



JOHN CHIANG
California State Controller

June 26, 2012

Judy D. White, Ed.D., Superintendent
Moreno Valley Unified School District
25634 Alessandro Boulevard
Moreno Valley, CA 92553

Dear Dr. White:

The State Controller's Office (SCO) reviewed the costs claimed by Moreno Valley 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, 2001. Our review was limited to ensuring that the California Department of Education Standardized Testing and Reporting Program apportionment was properly offset.

The district claimed \$259,698 for the mandated program. Our review disclosed that \$50,564 is allowable and \$209,134 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) 1997-98 claim, the State paid the district \$62,614. Our review disclosed that the claimed costs are unallowable. The State will apply \$62,614 against any balances of unpaid mandated program claims due the district as of October 19, 2010. Alternatively, the district may remit this amount to the State.

For the FY 1998-99 claim, the State paid the district \$64,105. Our review disclosed that the claimed costs are unallowable. The State will apply \$64,105 against any balances of unpaid mandated program claims due the district as of October 19, 2010. Alternatively, the district may remit this amount to the State.

For the FY 1999-2000 claim, the State paid the district \$65,669. Our review disclosed that \$23,943 is allowable. The State will apply \$41,726 against any balances of unpaid mandated program claims due the district as of October 19, 2010. Alternatively, the district may remit this amount to the State.

For the FY 2000-01 claim, the State paid the district \$67,310. Our review disclosed that \$26,621 is allowable. The State will apply \$40,689 against any balances of unpaid mandated program claims due the district as of October 19, 2010. Alternatively, the district may remit this amount to the State.

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: S12-MCC-923

cc: Martinrex Kedziora, Assistant Superintendent of Educational Services
Moreno Valley Unified School District
Mays Kakish, Chief Business Official
Moreno Valley Unified School District
Dan Reed, Director of Accountability and Assessment
Moreno Valley Unified School District
Lynne Craig, President, Board of Education
Riverside 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, Principal Program Budget Analyst
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, 1997, through June 30, 2001**

| <u>Cost Elements</u> | <u>Actual Costs Claimed</u> | <u>Allowable per Review</u> | <u>Review Adjustment ¹</u> |
|--|---------------------------------|---------------------------------|---|
| <u>July 1, 1997, through June 30, 1998</u> | | | |
| Direct costs: | | | |
| Salaries and benefits: | | | |
| Training, policies, and procedures | \$ 5,489 | \$ 5,489 | \$ — |
| Test materials, supplies, and equipment | 1,594 | 1,594 | — |
| Pre-test and post-test coordination | 30,131 | 30,131 | — |
| Reporting and recordkeeping | 20,821 | 20,821 | — |
| Total direct costs | 58,035 | 58,035 | — |
| Indirect costs | 4,579 | 4,579 | — |
| Total direct and indirect costs | 62,614 | 62,614 | — |
| Less offsetting reimbursements | — | (165,905) | (165,905) |
| Subtotal | 62,614 | (103,291) | (165,905) |
| Adjustment to eliminate negative balance | — | 103,291 | 103,291 |
| Total program costs | <u>\$ 62,614</u> | — | <u>\$ (62,614)</u> |
| Less amount paid by the State ² | | (62,614) | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ (62,614)</u> | |
| <u>July 1, 1998, through June 30, 1999</u> | | | |
| Direct costs: | | | |
| Salaries and benefits: | | | |
| Training, policies, and procedures | \$ 5,620 | \$ 5,620 | \$ — |
| Test materials, supplies, and equipment | 1,632 | 1,632 | — |
| Pre-test and post-test coordination | 30,848 | 30,848 | — |
| Reporting and recordkeeping | 21,317 | 21,317 | — |
| Total direct costs | 59,417 | 59,417 | — |
| Indirect costs | 4,688 | 4,688 | — |
| Total direct and indirect costs | 64,105 | 64,105 | — |
| Less offsetting reimbursements | — | (135,278) | (135,278) |
| Subtotal | 64,105 | (71,173) | (135,278) |
| Adjustment to eliminate negative balance | — | 71,173 | 71,173 |
| Total program costs | <u>\$ 64,105</u> | — | <u>\$ (64,105)</u> |
| Less amount paid by the State ² | | (64,105) | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ (64,105)</u> | |

Attachment 1 (continued)

| Cost Elements | Actual Costs Claimed | Allowable per Review | Review Adjustment ¹ |
|--|-------------------------|-------------------------|-----------------------------------|
| <u>July 1, 1999, through June 30, 2000</u> | | | |
| Direct costs: | | | |
| Salaries and benefits: | | | |
| Training, policies, and procedures | \$ 5,757 | \$ 5,757 | \$ — |
| Test materials, supplies, and equipment | 1,672 | 1,672 | — |
| Pre-test and post-test coordination | 31,601 | 31,601 | — |
| Reporting and recordkeeping | 21,837 | 21,837 | — |
| Total direct costs | 60,867 | 60,867 | — |
| Indirect costs | 4,802 | 4,802 | — |
| Total direct and indirect costs | 65,669 | 65,669 | — |
| Less offsetting reimbursements | — | (41,726) | (41,726) |
| Total program costs | <u>\$ 65,669</u> | 23,943 | <u>\$ (41,726)</u> |
| Less amount paid by the State ² | | (65,669) | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ (41,726)</u> | |
| <u>July 1, 2000, through June 30, 2001</u> | | | |
| Direct costs: | | | |
| Salaries and benefits: | | | |
| Training, policies, and procedures | \$ 5,901 | \$ 5,901 | \$ — |
| Test materials, supplies, and equipment | 1,713 | 1,713 | — |
| Pre-test and post-test coordination | 32,391 | 32,391 | — |
| Reporting and recordkeeping | 22,383 | 22,383 | — |
| Total direct costs | 62,388 | 62,388 | — |
| Indirect costs | 4,922 | 4,922 | — |
| Total direct and indirect costs | 67,310 | 67,310 | — |
| Less offsetting reimbursements | — | (40,689) | (40,689) |
| Total program costs | <u>\$ 67,310</u> | 26,621 | <u>\$ (40,689)</u> |
| Less amount paid by the State ² | | (67,310) | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ (40,689)</u> | |

Attachment 1 (continued)

| <u>Cost Elements</u> | <u>Actual Costs Claimed</u> | <u>Allowable per Review</u> | <u>Review Adjustment ¹</u> |
|--|---------------------------------|---------------------------------|---|
| <u>Summary: July 1, 1997, through June 30, 2001</u> | | | |
| Direct costs: | | | |
| Salaries and benefits: | | | |
| Training, policies, and procedures | \$ 22,767 | \$ 22,767 | \$ — |
| Test materials, supplies, and equipment | 6,611 | 6,611 | — |
| Pre-test and post-test coordination | 124,971 | 124,971 | — |
| Reporting and recordkeeping | 86,358 | 86,358 | — |
| Total direct costs | 240,707 | 240,707 | — |
| Indirect costs | 18,991 | 18,991 | — |
| Total direct and indirect costs | 259,698 | 259,698 | — |
| Less offsetting reimbursements | — | (383,598) | (383,598) |
| Subtotal | 259,698 | (123,900) | (383,598) |
| Adjustment to eliminate negative balance | — | 174,464 | 174,464 |
| Total program costs | <u>\$ 259,698</u> | 50,564 | <u>\$ (209,134)</u> |
| Less amount paid by the State ² | | (259,698) | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ (209,134)</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, 1997, through June 30, 2001

**FINDING—
Understated offsetting
reimbursements**

The district understated offsetting reimbursements by \$383,598 because it did not report any of the Standardized Testing and Reporting Program (STAR) 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.

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 \$480,833 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: (1) California Standards Tests (CST); (2) Stanford Achievement Test, Ninth Edition (SAT-9); and, (3) Spanish Assessment of Basic Education, Second Edition (SABE/2). The CST test is not reimbursable because it was not pled in the test claim that created this mandate.

Based on the CDE’s published test results, the reimbursable mandate percentages are as follows: 100% for fiscal year (FY) 1997–98, 71.32% for FY 1998-99, 67.11% for FY 1999–2000, and 64.51% for FY 2000–01.

The following table summarizes the understated offsetting reimbursements for the review period:

| | Fiscal Year | | | | Total |
|-------------------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | |
| STAR Program apportionments: | | | | | |
| CDE apportionment | \$(165,905) | \$(189,678) | \$(62,176) | \$(63,074) | \$(480,833) |
| Mandate-related percentage | × 100% | × 71.32% | × 67.11% | × 64.51% | |
| Mandate-related apportionment | (165,905) | (135,278) | (41,726) | (40,689) | (383,598) |
| Less offset CDE apportionment | — | — | — | — | — |
| Review adjustment | <u>\$(165,905)</u> | <u>\$(135,278)</u> | <u>\$(41,726)</u> | <u>\$(40,689)</u> | <u>\$(383,598)</u> |

Recommendation

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