



JOHN CHIANG
California State Controller

November 26, 2012

Linda Callaway, Ed.D.
Superintendent
Menifee Union School District
30205 Menifee Road
Menifee, CA 92584

Dear Dr. Callaway:

The State Controller's Office reviewed the costs claimed by Menifee Union 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. Our review was limited to ensuring that the California Department of Education Standardized Testing and Reporting Program apportionment was properly offset.

The district claimed \$785,001 (\$789,001 less a \$4,000 penalty for filing late claims) for the mandated program. Our review disclosed that \$711,673 (\$715,011 less a \$3,338 penalty for filing late claims) is allowable and \$73,328 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 \$87,518 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$85,490 is allowable. The State will apply \$2,028 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

For the FY 1998-99 claim, the State made no payment to the district. Our review disclosed that \$91,920 (\$92,085 less a \$165 late filing penalty) is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 1999-2000 claim, the State paid the district \$17,677 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$114,233 (\$116,097 less a \$1,864 late filing penalty) is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$96,556, contingent upon available appropriations.

For the FY 2000-01 claim, the State paid the district \$102,112 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$114,889 (\$116,198 less a \$1,309 late filing penalty) is allowable. The State will pay allowable costs that exceed the amount paid, totaling \$12,777, contingent upon available appropriations.

For the FY 2001-02 claim, the State made no payment to the district. Our review disclosed that \$119,558 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2002-03 claim, the State made no payment to the district. Our review disclosed that \$127,262 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payment to the district. Our review disclosed that \$58,321 is allowable. The State will pay that amount, contingent upon available appropriations.

We informed Robert Wolfe, Assistant Superintendent of Business Services, of the review results via e-mail on October 19, 2012. Mr. Wolfe did not respond to the finding.

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/sk

Attachments

RE: S13-MCC-906

cc: Robert Wolfe, Assistant Superintendent of Business Services
Menifee Union School District
Pam Gillette, Director of Fiscal Services
Menifee Union School District
Kenneth M. Young, County Superintendent of Schools
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, 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, 1997, through June 30, 2004**

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 1997, through June 30, 1998</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 12,858	\$ 12,858	\$ —
Test materials, supplies, and equipment	3,818	3,818	—
Pre-test and post-test coordination	50,592	50,592	—
Test administration	8,160	8,160	—
Reporting and recordkeeping	28,137	28,137	—
Total direct costs	103,565	103,565	—
Indirect costs	4,070	4,070	—
Total direct and indirect costs	107,635	107,635	—
Less offsetting reimbursements	—	(22,145)	(22,145)
Subtotal	107,635	85,490	(22,145)
Less late filing penalty ^{2,4}	(1,000)	—	1,000
Total program costs	<u>\$ 106,635</u>	85,490	<u>\$ (21,145)</u>
Less amount paid by the State ³		(87,518)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (2,028)</u>	
<u>July 1, 1998, through June 30, 1999</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 13,488	\$ 13,488	\$ —
Test materials, supplies, and equipment	3,902	3,902	—
Pre-test and post-test coordination	51,463	51,463	—
Test administration	8,349	8,349	—
Reporting and recordkeeping	28,690	28,690	—
Total direct costs	105,892	105,892	—
Indirect costs	4,161	4,161	—
Total direct and indirect costs	110,053	110,053	—
Less offsetting reimbursements	—	(17,968)	(17,968)
Subtotal	110,053	92,085	(17,968)
Less late filing penalty ^{2,5}	(1,000)	(165)	835
Total program costs	<u>\$ 109,053</u>	91,920	<u>\$ (17,133)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 91,920</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	\$ 14,259	\$ 14,259	\$ —
Test materials, supplies, and equipment	3,994	3,994	—
Pre-test and post-test coordination	55,296	55,296	—
Test administration	11,062	11,062	—
Reporting and recordkeeping	32,464	32,464	—
Total direct costs	117,075	117,075	—
Indirect costs	4,601	4,601	—
Total direct and indirect costs	121,676	121,676	—
Less offsetting reimbursements	—	(5,579)	(5,579)
Subtotal	121,676	116,097	(5,579)
Less late filing penalty ^{2,6}	(1,000)	(1,864)	(864)
Total program costs	<u>\$ 120,676</u>	114,233	<u>\$ (6,443)</u>
Less amount paid by the State ³		(17,677)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 96,556</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 13,433	\$ 13,433	\$ —
Test materials, supplies, and equipment	2,732	2,732	—
Pre-test and post-test coordination	55,436	55,436	—
Test administration	12,486	12,486	—
Reporting and recordkeeping	33,579	33,579	—
Total direct costs	117,666	117,666	—
Indirect costs	4,625	4,625	—
Total direct and indirect costs	122,291	122,291	—
Less offsetting reimbursements	—	(6,093)	(6,093)
Subtotal	122,291	116,198	(6,093)
Less late filing penalty ^{2,7}	(1,000)	(1,309)	(309)
Total program costs	<u>\$ 121,291</u>	114,889	<u>\$ (6,402)</u>
Less amount paid by the State ³		(102,112)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 12,777</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 13,985	\$ 13,985	\$ —
Test materials, supplies, and equipment	2,055	2,055	—
Pre-test and post-test coordination	58,965	58,965	—
Test administration	14,499	14,499	—
Reporting and recordkeeping	32,193	32,193	—
Total direct costs	121,697	121,697	—
Indirect costs	4,783	4,783	—
Total direct and indirect costs	126,480	126,480	—
Less offsetting reimbursements	—	(6,922)	(6,922)
Total program costs	<u>\$ 126,480</u>	119,558	<u>\$ (6,922)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 119,558</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 36,991	\$ 36,991	\$ —
Test materials, supplies, and equipment	1,465	1,465	—
Pre-test and post-test coordination	37,794	37,794	—
Test administration	17,604	17,604	—
Reporting and recordkeeping	17,155	17,155	—
Total salaries and benefits	111,009	111,009	—
Materials and supplies:			
Test Materials, Supplies, and Equipment	17,982	17,982	—
Total materials and supplies	17,982	17,982	—
Total direct costs	128,991	128,991	—
Indirect costs	5,469	5,469	—
Total direct and indirect costs	134,460	134,460	—
Less offsetting reimbursements	—	(7,198)	(7,198)
Total program costs	<u>\$ 134,460</u>	127,262	<u>\$ (7,198)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 127,262</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 2,440	\$ 2,440	\$ —
Test materials, supplies, and equipment	1,748	1,748	—
Pre-test and post-test coordination	45,464	45,464	—
Test administration	762	762	—
Reporting and recordkeeping	12,257	12,257	—
Total salaries and benefits	62,671	62,671	—
Materials and supplies:			
Reporting and Record Keeping	1,058	1,058	—
Total materials and supplies	1,058	1,058	—
Total direct costs	63,729	63,729	—
Indirect costs	2,677	2,677	—
Total direct and indirect costs	66,406	66,406	—
Less offsetting reimbursements	—	(8,085)	(8,085)
Total program costs	<u>\$ 66,406</u>	58,321	<u>\$ (8,085)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 58,321</u>	
<u>Summary: July 1, 1997 through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 107,454	\$ 107,454	\$ —
Test materials, supplies, and equipment	19,714	19,714	—
Pretest and post-test coordination	355,010	355,010	—
Test administration	72,922	72,922	—
Reporting and recordkeeping	184,475	184,475	—
Total salaries and benefits	739,575	739,575	—
Materials and supplies:			
Test materials, supplies, and equipment	17,982	17,982	—
Recording and recordkeeping	1,058	1,058	—
Total materials and supplies	19,040	19,040	—
Total direct costs	758,615	758,615	—
Indirect costs	30,386	30,386	—

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>Summary: July 1, 1997 through June 30, 2004 (continued)</u>			
Total direct and indirect costs	789,001	789,001	—
Less offsetting reimbursements	—	(73,990)	(73,990)
Subtotal	789,001	715,011	(73,990)
Less late filing penalty	(4,000)	(3,338)	662
Total program costs	<u>\$ 785,001</u>	711,673	<u>\$ (73,328)</u>
Less amount paid by the State ³		(207,307)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 504,366</u>	

¹ See Attachment 2, Finding and Recommendation.

² Government Code section 17561, subdivision (d)(3), allows claimants to file an initial reimbursement claim within one year after the initial filing deadline, subject to a 10% penalty on allowable costs for filing a late claim. Late initial reimbursement claims filed on or after September 30, 2002, are not subject to a maximum penalty amount pursuant to Chapter 1124, Statutes of 2002 (AB 3000). The SCO assesses the penalty on allowable costs that exceed the amount filed by the initial filing deadline. FY 1997-98 through FY 2000-01 claims were initial reimbursement claims.

³ Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

⁴ The district filed the FY 1997-98 initial reimbursement claim for \$88,518 by the initial filing deadline and amended it on December 31, 2002, to \$107,635 (within one year of the initial filing deadline).

⁵ The district filed the FY 1998-99 initial reimbursement claim for \$90,436 by the initial filing deadline and amended it on December 31, 2002, to \$110,053 (within one year of the initial filing deadline).

⁶ The district filed the FY 1999-2000 initial reimbursement claim for \$97,453 by the initial filing deadline and amended it on December 31, 2002, to \$121,676 (within one year of the initial filing deadline).

⁷ The district filed the FY 2000-01 initial reimbursement claim for \$103,112 by the initial filing deadline and amended it on December 31, 2002, to \$122,291 (within one year of the initial filing deadline).

Attachment 2— Finding and Recommendation July 1, 1997, through June 30, 2004

**FINDING—
Understated offsetting
reimbursements**

The district understated offsetting reimbursements by \$73,990 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.

On January 24, 2002, the Commission on State Mandates adopted the parameters and guidelines, which establish the state mandate and define the reimbursement criteria.

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 \$100,274 from the CDE.

We determined the amount that should have been offset by multiplying the total CDE apportionment by the reimbursable mandate percentages, which are based on test results published on the CDE STAR website. The district administered the following STAR tests in the review period: California Standards Test (CST); Stanford Achievement Test, Ninth Edition (SAT-9); 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 percentages are as follows: 100% for FY 1997-98, 68.24% for FY 1998-99, 68.15% for FY 1999-2000, 64.72% for FY 2000-01, 67.02% for FY 2001-02, 64.85% for FY 2002-03, and 63.31% for FY 2003-04.

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

	Fiscal Year							Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	
STAR Program apportionments:								
CDE apportionment	\$ (22,145)	\$ (26,331)	\$ (8,186)	\$ (9,414)	\$ (10,329)	\$ (11,099)	\$ (12,770)	\$ (100,274)
Mandate-related percentage	× 100%	× 68.24%	× 68.15%	× 64.72%	× 67.02%	× 64.85%	× 63.31%	
Mandate-related apportionment	(22,145)	(17,968)	(5,579)	(6,093)	(6,922)	(7,198)	(8,085)	(73,990)
Less offset CDE apportionment	—	—	—	—	—	—	—	—
Review adjustment	\$ (22,145)	\$ (17,968)	\$ (5,579)	\$ (6,093)	\$ (6,922)	\$ (7,198)	\$ (8,085)	\$ (73,990)

Recommendation

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