

ABC UNIFIED SCHOOL DISTRICT

Audit Report

STANDARDIZED TESTING AND REPORTING PROGRAM

Chapter 828, Statutes of 1997

July 1, 1997, through June 30, 2004



JOHN CHIANG
California State Controller

May 2010



JOHN CHIANG
California State Controller

May 12, 2010

Celia Spitzer, Chairman
Board of Education
ABC Unified School District
16700 Norwalk Boulevard
Cerritos, CA 90701

Dear Ms. Spitzer:

The State Controller's Office audited the costs claimed by the ABC Unified School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2004.

The district claimed \$2,540,290 for the mandated program. Our audit disclosed that \$37,857 is allowable and \$2,502,433 is unallowable. The costs are unallowable primarily because the district claimed unsupported costs. The State made no payment to the district. The State will pay allowable costs claimed that exceed the amount paid, contingent upon available appropriations.

Regarding the unsupported salary and benefit costs, if the district subsequently provides corroborating evidence to support the time it takes to perform individual reimbursable activities, we will revise the final audit report as appropriate.

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

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

cc: Gary Smuts, Ed.d, Superintendent
ABC Unified School District
Toan Nguyen, Chief Financial Officer
ABC Unified School District
Darline P. Robles, Ph.D County Superintendent of Schools
Los Angeles County Office of Education
Scott Hannan, Director
School Fiscal Services Division
California Department of Education
Carol Bingham, Director
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Thomas Todd, Principal Program Budget Analyst
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State Controller's Office

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the ABC Unified School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2004.

The district claimed \$2,540,290 for the mandated program. Our audit disclosed that \$37,857 is allowable and \$2,502,433 is unallowable. The costs are unallowable primarily because the district claimed unsupported costs. The State made no payment to the district. The State will pay allowable costs claimed that exceed the amount paid, contingent upon available appropriations.

Background

Chapter 828, Statutes 1997, amended Education Code sections 60607, 60609, 60615, and 60630 and added Education Code sections 60640-60641, and 60643. Chapter 8282, Statutes 1997, and the implementing regulations at California Code of Regulations, Title 5, sections 850 through 904, established the Standardized Testing and Reporting (STAR) Program related to achievement testings that school districts must administer to pupils in the State.

The STAR program requires school districts, between March 15 and May 15 each year, to test all students in grades 2 through 11 with a nationally normed achievement test as designated by the State Board of Education. School districts administered the Stanford Achievement Test Ninth Edition (SAT-9) test in English to all pupils enrolled in grades 2 through 11 from fiscal year (FY) 1997-98 through FY 2001-02. The California Achievement Test, Sixth Edition Survey (CAT/6) replaced the SAT-9 test effective for FY 2002-03. School districts administered the CAT/6 test in English to all pupils enrolled in grades 2 through 11 for FY 2002-03 and FY 2003-04. In addition, school districts administered an additional test—the Spanish Assessment of Basic Education, Second Edition (SABE/2)—to every Spanish-speaking pupil of limited English proficiency who was enrolled in grades 2 through 11 if the pupil was initially enrolled in any public school in the state fewer than 12 months prior to the date that the English language SAT-9 test was given. School districts are also required to engage in numerous activities related to test administration and reporting.

On August 24, 2000, the Commission on State Mandates (CSM) determined that the legislation imposed a mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on January 24, 2002. 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 Standardized Testing and Reporting Program for the period of July 1, 1997, through June 30, 2004.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

We asked the district's representative to submit a written representation letter regarding the district's accounting procedures, financial records, and mandated cost claiming procedures as recommended by generally accepted government auditing standards. However, the district did not submit a representation letter.

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, the ABC Unified School District claimed \$2,540,290 for costs of the Standardized Testing and Reporting Program. Our audit disclosed that \$37,857 is allowable and \$2,502,433 is unallowable. The State made no payment to the district. The State will pay allowable costs claimed that exceed the amount paid, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on February 24, 2010. We contacted Toan Nguyen, Chief Financial Officer, by e-mail on April 14, 2010. Mr. Nguyen declined to respond to the draft report.

Restricted Use

This report is solely for the information and use of the ABC Unified School District, the Los Angeles County Office of Education, the California Department of Education, 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

May 12, 2010

Schedule 1— Summary of Program Costs July 1, 1997, through June 30, 2004

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1997, through June 30, 1998</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 3,452	\$ —	\$ (3,452)	Finding 1
Test materials, supplies, and equipment	1,309	—	(1,309)	Finding 1
Pretest and post-test coordination	184,585	—	(184,585)	Finding 1
Reporting and recordkeeping	144,999	—	(144,999)	Finding 1
Total salaries and benefits	334,345	—	(334,345)	Finding 1
Materials and supplies:				
Test materials, supplies, and equipment	195,014	109,012	(86,002)	Finding 2
Reporting and recordkeeping	—	7,154	7,154	Finding 2
Total materials and supplies	195,014	116,166	(78,848)	Finding 2
Total direct costs	529,359	116,166	(413,193)	
Indirect costs	34,885	8,225	(26,660)	Findings 1, 2
Total direct and indirect costs	564,244	124,391	(439,853)	
Less offsetting revenues/reimbursements	(120,312)	(120,312)	—	
Total program costs	\$ 443,932	4,079	\$ (439,853)	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		\$ 4,079		
<u>July 1, 1998, through June 30, 1999</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 3,534	\$ —	\$ (3,534)	Finding 1
Test materials, supplies, and equipment	1,340	—	(1,340)	Finding 1
Pretest and post-test coordination	193,003	—	(193,003)	Finding 1
Reporting and recordkeeping	151,187	—	(151,187)	Finding 1
Total salaries and benefits	349,064	—	(349,064)	Finding 1
Materials and supplies:				
Test materials, supplies, and equipment	131,165	116,266	(14,899)	Finding 2
Reporting and recordkeeping	—	4,606	4,606	Finding 2
Total materials, supplies, and equipment	131,165	120,872	(10,293)	Finding 2
Total direct costs	480,229	120,872	(359,357)	
Indirect costs	31,647	6,093	(25,554)	Findings 1, 2
Total direct and indirect costs	511,876	126,965	(384,911)	
Less offsetting revenues/reimbursements	(137,551)	(96,836)	40,715	Finding 3
Total program costs	\$ 374,325	30,129	\$ (344,196)	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		\$ 30,129		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 3,620	\$ —	\$ (3,620)	Finding 1
Test materials, supplies, and equipment	1,373	—	(1,373)	Finding 1
Pretest and post-test coordination	198,322	—	(198,322)	Finding 1
Reporting and recordkeeping	155,290	—	(155,290)	Finding 1
Total salaries and benefits	358,605	—	(358,605)	Finding 1
Materials and supplies:				
Test materials, supplies, and equipment	43,255	21,120	(22,135)	Finding 2
Reporting and recordkeeping	—	4,587	4,587	Finding 2
Total materials, supplies, and equipment	43,255	25,707	(17,548)	Finding 2
Total direct costs	401,860	25,707	(376,153)	
Indirect costs	26,482	540	(25,942)	Findings 1, 2
Total direct and indirect costs	428,342	26,247	(402,095)	
Less offsetting revenues/reimbursements	(38,950)	(27,187)	11,763	Finding 3
Adjustment to eliminate negative balance	—	940	940	
Total program costs	<u>\$ 389,392</u>	—	<u>\$ (389,392)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 3,711	\$ —	\$ (3,711)	Finding 1
Test materials, supplies, and equipment	1,407	—	(1,407)	Finding 1
Pretest and post-test coordination	204,248	—	(204,248)	Finding 1
Reporting and recordkeeping	159,830	—	(159,830)	Finding 1
Total salaries and benefits	369,196	—	(369,196)	Finding 1
Materials and supplies:				
Test materials, supplies, and equipment	45,745	23,079	(22,666)	Finding 2
Reporting and recordkeeping	—	4,334	4,334	Finding 2
Total materials and supplies	45,745	27,413	(18,332)	Finding 2
Total direct costs	414,941	27,413	(387,528)	
Indirect costs	27,344	1,807	(25,537)	Findings 1, 2
Total direct and indirect costs	442,285	29,220	(413,065)	
Less offsetting revenues/reimbursements	(38,950)	(27,644)	11,306	Finding 3
Total program costs	<u>\$ 403,335</u>	1,576	<u>\$ (401,759)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,576</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 3,803	\$ —	\$ (3,803)	Finding 1
Test materials, supplies, and equipment	1,443	—	(1,443)	Finding 1
Pretest and post-test coordination	253,489	—	(253,489)	Finding 1
Test administration	20,314	—	(20,314)	Finding 1
Reporting and recordkeeping	171,241	—	(171,241)	Finding 1
Total salaries and benefits	450,290	—	(450,290)	Finding 1
Materials and supplies:				
Test materials, supplies, and equipment	—	11,582	11,582	
Reporting and recordkeeping	—	4,608	4,608	
Total materials, supplies, and equipment	—	16,190	16,190	
Total direct costs	450,290	16,190	(434,100)	
Indirect costs	—	1,418	1,418	Findings 1, 2
Total direct and indirect costs	450,290	17,608	(432,682)	
Less offsetting revenues/reimbursements	—	(27,958)	(27,958)	Finding 3
Adjustment to eliminate negative balance	—	10,350	10,350	
Total program costs	\$ 450,290	—	\$ (450,290)	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		\$ —		
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 127,279	\$ —	\$ (127,279)	Finding 1
Test materials, supplies, and equipment	10,356	—	(10,356)	Finding 1
Pretest and post-test coordination	77,189	1,032	(76,157)	Finding 1
Test administration	22,916	—	(22,916)	Finding 1
Reporting and recordkeeping	45,600	—	(45,600)	Finding 1
Total salaries and benefits	283,340	1,032	(282,308)	Finding 1
Materials and supplies:				
Test materials, supplies, and equipment	7,714	9,717	2,003	Finding 2
Pretest and post-test coordination	15	9	(6)	Finding 2
Reporting and recordkeeping	18,824	16,059	(2,765)	Finding 2
Total materials and supplies	26,553	25,785	(768)	Finding 2
Travel and training	71	71	—	
Total direct costs	309,964	26,888	(283,076)	
Indirect costs	24,549	2,130	(22,419)	Findings 1, 2
Total direct and indirect costs	334,513	29,018	(305,495)	
Less offsetting revenues/reimbursements	—	(26,945)	(26,945)	Finding 3
Total program costs	\$ 334,513	2,073	\$ (332,440)	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		\$ 2,073		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 10,812	\$ —	\$ (10,812)	Finding 1
Test materials, supplies, and equipment	8,855	—	(8,855)	Finding 1
Pretest and post-test coordination	44,857	6,981	(37,876)	Finding 1
Test administration	8,840	—	(8,840)	Finding 1
Reporting and recordkeeping	35,829	—	(35,829)	Finding 1
Total salaries and benefits	<u>109,193</u>	<u>6,981</u>	<u>(102,212)</u>	Finding 1
Materials and supplies:				
Training, policies, and procedures	534	327	(207)	Finding 2
Test materials, supplies, and equipment	18,686	9,456	(9,230)	Finding 2
Pretest and post-test coordination	73	45	(28)	Finding 2
Reporting and recordkeeping	7,071	4,834	(2,237)	Finding 2
Total materials and supplies	<u>26,364</u>	<u>14,662</u>	<u>(11,702)</u>	Finding 2
Total direct costs	135,557	21,643	(113,914)	
Indirect costs	8,946	1,429	(7,517)	Findings 1, 2
Total direct and indirect costs	144,503	23,072	(121,431)	
Less offsetting revenues/reimbursements	—	(26,696)	(26,696)	Finding 3
Adjustment to eliminate negative balance	—	3,624	3,624	
Total program costs	<u>\$ 144,503</u>	—	<u>\$ (144,503)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>Summary: July 1, 1997, through June 30, 2004</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 156,211	\$ —	\$ (156,211)	
Test materials, supplies, and equipment	26,083	—	(26,083)	
Pretest and post-test coordination	1,155,693	8,013	(1,147,680)	
Test administration	52,070	—	(52,070)	
Reporting and recordkeeping	863,976	—	(863,976)	
Total salaries and benefits	<u>2,254,033</u>	<u>8,013</u>	<u>(2,246,020)</u>	
Materials and supplies:				
Training, policies, and procedures	534	327	(207)	
Test materials, supplies, and equipment	441,579	300,232	(141,347)	
Pretest and post-test coordination	88	54	(34)	
Reporting and recordkeeping	25,895	46,182	20,287	
Total materials and supplies	<u>468,096</u>	<u>346,795</u>	<u>(121,301)</u>	
Travel and training	71	71	—	
Total direct costs	2,722,200	354,879	(2,367,321)	
Indirect costs	153,853	21,642	(132,211)	

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 1997, through June 30, 2004 (continued)</u>				
Total direct and indirect costs	2,876,053	376,521	(2,499,532)	
Less offsetting revenues/reimbursements	(335,763)	(353,578)	(17,815)	
Adjustment to eliminate negative balance	—	14,914	14,914	
Total program costs	<u>\$ 2,540,290</u>	37,857	<u>\$(2,502,433)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 37,857</u>		

¹ See Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Unallowable salaries and benefits

The district claimed \$2,254,033 in salaries and benefits and \$122,643 in related indirect costs for the audit period. We determined that \$2,246,020 in salaries and benefits and \$122,099 in indirect costs are unallowable. The costs are unallowable primarily due to inadequate documentation.

For fiscal year (FY) 1997-98 through FY 2001-02, the district did not provide any source documents to support the actual employee time spent or that the work performed related to the mandated program.

For FY 2002-03 through FY 2003-04, the district provided minimal time records for district staff performing pretest and post-test coordination.

The district claimed salaries and benefits for administering the following STAR tests: (1) California Standards Tests (CST); (2) California Alternate Performance Assessment (CAPA); (3) California Achievement Test, Sixth Edition Survey (CAT/6 Survey); and (4) Spanish Assessment of Basic Education, Second Edition (SABE/2). The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate. The district accounted for the costs of the STAR tests collectively, without separately identifying costs by test, except for testing administration. Consequently, district staff were not able to calculate the reimbursable portion based on its time records. During the audit, the district determined the percentages of the test that related to the mandate (SAT-9, CAT/6, and SABE/2) based on the California Department of Education STAR Web site.

We developed the reimbursable percentages based on the ratio of mandated tests over all STAR tests, and applied the percentages to ratios of allowable costs. The reimbursable percentages for mandated costs were as follows: 100% for FY 1997-98, 70.4% for FY 1998-99, 69.8% for FY 1999-2000, 63.2% for FY 2000-01, 64.0% for FY 2001-02, 62.3% for FY 2002-03, and 61.3% for FY 2003-04.

During the audit status meetings with district representatives, we addressed the inadequate documentation for salaries and benefits. We suggested that the district perform a time study to support claimed costs. The district indicated that it will conduct a time study in FY 2009-10. We will review the time study results and revise the final audit report as appropriate.

The following table summarizes the unallowable salaries and benefits by reimbursable activities and related indirect costs:

	Fiscal Year						Total	
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03		2003-04
Salaries and benefits:								
Training, policies, and procedures	\$ (3,452)	\$ (3,534)	\$ (3,620)	\$ (3,711)	\$ (3,803)	\$ (127,279)	\$ (10,812)	\$ (156,211)
Test materials, supplies, and equipment	(1,309)	(1,340)	(1,373)	(1,407)	(1,443)	(10,356)	(8,855)	(26,083)
Pretest and post-test coordination	(184,585)	(193,003)	(198,322)	(204,248)	(253,489)	(76,157)	(37,876)	(1,147,680)
Test administration	—	—	—	—	(20,314)	(22,916)	(8,840)	(52,070)
Reporting and recordkeeping	(144,999)	(151,187)	(155,290)	(159,830)	(171,241)	(45,600)	(35,829)	(863,976)
Total salaries and benefits	(334,345)	(349,064)	(358,605)	(369,196)	(450,290)	(282,308)	(102,212)	(2,246,020)
Indirect costs	(22,034)	(23,002)	(23,631)	(24,329)	—	(22,358)	(6,745)	(122,099)
Audit adjustment	<u>\$ (356,379)</u>	<u>\$ (372,066)</u>	<u>\$ (382,236)</u>	<u>\$ (393,525)</u>	<u>\$ (450,290)</u>	<u>\$ (304,666)</u>	<u>\$ (108,957)</u>	<u>\$ (2,368,119)</u>

The program’s parameters and guidelines (section VI.A.) state:

... all incurred costs claimed must be traceable to source documents that show evidence of the validity and relationship to the reimbursable activities. Documents may include, but are not limited to, worksheets, time records or time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to reimbursable activities. . . .

The parameters and guidelines (section V.A.1) state:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Recommendation

We recommend that the district ensure that all claimed costs are for activities reimbursable under the program’s parameters and guidelines, supported with source documents, and reimbursable under the mandate.

District’s Response

The district did not respond to the finding.

**FINDING 2—
Overstated materials
and supplies**

The district claimed \$468,096 in materials and supplies and \$31,210 for related indirect costs for the audit period. Our audit determined that the district overclaimed materials and supplies costs by \$128,455. The related unallowable indirect costs total \$10,113.

The district claimed a non-reimbursable test—the Aprenda—and materials ineligible for reimbursements, such as practice tests and prior notification to parents. Additionally, the district did not claim postage for mailing test results to parents, and did not claim material

and supply costs for FY 2001-02. We worked with the district to identify supported costs and applied the mandated percentages identified in Finding 1.

The following table summarizes the audit adjustments:

	Fiscal Year						Total	
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03		2003-04
Materials and supplies cost	\$ (86,002)	\$ (10,293)	\$ (17,548)	\$ (18,332)	\$ 16,190	\$ (768)	\$ (11,702)	\$(128,455)
Indirect costs	(4,627)	(2,552)	(2,311)	(1,208)	1,418	(61)	(772)	(10,113)
Audit adjustment	<u>\$ (90,629)</u>	<u>\$ (12,845)</u>	<u>\$ (19,859)</u>	<u>\$ (19,540)</u>	<u>\$ 17,608</u>	<u>\$ (829)</u>	<u>\$ (12,474)</u>	<u>\$(138,568)</u>

The parameters and guidelines (section VI.A.) state:

. . . all incurred costs claimed must be traceable to source documents that show evidence of the validity and relationship to the reimbursable activities Documents may include, but are not limited to, worksheets, time records or time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to reimbursable activities. . . .

The parameters and guidelines (section IV.E.) state:

The cost of materials and supplies used for reports (including, paper and envelopes), the cost of postage for mailing reports to parents, and the cost of computer programming used for reporting purposes is reimbursable under this activity.

The parameters and guidelines (section V.A.2.) state:

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities.

Recommendation

We recommend that the district ensure that all costs related to the mandate are properly reported, supported with source documents, and reimbursable under the mandate.

District’s Response

The district did not respond to the finding.

**FINDING 3—
Understated offsetting
revenues/reimbursements**

The district understated offsetting revenues by \$17,815 for the audit period.

The district misstated the annual STAR apportionments it received from the California Department of Education and further did not reduce the offsetting reimbursements by the non-mandate portion. As a result, the district understated the mandate portion of STAR apportionments by \$17,815.

The following table summarizes the overstated offsetting revenues/reimbursements related to STAR apportionments:

	Fiscal Year							Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	
Offsetting reimbursements apportionments:								
CDE apportionments	\$ 120,312	\$ 137,551	\$ 38,950	\$ 43,740	\$ 43,685	\$ 43,250	\$ 43,550	\$ 471,038
Mandate-related percentage	× (100)%	× (70.4)%	× (69.8)%	× (63.2)%	× (64.0)%	× (62.3)%	× (61.3)%	
Audited apportionment	(120,312)	(96,836)	(27,187)	(27,644)	(27,958)	(26,945)	(26,696)	\$ (353,578)
Claimed CDE apportionment	120,312	137,551	38,950	38,950	—	—	—	335,763
Over/(under)stated STAR program apportionments	\$ —	\$ 40,715	\$ 11,763	\$ 11,306	\$ (27,958)	\$ (26,945)	\$ (26,696)	\$ (17,815)

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, service fees collected, federal funds, and other state funds, shall be identified and deducted from the claim.

Recommendation

We recommend that the district ensure that all applicable revenues are offset on its claims against its mandated-program costs.

District’s Response

The district did not respond to the finding.

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

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