percentages based on test results published on the CDE STAR website. The district administered the following STAR tests in the review period: California Standards Tests (CST); California Achievement Test, Sixth Edition (CAT/6); Spanish Assessment of Basic Education, Second Edition (SABE/2); and the California Alternate Performance Assessment (CAPA). The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate.

Based on the CDE's published test results, the reimbursable mandate percentage is 66.03% for FY 2002-03. The following table summarizes the understated offsetting reimbursements for the review period:

	Fiscal Year 2002-03
STAR Program apportionments:	
CDE apportionment	\$ (41,968)
Mandate-related percentage	× 66.03%
Mandate-related apportionment	(27,712)
Less offset CDE apportionment	—
Review adjustment	\$ (27,712)

Recommendation

We recommend that the district ensure that all applicable reimbursements are offset against mandated program costs.