California State Controller's Office
Panel Updates

October 22, 2025

MALIA M. COHEN
California State Controller

Panel Members

Local Government Programs and Services Division

Sandeep Singh	Manager, Local Government Policy Section
Loc Trinh	Supervisor, County Cost Plans Unit

Division of Audits

Scott W. Freesmeier	Manager, Property Tax Program
Chris Ryan, CIA	Manager, Court Revenue Program
Ken Howell	Manager, Mandated Cost Program

Program Updates:

- Local Government Policy
- Countywide Cost Allocation
- Property Tax Audits
- Court Revenue Audits
- Mandated Cost Audits

Local Government Policy Section
Units & Staff

Local Government Policy

- Supervisor – vacant
- Gene Hughes
- Jason Narayan
- Henry Mathews
- Brian Rock
- William Rojas

County Cost Plans

- Loc Trinh, Supervisor
- Betty Chen
- Anthony Pok
- Tatyana Boltovskaya
- Daniel Basso

Local Government Policy Unit (LGPU) - Roles and Responsibilities

- Prescribe standards for local governments
- Support advisory committees
- Manage trial court revenue distributions
- Coordinate annual conference
- Perform reviews of county adopted budgets

LGPU – 2025 Fall Updates

- County Adopted Budgets
- 2025 Manuals Update
- CUCCAC – Project Bid Limit Increases
- Trial Court Revenue Distribution Guidelines
- Key Personnel Listing

County Adopted Budgets

- Electronic submission is preferred
- Email notifications and physical letters of delinquency
- Monday, December 1, 2025 – Deadline due date

2025 Manuals Update

- 2025 Edition changes: (ASP/SPD)
  - Revision to Section 26.06 Countywide Cost Allocation Plans — Capital Lease Exclusions
  - Incorporate provisions of new GASB Statements (102, 103, and 104) into applicable chapters
  - We intend to explore possibilities of streamlining the appendices section in future editions of the manuals
  - Introduce examples/flowcharts pertaining to compensated absences in future editions of the manuals

CA Uniform Construction Cost Accounting Commission (CUCCAC)

- Assembly Bill 2192 (Chapter 953) as of January 1, 2025
  - Increased Bid limit thresholds used by participating agencies for public projects:
    - $75,000 or less for work performed by public agency employees
    - $220,000 or less can be contracted by informal bidding – any project above this threshold require formal bidding procedures

Trial Court Revenue Distribution Guidelines Revision 36 Updates

Additions:

- HSC 108985.6
- GOV 65912.157(m)
- PEN 33700(f)
- BPC 22948.32
- LAB 238.05
- HSC 121022
- BPC 6126.7(c)
- CIV 52.6
- CIV 52.65
- PEN 653.25
- PEN 647(l)(5)
- BPC 16755
- BPC 16755.1
- BPC 22980.6
- LAB 923.1
- CIV 1798.99.92
- GOV 65098.2.8(i)
- GOV 65302.02(j)

Trial Court Revenue Distribution Guidelines Revision 36 Updates

- Amendments:
  - GOV 70631
  - WAT 1551
  - HSC 103625
  - GOV 70615

- Removals:
  - WIC 730

Key Personnel Listing (KPL)

- Mid-Year Revision to 2025 KPL – September of 2025
- 2026 KPL requests with instructions will be sent out by March of 2026
  - Counties with combined offices should report changes for both offices
  - If your county has no changes to report, please let us know

Policy Section Webpage

https://sco.ca.gov/pubs_guides.html

Local Government

Local Government California State Controller's Office local government services.	**Local Government Information & Resources** Information and resources provided to local government entities.	**Local Government Policies Section** Guides, manuals and reference materials provided to local government entities.
Local Government Reports Audits and financial reports of local government entities issued by the California State Controller's Office.	**Local Reimbursements** State-mandated local government entities reimbursement programs.	**Apportionments** California State Controller's Office local government allocations.
Property Tax Standards Resources to instruct, advise and direct California's county tax collectors about their duties under the law.	**Single Audits** Single audits of local government agencies.	**State-Mandated Programs** Annual reviews and audits of mandated cost claims from local entities.

Guides, Manuals, and Reference Materials

Code Sections for Local Government

- California Code Sections Relating to Local Government

Annual County Auditors Conference

- Annual County Auditors Conference

Advisory Committees and Commissions

- California Uniform Construction Cost Accounting Commission (CUCCAC) Guidelines and Information
- Advisory Committee on County Accounting Procedures
- Local Government Advisory Committee on Financial Reporting
- Retirement Advisory Committee (RAC)

Local Government Publications

- Accounting Standards and Procedures for Counties (ASP)
- County Budget Guide (CBG)
- Special District Uniform Accounting and Reporting Procedures (SPD)

Trial Court Revenue Distribution Guidelines

- Trial Court Revenue Distribution Guidelines

Key Personnel Listing

- Summary of Key Personnel Listing (KPL)

Countywide Cost Allocation Plans

- Countywide Cost Allocation Plan Guidelines and Information

Property Tax

- Excess Educational Revenue Augmentation Fund Revenue Guidance
- Property Tax Standards

Contact Information

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Webpage

https://www.sco.ca.gov/pubs_guides.html

Q&A

Countywide Cost Allocation Plans (CCAP)

Presented By: Loc Trinh

Cost Plans Unit, Local Government Programs and Services Division

Office of State Controller Malia M. Cohen

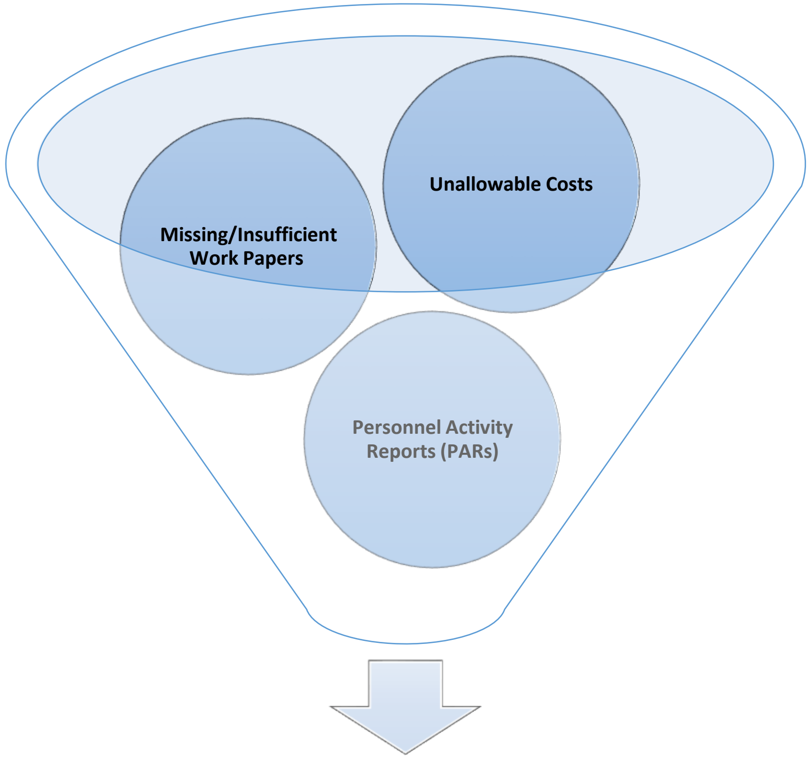
Agenda

- ►Share key findings from field reviews
- ►Explain compliance risks
- ►Highlight prevention steps
- ►26-27 CCAP reminders

2025 Field Reviews

- ►14 field reviews conducted
- ►47 findings issued
- ►Over half directly related to cost plan compilation

Three Main Risk Areas



Delayed CCAPs Approval

Unallowable Costs

Food (Meals and Refreshments)

Allowable: Meals covered by per diem during official travel.

Unallowable: Working lunches or refreshments for local staff meeting, catering for employee gatherings not tied to official travel, coffee, snacks, or breakroom supplies allocated to central services.

Late Fees, Fines & Penalties

Allowable: None.

Unallowable: Utility bill late charges, vendor payment penalties, procurement card late fees/finance charges.

Memberships & Subscriptions

Allowable: Memberships in business, technical, professional organizations (e.g., GFOA, AICPA), and civic or community organization are allowable.

Unallowable: General-interest magazines, mislabeling all dues/subscriptions as “professional costs” without checking purpose.

Missing or Insufficient Work Papers

200.403 – Factors Affecting Allowability of Costs:

Costs must be adequately documented to be allowable. If work papers are missing or incomplete, costs may be excluded from the cost plan.

Best practice:

Maintain complete documentation that supports allocations and costs (e.g., spreadsheets, invoices, audit trails).

Ensure work papers are traceable from source documentation > allocation basis > cost pool.

Review and sign-off before submission to prevent errors.

Common Issues:

Allocation bases not documented (e.g., square footage or FTE counts with supporting details).

Spreadsheets missing/outdated formulas, links, or clear explanations.

No sign-off or review evidence.

Personnel Activity Reports (PARs)

200.430(g) – Compensation – Personal Services

Requires records that accurately reflect work performed, with sufficient detail to support payroll charges.

Requirement:

Must reflect an after-the-fact distribution of actual activity.

Reviewed and signed by the employee or a supervisor with firsthand knowledge (timely and dated).

Common Issues:

PARs not signed or dated timely.

Reports prepared based on budget estimates instead of actual work performed.

Missing PARs for employees whose time is allocated to various function in the cost pools.

Preventing These Findings

Unallowable Costs

- Review federal cost principles before coding costs.
- Flag high-risk object codes (meals, fines, memberships) for special review.
- Train staff to separate allowable vs. unallowable before submitting CCAP.

Missing or Insufficient Work Papers

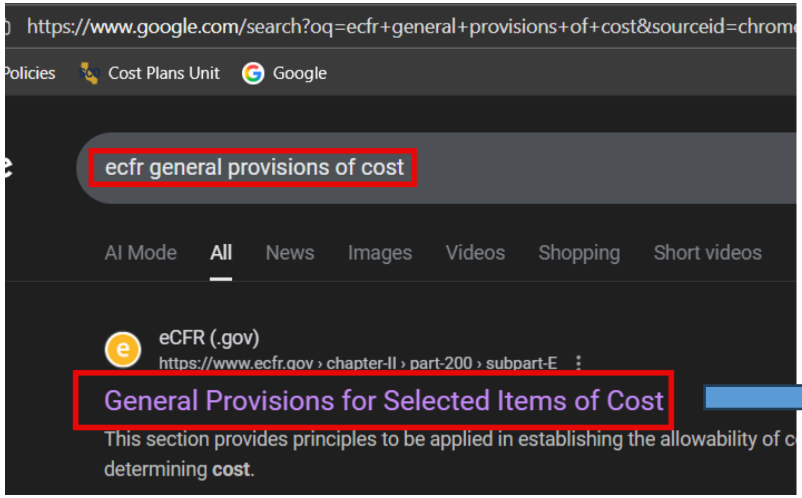
- Ensure allocation bases (sq. ft, FTEs, usage) are fully documented and reconcilable to source records.
- Provide clear audit trail: source > calculation > plan.
- Require preparer and reviewer sign-off before submission.

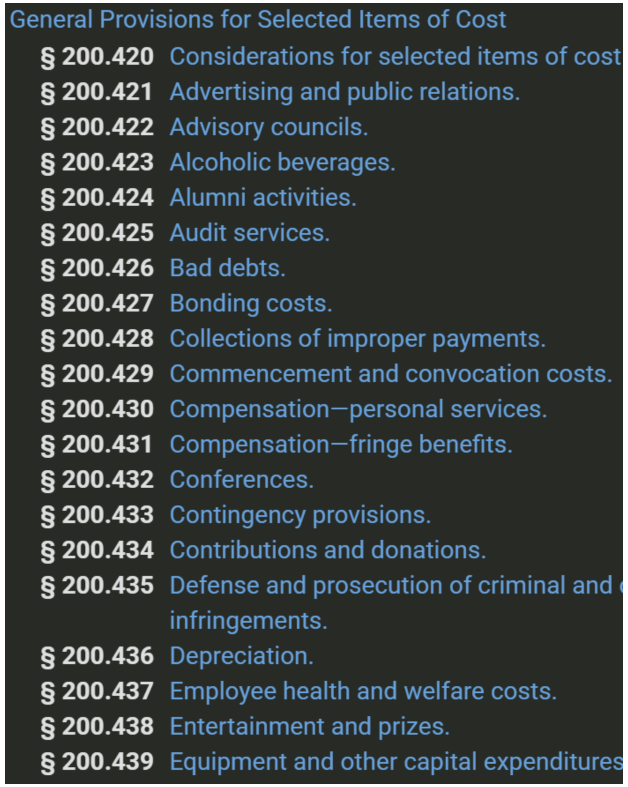
Personnel Activity Reports

- Complete after-the-fact, not based budgeted estimates.
- Require timely signatures and dates from employees/signatures.
- Review PARs quarterly to confirm signatures and dates are properly completed.

Resources:

- https://www.ecfr.gov
- Or, by searching with your internet browser using the following text string:



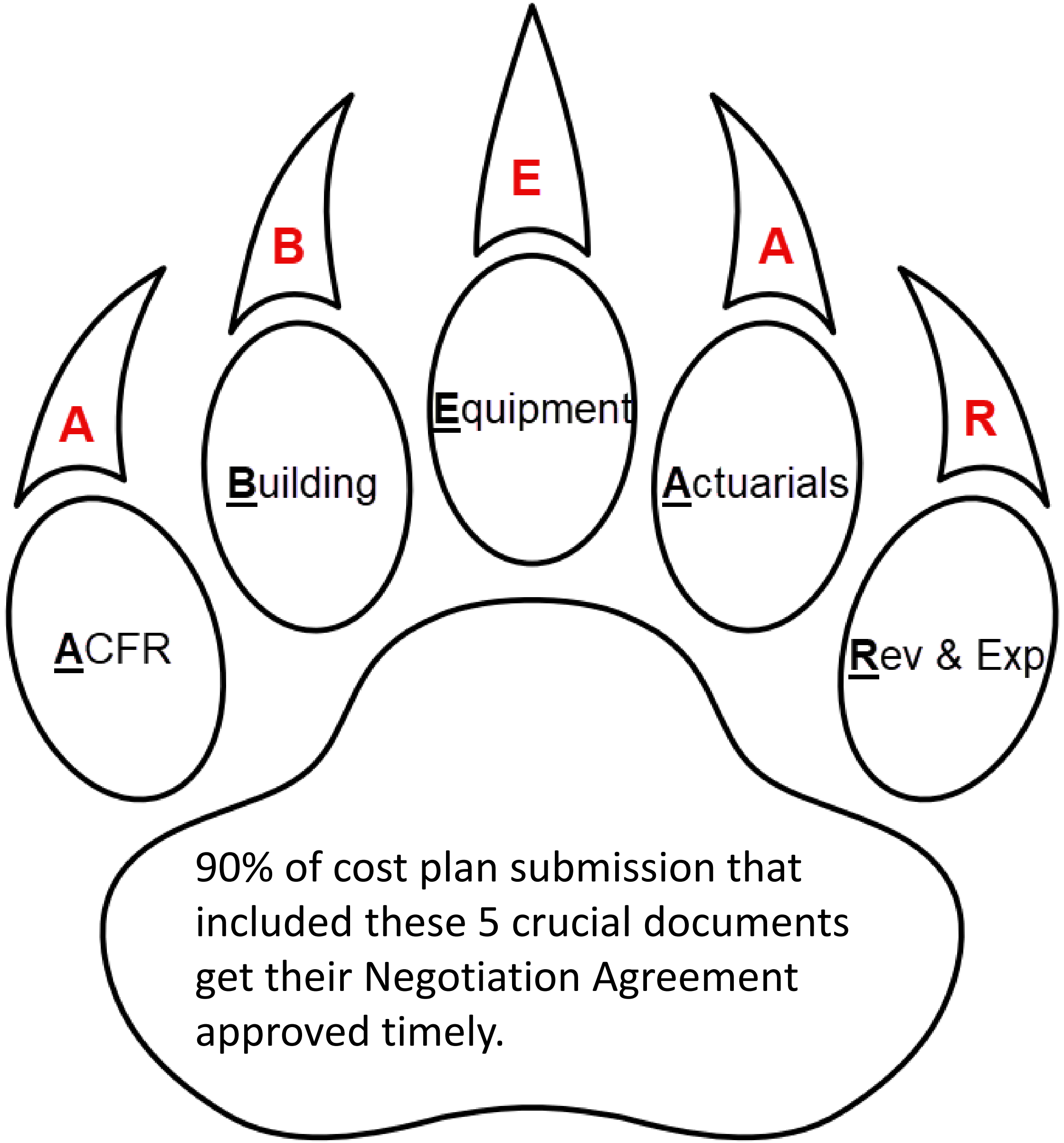


Cost Plan Submission Reminders

For the Cost Plan Fiscal Year 2026-27 and beyond:

►Submit Cost Plans with the updated Supplemental Checklists accurately filled out

►**Important**: Include the Five Crucial Documents shown on the next slide



90% of cost plan submission that included these 5 crucial documents get their Negotiation Agreement approved timely.

Q&A

Property Tax Audits
Court Revenue Audits
Mandated Cost Audits

Presented By:
Scott W. Freesmeier
Chris Ryan, CIA
Ken Howell
Office of State Controller Malia M. Cohen

(October 22, 2025)

Property Tax Audits

Property Tax Audit Reports can be found at:

https://www.sco.ca.gov/aud_property_tax_apportionment_and_allocation_system_audit_reports.html

Property Tax Apportionment and Allocation System Audit Reports

- Reports Issued in 2025
- Reports Issued in 2024
- Reports Issued in 2023
- Reports Issued in 2022
- Reports Issued in 2021
- Reports Issued in 2020
- Reports Issued in 2019
- Reports Issued in 2018

Property Tax Audits Issued in 2025

- Issued 16 Final Reports in Calendar Year 2025

• Butte County	• El Dorado County	• Frenso County
• Lake County	• Lassen County	• Madera County
• Merced County	• Mono County	• Orange County
• San Luis Obispo County	• San Mateo County	• Santa Cruz County
• Serria County	• Solano County	• Stanislaus County
• Ventura County		

Property Tax Audits
Status of Audits

For calendar year 2024

- Final reports issued: 16
- Reports in process: 3
- Audits in progress: 5

• Santa Clara County	• Marin County	• Del Norte County
• Kern County	• Monterey County	• Plumas County
• Sacramento County	• San Benito County	• San Bernardino County
• Santa Barbara County	• Sonoma County	• Sutter County
• Tulare County		

* Information as of September 30, 2025

Property Tax Audits
2024 Findings

- **Audit Findings:**
  - **Computation and Distribution of Property Tax Revenues:**
    - We found that the county had incorrectly calculated the ATI by excluding the values of the State-Assessed Tax Roll and the Homeowners' Exemption.
    - We found that the county incorrectly calculated the ATI by using incorrect assessed values for two fiscal years.
    - We found that the county's district and TRA maps were inconsistent when compared to those of the BOE throughout the audit period. Additionally, there were instances of TRA factors changing or being created in between fiscal years without any justification.
  - **Jurisdictional Changes:**
    - We found that the county incorrectly calculated property tax exchange ratios for an annexation.

Property Tax Audits
2024 Findings

- **Audit Findings:**
  - **Supplemental Property Tax Administrative Costs:**
    - We found that the county could not provide sufficient supporting documentation for the costs associated with administering supplemental taxes.
  - **Reimbursement of Property Tax Administrative Costs:**
    - We found that the county incorrectly calculated its administrative costs by including prior-year reimbursed revenue as a reduction for the entire audit period.
  - **Unitary Regulated Railway Apportionment and Allocation:**
    - We confirmed that the recommendations made in the prior audit report had not been implemented. We also noted that the county made additional calculation errors during the current audit period.

Property Tax Audits
2024 Findings

- **Audit Findings:**
  - **Qualified electric property apportionment and allocation**
    - We found that the county did not make a distinction between enterprise and nonenterprise special districts when apportioning QE revenues.
  - **Unitary and Operating Nonunitary Apportionment and Allocation:**
    - We found that the county used an incorrect AB 8 worksheet to calculate the excess 102% factors for a fiscal year.
    - We found that the county had incorrectly calculated unitary factors by using incorrect assessed values for two fiscal years.
    - We confirmed that recommendations made in the prior three audit reports had not been implemented. In the current audit, we further found that for a fiscal year, the unitary excess factor was incorrectly calculated.

Property Tax Audits
2024 Findings

- **Audit Findings:**
  - **Unitary and Operating Nonunitary Apportionment and Allocation continued:**
    - We found that the county incorrectly calculated the unitary factors as follows:
      - For three fiscal years the county included total unitary debt service revenue when it calculated the estimate of 1% unitary revenue; and
      - For one fiscal year the county used two years prior factors instead of the current prior year unitary factors when it calculated 102% of prior-year revenue.
    - We found the county used prior-year gross revenues with the redevelopment agency adjustment instead of using the prior-year AB 8 factors modified to exclude ERAF for the excess of 102% calculation for a few years and in the other fiscal years the county used current-year gross revenues with the redevelopment agency adjustment instead of using the prior-year AB 8 factors modified to exclude ERAF for the excess of 102% calculation.

Property Tax Audits 2024 Findings

- **Audit Findings:**
  - **ERAF:**
    - We found that the county did not correctly carry forward the prior-year ERAF base resident tax shift amounts for a city in fiscal years. The County also did not correctly carry forward all prior-year ERAF base shift amounts for a fiscal year.
    - We found that the county incorrectly calculated the ERAF shift for the following reasons:
      - The county did not adjust the ERAF shift amount for growth after the consolidation of two cemetery districts.
      - For two of the fiscal years under audit the county used incorrect current-year gross revenues.
      - In one fiscal year under audit the county used an incorrect redevelopment agency increment amount that included aircraft revenue.

Property Tax Audits
2024 Findings

- **Audit Findings:**
  - **Excess ERAF:**
    - We found that the county included residual revenues from former redevelopment agencies in its excess ERAF calculations for all fiscal years in the audit period.
  - **Vehicle License Fee Adjustments:**
    - We found that the county incorrectly calculated the VLF shift for four of the fiscal years because it used incorrect current-year assessed values for its general fund.
    - We found that the county had incorrectly calculated the VLF shift by using incorrect prior year VLF amounts for three fiscal years.
    - We found that the county had incorrectly calculated the VLF shift by using an incorrect assessed value.

Property Tax Audits
2024 Findings

➢ **Audit Findings:**

- **Vehicle License Fee Adjustments continued:**
  - We found that the county incorrectly calculated the VLF shift for the following reasons:
    - In one fiscal year under audit the county used incorrect assessed values for its general fund and a city.
    - For two of the fiscal years under audit the county did not adjust the assessed values for a jurisdiction change each fiscal year.
    - For three of the fiscal years under audit the county did not include utility assessed values when it calculated the assessed values for its general fund and a city.
    - We found that the county had incorrectly distributed the VLF revenue for two fiscal years. The VLF revenue distributed by the county did not agree with their calculated amounts.

Court Revenue Audits

Court Revenue Audit Reports can be found at:

http://www.sco.ca.gov/aud_court_revenues.html

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Home / State and Local / Local Government / Local Government / Counties / Local Government Reports / Revenue Audit Reports / Court Revenue Audit Reports

Court Revenue Audit Reports

- Reports Issued in 2025
- Reports Issued in 2024
- Reports Issued in 2023
- Reports Issued in 2022
- Reports Issued in 2021
- Reports Issued in 2020
- Reports Issued in 2019
- Reports Issued in 2018

Court Revenue Audits
Status of Audits

- Final reports issued: 8
- Reports in process: 2
- Audits in progress: 14
- Next in queue:

• Sonoma County	• Modoc County
• San Diego County	• Contra Costa County
• Lake County	• Butte County

For the period of January 1, 2025 through October 17, 2025.

For 2025, we issued 8 reports identifying $1.9M in under remitted revenues, 67 findings and 4 observations.

For 2024, we issued 15 reports identifying $4.7M in under remitted revenues, 86 findings and 2 observations.

Court Revenue Audits
Common Findings

- Errors in calculation of the 50% excess of qualified revenues
- Under/Over remitted parking penalties

Court Revenue Audits
Common Findings

- Excess of qualified revenues calculation
  - Maintenance of effort calculation that compares qualified revenues to a statutory base and requires the county to remit 50% of the excess (GC 77205[a]). Each year the Judicial Council of California (JCC) sends out forms and instructions for the calculation.
- Common issues
  - Omitting qualified revenues from Traffic Violator School Fee cases (VC 42007). Be sure to include all relevant revenues per JCC's annual instructions.
  - Mathematical errors in the calculations. In some instances, county's apply qualified revenue percentages twice.

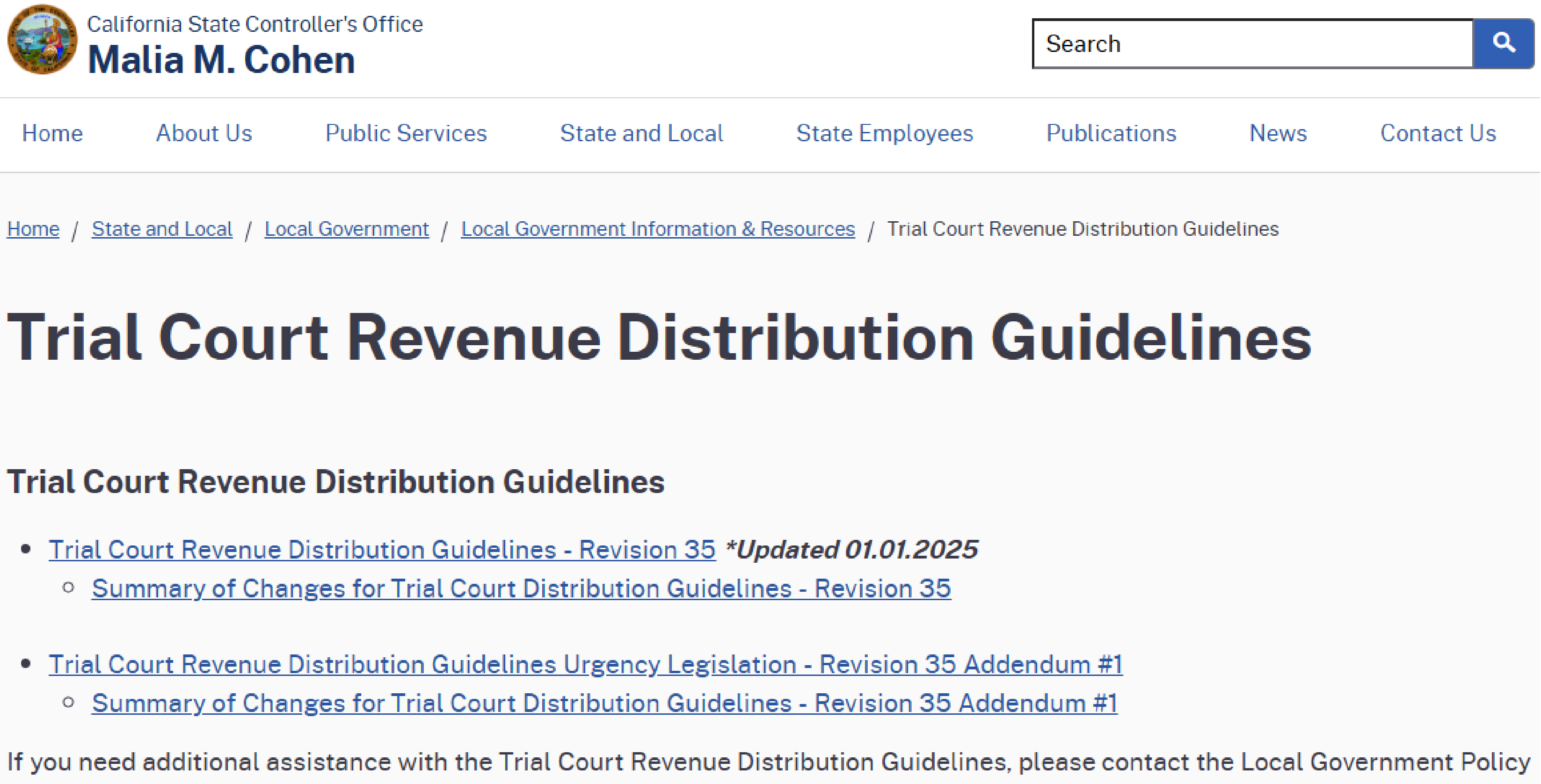
Court Revenue Audits
Common Findings

- State and county parking surcharges
  - State Court Facilities Construction Fund - $4.50 (GC 70372[b])
  - State Trial Court Trust Fund - $3.00 (GC 76000.3)
  - County Courthouse Construction Fund (CCF) - $1.50 or $0 (GC 76000[b])
  - County Criminal Justice Facilities Construction Fund (CJFCF) - $1.50 (GC 76000[b])
  - County General Fund - $2.00 ($1.00 each from CCF and CJFCF)
- Common issues
  - Cities, colleges, universities, and districts are not consistently imposing and collecting parking surcharges.
  - County's fail to reduce CCF penalty (from $2.50 to $1.00) upon the payment of any outstanding bonded indebtedness for courthouse construction and transfer of the courthouse to JCC (GC 76000[d]).

Court Revenue Audits

Court Revenue Distribution Information can be found at:

http://www.sco.ca.gov/ard_trialcourt_manual_guidelines.html



Mandated Cost Audits

Mandated Cost Audit Reports can be found at:

https://www.sco.ca.gov/aud_mancost_la_costrpt.html

Mandated Cost Claims Program Data

- Mandated Programs for Local Agencies:
  - 40 active programs for fiscal year (FY) 2024-25
  - 55 suspended programs for FY 2024-25
- New programs are determined by the Commission on State Mandates.
  - https://www.csm.ca.gov/commission-decisions.shtml

Mandate Determinations		
Local Agency	School District	Community College District

Search Decisions

Local Agency

Name of Program	Claim #	Decision	Ps/Gs	SCE
Absentee Ballots	CSM-3713	1		
Absentee Ballots-Tabulation by Precinct	00-TC-08			
Accomplice Liability for Felony Murder	19-TC-02		3	6
Accounting for Local Revenue Realignments	05-TC-01			
Administrative License Suspension, Per Se	98-TC-16			

Mandated Cost Audits
Audit Authority

Government Code section 17558.5 states, in part:

(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced.

Mandated Cost Audits
10/2024 through 9/2025 Audit Results

- Published 9 county audit reports, consisting of 49 claims for the following legislatively mandated programs:

  1. Racial & Identity Profiling
  2. Sexually Violent Predators
  3. Custody of Minors – Child Abduction & Recovery

- Audited approximately $33.3 million in claimed costs and identified ~$16.3 million in adjustments (a ~49% unallowable rate)

Mandated Cost Audits
Common Audit Findings

Common audit findings:

- Ineligible costs or activities claimed
- Unsupported costs claimed
- Unreported or understated offsetting revenues and reimbursements
- Overstated indirect cost rates

Mandated Cost Audits
Programs Currently Being Audited

- Program #13 - Custody of Minors–Child Abduction and Recovery
- Program #167 – Domestic Violence Arrest Policies
- Program #375 – Racial & Identity Profiling

Mandated Cost Audits
Appeal Process

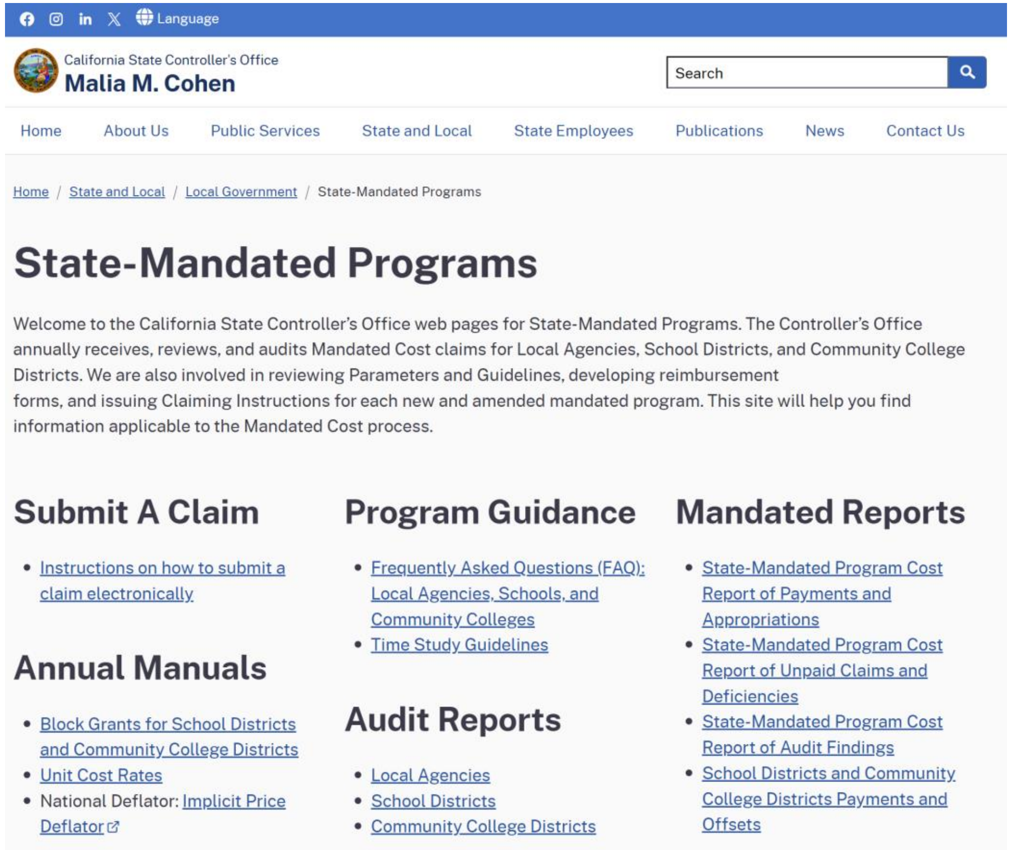
- If you disagree with audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (Commission)
- Pursuant to the Commission's regulations, an IRC challenging audit findings must be filed no later than three years after the publication date of the final audit report
- IRC forms can be found at

  www.csm.ca.gov/forms/IRCForm.pdf
- There are two pending county IRCs (Sacramento County CAR and Los Angeles County CAR)

Mandated Cost Audits

Mandated Cost Program information can be found at:

https://www.sco.ca.gov/ard_mancost.html



Language

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State-Mandated Programs

Welcome to the California State Controller's Office web pages for State-Mandated Programs. The Controller's Office annually receives, reviews, and audits Mandated Cost claims for Local Agencies, School Districts, and Community College Districts. We are also involved in reviewing Parameters and Guidelines, developing reimbursement forms, and issuing Claiming Instructions for each new and amended mandated program. This site will help you find information applicable to the Mandated Cost process.

Submit A Claim

- Instructions on how to submit a claim electronically

Annual Manuals

- Block Grants for School Districts and Community College Districts
- Unit Cost Rates
- National Deflator: Implicit Price Deflator

Program Guidance

- Frequently Asked Questions (FAQ): Local Agencies, Schools, and Community Colleges
- Time Study Guidelines

Audit Reports

- Local Agencies
- School Districts
- Community College Districts

Mandated Reports

- State-Mandated Program Cost Report of Payments and Appropriations
- State-Mandated Program Cost Report of Unpaid Claims and Deficiencies
- State-Mandated Program Cost Report of Audit Findings
- School Districts and Community College Districts Payments and Offsets

Division of Audits
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Q&A