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State Mandates*

JOHN CHIANG
California State Controller

LATE FILING

October 3, 2014

Heather Halsey
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: **Incorrect Reduction Claim (IRC)**
Notification of Truancy, 10-904133-I-09
Education Code Section 48260.5
Statutes 1983, Chapter 498
Fiscal Years: 2002-2003, 2003-2004, 2004-2005, and 2005-2006
San Juan Unified School District, Claimant

Dear Ms. Halsey:

The State Controller's Office is transmitting our response to the above-entitled IRC.

If you have any questions, please contact me by telephone at (916) 323-5849.

Sincerely,

JIM L. SPANO, Chief
Mandated Cost Audits Bureau
Division of Audits

**RESPONSE BY THE STATE CONTROLLER’S OFFICE
TO THE INCORRECT REDUCTION CLAIM (IRC) BY
SAN JUAN UNIFIED SCHOOL DISTRICT
Notification of Truancy Program**

Table of Contents

<u>Description</u>	<u>Page</u>
SCO’s Response to District’s Comments	
Declaration (Affidavit of Bureau Chief)	Tab 1
State Controller’s Office Analysis and Response	Tab 2
Analysis of Statistical Sample Results	Tab 3
Calculation of Audit Adjustment Range	Tab 4
State Controller’s Office Remittance Advice, FY 2002-03 – September 12, 2006	Tab 5
State Controller’s Office Remittance Advice, FY 2003-04 – September 12, 2006	Tab 6
State Controller’s Office Remittance Advice, FY 2004-05 – September 11, 2006	Tab 7

Note: References to Exhibits relate to the district’s IRC filed on September 27, 2010, as follows:

- Exhibit A – PDF page 32
- Exhibit B – PDF page 43
- Exhibit C – PDF page 50
- Exhibit D – PDF page 58
- Exhibit E – PDF page 78
- Exhibit F – PDF page 92
- Exhibit G – PDF page 95

Tab 1

1 **OFFICE OF THE STATE CONTROLLER**

300 Capitol Mall, Suite 1850

2 Sacramento, CA 94250

3 Telephone No.: (916) 445-6854

4 BEFORE THE

5 COMMISSION ON STATE MANDATES

6 STATE OF CALIFORNIA

9
10 INCORRECT REDUCTION CLAIM ON:

11 *Notification of Truancy Program*

12 Chapter 498, Statutes of 1983, and
13 Chapter 1023, Statutes of 1994

14 SAN JUAN UNIFIED SCHOOL DISTRICT,
15 Claimant

No.: CSM 10-904133-I-09

AFFIDAVIT OF BUREAU CHIEF

16 I, Jim L. Spano, make the following declarations:

- 17 1) I am an employee of the State Controller's Office and am over the age of 18 years.
- 18 2) I am currently employed as a Bureau Chief, and have been so since April 21, 2000.
19 Before that, I was employed as an audit manager for two years and three months.
- 20 3) I am a California Certified Public Accountant (CPA).
- 21 4) I reviewed the work performed by the State Controller's Office (SCO) auditor.
- 22 5) Any attached copies of records are true copies of records, as provided by the San Juan
23 Unified School District or retained at our place of business.
- 24 6) The records include claims for reimbursement, along with any attached supporting
25 documentation, explanatory letters, or other documents relating to the above-entitled
Incorrect Reduction Claim.

1 7) A field audit of the claims for fiscal year (FY) 2002-03, FY 2003-04, FY 2004-05, and
2 FY 2005-06 commenced on September 11, 2007, and ended on July 29, 2009.

3 I do declare that the above declarations are made under penalty of perjury and are true and
4 correct to the best of my knowledge, and that such knowledge is based on personal
5 observation, information, or belief.

6 Date: December 6, 2010

7 OFFICE OF THE STATE CONTROLLER

8
9
10 By:  _____

11 Jim L. Spano, Chief
12 Mandated Cost Audits Bureau
13 Division of Audits
14 State Controller's Office
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Tab 2

**STATE CONTROLLER'S OFFICE ANALYSIS AND RESPONSE
TO THE INCORRECT REDUCTION CLAIM BY
SAN JUAN UNIFIED SCHOOL DISTRICT
For Fiscal Year (FY) 2002-03, FY 2003-04, FY 2004-05, and FY 2005-06**

**Notification of Truancy Program
Chapter 498, Statutes of 1983, and Chapter 1023, Statutes of 1994**

SUMMARY

The following is the State Controller's Office's (SCO) response to the Incorrect Reduction Claim that the San Juan Unified School District submitted on September 27, 2010. The SCO audited the district's claims for costs of the legislatively mandated Notification of Truancy Program for the period of July 1, 2002, through June 30, 2006. The SCO issued its final report on September 4, 2009 (**Exhibit D**).

The district submitted reimbursement claims totaling \$924,556 (\$926,556 less a \$2,000 penalty for filing late claims)—\$131,013 for FY 2002-03 (\$132,013 less a \$1,000 penalty for filing a late claim), \$229,909 for FY 2003-04 (230,909 less a \$1,000 penalty for filing a late claim), \$258,211 for FY 2004-05, and \$305,423 for FY 2005-06 (**Exhibit G**). Subsequently, the SCO performed an audit for the period of July 1, 2002, through June 30, 2006, and determined that \$132,847 is unallowable. The costs are unallowable because the district claimed non-reimbursable initial truancy notifications. The district disagrees with the audit results. In addition, the district disagrees with the amount paid by the State for FY 2002-03, FY 2003-04, and FY 2004-05, as shown in Schedule 1 of our final audit report issued September 4, 2009 (**Exhibit D**). The following table summarizes the audit results:

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>
<u>July 1, 2002, through June 30, 2003</u>			
Number of initial truancy notifications	10,001	9,668	(333)
Uniform cost allowance	× \$13.20	× \$13.20	× \$13.20
Subtotal	132,013	127,618	(4,396)
Less late filing penalty	(1,000)	(1,000)	—
Total program costs	<u>\$ 131,013</u>	126,618	<u>\$ (4,396)</u>
Less amount paid by the State ¹		(131,013)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (4,395)</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Number of initial truancy notifications	16,904	13,031	(3,873)
Uniform cost allowance	× \$13.66	× \$13.66	× \$13.66
Subtotal	230,909	178,004	(52,905)
Less late filing penalty	(1,000)	(1,000)	—
Total program costs	<u>\$ 229,909</u>	177,004	<u>\$ (52,905)</u>
Less amount paid by the State ¹		(229,909)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (52,905)</u>	

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>
<u>July 1, 2004, through June 30, 2005</u>			
Number of initial truancy notifications	18,082	17,396	(686)
Uniform cost allowance	× \$14.28	× \$14.28	× \$14.28
Total program costs	<u>\$ 258,211</u>	248,415	<u>\$ (9,796)</u>
Less amount paid by the State ¹		(258,211)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (9,796)</u>	
<u>July 1, 2005, through June 30, 2006</u>			
Number of initial truancy notifications	19,654	15,423	(4,231)
Uniform cost allowance	× \$15.54	× \$15.54	× \$15.54
Total program costs	<u>\$ 305,423</u>	239,673	<u>\$ (65,750)</u>
Less amount paid by the State ¹		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 239,673</u>	
<u>Summary: July 1, 2002, through June 30, 2006</u>			
Total costs	\$ 926,556	\$ 793,710	\$ (132,847)
Less late filing penalty	(2,000)	(2,000)	—
Total program costs	<u>\$ 924,556</u>	791,710	<u>\$ (132,847)</u>
Less amount paid by the State ¹		(619,133)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 172,577</u>	

¹ Payment information current as of November 8, 2010.

I. NOTIFICATION OF TRUANCY PROGRAM CRITERIA

Parameters and Guidelines – July 22, 1993

On August 27, 1987, the Commission on State Mandates (CSM) adopted the parameters and guidelines for Chapter 498, Statutes of 1983. The CSM amended the parameters and guidelines on July 22, 1993 (**Exhibit B**).

Section I summarizes the mandated program as follows:

I. SUMMARY OF MANDATE

Chapter 498, Statutes of 1983 . . . requires school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means of (1) the pupil's truancy; (2) that the parent or guardian is obligated to compel the attendance of the pupil at school; and (3) that parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution

Additionally, the district must inform parents and guardians of (1) alternative educational programs available in the district, and (2) the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

A truancy occurs when a student is absent from school without valid excuse more than three (3) days or is tardy in excess of thirty (30) minutes on each of more than three (3) days in one school year. . . .

A student shall be initially classified as truant upon the fourth unexcused absence, and the school must at that time perform the requirements mandated in Education Code Section 48260.5. . . .

Section V.A identifies the mandated program's scope as follows:

V. REIMBURSABLE COSTS

A. Scope of Mandate

The eligible claimant shall be reimbursed for only those costs incurred for planning the notification process, revising district procedures, the printing and distribution of notification forms, *and associated record keeping* [emphasis added].

Section V.B.2 specifies the ongoing reimbursable activity:

V. REIMBURSABLE COSTS

B. Reimbursable Activities

2. Notification process – On-going

Identifying the truant pupils to receive the notification, preparing and distributing by mail or other method the forms to parents/guardians, *and associated recordkeeping* [emphasis added].

Section V.C identifies the uniform cost allowance applicable to the mandated program:

V. REIMBURSABLE COSTS

C. Uniform Cost Allowance

Pursuant to Government Code section 17557, the Commission on State Mandates has adopted a uniform cost allowance . . . *The uniform cost allowance is based on the number of initial notifications of truancy distributed* [emphasis added]. . . .

Section VI specifies the following claim preparation requirements:

VI. CLAIM PREPARATION

Each claim for reimbursement . . . must be timely filed *and provide documentation in support of the reimbursement claimed for this mandated program* [emphasis added].

II. DISTRICT CLAIMED NON-REIMBURSABLE INITIAL TRUANCY NOTIFICATIONS

Issue

The district claimed non-reimbursable initial truancy notifications totaling \$132,847. The district disagrees with the audit methodology and the results derived therefrom.

SCO Analysis:

The district claimed initial truancy notifications for students who did not accumulate the required number of unexcused absences or tardiness occurrences to qualify as truant under the mandated program.

For each fiscal year, we selected a statistical sample of initial truancy notifications based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We chose our statistical sample from the population of initial truancy notifications that the district documented. We used a statistical sample so that we could project the sample results to the population. The district accounts for elementary/K-8 school and secondary school attendance differently; therefore, we stratified the population into two groups and selected separate samples for each group.

The district claimed unallowable initial truancy notifications for students who accumulated fewer than four unexcused absences or tardiness occurrences during the fiscal year. The district claimed unallowable notifications for the following reasons:

- The student accumulated only three unexcused absences or tardiness occurrences.
- The student accumulated fewer than four unexcused absences or tardiness occurrences while between ages 6 and 18.
- The student accumulated fewer than three unexcused absences or tardiness occurrences.

District's Response

THE ISSUE OF STATISTICAL SAMPLING AND EXTRAPOLATION

Reimbursement for this mandate is based on the actual number of notifications distributed multiplied by a uniform cost allowance for reimbursement . . . The audit report states that the finding is based on a statistical sample. . . .

A. Legal Basis for Reimbursement Based on Statistical Sampling

The essential legal issue for this finding is whether the Controller can adjust claims utilizing an extrapolation of findings from an audit sample. . . .

The audit report has cited no statutory or regulatory authority to allow the Controller to reduce claimed reimbursement based on extrapolation of a statistical sample. Instead, the audit report states that:

Government Code section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs.

That citation is not specific to the sampling issue presented. That citation is also unavailing since the Notification of Truancy mandate is reimbursed based on a unit cost rate which is a reasonable representation of actual costs incurred by districts that were included in the cost study to establish the uniform cost allowance for this mandate.

[The audit report also states] "Government Code section 17561, subdivision (d)(2), allows the SCO to audit the district's records to verify *actual* mandate-related costs" and that Government Code Section 12410 requires the Controller to "audit all claims against the state." The District concurs that the Controller has authority to audit mandate claims, but asserts that the Controller must audit

pursuant to legal criteria and logic. The District does not dispute the Controller's authority to audit claims for mandated costs and to reduce those costs that are excessive or unreasonable . . . However, Section 12410 . . . is not specific to the audit of mandate reimbursement claims. The only applicable audit standard for mandate reimbursement claims is found in Government Code Section 17561 (d)(2). The fact that Section 17561(d)(2) specifies its own audit standard (excessive or unreasonable) implies that the general Controller audit standard (correctness, legality, and sufficient provisions of law) does not control here. Therefore, the Controller may only reduce a mandate reimbursement claim if it specifically finds that the amounts claimed are unreasonable or excessive under Section 17561(d)(2). Further, the Controller has not asserted or demonstrated that, if Section 12410 was the applicable standard, the audit adjustments were made in accordance with this standard. The District's claim was correct, in that it reported the number of notices distributed. There is also no allegation in the audit report that the claim was in any way illegal . . . Thus, even if the standards of Section 12410 were applicable to mandate reimbursement audits, the Controller has failed to put forth any evidence that these standards are not met or even relevant. There is no indication that the Controller is *actually* relying on the audit standards set forth in Section 12410 for the adjustments to the District's reimbursement claims.

[In addition, the audit report states] "The SCO conducted its audit according to generally accepted government auditing standards [GAGAS] (*Government Auditing Standards*, issued by the U.S. Government Accountability Office, July 2007) [GAO]." The audit report asserts that the "standards recognize statistical sampling as an acceptable method to provide sufficient, appropriate evidence" but does not cite specific GAO or GAGAS language in support of that assertion. The audit report does not explain how a statistical sample that provides "appropriate evidence" of the scope and reliability of source documentation is therefore a source of findings of actual cost or pervasive compliance with the mandate program requirements. Notwithstanding, the GAO auditing guide referenced specifically pertains to audits of federal funds and state mandate reimbursement does not utilize federal funds. Further, the GAO audit guide has not been adopted pursuant to any state agency rulemaking nor is it included as a standard in the parameters and guidelines so the claimants could not be on legal notice of its requirements, nor could the District have actual notice of the GAO guide published in 2007 at the time the annual claims were filed.

There is no provision in law to allow claimants to claim costs based on sampling and extrapolation, or for the Controller to audit or make findings in the same manner. The Controller's audit standard, which has been incorporated into most parameters and guidelines, is contemporaneous documentation with corroborating evidence for all costs claimed. This standard should also apply to all costs *disallowed*. The extrapolation disallows costs never audited and documentation never reviewed. There is no published audit manual for mandate reimbursement or the audit of mandate claims in general, or any published audit program for this mandate program which allows this method of audit or allows adjustment of amounts claimed in this manner. Adjustment of the claimed costs based on an extrapolation from a statistical sample is utilizing a standard of general application without the benefit of compliance with the Administrative Procedure Act. Thus, the application of the method is prohibited by the Government Code.

SCO's Comment

Government Code Sections 17558.5 and 17561, Subdivision (d)(2)(A)(i)

The district quotes one sentence regarding Government Code section 17558.5 from the "SCO's Comment" section of the audit finding and presents that sentence out of context. The district implies that we cited Government Code section 17558.5 to validate the statistical sampling used to develop the audit adjustment. We disagree. In its response to the draft audit report, the district alleged that Government Code section 17561, subdivision (d)(2), is "the only mandated cost audit standard in statute," and allows the SCO to adjust only those claims it determines are excessive or unreasonable. The district further alleges, "the entire findings are based upon the wrong standard for review." In response, we disagreed and cited relevant language from Government Code section 17558.5 that

requires the district to file a reimbursement claim for actual costs. We paired this requirement with Government Code section 17561, subdivision (d)(2)(A)(i), which allows the SCO to audit the district's records to verify actual mandate-related costs.

The district attempts to invalidate Government Code section 17558.5 and its relation to Government Code section 17561, subdivision (d)(2)(A)(i), by stating the citation is "unavailing since the Notification of Truancy mandate is reimbursed based on a unit-cost rate." We disagree with the district's implication that Government Code section 17558.5 is irrelevant. In its Incorrect Reduction Claim, Part VIII Relief Requested, the district states, "The amounts claimed by the District for reimbursement . . . represent the *actual* [emphasis added] costs incurred by the District. . . ." School districts combine the unit-cost rate with the *actual* number of initial truancy notifications issued to calculate reimbursable mandated costs. The "actual" number of initial truancy notifications are those mandate-related reimbursable notifications that the district's records support.

Government Code Section 12410

The district infers that Government Code section 12410 is somehow not applicable to mandated cost claims. We disagree. Government Code section 12410 is quite specific in stating, "The Controller shall audit *all claims* against the state and may audit the disbursement of *any* state money, for correctness, legality, and for sufficient provisions of law for payment [emphasis added]."

The district states:

Further, the Controller has not asserted or demonstrated that, if Section 12410 was the applicable standard, the audit adjustments were made in accordance with this standard. The District's claim was correct, in that it reported the number of notices distributed. . . .

It appears that the district believes that only one "standard" is applicable to mandated cost claims. We disagree. All cited statutory audit standards are relevant. Pursuant to Government Code section 12410, we concluded that the district's claims were neither correct nor legal. Correct is defined as "conforming to an approved or conventional standard."² Legal is defined as "conforming to or permitted by law or established rules."³ The district submitted claims for non-reimbursable initial truancy notifications.

Statistical Sampling

The district states, "The audit report has cited no statutory or regulatory authority to allow the Controller to reduce claimed reimbursement based on extrapolation of a statistical sample." We disagree. Government Code section 17561, subdivision (d)(2)(B), states, "The Controller may reduce any claim that the Controller determines is excessive or unreasonable." Excessive is defined as "exceeding what is usual, *proper, necessary*, [emphasis added] or normal."⁴ The district's claims were improper because the district claimed non-reimbursable initial truancy notifications. The district states that it "does not dispute the Controller's authority to audit claims for mandated costs and to reduce those costs that are excessive or unreasonable."

The district also contests the applicability of generally accepted government auditing standards (GAGAS) (*Government Auditing Standards*, issued by the U.S. Government Accountability Office (GAO), July 2007). The district states, ". . . the GAO auditing guide referenced specifically pertains to audits of federal funds. . . ." The district failed to cite language from *Government Auditing Standards* that supports its assertion. *Government Auditing Standards*, section 1.03, "Purpose and Applicability of GAGAS," states:

The professional standards and guidance contained in this document . . . provide a framework for conducting high quality government audits and attestation engagements with competence, integrity, objectivity, and independence. *These standards are for use by auditors of government entities [emphasis added]. . . .*"

In addition, the district contests the appropriateness of statistical sampling. The district states that the audit report does not cite specific GAGAS language that recognizes statistical sampling as an acceptable method to provide sufficient, appropriate evidence. *Government Auditing Standards*, section 7.55, states "Auditors must obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions." Section 7.56 states, "Appropriateness is the measure of the quality of evidence. . . ." In further discussing appropriateness, section 7.63 states, "When a representative sample is needed, the use of statistical sampling approaches generally results in stronger evidence. . . ."

The district states, ". . . the GAO audit guide has not been adopted pursuant to any state agency rulemaking . . . so the claimants could not be on legal notice of its requirements. . . ." *Government Auditing Standards* provides a framework to conduct audits. Its "requirements" are applicable to auditors, not claimants; therefore, state agency rulemaking is irrelevant. Similarly, it has no bearing on how claimants perform mandate-related activities or submit reimbursement claims.

The district states, "There is no provision in law to allow claimants to claim costs based on sampling and extrapolation. . . ." We disagree. Various mandated cost programs allow claimants to claim salary and benefit costs based on a documented time study, which itself is simply a sample of actual time worked extrapolated to a full year. Examples include the Habitual Truant, Intradistrict Attendance, and Juvenile Court Notices II programs.

The district states, "There is no published audit manual for mandate reimbursement or the audit of mandate claims in general, or any published audit program for this mandate program. . . ." We conducted our audit under the authority of Government Code sections 12410, 17558.5, and 17561. There is no statutory requirement for the SCO to publish an audit manual or audit program for mandated cost program audits.

² Merriam-Webster's Collegiate Dictionary, Tenth Edition © 2001.

³ Ibid.

⁴ Ibid.

District's Response

B. Utility of the Sampling Methodology

A statistically valid sample methodology is a recognized audit tool for some purposes. See Exhibit "E" ("Statistical Sampling Revisited"). The sampling process was misapplied here. The purpose of sampling is to determine the results of transactions or whether procedures were properly applied to the reported transactions What the Controller purports to be testing is whether the notices are reimbursable based on the number of prerequisite absences or content of the notice. . . .

Instead, the auditor was actually conducting a review for documentation rather than mandate compliance. Testing for procedural compliance usually involves establishing tolerance parameters, but in the case of this audit, the tolerance factor was zero, that is, based on the auditor's perception of adequate documentation, which is a separate issue. Testing to detect the rate of error within tolerances is the purpose of sampling, but it is not a tool to assign an exact dollar amount to the amount of the error, which the Controller has inappropriately done so here. . . .

SCO's Comment

The district states that the sampling process was "misapplied." The district includes an exhibit but makes no specific reference to that exhibit to support its position. We disagree with the district's statement. We properly used estimation sampling to establish the frequency of occurrence of non-reimbursable initial truancy notifications. We conclude that the sampling methodology is appropriate based on the following:

Estimation sampling is the most widely used approach to audit tests. It provides the answer to the question of how many or how much. When this method is used, a random sample of a special size is obtained, and either the number of some specified type of item or event (such as errors) appearing in the sample is counted and the proportion of these items determined. . . .

If the sample is used as a means of establishing the frequency of occurrence of some kind of event or type of item, the process is referred to as *attributes sampling*. The result of such a sampling operation is commonly expressed as the *per cent* of the type of event specified.

In statistical terminology, any measurement obtained by counting the number of items falling in a given category is called an *attribute measurement* . . . Examples of attribute categories include errors versus nonerrors. . . .⁵

The district continues by stating:

What the Controller purports to be testing is whether the notices are reimbursable based on the number of prerequisite absences or content of the notice. . . .

Instead, the auditor was actually conducting a review for documentation rather than mandate compliance.

We agree that we tested initial truancy notifications to determine if those notifications are reimbursable based on the number of unexcused absences or tardiness occurrences specified in the parameters and guidelines. We did not use statistical samples to test "content of the notice." The district's reference to "conducting a review for documentation" is unclear. We properly examined the district's supporting documentation to identify the number of unexcused absences or tardiness occurrences that occurred while the student was between ages 6 and 18, thereby classifying the initial truancy notification as reimbursable or non-reimbursable.

The district states, "Testing for procedural compliance usually involves establishing tolerance parameters, but in the case of this audit, the tolerance factor was zero, that is, based on the auditor's perception of adequate documentation. . . ." We disagree. A "tolerance factor" is not applicable, because we conducted estimation sampling as noted above. For each initial truancy notification, the notification is either an "error" or a "non-error," depending on the number of valid unexcused absences or tardiness occurrences that support the notification. There was no "auditor's perception of adequate documentation;" the district's records either did or did not identify the minimum number of unexcused absences or tardiness occurrences.

⁵ Herbert Arkin, *Handbook of Sampling for Auditing and Accounting*, Third Edition, Prentice Hall, New Jersey, 1984, p.13-14.

District's Response

C. Sample Risk

The ultimate risk from extrapolating findings from a sample is that the conclusions obtained from the sample may not be representative of the universe. That is, the errors perceived from the sample do not occur at the same rate in the universe. That is what has occurred in this audit. For example, kindergarten students present in the sample are more likely to be excluded because of the underage issue, which makes these samples nonrepresentative of the universe. Also, if any of the notices excluded for being underage or overage are for students who are alternative education and special education students, these samples would also not be representative of the universe since the possibility of a special education student being underage or overage is greater than the entire student body. . . .

SCO's Comment

The district states:

The ultimate risk from extrapolating findings from a sample is that . . . the errors perceived from the sample do not occur at the same rate in the universe. *That is what has occurred in this audit* [emphasis added].

Title 5, California Code of Regulations (CCR), section 1185, subdivision (f)(3), states:

If the narrative describing the alleged incorrect reduction(s) involves more than discussion of statutes or regulations or legal argument and *utilizes assertions or representations of fact* [emphasis added], such assertions or representations shall be supported by testimonial or documentary evidence and shall be submitted with the claim.

The district provided no documentary evidence to support its assertion.

The district alleges that the samples are non-representative of the population because kindergarten students, alternative education students, and special education students are more likely to be "excluded for being underage or overage." The fact that a particular student's initial truancy notification might more likely be identified as non-reimbursable is irrelevant to the composition of the audit sample itself. It has no bearing on evaluating whether the sample selection is representative of the population. To that point, Arkin states:

Since the [statistical] sample is objective and unbiased, it is not subject to questions that might be raised relative to a judgment sample. Certainly a complaint that the auditor had looked only at the worst items and therefore biased the results would have no standing. This results from the fact that an important feature of this method of sampling is that all entries or documents have an equal opportunity for inclusion in the sample.⁶

⁶ Ibid, p. 9.

District's Response

D. Sample Size and Error

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>Total</u>
<u>Elementary Schools</u>					
Audited notifications claimed		7,609		9,347	16,956
Total notices in entire sample		147		148	295
Percentage of the sample to total		1.93%		1.58%	
<u>Secondary Schools</u>					
Audited notifications claimed	3,176	9,295	10,227	10,267	32,965
Total notices in entire sample	143	148	149	148	588
Percentage of the sample to total	4.50%	1.60%	1.46%	1.44%	
<u>Reconciliation of total notifications claimed</u>					
Total audited notifications	3,176	16,904	10,227	19,614	49,921
Missing documentation	2 *			40 **	42
No exceptions noted	<u>6,823</u>	<u> </u>	<u>7,855</u>	<u> </u>	<u>14,678</u>
Total claimed notifications	10,001	16,904	18,082	19,654	64,641

* The 2 notices not included in the sample universe for FY 2002-03 could not be located.

** The 40 notices not included in the sample universe for FY 2005-06 were discovered after the sampling was started and allowed by the audit without adjustment.

In addition to the qualitative concerns discussed, quantitative extrapolation of the sample to the universe depends on a statistically valid sample methodology. Extrapolation does not ascertain actual cost. It ascertains probable costs within an interval. The sampling technique used by the Controller is quantitatively non-representative. The District claimed 64,641 notices, of which 14,720 were not included in the extrapolation (elementary students for FY 2002-03 and FY 2004-05 and 42 missing records). The total sample size for all four years was 883 notices of the 49,921 notices subject to extrapolation. Less than 2 percent of the total number of notices were audited (1.77%). The stated precision rate was plus or minus 8%, even though the sample size is essentially identical for all four fiscal years (from 143 to 148 samples), and even though the audited number of elementary notices claimed for FY 2005-06 (9,347) is 22% more than the number claimed for FY 2003-04 (7,609) and the audited number of secondary notices claimed for FY 2005-06 (10,267) is 223% more than the number claimed for FY 2002-03 (3,176). The expected error rate is stated to be 50%, which means the total amount adjusted of \$132,847 is really just a number exactly between \$66,424 (50%) and \$100,270 (150%). The audit report states no legal or factual basis that would allow the midrange of an interval to be used as a finding of absolute actual cost. Further, given the facts that two of the fiscal years for elementary students apparently showed no exceptions, that only 98% of the notices were sampled, and that the fiscal year sampling universes vary more than 200%, the scope of the sampling would appear inadequate.

The Controller does not assert that the claimed costs were excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17561(d)(2)). The cost to be reimbursed by the state for each notice is stipulated by the parameters and guidelines. It would therefore appear that the entire findings are based upon the wrong standard for review. If the Controller wishes to enforce other audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedure Act.

SCO's Comment

The district states that the sampling technique is "quantitatively non-representative." We disagree. It appears that the district reached this conclusion because the sample sizes were essentially consistent while the applicable population size varied. Basic statistical sampling principles dismiss the district's contention. To that point, Arkin states:

It is apparent that it is the absolute size of the sample that is of primary consideration and *not* its relative size.⁷

When the sample constitutes an appreciable portion of the population (more than 1%), the attributes sampling sample size is calculated as follows:⁸

$$n = \frac{p(1 - p)}{(SE/t)^2 + p(1 - p)/N}$$

Where:

n = sample size

p = percent of occurrence in population (expected error rate)

SE = desired sample precision

t = confidence level factor

N = population size

Our report states that we calculated the sample size based on a 95% confidence level, which results in a confidence level factor of 1.96.⁹

The district states, "The expected error rate is stated to be 50%, which means the total amount adjusted of \$132,847 is really just a number exactly between \$66,424 (50%) and \$100,270 (150%)." The district's statement is nonsensical as written; we presume that the district's intent was to identify the larger amount as \$199,270 rather than \$100,270. In any case, the district's conclusion is erroneous. The expected error rate is used to calculate the appropriate sample size. To this point, Arkin states:

In the event that the auditor has no idea whatsoever of what to expect as the maximum rate of occurrence or does not care to make an estimate, he may use the table headed "Rate of Occurrence 50%" [an expected error rate of 50%]. In this case he will be supplied with the most conservative possible sample size estimate and will in no case find he has a poorer sample precision than desired. . . .¹⁰

The district has identified an incorrect range for the audit adjustment. Based on the sampling parameters identified in the report and the individual sample results, our analysis shows that the audit adjustment range is \$92,517 to \$173,176 (Tabs 3 and 4). While a statistical sample evaluation identifies a range for the population's true error rate, the point estimate provides the best, and thus *reasonable*, single estimate of the population's error rate. The audit report identifies a \$132,847 audit adjustment, which is a cumulative total of the unallowable costs based on point estimates from each audit sample's results. As the district states in multiple instances, Government Code section 17561, subdivision (d)(2)(B) specifies that the SCO may reduce any claim that it determines is excessive or unreasonable. The SCO conducted appropriate statistical samples that identified a *reasonable* estimate of the non-reimbursable initial truancy notifications, thus properly reducing the claims for the *unreasonable* claimed costs. Therefore, the Administrative Procedures Act is not applicable.

The district states, "two of the fiscal years for elementary students apparently showed no exceptions." Our audit finding does not discuss FY 2002-03 and FY 2004-05 elementary/K-8 schools and the district's statement is nothing more than an irrelevant assumption. The district also states, "98% of the notices were sampled," which clearly contradicts the audit finding and the district's own analysis.

⁷ Ibid, p. 90.

⁸ Ibid, p. 85.

⁹ Ibid, p. 56.

¹⁰ Ibid, p. 89.

District's Response

THE ISSUES OF COMPLIANCE WITH THE MANDATE

... The audit report disallows 162 of the 883 notifications evaluated for four reasons:

<u>REASON FOR DISALLOWANCE</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>Total</u>
<u>Elementary Schools (Daily Attendance)</u>					
1. Insufficient documentation		-		-	-
2. Less than 3 absences		1		15	16
3. Only 3 Absences		38		31	69
4. Underage (less than 6 years)		14		10	24
Total Disallowed		53		56	109
Sample Size		147		148	295
Percentage Disallowance		36.05%		37.84%	
<u>Secondary Schools (Period Attendance)</u>					
1. Insufficient documentation	2	1	1	-	4
2. Less than 3 absences	-	1	-	1	2
3. Only 3 Absences	8	6	5	1	20
4. Overage (older than 17 years)	5	10	4	8	27
Total Disallowed	15	18	10	10	53
Sample Size	143	148	149	148	588
Percentage Disallowance	10.49%	12.16%	6.71%	6.76%	

E. Insufficient Documentation

Although not specifically identified in the audit report, the audit disallows four of the notices in the audit sample for secondary schools for lack of supporting documentation. These four notices are included in the audit report category for "accumulated fewer than three unexcused absences and tardiness occurrences." Documentation is a different issue from the number of absences it should have been reported separately. The documentation criterion was not discussed in the audit report for this finding and there is no stated basis for the finding. The audit report does not indicate in what factual or legal manner the District documentation was insufficient. . . .

The District complied with Part VI A of the parameters and guidelines by reporting the number of notices distributed. . . .

The parameters and guidelines do not specify the form of supporting documentation required . . . The parameters and guidelines do not require attendance records to support the number of notifications distributed. It appears the Controller selected the attendance records as the only source of support for documentation and statutory compliance for purposes of the audit. This is an unenforceable policy preference of the Controller.

The District complied with Part VII A of the parameters and guidelines by supporting the number of notices distributed with attendance records prepared in compliance with state attendance reporting requirements and information prepared specifically for the mandate. The attendance and truancy information was recorded on a contemporaneous basis as required by the Education Code. The trancies were recorded and the notices were distributed, therefore, actual costs were incurred, and the Controller does not state that the work was not performed. The District provided documentation generated in the ordinary course of business and the implementation of the mandate and has therefore supported the claimed costs. The additional standards desired by the Controller for supporting documentation are not defined in the audit report, not defined in the Education Code, and not defined in the parameters and guidelines. . . .

SCO's Comment

The district states:

. . . the audit disallows four of the notices . . . for lack of supporting documentation . . . The documentation criterion was not discussed in the audit report for this finding and there is no stated basis for the finding. The audit report does not indicate in what factual or legal manner the District documentation was insufficient.

We disagree that there is any requirement or need to separately identify the four unallowable initial truancy notifications referenced. The SCO requested that the district provide attendance records showing that the students accumulated the minimum number of unexcused absences or tardiness occurrences between ages 6 and 18. Clearly, if the district provided no records, then the audit conclusion is that the student did not have the required unexcused absences. Because the district provided attendance record documentation for 879 of the 883 sampled students, we believe that the district is well-versed on the "documentation criterion."

The district states that our request for attendance records to support initial truancy notifications is "an unenforceable policy preference." The district then states that it complied with parameters and guidelines' documentation requirements "by supporting the number of notices distributed with attendance records." It appears that the district's own comments are contradictory. In any case, we disagree with the district's inference of a "policy preference" for supporting documentation. The mandated program reimburses the district to issue initial truancy notifications to students who accumulate a specified number of unexcused absences or tardiness occurrences between ages 6 and 18. The district claimed a specific number of notifications issued and identified the corresponding students who purportedly met the minimum requirements to be classified as truant. The district's attendance records are the obvious source documentation to validate that the students did in fact qualify as truants. The district has not provided, offered, or identified any alternative documentation to support the unallowable initial truancy notifications claimed.

The district states that it "provided documentation generated in the ordinary course of business and the implementation of the mandate and has therefore supported the claimed costs." We disagree. Simply providing "documentation" does not result in reimbursable mandated costs. Supporting documentation must show that the claimed costs are reimbursable in accordance with the parameters and guidelines. In this case, the supporting documentation shows that the district claimed costs that are not mandate-reimbursable.

The district alleges that there are “additional standards desired by the Controller for supporting documentation.” However, it is unclear what “additional standards” the district believes exists. In any case, we disagree. As previously stated, the district is required to support the number of initial truancy notifications claimed by showing that the applicable students accumulated the minimum number of unexcused absences or tardiness occurrences while between ages 6 and 18.

District’s Response

F. Number of absences required for the initial notification

The audit report disallows 69 notices in the audit sample for the elementary school and disallows 20 notices in the audit sample for secondary schools because the District documented *only* three accumulated unexcused absences or tardies at the time the notifications were sent. The audit report disallows 16 notices in the audit sample for the elementary school and disallows 2 notices in the audit sample for secondary schools because the District documented *less than* three accumulated unexcused absences or tardies.

Education Code Section 48260, as recodified by Chapter 1010, Statutes of 1976, required a pupil to be classified as truant “who is absent from school without valid excuse more than three days or tardy in excess of 30 minutes on each of more than three days in one school year.” The original parameters and guidelines were based on this definition of a truant, that is, a pupil with more than three unexcused absences or tardy for more than three periods. Education Code Section 48260, as amended by Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995, requires a pupil to be classified as truant “who is absent from school without valid excuse three full days in one school year or tardy or absent for more than any 30-minute period during the schoolday.” The parameters and guidelines were amended January 31, 2008, to incorporate the change in the Education Code definition of a truant with retroactive effect to FY 2006-07. Thus, until FY 2006-07, the parameters and guidelines required at least four unexcused absences for the pupil to be classified as a reimbursable truant, while Education Code Section 48260 required only three unexcused absences beginning in 1995. The audit report concludes that since the effective date of the amended parameters and guidelines is July 1, 2006, in order to be reimbursed, the student must accumulate a fourth absence or tardy to claim reimbursement for fiscal years prior to FY 2006-07.

The parameters and guidelines specifically reference that the source of the definition of a truant is Section 48260. Therefore, any amendment of Section 48260 would independently and unilaterally change the essential requirements for the initial notice of truancy without the need for an amendment by the Commission on State Mandates . . . The audit report asserts that “school districts are responsible for identifying state-mandated costs and filing test claims for reimbursement of those costs,” and that “[t]his district and all other California school districts failed to file a test claim in response to” the revised Section 48260 definition of an initial truancy. As a matter of law, a new test claim was not needed. The parameters and guidelines were later amended at the Controller’s request to accomplish the needed changes. Why the Controller did not act sooner, as early as 1995 when the law changed, is not indicated in the audit report.

The District properly complied with state law when it issued truancy notifications upon three absences, rather than waiting for a fourth absence as required by the parameters and guidelines. The parameters and guidelines reimburse the mandated costs based on the number of initial notifications issued, not when the notices are issued. The Controller’s disallowance of those notices with three unexcused absences or tardies is without legal authority.

SCO's Comment

The district states that any amendment of Education Code section 48260 "would independently and unilaterally change the essential requirements for the initial notice of truancy without the need for an amendment by the Commission on State Mandates." We disagree. The parameters and guidelines identify reimbursable mandated costs. For the audit period, the parameters and guidelines state:

A student shall be initially classified as truant upon the fourth unexcused absence, and the school must at that time perform the requirements mandated in Education Code Section 48260.5 as enacted by Chapter 498, Statutes of 1983.

Pursuant to Government Code section 17550 et al., school districts are responsible for identifying state-mandated costs and filing test claims for reimbursement of those costs. This district and all other California school districts failed to file a timely test claim in response to Chapter 1023, Statutes of 1994; therefore, reimbursable mandated costs remained the same until July 1, 2006. The ultimate process employed to revise the parameters and guidelines is irrelevant to the audit issue, which is that the district claimed non-reimbursable initial truancy notifications.

The district states that it "properly . . . issued truancy notifications upon three absences, rather than waiting for a fourth absence as required by the parameters and guidelines." We agree that Education Code section 48260.5 requires the district to issue an initial truancy notification upon a student's third unexcused absence or tardiness occurrence. We disagree that the parameters and guidelines require the district to "wait" for a fourth absence before issuing the notification. The parameters and guidelines contain no such language. The district confuses the difference between its statutory responsibility versus mandate-related reimbursable costs identified by the parameters and guidelines.

The district states:

The parameters and guidelines reimburse the mandated costs based on the number of initial notifications issued, not when the notices are issued. The Controller's disallowance of those notices with three unexcused absences or tardies is without legal authority.

"When the notices are issued" is not an issue in the audit finding. The issue is whether students accumulated the minimum number of unexcused absences or tardiness occurrences while between ages 6 and 18 to support a mandate-reimbursable initial truancy notification. We disagree that the "disallowance" is "without legal authority." The parameters and guidelines clearly state that initial truancy notifications are reimbursable under the mandated program for students who accumulated four or more unexcused absences or tardiness occurrences. Although the district contests the entire audit adjustment, we note that the district made no comment regarding those students who accumulated fewer than three unexcused absences or tardiness occurrences.

District's Response

G. Age of Student

The audit report disallows 24 notices in the audit sample for the elementary schools for students that were less than 6 years of age and disallows 27 notices in the audit sample for the secondary schools for students that were older than 17 years of age, citing the compulsory attendance law, Education Code Section 48200 [footnote excluded]. Section 48200 and Section 48400 [footnote excluded] establish the statutory requirement for attendance for persons of the ages 6 through 18 years of age, and an offense enforceable against parents who fail to send their children to school. However, younger persons have the statutory entitlement to attend kindergarten pursuant

to Section 48000 [footnote excluded], and first-grade pursuant to Section 48010 [footnote excluded] and Section 48011 [footnote excluded], that cannot be denied by a school district. In addition, special education students are statutorily entitled to educational services from ages 3 to 22 years pursuant to Section 56026 [footnote excluded].

The District is required by Section 46000 [footnote excluded] to record and keep attendance and report absences of *all students* according to the regulations of the State Board of Education for purposes of apportionment and general compliance with the compulsory education law (Title 5, CCR, Section 400 [footnote excluded], et seq.). The initial notification of truancy is a product of the attendance accounting process and promotes compliance of the compulsory education law and *every pupil's duty* to attend school regularly (Title 5, CCR, Section 300 [footnote excluded]). Compulsory attendance accounting for all students generates the compulsory initial notices of truancy, subsequent notices of truanies, and subsequent attendance remediation procedures without regard for the age of the student.

SCO's Comment

The district confuses students' statutory *requirement* to attend school between ages 6 and 18 with students' *entitlement* to attend outside of that age range. Education Code section 48260, subdivision (a), as amended in 1994 states:

Any pupil *subject to compulsory full-time education or to compulsory continuation education* [emphasis added] who is absent from school without valid excuse three full days in one school year or tardy or absent for more than any 30-minute period during the schoolday [*sic*] without a valid excuse on three occasions in one school year, or any combination thereof, is a truant. . . .

Education Code 48200 states:

Each person *between the ages of 6 and 18* [emphasis added] not exempted . . . is subject to compulsory full-time education.

Student absences that occur before the student's 6th birthday or after the student's 18th birthday are irrelevant when determining whether a student is a truant.

III. AMOUNT PAID BY THE STATE

Issue

For each fiscal year, the audit report identifies the amount previously paid by the State. The district believes that the reported amounts paid are incorrect for FY 2002-03, FY 2003-04, and FY 2004-05.

SCO Analysis:

At the time that the SCO issued the final audit report, the State had paid the district \$131,013 for FY 2002-03, \$229,909 for FY 2003-04, and \$258,211 for FY 2004-05. These payment amounts are current as of November 8, 2010, and include cash payments and any outstanding accounts receivable applied.

District's Response

This issue was not an audit finding. The amount of payments received from the state is an integral part of the reimbursement calculation. The Controller changed some of the claimed payment amounts received without a finding in the audit report.

Amount Paid by the State	Fiscal Year of Claim			
	2002-03	2003-04	2004-05	2005-06
As Claimed	\$ -	\$ -	\$ -	\$ -
Audit Report	\$ 131,013	\$ 229,909	\$ 258,211	\$ -

The propriety of these adjustments cannot be determined until the Controller supports the reason for each change.

SCO's Comment

The final audit report correctly identifies the amounts paid by the State as of the report issuance date. Audit findings address issues of noncompliance with mandated program requirements. The State payments are not "a finding in the audit report" because they are not relevant to noncompliance issues. The following table identifies the actions and dates relevant to the district's claims:

<u>Action</u>	<u>Amount</u>	<u>Date</u>
District files FY 2002-03 claim	\$ 131,013	January 14, 2005
SCO payment on FY 2002-03 actual claim	\$(131,013)	September 12, 2006
District files FY 2003-04 claim	\$ 229,909	January 10, 2006
SCO payment on FY 2003-04 actual claim	\$(229,909)	September 12, 2006
District files FY 2004-05 claim	\$ 258,211	January 10, 2006
Account receivable offset applied:		
Intradistrict Attendance Program FY 1999-2000	\$(146,112)	September 11, 2006
Intradistrict Attendance Program FY 2000-01	\$ (16,912)	September 11, 2006
Intradistrict Attendance Program FY 2001-02	\$ (95,187)	September 11, 2006
District files incorrect reduction claim	N/A	September 27, 2010

The FY 2002-03 claim payment (**Tab 5**), FY 2003-04 claim payment (**Tab 6**), and FY 2004-05 account receivable offsets (**Tab 7**) all occurred after the district submitted the corresponding claim, but before the district submitted this incorrect reduction claim. The district did not contest the payment amounts in its August 19, 2009 response to our draft audit report (**Exhibit D**). Title 2, California Code of Regulations, Section 1185, allows the district to file an incorrect reduction claim "[t]o obtain a determination that the Office of the State Controller incorrectly reduced a reimbursement claim." The State payment information has no relevance to reducing a reimbursement claim. The district is misusing the incorrect reduction claim process to perform its internal revenue accounting. Neither the CSM nor the SCO is responsible for the district's failure to properly account for its current mandated cost program revenues.

IV. CONCLUSION

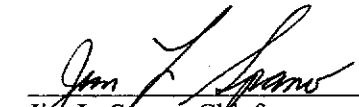
The State Controller's Office audited San Juan Unified School District's claims for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 2002, through June 30, 2006. The district claimed unallowable costs totaling \$132,847. The costs are unallowable because the district claimed non-reimbursable initial truancy notifications.

In conclusion, the CSM should find that: (1) the SCO correctly reduced the district's FY 2002-03 claim by \$4,396; (2) the SCO correctly reduced the district's FY 2003-04 claim by \$52,905; (3) the SCO correctly reduced the district's FY 2004-05 claim by \$9,796; and (4) the SCO correctly reduced the district's FY 2005-06 claim by \$65,750.

V. CERTIFICATION

I hereby certify by my signature below that the statements made in this document are true and correct of my own knowledge, or, as to all other matters, I believe them to be true and correct based upon information and belief.

Executed on December 6, 2010, at Sacramento, California, by:



Jim L. Spano, Chief
Mandated Cost Audits Bureau
Division of Audits
State Controller's Office

Tab 3

**SAN JUAN UNIFIED SCHOOL DISTRICT
NOTIFICATION OF TRUANCY PROGRAM
JULY 1, 2002, THROUGH JUNE 30, 2006**

ANALYSIS OF STATISTICAL SAMPLE RESULTS

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
Non-reimbursable initial truancy notifications (A):				
Elementary/K-8 Schools		53		56
Secondary Schools	15	18	10	10
Sample size (B):				
Elementary/K-8 Schools		147		148
Secondary Schools	143	148	149	148
Error rate ((C) = (A) ÷ (B)):				
Elementary/K-8 Schools		36.05%		37.84%
Secondary Schools	10.49%	12.16%	6.71%	6.76%
Population (D):				
Elementary/K-8 Schools		7,609		9,347
Secondary Schools	3,176	9,295	10,227	10,267
Point Estimate ((E) = (C) x (D)):				
Elementary/K-8 Schools		2,743		3,537
Secondary Schools	333	1,130	686	694
Confidence level factor (F) (95% confidence level)				
	1.96	1.96	1.96	1.96
Universe standard error (G):¹				
Elementary/K-8 Schools		299		371
Secondary Schools	80	249	209	211
Upper limit (H) = (E) + ((F) x (G)):				
Elementary/K-8 Schools		3,329		4,264
Secondary Schools	490	1,618	1,096	1,108
Lower limit (J) = (E) - ((F) x (G)):				
Elementary/K-8 Schools		2,157		2,810
Secondary Schools	176	642	276	280

$$^1 (G) = (D) \times \sqrt{\frac{(C) \times (1 - C)}{((B) - 1) \times (1 - ((B) \div (D)))}}$$

Calculation differences due to rounding.

Tab 4

**SAN JUAN UNIFIED SCHOOL DISTRICT
NOTIFICATION OF TRUANCY PROGRAM
JULY 1, 2002, THROUGH JUNE 30, 2006**

CALCULATION OF AUDIT ADJUSTMENT RANGE

	Fiscal Year				Total
	2002-03	2003-04	2004-05	2005-06	
<u>Elementary / K-8 Schools</u>					
Number of unallowable initial truancy notifications - upper limit (H)		3,329		4,264	
Uniform cost allowance		x <u>\$13.66</u>		x <u>\$15.54</u>	
Subtotal		<u>\$ 45,474</u>		<u>\$ 66,263</u>	\$ 111,737
<u>Secondary schools</u>					
Number of unallowable initial truancy notifications - upper limit (H)	490	1,618	1,096	1,108	
Uniform cost allowance	x <u>\$13.20</u>	x <u>\$13.66</u>	x <u>\$14.28</u>	x <u>\$15.54</u>	
Subtotal	<u>\$ 6,468</u>	<u>\$ 22,102</u>	<u>\$ 15,651</u>	<u>\$ 17,218</u>	61,439
Audit adjustment, upper limit	<u>\$ 6,468</u>	<u>\$ 67,576</u>	<u>\$ 15,651</u>	<u>\$ 83,481</u>	<u>\$ 173,176</u>
<u>Elementary / K-8 Schools</u>					
Number of unallowable initial truancy notifications - lower limit (J)		2,157		2,810	
Uniform cost allowance		x <u>\$13.66</u>		x <u>\$15.54</u>	
Subtotal		<u>\$ 29,465</u>		<u>\$ 43,667</u>	\$ 73,132
<u>Secondary schools</u>					
Number of unallowable initial truancy notifications - lower limit (J)	176	642	276	280	
Uniform cost allowance	x <u>\$13.20</u>	x <u>\$13.66</u>	x <u>\$14.28</u>	x <u>\$15.54</u>	
Subtotal	<u>\$ 2,323</u>	<u>\$ 8,770</u>	<u>\$ 3,941</u>	<u>\$ 4,351</u>	19,385
Audit adjustment, lower limit	<u>\$ 2,323</u>	<u>\$ 38,235</u>	<u>\$ 3,941</u>	<u>\$ 48,018</u>	<u>\$ 92,517</u>

Tab 5

COMMAND ==>

SCROLL ==> SCREEN

LRS-RA 20060912 180011 S34085

P 2 R 1 C 1

CONTROLLER OF CALIFORNIA

S34085

P.O. BOX 942850, SACRAMENTO, CALIFORNIA 94250

THIS REMITTANCE ADVICE IS FOR INFORMATION PURPOSE ONLY.
THE WARRANT COVERING THE AMOUNT SHOWN WILL BE MAILED
DIRECTLY TO THE PAYEE.

BOARD OF TRUSTEES
SAN JUAN UNIFIED SCHOOL DIST
SACRAMENTO COUNTY
3738 WALNUT AVENUE
CARMICHAEL CA 95608

WARRANT AMT: ***131,013.00

PAYEE: TREASURER, SAN JUAN UNIFIED SCHOOL DIST

FUND NAME: GENERAL FUND

PGM NBR: 00048

ISSUE DATE: 09/12/2006

CLAIM SCHEDULE NBR: MA62122A

REIMBURSEMENT OF STATE MANDATED COSTS

ANY QUESTION, CALL MOHAMMED AZIZ @ 916-323-2892

ACL : 6110-295-0001-2002 PROG : NOTICE OF TRUANCY CH 498/83

2002/2003 ACTUAL PAYMENT

CLAIMED AMT: 132,013.00

TOTAL ADJUSTMENTS: (SEE BELOW)

1,000.00

2002/03

534080

COMMAND ==>

SCROLL ==> SCREEN

LRS-RA 20060912 180011 S34085

P 2 R 22 C 1

TOTAL APPROVED CLAIMED AMT:

131,013.00

LESS PRIOR PAYMENTS:

.00

PRORATA PERCENT: 100.000000

PRORATA BALANCE DUE:

.00

APPROVED PAYMENT AMOUNT:

131,013.00

PAYMENT OFFSETS -NONE

NET PAYMENT AMOUNT: 131,013.00

ADJUSTMENTS ITEMIZED:

=====

LATE CLAIM PENALTY

1,000.00-

Tab 6

COMMAND ==>

SCROLL ==> SCREEN

LRS-RA 20060912 180011 S34085

P 1 R 1 C 1

CONTROLLER OF CALIFORNIA

S34085

P.O. BOX 942850, SACRAMENTO, CALIFORNIA 94250

THIS REMITTANCE ADVICE IS FOR INFORMATION PURPOSE ONLY.
THE WARRANT COVERING THE AMOUNT SHOWN WILL BE MAILED
DIRECTLY TO THE PAYEE.

BOARD OF TRUSTEES
SAN JUAN UNIFIED SCHOOL DIST
SACRAMENTO COUNTY
3738 WALNUT AVENUE
CARMICHAEL CA 95608

WARRANT AMT: ***229,909.00

PAYEE: TREASURER, SAN JUAN UNIFIED SCHOOL DIST

FUND NAME: GENERAL FUND

PGM NBR: 00048

ISSUE DATE: 09/12/2006

CLAIM SCHEDULE NBR: MA62121A

REIMBURSEMENT OF STATE MANDATED COSTS

ANY QUESTION, CALL MOHAMMED AZIZ @ 916-323-2892

ACL : 498/83

PROG : NOTICE OF TRUANCY CH 498/83

2003/2004 ACTUAL PAYMENT

CLAIMED AMT: 230,909.00

TOTAL ADJUSTMENTS: (SEE BELOW)

1,000.00

2103/024

```
COMMAND ==>
LRS-RA      20060912 180011 S34085
TOTAL APPROVED CLAIMED AMT: 229,909.00
LESS PRIOR PAYMENTS: .00
PRORATA PERCENT: 100.000000
PRORATA BALANCE DUE: .00
APPROVED PAYMENT AMOUNT: 229,909.00
PAYMENT OFFSETS -NONE
NET PAYMENT AMOUNT: 229,909.00
ADJUSTMENTS ITEMIZED:
LATE CLAIM PENALTY 1,000.00-
```

Tab 7

COMMAND ==>

SCROLL ==> SCREEN

LRS-RA 20060911 180048 S34085

P 2 R 1 C 1

CONTROLLER OF CALIFORNIA

S34085

P.O. BOX 942850, SACRAMENTO, CALIFORNIA 94250

THIS NOTICE IS FOR INFORMATION PURPOSE ONLY.

NO WARRANT WILL BE MAILED.

THE NET PAYMENT AMOUNT WAS ZERO.

BOARD OF TRUSTEES

*****.00

SAN JUAN UNIFIED SCHOOL DIST

SACRAMENTO COUNTY

3738 WALNUT AVENUE

CARMICHAEL CA 95608

PAYEE: TREASURER, SAN JUAN UNIFIED SCHOOL DIST

FUND NAME: GENERAL FUND

PGM NBR: 00048

ISSUE DATE: 09/11/2006

CLAIM SCHEDULE NBR: MA62118A

REIMBURSEMENT OF STATE MANDATED COSTS

ANY QUESTION, CALL MOHAMMED AZIZ @ 916-323-2892

ACL : 498/83

PROG : NOTICE OF TRUANCY CH 498/83

2004/2005 ACTUAL PAYMENT

CLAIMED AMT: 258,211.00

TOTAL ADJUSTMENTS:

.00

2004/05

COMMAND ==>

SCROLL ==> SCREEN

LRS-RA 20060911 180048 S34085

P 2 R 22 C 1

TOTAL APPROVED CLAIMED AMT:

258,211.00

LESS PRIOR PAYMENTS:

.00

PRORATA PERCENT: 100.000000

PRORATA BALANCE DUE:

.00

APPROVED PAYMENT AMOUNT:

258,211.00

PAYMENT OFFSETS (ACL NBR, NAME, FY, AMT.):

6110-295-0001-1999 INTRADIST ATTEND CH161/9 99/00 146,112-

6110-295-0001-2001 INTRADIST ATTEND CH161/9 01/02 95,187-

6110-295-0001-2000 INTRADIST ATTEND CH161/9 00/01 16,912-

NET PAYMENT AMOUNT: .00

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Solano and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On October 6, 2014, I served the:

SCO Comments

Incorrect Reduction Claim

Notification of Truancy, 10-904133-I-09

Education Code Section 48260.5, Statutes 1983, Chapter 498

Fiscal Years 2002-2003, 2003-2004, 2004-2005, and 2005-2006

San Juan Unified School District, Claimant

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on October 3, 2014 at Sacramento, California.



Heidi J. Palchik
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 10/6/14

Claim Number: 10-904133-I-09

Matter: Notification of Truancy

Claimant: San Juan Unified School District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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