RECEIVED
October 03, 2014
Commission on
State Mandates

JOHN CHIANG

California State Controller

October 3, 2014

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

Re: **Notice of Complete Filing**
Incorrect Reduction Claim (IRC)
Notification of Truancy, 13-904133-I-13
Education Code Sections 48260 and 48260.5
Statutes 1983, Chapter 498
Fiscal Years: 2007-2008, 2008-2009, and 2009-2010
Riverside 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

MAILING ADDRESS P.O. Box 942850, Sacramento, CA 94250-5874
SACRAMENTO 3301 C Street, Suite 700, Sacramento, CA 95816 (916) 324-8907
LOS ANGELES 900 Corporate Center Drive, Suite 200, Monterey Park, CA 91754-7616 (323) 981-6802

RESPONSE BY THE STATE CONTROLLER'S OFFICE TO THE INCORRECT REDUCTION CLAIM (IRC) BY RIVERSIDE UNIFIED SCHOOL DISTRICT
Notification of Truancy Program

Table of Contents

Description

SCO's Response to District's Comments

Declaration (Affidavit of Bureau Chief) ..... Tab 1

State Controller's Office Analysis and Response ..... Tab 2

Commission on State Mandates' Parameters and Guidelines,
Notification of Truancy Program – July 22, 1993. ..... Tab 3

Analysis of Statistical Sample Results and Calculation of Audit Adjustment Range ..... Tab 4

State Controller's Office Payment Offset and Adjustment Letter, FY 2007-08 – March 3, 2013 ..... Tab 5

State Controller's Office Adjustment Letter, FY 2008-09 – March 3, 2013 ..... Tab 6

State Controller's Office Adjustment Letter, FY 2009-10 – March 3, 2013 ..... Tab 7

Note: References to Exhibits relate to the district's IRC filed on November 15, 2013, as follows:

- Exhibit A – PDF page 26
- Exhibit B – PDF page 30
- Exhibit C – PDF page 36
- Exhibit D – PDF page 43
- Exhibit E – PDF page 230
- Exhibit F – PDF page 254
- Exhibit G – PDF page 268

Tab 1

OFFICE OF THE STATE CONTROLLER
300 Capitol Mall, Suite 1850
Sacramento, CA 94250
Telephone No.: (916) 445-6854

BEFORE THE

COMMISSION ON STATE MANDATES

STATE OF CALIFORNIA

INCORRECT REDUCTION CLAIM ON: *Notification of Truancy Program* Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007 RIVERSIDE UNIFIED SCHOOL DISTRICT, Claimant	No.: CSM 13-904133-I-13 AFFIDAVIT OF BUREAU CHIEF

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

1) I am an employee of the State Controller's Office and am over the age of 18 years.

2) I am currently employed as a Bureau Chief, and have been so since April 21, 2000. Before that, I was employed as an audit manager for two years and three months.

3) I am a California Certified Public Accountant (CPA).

4) I reviewed the work performed by the State Controller's Office (SCO) auditor.

5) Any attached copies of records are true copies of records, as provided by the Riverside Unified School District or retained at our place of business.

6) The records include claims for reimbursement, along with any attached supporting documentation, explanatory letters, or other documents relating to the above-entitled Incorrect Reduction Claim.

7) A field audit of the claims for fiscal year (FY) 2007-08, FY 2008-09, FY 2009-10 commenced on June 20, 2011, and ended on February 22, 2013.

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

Date: March 4, 2014

OFFICE OF THE STATE CONTROLLER

By: _____

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

Tab 2

STATE CONTROLLER'S OFFICE ANALYSIS AND RESPONSE TO THE INCORRECT REDUCTION CLAIM BY RIVERSIDE UNIFIED SCHOOL DISTRICT
For Fiscal Year (FY) 2007-08, FY 2008-09, and FY 2009-10

Notification of Truancy Program
Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007

SUMMARY

The following is the State Controller's Office's (SCO) response to the Incorrect Reduction Claim that the Riverside Unified School District filed on November 15, 2013. The SCO audited the district's claims for costs of the legislatively mandated Notification of Truancy Program for the period of July 1, 2007, through June 30, 2010. The SCO issued its final report on February 22, 2013 **(Exhibit E)**.

The district submitted reimbursement claims totaling $796,110 ($803,110 less a $10,000 penalty for filing a late claim)—$278,887 for FY 2007-08 ($287,887 less a $10,000 penalty for filing a late claim), $286,146 for FY 2008-09, and $231,077 for FY 2009-10 **(Exhibit G)**. Subsequently, the SCO performed an audit for the period of July 1, 2007, through June 30, 2010, and determined that $111,552 is unallowable. The costs are unallowable because the district claimed unsupported, unallowable, and non-reimbursable initial truancy notifications. The district disagrees with the audit results for FY 2007-08, FY 2008-09, and FY 2009-10, as shown in Schedule 1 of our final audit report issued February 22, 2013 **(Exhibit E)**. The following table summarizes the audit results:

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment
July 1, 2007, through June 30, 2008			
Number of initial truancy notifications	16,718	14,426	(2,292)
Uniform cost allowance	× $17.28	× $17.28	× $17.28
Subtotal	$ 288,887	$ 249,280	$ (39,607)
Noncompliant initial truancy notifications	—	(31,160)	(31,160)
Less late filing penalty	(10,000)	(10,000)	—
Total program costs [1]	$ 278,887	208,120	$ (70,767)
Less amount paid by the State [2]		(8)	
Allowable costs claimed in excess of (less than) amount paid		$ 208,112	
July 1, 2008, through June 30, 2009			
Number of truancy notifications	16,130	14,243	(1,887)
Uniform cost allowance	× $17.74	× $17.74	× $17.74
Total program costs [1]	$ 286,146	252,670	$ (33,476)
Less amount paid by the State [2]		(64,836)	
Allowable costs claimed in excess of (less than) amount paid		$ 187,834	

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment
July 1, 2009, through June 30, 2010			
Number of truancy notifications	12,931	12,522	(409)
Unit cost per initial notifications	× $17.87	× $17.87	× $17.87
Total program costs	$ 231,077	$ 223,768	$ (7,309)
Less amount paid by the State [2]		(45,387)	
Allowable costs claimed in excess of (less than) amount paid		$ 178,381	
Summary: July 1, 2007, through June 30, 2010			
Total costs	$ 806,110	$ 694,558	$ (111,552)
Less late claim penalty	(10,000)	(10,000)	—
Total program costs	$ 796,110	684,558	$ (111,552)
Less amount paid by the State [2]		(110,231)	
Allowable costs claimed in excess of (less than) amount paid		$ 574,327	

[1] Calculation differences due to rounding.

[2] Payment information current as of February 10, 2014.

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 (**Tab 3**).

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].

Parameters and Guidelines – May 27, 2010

On January 31, 2008, and May 27, 2010, the CSM amended the parameters and guidelines, effective July 1, 2006 (**Exhibits B and C**). In relevant part, the CSM amended the parameters and guidelines on January 31, 2008, "to modify the definition of truant and the required elements to be included in the initial truancy notifications to conform reimbursable activities to Statutes 1994, Chapter 1023, and Statutes 1995, Chapter 19. . . ." The CSM amended the parameters and guidelines on May 27, 2010, to clarify mandated program documentation requirements.

II. DISTRICT CLAIMED OVERSTATED, UNDERSTATED, AND UNALLOWABLE INITIAL TRUANCY NOTIFICATIONS

Issue (Finding 1)

The district does not dispute this adjustment.

III. DISTRICT CLAIMED NON-REIMBURSABLE INITIAL TRUANCY NOTIFICATIONS

Issue (Finding 2)

The district claimed non-reimbursable initial truancy notifications totaling $68,410. 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 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 three unexcused absences or tardiness occurrences during the fiscal year.

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 this finding is based on a statistical sample of 736 truancy notifications (440 for daily attendance and 296 for period attendance. . .

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 propriety of a mandate audit adjustment based on the statistical sampling technique is a threshold issue in that if the methodology used is rejected, as it should be, the extrapolation is void and the audit findings can only pertain to documentation actually reviewed, that is, the 736 notifications examined for the criteria of whether there were a sufficient number of absences or tardies to justify the initial notification of truancy and the age of the student.

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:

- "We do assert that the claimed costs were excessive." That conclusion is not responsive to the sampling issue presented. The conclusion is also unavailing since the Notification of Truancy mandate is reimbursed based on a unit-cost rate allowance which is determined by the Commission on State Mandates to be a reasonable representation of actual costs incurred by districts.

- "Government Code section 17561, subdivision (d)(2) (A)(l) states that the SCO may audit the records of any school district 'to verify the actual amount of mandated costs' and that Government Code Section 12410 required the Controller to "audit all claims against the state." The District concurs that the Controller has authority to audit mandate claims, but asserts that is must be done legally and logically. 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.

- "We conducted our 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 claimants could not be on legal notice of its requirements, assuming its requirements were relevant to mandate audits, nor could the District have actual notice of the GAO guide since the Controller does not publish its audit standards. Adjust 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

The district incorrectly states the statistical sample population size for period attendance. We selected and tested 148 period attendance initial truancy notifications for FY 2007-08 and FY 2008-09, and 147 period attendance initial truancy notifications for FY 2009-10, totaling 443 for the audit period. The district incorrectly states that the period attendance sampled population was 296.

Government Code Section 12410

The district states that Government Code section 12410 is 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. . . .

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." [3] Legal is defined as "conforming to or permitted by law or established rules." [4] 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." [5] 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.

[3] Merriam-Webster's Collegiate Dictionary, Tenth Edition © 2001.
[4] Ibid.
[5] 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 "F" ("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 *percent* 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. . . . [6]

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.

[6] 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 under-age issue, which makes these samples nonrepresentative of the universe. Also, if any of the notices excluded for being under-age or over-age are for students who are special education students, these samples would also not be representative of the universe since the possibility of a special education student being under-age or over-age 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*, 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 and special education students are more likely to be "excluded for being under-age or over-age." 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. [7]

[7] Ibid, p. 9.

District's Response

D. Sample Error

	2007-08	2008-09	2009-10	Total
Elementary Schools				
Audited notifications claimed	6,724	6,996	5,995	19,715
Total notices in entire sample	147	147	146	440
Percentage of the sample to total	2.19%	2.10%	2.44%	2.23%
Audit Results:				
Alleged "noncompliant" notices	28	25	9	62
Percentage "noncompliant"	19.05%	17.01%	6.16%	14.09%
Secondary Schools				
Audited notifications claimed *	9,496	8,983		18,479
Total notices in entire sample	148	148		296
Percentage of the sample to total	1.56%	1.65%		1.60%
Audit Results:				
Alleged "noncompliant" notices	8	9		17
Percentage "noncompliant"	5.41%	6.08%		5.74%

* Net of unsupported truancies disallowed in Finding 1.

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. For the three fiscal years, the Controller determined that there were 38,194 (19,715 and 18,479) notices in the distributed notices universe. The total sample size for all three years was 736 (440 and 296) which is 1.93% of the universe. The stated precision rate was plus or minus 8%, even though the sample size is essentially identical for all three fiscal years (either 146, 147, or 148), and even though the audited number of notices claimed for daily accounting (elementary schools) in FY 2008-09 (6,996) is 17% larger than the size of FY 2009-10 (5,995). The expected error rate is stated to be 50%, which means the total amount adjusted of $68,410 is really just a number exactly between $34,205 (50%) and $102,615 (150%). An interval of possible outcomes cannot be used as a finding of absolute actual cost.

The Controller does not assert that the unit cost allowance is 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, again, incorrectly identifies the total sample size for the audit period, and the calculations derived therefrom are also inaccurate. The district did not identify the FY 2009-10 "Secondary Schools" statistical sample, i.e. period attendance population. We selected, and tested, 147 period attendance initial truancy notifications in FY 2009-10. Our audit found no instances of non-compliance from the FY 2009-10 period attendance testing.

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. [8]

Arkin also states that when the sample constitutes an appreciable portion of the population (more than 1%), the attributes sampling sample size is calculated as follows: [9]

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

Where:
n = sample size
p = percent of occurrence in population (expected error rate)
SE = desired sample precision
t = confidence level factor (distance from arithmetic mean in terms of standard deviation)
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. [10]

The district states, "The expected error rate is stated to be 50%, which means the total amount adjusted of $68,410 is really just a number exactly between $34,205 (50%) and $102,615 (150%)." The district's conclusion is erroneous. The expected error rate is used to calculate the appropriate sample size. To that 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. . . . [11]

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 $37,420 to $99,396 (**Tab 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 $68,410 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.

[8] Ibid, p. 90.
[9] Ibid, p. 85.
[10] Ibid, p. 56.
[11] Ibid, p. 89.

District's Response

THE ISSUES OF COMPLIANCE WITH THE MANDATE

Since the statistical sampling performed by the auditor fails for legal, qualitative, and quantitative reasons, the remaining audit findings are limited to the 736 notices actually investigated. The Controller cannot disallow costs for noncompliance for notices which were never audited.

The audit report disallows 79 (62+17) of the 736 notifications evaluated for two reasons:

DISALLOWANCE REASON	2007-08	2008-09	2009-10	Total
Daily Attendance				
Underage (less than 6 years)	22	20	8	50
Less than 3 Absences	6	5	1	12
Total Disallowed	28	25	9	62
Sample Size	147	147	146	440
Percentage Disallowance	19.05%	17.01%	6.16%	14.09%
Period Attendance				
Overage (18 years plus)	8	9		17
Less than 3 Absences	-	-		-
Total Disallowed	8	9	-	17
Sample Size	148	148		296
Percentage Disallowance	5.41%	6.08%		5.74%

SCO's Comment

The district, again, incorrectly identifies the total sample size for the audit period, and the calculations derived therefrom are also inaccurate. The district did not identify the FY 2009-10 "Period Attendance" statistical sample. We selected, and tested, 147 period attendance initial truancy notifications in FY 2009-10. Our audit found no instances of non-compliance from the FY 2009-10 period attendance testing.

District's Response

F. Age of Student

The audit report disallows 50 notices in the audit sample for the elementary school (daily attendance accounting) for students that were less than 6 years of age and disallows 17 notices in the audit sample for the secondary schools (period attendance accounting) for students that were older than eighteen years of age, citing the compulsory attendance law, Education Code Section 48200 [footnote excluded]. Section 48200 and Section 48400 [footnote excluded] establish the legal *requirement* for attendance for persons of the ages 6 through 18 years of age, and is 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]).

SCO's Comment

The district states that the audit report disallowed 50 notices for elementary school students that were less than six years of age and disallowed 17 notices for secondary school students that were older than eighteen years of age. The statement is incorrect. The audit report identified 50 unallowable elementary school initial truancy notifications and 17 secondary school initial truancy notifications because those students did not accumulate the required number of unexcused absences or tardiness occurrences while between ages 6 and 18.

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.

IV. DISTRICT CLAIMED NONCOMPLIANT INITIAL TRUANCY NOTIFICATIONS

Issue (Finding 3)

The district does not dispute this adjustment.

V. AMOUNT PAID BY THE STATE

Issue

For each fiscal year, the audit report identifies the amount previously paid by the State. The district requested that the SCO support the amount paid by the State.

SCO Analysis:

At the time that the SCO issued the final audit report, the State had paid the district $8 for FY 2007-08, $64,836 for FY 2008-09, and $45,387 for FY 2009-10. This payment information is current of February 10, 2014. The amounts paid as of February 10, 2014, include cash payments and outstanding account receivables 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.

	Fiscal Year of Claim		
Amount Paid by the State	2007-08	2008-09	2009-10
As Claimed	$ -	$ -	$ -
Audit Report	$ 8	$ 64,836	$ 45,387

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 identified 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:

Action	Amount	Date	Reference
FY 2007-08			
District files FY 2007-08 claim	$ 244,101	February 16, 2010	
SCO payment on FY 2007-08 claim:			
Payment offset from Notification of Truancy Program, FY 2003-04	(8)	June 14, 2010	Tab 5
Net paid per audit report [1]	$ (8)		
FY 2008-09			
District files FY 2008-09 claim	$ 286,146	February 16, 2010	
SCO cash payment	(58,746)	December 6, 2010	Tab 6
SCO cash payment	(6,090)	January 25, 2011	Tab 6
Net paid per audit report [1]	$ (64,836)		
FY 2009-10			
District files FY 2009-10 claim	$ 231,077	February 21, 2011	
SCO cash payment	(45,387)	September 27, 2011	Tab 7
Net paid per audit report [1]	$ (45,387)		

[1] Payments current as of February 10, 2014

The district was paid $8 for FY 2007-08, $64,836 for FY 2008-09, and $45,387 for FY 2009-10 claims. The payments consist of the following:

- For the FY 2007-08 claim, the district received a payment offset of $8 from a previous payment made on its FY 2003-04 Notification of Truancy Program claim (**Tab 5**).

- For the FY 2008-09 claim, the district received two separate cash payments totaling $58,746 and $6,090 (**Tab 6**).
- For the FY 2009-10 claim, the district received a cash payment of $45,387 (**Tab 7**).

The district did not contest the payment amounts in its January 18, 2013 response to our draft audit report (**Exhibit E**).

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 proper accounting of its current mandated cost program revenues.

VI. CONCLUSION

The State Controller's Office audited Riverside Unified School District's claims for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2007, through June 30, 2010. The district claimed unallowable costs totaling $111,231. The costs are unallowable because the district claimed unsupported, non-reimbursable, and noncompliant initial truancy notifications.

In conclusion, the CSM should find that: (1) the SCO correctly reduced the district's FY 2007-08 claim by $70,767; (2) the SCO correctly reduced the district's FY 2008-09 claim by $33,476; and (3) the SCO correctly reduced the district's FY 2009-10 claim by $7,309.

VII. 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 March 4, 2014, at Sacramento, California, by:

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

Tab 3

G:\PG\NOT1.PG
Adopted: 8/27/87
Amended: 7/28/88
Amended: 7/22/93

PARAMETERS AND GUIDELINES
Chapter 498, Statutes of 1983
Education Code Section 48260.5
Notification of Truancy

I. SUMMARY OF MANDATE

Chapter 498, Statutes of 1983, added Education Code Section 48260.5 which 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 pursuant to Article 6 (commencing with section 48290) of Chapter 2 of Part 27.

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. (Definition from Education Code Section 48260.)

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.

II. BOARD OF CONTROL DECISION

On November 29, 1984, the State Board of Control determined that Education Code Section 48260.5, as added by Chapter 498, Statutes of 1983, constitutes a state mandated program because it requires an increased level of service by requiring specified notifications be sent to the parents or guardians of pupils upon initial classification of truancy.

III. ELIGIBLE CLAIMANTS

The claimants are all school districts and county offices of education of the state of California, except a community college district, as defined by Government Code Section 17519 (formerly Revenue and Taxation Code 2208.5), that incur increased costs as a result of implementing the program activities of Education Code Section 48260.5, Chapter 498, Statutes of 1983.

IV. PERIOD OF REIMBURSEMENT

Chapter 498, Statutes of 1983, became effective July 28, 1983. Section 17557 of the Government Code provides that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for that fiscal year. The test claim for Education Code Section 48260.5, Chapter 498, Statutes of 1983, was initially filed on August 25, 1984, therefore the reimbursable costs to the school districts are all such permitted costs incurred on or after July 28, 1983.

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.

B. Reimbursable Activities

For each eligible school district the direct and indirect costs of labor, supplies, and services incurred for the following mandated program activities are reimbursable:

1. Planning and Preparation -- One-time

Planning the method of implementation, revising school district policies, and designing and printing the forms.

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.

C. Uniform Cost Allowance

Pursuant to Government Code section 17557, the Commission on State Mandates has adopted a uniform cost allowance for reimbursement in lieu of payment of total actual costs incurred. The uniform cost allowance is based on the number of initial notifications of truancy distributed pursuant to Education Code Section 48260.5, Chapter 498, Statutes of 1983.

For fiscal year 1992-93, the uniform cost allowance is $10.21 per initial notification of truancy distributed. The cost allowance shall be adjusted each subsequent year by the Implicit Price Deflator.

D. Unique Costs

School districts incurring unique costs within the scope of the reimbursable mandated activities may submit a request to amend the parameters and guidelines to the Commission for the unique costs to be approved for reimbursement. Pursuant to Section 1185.3, Title 2, California Code of Regulations, such requests must be made by November 30 immediately following the fiscal year of the reimbursement claim in which reimbursement for the costs is requested.

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to Education Code Section 48260.5, Chapter 498, Statutes of 1983, must be timely filed and provide documentation in support of the reimbursement claimed for this mandated program.

A. Uniform Cost Allowance Reimbursement

Report the number of initial notifications of truancy distributed during the year. Do not include in that count the number of notifications or other contacts which may result from the initial notification to the parent or guardian.

B. Recognized Unique Costs

As of fiscal year 1992-93, the Commission has not identified any circumstances which would cause a school district to incur additional costs to implement this mandate which have not already been incorporated in the uniform cost allowance.

If and when the Commission recognizes any unique circumstances which can cause the school district to incur additional reasonable costs to implement this mandated

program, these unique implementation costs will be reimbursed for specified fiscal years in addition to the uniform cost allowance.

School districts which incur these recognized unique costs will be required to support those actual costs in the following manner:

1. Narrative Statement of Unique Costs Incurred

Provide a detailed written explanation of the costs associated with the unique circumstances recognized by the Commission.

2. Employee Salaries and Benefits

Identify the employee(s) and their job classification, describe the mandated functions performed, and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The staff time claimed must be supported by source documentation, such as time reports, however, the average number of hours devoted to each function may be claimed if supported by a documented time study.

3. Services and Supplies

Only expenditures which can be identified as a direct cost as a result of the mandated program can be claimed. List cost of materials which have been consumed or expended specifically for the purposes of this mandated program.

4. Allowable Overhead Costs

School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education. County offices of education must use the J-73A (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the State Department of Education.

VII. SUPPORTING DATA

For auditing purposes, documents must be kept on file for a period of 3 years from the date of final payment by the State Controller, unless otherwise specified by statute and be made available at the request of the State Controller or his agent.

A. Uniform Allowance Reimbursement

Documentation which indicates the total number of initial notifications of truancy distributed.

B. Reimbursement of Unique Costs

In addition to maintaining the same documentation as required for uniform cost allowance reimbursement, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.

VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT

Any offsetting savings the claimants experience as a direct result of this statute must be deducted from the uniform cost allowance and actual cost reimbursement for unique circumstances claimed. In addition, reimbursement for this mandated program received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim.

VIII. REQUIRED CERTIFICATION

An authorized representative of the claimant will be required to provide a certification of claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained herein.

Tab 4

RIVERSIDE UNIFIED SCHOOL DISTRICT
NOTIFICATION OF TRUANCY PROGRAM
JULY 1, 2007, THROUGH JUNE 30, 2010

ANALYSIS OF STATISTICAL SAMPLE RESULTS

	Fiscal Year		
	2007-08	2008-09	2009-10
Non-reimbursable initial truancy notifications (**A**):			
Elementary Schools	28	25	9
Secondary Schools	8	9	-
Sample size (**B**):			
Elementary Schools	147	147	146
Secondary Schools	148	148	147
Error rate ((**C**) = (**A**) ÷ (**B**)):			
Elementary Schools	19.05%	17.01%	6.16%
Secondary Schools	5.41%	6.08%	0.00%
Population (**D**):			
Elementary Schools	6,724	6,996	5,995
Secondary Schools	9,496	8,983	6,897
Point estimate ((**E**) = (**C**) ÷ (**D**)):			
Elementary Schools	1,281	1,190	369
Secondary Schools	514	546	-
Confidence level factor (**F**) (95% confidence level)	1.96	1.96	1.96
Universe standard error (**G**): [1]			
Elementary Schools	216	215	118
Secondary Schools	176	176	-
Upper limit (**H**) = (**E**) + ((**F**) x (**G**)):			
Elementary Schools (overstated)/understated	(1,704)	(1,611)	(600)
Secondary Schools (overstated)/understated	(859)	(891)	-
Lower limit (**J**) = (**E**) - ((**F**) x (**G**)):			
Elementary Schools (overstated)/understated	(858)	(769)	(138)
Secondary Schools (overstated)/understated	(169)	(201)	-

Source for formulas: http://www.slideshare.net/mblakley/sampling-2599829

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

RIVERSIDE UNIFIED SCHOOL DISTRICT
NOTIFICATION OF TRUANCY PROGRAM
JULY 1, 2007, THROUGH JUNE 30, 2010

CALCULATION OF AUDIT ADJUSTMENT RANGE

	Fiscal Year			
	2007-08	2008-09	2009-10	Total
Elementary Schools				
Number of unallowable initial truancy notifications - upper limit (H)	(1,704)	(1,611)	(600)	
Uniform cost allowance	x $17.28	x $17.74	x $17.87	
Subtotal	$ (29,445)	$ (28,579)	$ (10,722)	$ (68,746)
Secondary schools				
Number of unallowable initial truancy notifications - upper limit (H)	(859)	(891)	0	
Uniform cost allowance	x $17.28	x $17.74	x $17.87	
Subtotal	$ (14,844)	$ (15,806)	$ -	(30,650)
Audit adjustment, upper limit	$ (44,289)	$ (44,385)	$ (10,722)	$ (99,396)
Elementary Schools				
Number of unallowable initial truancy notifications - lower limit (J)	(858)	(769)	(138)	
Uniform cost allowance	x $17.28	x $17.74	x $17.87	
Subtotal	$ (14,826)	$ (13,642)	$ (2,466)	$ (30,934)
Secondary schools				
Number of unallowable initial truancy notifications - lower limit (J)	(169)	(201)	0	
Uniform cost allowance	x $17.28	x $17.74	x $17.87	
Subtotal	$ (2,920)	$ (3,566)	$ -	(6,486)
Audit adjustment, lower limit	$ (17,746)	$ (17,208)	$ (2,466)	$ (37,420)

Tab 5

LRSP572 20130301 200017 P 5 R 1 C
1

S33120
00048
2013/03/03

MARCH 3, 2013
BOARD OF TRUSTEES
RIVERSIDE UNIFIED SCHOOL DIST
RIVERSIDE COUNTY
6050 INDUSTRIAL AVENUE
RIVERSIDE CA 92504
DEAR CLAIMANT:
RE: NOTICE OF TRUANCY : 498/83-S
WE HAVE REVIEWED YOUR 2007/2008 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED		288,887.00
TOTAL ADJUSTMENTS (DETAILS BELOW)	-	80,767.00
TOTAL PRIOR PAYMENTS (DETAILS BELOW)		-8.00
AMOUNT DUE CLAIMANT	$	208,112.00

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT TIN BUI AT (916) 323-8137 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

ADJUSTMENT TO CLAIM:

LATE CLAIM PENALTY	-	10,000.00		
FIELD AUDIT FINDINGS	-	70,767.00		
TOTAL ADJUSTMENTS			-	80,767.00
PRIOR PAYMENTS:				
SCHEDULE NO. MA94424A				
PAID 06-14-2010		-8.00		
TOTAL PRIOR PAYMENTS				-8.00

LRS-RA 20100614 180009 S33120 P 7 R 1 C 1

CONTROLLER OF CALIFORNIA S33120
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
RIVERSIDE UNIFIED SCHOOL DIST
RIVERSIDE COUNTY
6050 INDUSTRIAL AVENUE
RIVERSIDE CA 92504
PAYEE: TREASURER, RIVERSIDE UNIFIED SCHOOL DIST
FUND NAME: GENERAL FUND PGM NBR: 00048
ISSUE DATE: 06/14/2010 CLAIM SCHEDULE NBR: MA94424A
REIMBURSEMENT OF STATE MANDATED COSTS
ANY QUESTIONS PLS CONTACT ELLEN SOLIS (916) 323-0698
ACL : 498/83 PROG : NOTICE OF TRUANCY CH 498/83
2007/2008 ACTUAL PAYMENT CLAIMED AMT: 288,887.00
TOTAL ADJUSTMENTS: (SEE BELOW) 10,000.00
TOTAL APPROVED CLAIMED AMT: 278,887.00
LESS PRIOR PAYMENTS: .00
PRORATA PERCENT: .005663
PRORATA BALANCE DUE: 278,879.00-
APPROVED PAYMENT AMOUNT: 8.00
PAYMENT OFFSETS (ACL NBR, NAME, FY, AMT.):
498/83 NOTICE OF TRUANCY CH 498 03/04 8-
NET PAYMENT AMOUNT: .00
ADJUSTMENTS ITEMIZED: ==========
LATE CLAIM PENALTY 10,000.00-

Tab 6

LRSP572 20130301 200017 P 10 R 1 C
1

S33120
00048
2013/03/03

MARCH 3, 2013
BOARD OF TRUSTEES
RIVERSIDE UNIFIED SCHOOL DIST
RIVERSIDE COUNTY
6050 INDUSTRIAL AVENUE
RIVERSIDE CA 92504
DEAR CLAIMANT:
RE: NOTICE OF TRUANCY : 498/83-S
WE HAVE REVIEWED YOUR 2008/2009 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED		286,146.00
TOTAL ADJUSTMENTS (DETAILS BELOW)	-	33,476.00
TOTAL PRIOR PAYMENTS (DETAILS BELOW)		-64,836.00
AMOUNT DUE CLAIMANT	$	187,834.00

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT TIN BUI AT (916) 323-8137 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS	-	33,476.00	
TOTAL ADJUSTMENTS			- 33,476.00
PRIOR PAYMENTS:			
SCHEDULE NO. MA03312A			
PAID 01-25-2011		-6,090.00	
SCHEDULE NO. MA03307A			
PAID 12-06-2010		-58,746.00	
TOTAL PRIOR PAYMENTS			-64,836.00

Tab 7

LRSP572 20130301 200017 P 14 R 1 C
1

S33120
00048
2013/03/03

MARCH 3, 2013
BOARD OF TRUSTEES
RIVERSIDE UNIFIED SCHOOL DIST
RIVERSIDE COUNTY
6050 INDUSTRIAL AVENUE
RIVERSIDE CA 92504
DEAR CLAIMANT:
RE: NOTICE OF TRUANCY : 498/83-S
WE HAVE REVIEWED YOUR 2009/2010 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED			231,077.00
ADJUSTMENT TO CLAIM:			
FIELD AUDIT FINDINGS	-	7,309.00	
TOTAL ADJUSTMENTS			- 7,309.00

LESS PRIOR PAYMENT: SCHEDULE NO. MA14004A PAID 09-27-2011			45,387.00

AMOUNT DUE CLAIMANT			$ 178,381.00
			==========

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT TIN BUI AT (916) 323-8137 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

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, 13-904133-I-13
Education Code Sections 48260 and 48260.5
Statutes 1983, Chapter 498
Fiscal Years: 2007-2008, 2008-2009, and 2009-2010
Riverside 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: 8/13/14

Claim Number: 13-904133-I-13

Matter: Notification of Truancy

Claimant: Riverside 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.)

Socorro Aquino, *State Controller's Office*
Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-7522
SAquino@sco.ca.gov

Marieta Delfin, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-4320
mdelfin@sco.ca.gov

Donna Ferebee, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
donna.ferebee@dof.ca.gov

Chris Ferguson, *Department of Finance*
Education Systems Unit, 915 L Street, 7th Floor, 915 L Street, 7th Floor, Sacramento, CA 95814
Phone: (916) 445-3274
Chris.Ferguson@dof.ca.gov

Michael Fine, *Riverside Unified School District*
Business Services & Government Relations, 3380 Fourteenth Street, Riverside, CA 92501
Phone: (951) 778-7135
mfine@rusd.k12.ca.us

Susan Geanacou, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814

Phone: (916) 445-3274
susan.geanacou@dof.ca.gov

Ed Hanson, *Department of Finance*
Education Systems Unit, 915 L Street, 7th Floor, 915 L Street, 7th Floor, Sacramento, CA 95814
Phone: (916) 445-0328
ed.hanson@dof.ca.gov

Jill Kanemasu, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 322-9891
jkanemasu@sco.ca.gov

Jay Lal, *State Controller's Office (B-08)*
Division of Accounting & Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 324-0256
JLal@sco.ca.gov

Kathleen Lynch, *Department of Finance (A-15)*
915 L Street, Suite 1280, 17th Floor, Sacramento, CA 95814
Phone: (916) 445-3274
kathleen.lynch@dof.ca.gov

Yazmin Meza, *Department of Finance*
915 L Street, Sacramento, CA 95814
Phone: (916) 445-0328
Yazmin.meza@dof.ca.gov

Robert Miyashiro, *Education Mandated Cost Network*
1121 L Street, Suite 1060, Sacramento, CA 95814
Phone: (916) 446-7517
robertm@sscal.com

Keith Nezaam, *Department of Finance*
915 L Street, 8th Floor, Sacramento, CA 95814
Phone: (916) 445-8913
Keith.Nezaam@dof.ca.gov

Andy Nichols, *Nichols Consulting*
1857 44th Street, Sacramento, CA 95819
Phone: (916) 455-3939
andy@nichols-consulting.com

Christian Osmena, *Department of Finance*
915 L Street, Sacramento, CA 95814
Phone: (916) 445-0328
christian.osmena@dof.ca.gov

Keith Petersen, *SixTen & Associates*
Claimant Representative
P.O. Box 340430, Sacramento, CA 95834-0430
Phone: (916) 419-7093
kbpsixten@aol.com

Sandra Reynolds, *Reynolds Consulting Group,Inc.*
P.O. Box 894059, Temecula, CA 92589
Phone: (951) 303-3034
sandrareynolds_30@msn.com

Kathy Rios, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 324-5919
krios@sco.ca.gov

Nicolas Schweizer, *Department of Finance*
Education Systems Unit, 915 L Street, 7th Floor, 915 L Street, 7th Floor, Sacramento, CA 95814
Phone: (916) 445-0328
nicolas.schweizer@dof.ca.gov

David Scribner, *Max8550*
2200 Sunrise Boulevard, Suite 240, Gold River, CA 95670
Phone: (916) 852-8970
dscribner@max8550.com

Jim Spano, Chief, Mandated Cost Audits Bureau, *State Controller's Office*
Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 323-5849
jspano@sco.ca.gov

Dennis Speciale, *State Controller's Office*
Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 324-0254
DSpeciale@sco.ca.gov