

CITY OF SANTEE

Review Report

RACIAL AND IDENTITY PROFILING PROGRAM

Chapter 466, Statutes of 2015;
and Chapter 328, Statutes of 2017

July 1, 2018, through June 30, 2023



MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

April 2026



STATE CONTROLLER'S OFFICE | DIVISION OF AUDITS

Post Office Box 942850 | Sacramento, CA 94250

Sacramento Office: 3301 C Street, Suite 700 | Sacramento, CA 95816 | 916-324-8907

Monterey Park Office: 901 Corporate Center Drive, Suite 200 | Monterey Park, CA 91754 | 323-981-6802

www.sco.ca.gov



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

April 21, 2026

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Ms. Erin Bullers, Finance Manager
City of Santee
10601 Magnolia Avenue
Santee, CA 92071

Dear Ms. Bullers:

The State Controller's Office reviewed the costs claimed by the City of Santee for the legislatively mandated Racial and Identity Profiling Program for the period of July 1, 2018, through June 30, 2023. We conducted our review under the authority of Government Code sections 12410, 17558.5, and 17561. Our review was limited to validating the claimed contract services and hourly rates.

The city claimed and was paid \$132,981 for costs of the mandated program. Our review found that \$112,290 is allowable and \$20,691 is unallowable. The costs are unallowable because the city overstated its contract hourly rates and its training costs.

Ms. Erin Bullers

April 21, 2026

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If you have any questions regarding this report, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at 916-327-3138 or email at lkurokawa@sco.ca.gov.

Thank you.

Sincerely,

Original signed by

Kimberly A. Tarvin, CPA

Chief, Division of Audits

Attachments:

Attachment 1—Summary of Program Costs

Attachment 2—Review Results

Copy: The Honorable John W. Minto, Mayor

City of Santee

Chris Hill, Principal Program Budget Analyst

Local Government Unit

California Department of Finance

Kaily Yap, Finance Budget Analyst

Local Government Unit

California Department of Finance

Darryl Mar, Manager

Local Reimbursements Section

State Controller's Office

Everett Luc, Supervisor

Local Reimbursements Section

State Controller's Office

ATTACHMENT 1—SUMMARY OF PROGRAM COSTS

July 1, 2018, through June 30, 2023

Payment amounts shown are current as of January 22, 2026.

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment
<u>July 1, 2018, through June 30, 2019</u>			
Direct costs:			
Salaries and benefits			
Train peace officers and supervisors	\$4,081	\$0	-\$4,081
Collect and report data	35,395	0	-35,395
Contract services			
Train peace officers and supervisors	0	2,502	2,502
Collect and report data	0	32,804	32,804
Total direct costs	39,476	35,306	-4,170
Indirect costs	3,948	0	-3,948
Total program costs	<u>\$43,424</u>	35,306	<u>-\$8,118</u>
Less amount paid by the state		<u>-43,424</u>	
Amount paid in excess of allowable costs		<u><u>-\$8,118</u></u>	
<u>July 1, 2019, through June 30, 2020</u>			
Direct costs:			
Salaries and benefits			
Train peace officers and supervisors	\$4,305	\$0	-\$4,305
Collect and report data	37,780	0	-37,780

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment
Contract services:			
Train peace officers and supervisors	0	2,614	2,614
Collect and report data	0	34,670	34,670
Total direct costs	42,085	37,284	-4,801
Indirect costs	4,209	0	-4,209
Total program costs	<u>\$46,294</u>	37,284	<u>-\$9,010</u>
Less amount paid by the state		-46,294	
Amount paid in excess of allowable costs		<u>-\$9,010</u>	
<u>July 1, 2020, through June 30, 2021</u>			
Direct costs:			
Contract services:			
Collect and report data	\$23,819	\$21,858	-\$1,961
Total program costs	<u>23,819</u>	21,858	<u>-\$1,961</u>
Less amount paid by the state		-23,819	
Amount paid in excess of allowable costs		<u>-\$1,961</u>	
<u>July 1, 2021, through June 30, 2022</u>			
Direct costs:			
Contract services:			
Collect and report data	\$10,538	\$9,665	-\$873
Total program costs	<u>10,538</u>	9,665	<u>-\$873</u>
Less amount paid by the state		-10,538	
Amount paid in excess of allowable costs		<u>-\$873</u>	

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment
<u>July 1, 2022, through June 30, 2023</u>			
Direct costs:			
Contract services:			
Collect and report data	\$8,906	\$8,177	-\$729
Total program costs	<u>8,906</u>	<u>8,177</u>	<u>-\$729</u>
Less amount paid by the state		<u>-8,906</u>	
Amount paid in excess of allowable costs		<u><u>-\$729</u></u>	
<u>Summary: July 1, 2018, through June 30, 2023</u>			
Direct costs:			
Salaries and benefits			
Train peace officers and supervisors	\$8,386	\$0	-\$8,386
Collect and report data	73,175	0	-73,175
Contract services:			
Train peace officers and supervisors	0	5,116	5,116
Collect and report data	43,263	107,174	63,911
Total direct costs	<u>124,824</u>	<u>112,290</u>	<u>-12,534</u>
Indirect costs	<u>8,157</u>	<u>0</u>	<u>-8,157</u>
Total program costs	<u><u>\$132,981</u></u>	<u><u>112,290</u></u>	<u><u>-\$20,691</u></u>
Less amount paid by the state		<u>-132,981</u>	
Amount paid in excess of allowable costs		<u><u>-\$20,691</u></u>	

ATTACHMENT 2—REVIEW RESULTS

Background

Government Code section 12525.5, as added and amended by the Statutes of 2015, Chapter 466 and the Statutes of 2017, Chapter 328; and Title 11, California Code of Regulations, sections 999.224 through 999.229 established the state-mandated Racial and Identity Profiling Program.

The program requires a local law enforcement agency that employs peace officers—or that contracts for peace officers from another city or county for police protection services—to electronically report to the Attorney General, on an annual basis, data on all “stops” conducted within its jurisdiction. For purposes of the program, “peace officer” does not include probation officers and officers in custodial settings.

On May 22, 2020, the Commission on State Mandates found that Government Code section 12525.5 constitutes a reimbursable state-mandated program, beginning November 7, 2017, for local law enforcement agencies.

The Commission on State Mandates determined that each claimant is allowed to claim and be reimbursed for the following activities identified in the parameters and guidelines (Section IV., “Reimbursable Activities”):

A. One-Time Activities

1. One-time training per peace officer employee and supervisor assigned to perform the reimbursable activities listed in section IV.B. of these Parameters and Guidelines.
2. One-time installation and testing of software necessary to comply with the state-mandated requirements for the collection and reporting of data on all applicable stops.

B. Ongoing Activities

1. Identification of the peace officers required to report stops, and maintenance of a system to match individual officers to their Officer I.D. number. . . .
2. Collection and reporting data on all stops, as defined, conducted by that agency's peace officers for the preceding calendar year in accordance with sections 999.226(a) and 999.227 of the regulations. . . .
3. Electronic submission of data to DOJ and retention of stop data collected. . . .
4. Audits and validation of data collected...
5. For stop data collected, ensure that the name, address, social security number, or other unique personally identifiable information of the individual stopped, searched, or subjected to property seizure, and the badge number or other unique identifying information of the peace officer involved, is not transmitted to the Attorney General in an open text field. . . .

The parameters and guidelines describe the 16 types of stop data and all applicable data elements, data fields, and narrative explanation fields that peace officers must collect for every stop. The following stops are not reportable:

- Interactions with passengers in a stopped vehicle who have not been observed or suspected of violating the law;
- Stops made during public safety mass evacuations;
- Stops made during active shooter incidents;
- Stops resulting from routine security screenings to enter a building or special event;
- Interactions during traffic control of vehicles due to a traffic accident or emergency, crowd control requiring pedestrians to remain in a fixed location for public safety reasons, persons

detained at residences so officers can check for proof of age while investigating underage drinking, and checkpoints and roadblocks where officers detain a person as the result of regulatory activity that is general and not based on individualized suspicion or personal characteristics;

- Interactions with a person who is subject to a warrant or search condition at his or her residence;
- Interactions with a person who is subject to home detention or house arrest;
- Stops in a custodial setting; and
- Stops that occur while an officer is off-duty.

Finding—Overstated Racial and Identity Profiling Program Costs

The City of Santee (the city) claimed \$132,981, consisting of \$81,561 in salary and wage costs, \$8,157 in related indirect costs, and \$43,263 in contract services costs for costs of the Racial and Identity Profiling Program. We found that \$112,290 is allowable and \$20,691 is unallowable. The costs are unallowable because the city overstated its contract hourly rates and training costs.

For fiscal year (FY) 2020-21 through FY 2022-23, the city correctly classified claimed costs as contract services costs because it contracted with the San Diego County Sheriff's Department (SDCSD) for its law enforcement services during the review period. However, the city misclassified claimed costs for FY 2018-19 and FY 2019-20 as salary and related indirect costs. The city should have classified its FY 2018-19 and FY 2019-20 salary costs as contract services costs because no city staff members performed the reimbursable activities. The city used the correct methodology during the review period to calculate its claimed costs: it multiplied the number of stops recorded by the time required to perform the reimbursable activities, then multiplied the total by the hourly rates obtained from the city's contract with San

Diego County (the county) for law enforcement services. The county’s contracts include personnel costs for various SDCSD employee classifications, as well as additional administrative costs.

Although the city used the correct methodology to calculate its costs and correctly classified them for the last three years of the review period, the city overstated its contract hourly rates because it understated the annual productive hours in its hourly rate calculations and misstated the average hourly rate. The indirect costs are unallowable because they are based on salary and wage costs that the city did not incur. The SDCSD confirmed the number of productive hours spent by sworn staff members working in the city during the review period. In addition, the city calculated average hourly rates for SDCSD personnel by using a straight average. We recalculated the average hourly rates using a weighted average. Furthermore, the city overstated its claimed training costs.

The following table summarizes the claimed, allowable, and review adjustment amounts by fiscal year:

Fiscal Year	Amount Claimed [A]	Amount Allowable [B]	Review Adjustment [C] = [B] – [A]
2018-19	\$43,424	\$35,306	-\$8,118
2019-20	46,294	37,284	-9,010
2020-21	23,819	21,858	-1,961
2021-22	10,538	9,665	-873
2022-23	8,906	8,177	-729
Total	\$132,981	\$112,290	-\$20,691

Contract Services Costs

The city contracted with the SDCSD to perform its law enforcement services during the review period. The “Law Enforcement” page of the city’s website states:

The City of Santee contracts law enforcement services from the San Diego County Sheriff’s Department.

The Santee Sheriff's Station serves as the City's police department and provides a full range of law enforcement services including patrol, traffic, investigations, parking enforcement, emergency services, crime prevention programs, crime analysis, and narcotics enforcement.

The SDCSD provided law enforcement services that included the reimbursable activities claimed for the mandated program. The city contracted with the SDCSD for various staff positions each fiscal year and paid the SDCSD annual contract rates for each position. These positions included, but were not limited to, Deputy Sheriffs, Sergeants, and Detectives. For the review period, we recalculated allowable contract services costs based on the approved methodology.

Contract Hourly Rates

The city's claims included the details from the law enforcement services contracts that it negotiated with the county for each year of the review period. These details contain the level of service provided to the city, which is the number of employees in various law enforcement classifications, and the county's costs for providing these employees.

Annual Productive Hours

The city computed its contract hourly rates for SDCSD sworn staff members using 1,743 productive hours for all years of the review period. The Filing a Claim section of the State Controller Office's *Mandated Cost Manual for Local Agencies* states that claimants have the option of using actual annual productive hourly rates or weighted average annual productive hourly rates when filing claims but must maintain documentation of how they computed the hours.

The city's contract with the SDCSD includes a form titled "Staff Equivalent for Coverage and Relief." An SDCSD representative explained that the county provided this document as a tool that its contract cities could use to determine how much staffing each city wanted to request for its law enforcement services. To determine various levels of staffing in this document, the

county used 1,743 “work hours” as an estimate for various levels of SDCSD staffing. However, an SDCSD representative confirmed that the “work hours” in that document are not the same thing as annual productive hours. The city’s contracts also include a form titled “Attachment B,” which specifies the name and number of the various classifications of law enforcement personnel assigned to the city, in addition to various line-item amounts for administrative costs. The SDCSD representative advised us that contract amounts for the various classifications of sworn personnel documented in Attachment B were based solely on the cost of salaries and benefits for those personnel. The SDCSD did not use any number of productive hours to compute the contract rates.

The SDCSD provided us with annual productive hour calculations prepared by the county Auditor-Controller’s Office. These calculations show that sworn SDCSD staff working in contract cities worked the following numbers of productive hours during the review period:

- FY 2018-19: 1,850.5 hours
- FY 2019-20: 1,860 hours
- FY 2020-21: 1,860 hours
- FY 2021-22: 1,861 hours
- FY 2022-23: 1,859 hours

Contract Hourly Rate Calculation

We used the city’s contract information to determine the contract hourly billing rates for various employee classifications by using the total contract costs for each employee classification divided by the number of personnel that the county provided. For example, the city’s contract for FY 2022-23 indicates the following classifications that were included in the city’s claims:

- Deputy Patrol

- Deputy Traffic
- Deputy Motor

The following table shows the weighted average contract hourly rate calculations for the county's various Deputy classifications for FY 2022-23:

Employee Classification	Annual Cost Per Classification [A]	Level of Service [B]	Cost Per Employee [C] = [A] ÷ [B]	Annual Productive Hours [D]	Base Contract Hourly Rate [E] = [C] ÷ [D]	Total Cost Per Classification [F] = [B] × [E]
Deputy Patrol	\$8,751,962	28	\$312,570	1,859	\$168.14	\$4,707.92
Deputy Traffic	1,562,850	5	312,570	1,859	168.14	840.70
Deputy Motor	334,377	1	334,377	1,859	179.87	179.87
Total weighted hourly cost for all classifications						\$5,728.49
Number of staff						34
Weighted average hourly rate						\$168.49

In the previous table, the Annual Cost per Classification amount in column [A] is based on the “loaded” hourly rate calculations provided with the city’s claims for each year. The “loaded” rate includes SDCSD administrative costs that were allocated to all SDCSD classifications included in each year’s contract for law enforcement services. We used similar calculations for the other years of the review period to determine the contract hourly rates for the various SDCSD employee classifications included in the city’s claims.

The following table shows the calculation of the review adjustment for FY 2022-23:

Classification	Allowable Hours [A]	Revised Hourly Rate [B]	Allowable Contract Costs [C] = [A] × [B]	Claimed Contract Costs [D]	Review Adjustment [E] = [C] – [D]
Deputy Patrol	48.53	\$168.49	\$8,177.00	\$8,906.00	-\$729.00

Training

The parameters and guidelines define the reimbursable activity of employee training as Activity A.1, “One-time training for each peace officer employee and supervisor assigned to perform the reimbursable activities.”

The city claimed training costs in the amount of \$8,386 (\$4,081 in FY 2018-19 and \$4,305 in FY 2019-20) for training SDCSD staff members on the requirements of the Racial and Identity Profiling Act. We found that \$5,116 is allowable and \$3,270 is unallowable.

The claim included training costs for the job classifications of Deputy. We confirmed with the SDCSD that the training took place during normal duty hours and the city is entitled to claim the costs of training SDCSD staff members, as applicable. The SDCSD also confirmed that its officers completed two 0.33-hour Racial and Identity Profiling Act training modules for a total of 0.66 hours training time per employee.

We recalculated the allowable training costs using 0.66 hours per officer. The city claimed 52 hours to train 68 SDCSD staff members. Based on 0.66 hours per officer, we found that 34.4 hours is allowable.

The following table summarizes the claimed, allowable, and review adjustments to the time claimed for training by fiscal year:

Fiscal Year	Employee Classification	Number of Staff Trained [A]	Hours Claimed Per Classification [B]	Hours Claimed [C] = [A] × [B]	Allowable Hours Per Classification [D]	Allowable Hours [E] = [A] × [D]
2018-19	Deputy	26	1	26	0.66	17.20
2019-20	Deputy	26	1	26	0.66	17.20
		<u>52</u>				<u>34.40</u>

The following table presents the claimed, allowable, and audit adjustment amounts for Activity A.1 by fiscal year:

Fiscal Year	Salaries and Benefits Claimed	Salaries and Benefits Allowable	Contract Services Allowable	Review Adjustment
2018-19	\$4,081	\$0	\$2,502	-\$1,579
2019-20	4,305	0	2,614	-1,691
	<u>\$8,386</u>	<u>\$0</u>	<u>\$5,116</u>	<u>-\$3,270</u>

Indirect Costs

The city claimed indirect costs totaling \$8,157 for FY 2018-19 and FY 2019-20 using the default 10 percent indirect cost rate. We found that the entire amount is unallowable, as no city staff members performed any of the reimbursable activities under this program during the review period. Instead, the city contracted with the SDCSD for all of its law enforcement services during the review period. Therefore, the city did not incur any direct salary costs or related indirect costs.

Criteria

Section IV.C.4, “Liability for Payment of Wages,” of the city’s contract for law enforcement services states, “CITY shall have no liability for any direct payment of salary, wages, indemnity, or other compensation or benefit to persons engaged in COUNTY’S performance of this Agreement.”

Section IV., “Reimbursable Activities,” of the parameters and guidelines begins:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question.

Source documents may include, but are not limited to, employee time records or time logs, sign-in sheet, invoices, and receipts.

Section V.A.3., “Contracted Services,” of the parameters and guidelines states:

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

Section V.B., “Indirect Cost Rates,” of the parameters and guidelines states, in part:

Indirect costs are costs that are incurred for a common or joint purpose, benefitting more than one program, and are not directly assigned to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both: (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement in accordance with the Office of Management and Budget Circular 2 CFR [Code of Federal Regulations], Chapter I and Chapter II, Part 200 et al. Claimants have the option of using 10 percent of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate exceeds 10 percent. . . .

The distribution base may be: (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.); (2) direct salaries and wages; or (3) another base which results in an equitable distribution. . . .

Recommendation

We recommend that the city:

- Adhere to the Racial and Identity Profiling Program's parameters and guidelines and the State Controller Office's *Mandated Cost Manual for Local Agencies* when claiming reimbursement for mandated costs; and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.