

Frequently Asked Questions

School Facility Program Expenditure Review

Reporting Requirements

Q. *I received funding for my School Facility Program (SFP) project. What reports do I need to submit?*

After the district receives SFP funds, there are two types of reports that are required to be submitted: a Substantial Progress Checklist (SPC) and Expenditure Report (Regulations Section 1859.104). Certain projects may require evidence of progress at more than one point in the project's life cycle. Projects that receive separate design and/or separate site funding prior to full project (adjusted grant) funding are required to submit evidence of progress at each phase of funding.

Q. *When are my SPC and Expenditure Report due?*

Projects that receive separate design and/or separate site funding, typically financial hardship projects, are required to submit a [separate design SPC](#) and/or a [separate site SPC](#) within 18 months from the date design and/or site funds were released.

For all projects that receive an adjusted grant, [Expenditure Report \(Form SAB 50-06\)](#) and [Expenditure Worksheet](#), also known as the Detailed Listing of Project Expenditures, are due one year from the date funds were first released to the district, or upon completion of the project, whichever occurs first. Expenditure Reports will continue to be due annually until the project is complete, at which time the district will submit a final expenditure report.

Q. *Will I receive a reminder when my substantial progress checklist is due?*

Yes. For Separate Site apportionments for Environmental Hardships, school districts will receive reminder letters at 12 and 15-month intervals after the related funds have been released. For Environmental Hardship projects, Office of Public School Construction (OPSC) staff will send reminder letters at 8 and 10-month intervals after funds have been apportioned.

Q. *Will I receive a reminder when an expenditure report is due?*

Yes. Ten months after a project's initial fund release, (OPSC) staff will remind the district in writing that an expenditure report is due within one year of the project's initial fund release date. OPSC staff will continue to send reminders on an annual basis until the final expenditure report is received or three years for an elementary school or four years for a middle or high school after the final fund release date has elapsed.

Q. *I received a reminder letter to submit an expenditure report, but my project is not complete. Do I still need to submit an expenditure report?*

Yes. The timeline requirement for submitting the expenditure report remains in place and would still be due within one year of the project's initial fund release date. The district would submit a Form SAB 50-06 and Detailed Listing of Project Expenditures reporting the project expenditures incurred up to the current date. This would be considered the district's first expenditure report. The district would continue to submit annual expenditure reports, cumulatively reporting incurred project expenditures, until the project is complete. The expenditure report submitted upon project completion would be the final or 100 percent complete report. It is also important to note that although construction of the project may be continuing; occupying the building is also considered an indication of project completion.

Q. *The last expenditure report I submitted was for 90 percent of project complete, but I don't have any additional project expenditures for this reporting period. How do I indicate that the 90 percent report is actually the final report?*

The district may submit a letter to OPSC from the district representative stating the previous report, submitted on the specified date, is the final report. The letter will notify OPSC audit staff to acknowledge the previous report as the final or

100 percent complete report for use in the Final Expenditure Review.

Q. *When will my project expenditures be reviewed?*

OPSC audit staff will track fund release dates and district expenditure report dates to determine when the project is ready for the Final Expenditure Review. The project is placed on the expenditure review workload list when it is complete; a project is considered complete when either of the following occurs:

- The final Form SAB 50-06 indicating 100 percent of the project is complete and the Detailed Listing of Project Expenditures are submitted by the district; or
- Three years for an elementary school (grades K–6) project, or four years for a middle school (grades 7–8) or high school (grades 9–12) project, have elapsed since the date of the final fund release.

OPSC has two years from the 100 percent complete report submittal date, or three or four years (as applicable) after the final fund release date to commence the final expenditure review. Once the district is notified that an expenditure review has started, the audit staff has six months to complete the audit, unless the district is still actively providing documents to the auditor. If the audit staff does not begin the final expenditure review within two years of receiving the final expenditure report, no expenditure review will be performed and all expenditures reported will be deemed appropriate.

Completing the Expenditure Report (Form SAB 50-06) and Detailed Listing of Project Expenditures

Q. *I have multiple projects under the same contract. Do I need to submit a separate expenditure report for each project?*

Yes. When a district bids multiple projects together, a Form SAB 50-06 and Detailed Listing of Project Expenditures is required for each SFP application submitted. To assist in the understanding of the project expenditures reported on each Form SAB 50-06 and Detailed Listing of Project Expenditures, the district must provide the ratio or methodology applied to the distribution of the associated costs between projects.

Q. *How do I report earned interest?*

Any interest earned in the district's School Facility Fund (Fund 35) or other capital outlay fund with state funds apportioned and district matching share for that project is reported on the Form SAB 50-06 as Interest Earned. If the district deposited their matching share into a fund other than Fund 35, the interest earned in

that fund should also be reported. It is important to note, interest must be tracked and reported separately for each project. Additionally, the interest is to be reported annually.

Q. *Do I need to use any earned interest toward my project?*

Yes, earned interest for that project in Fund 35 or other capital outlay fund is considered available funds for project expenditures. On Form SAB 50-06, the reported interest earned is considered part of the funds available for project expenditures and is included with the state share and district matching share when calculating total project financing.

Q. *Do I need to submit the Expenditure Worksheet or Detailed Listing of Project Expenditures with my Form SAB 50-06?*

Yes, the Expenditure Worksheet, also referred to as the Detailed Listing of Project Expenditures (DLOPE), is to be submitted with the Form SAB 50-06. The DLOPE is a component of the expenditure reporting requirement. The DLOPE should reflect all expenditures for the project by warrant numbers, warrant dates, warrant payees, warrant amounts, and specific descriptions of the expenditures, as required on the Form SAB 50-06. The description of expenditures must provide sufficient detail for the audit staff to verify all project expenditures are applicable to the project and that the expenditures have been recorded in the proper cost categories. At the time of a Final Expenditure Review, the Detailed Listing of Project Expenditures will be verified to assure reported costs are categorized correctly based on the description/purpose. It is important that the total expenditures reported on the SAB 50-06 match the total expenditures reported on the Detailed Listing of Project Expenditures. The Detailed Listing of Project Expenditures is a complement to the SAB 50-06 and it is essential that the total expenditures on one document match the other document.

Directions on the proper reporting cost categories can be found on the Instructions sheet of the Expenditure Worksheet/Detailed Listing of Project Expenditures.

Q. *My new construction project received site acquisition funds. How do I report the expenditures related to purchasing the site?*

Costs incurred by the district for purchasing a site are to be included in the reported Project Expenditures on the Form SAB 50-06. Expenditures should be itemized on the Site worksheet of the Detailed Listing of Project Expenditures within the proper site cost category. Directions on the proper reporting cost categories can be found on the Instructions sheet of the Expenditure Worksheet/Detailed Listing of Project Expenditures.

At the time of a Final Expenditure Review, the expenditures associated with site acquisition funds will be examined and verified for the appropriate use of the site grant.

Q. *I have questions on completing the Form SAB 50-06 and Expenditure Worksheet. Who can I contact for assistance?*

You may contact your [OPSC Project Manager](#) who will put you in touch with an OPSC auditor.

Final Expenditure Review

Q. *I received a letter that OPSC will be performing a final expenditure review of my project. What do I need to do?*

When the district receives a letter stating that a final expenditure review of the project has commenced, a list of supporting documents being requested will also be included. Appropriate documentation may include, but is not limited to, specific warrants, general ledger reports, contracts and/or agreements related to construction, inspection, construction tests, and architectural services, or other supporting documentation substantiating certifications made on the Forms SAB 50-04 and 50-05. A listing of some potential additional documents and program specific documents can be found in the [Expenditure Review Document Request](#), located on our website.

There will be a due date for the requested documents. During the initial stages of the review the district will need to provide the requested documents. As the review continues, the auditor will continue communicating with the district, additional questions may be asked or additional documents requested for clarification. If you have any questions during the course of the expenditure review, please contact the OPSC auditor assigned to your project.

Q. *I'm not able to locate all the documents being requested by the due date. Can I request an extension?*

Yes, a time extension may be requested for the collection and sending of documentation. However, districts are encouraged to submit documents within the requested timeframe to provide for a timely review process. In addition to an extension, the district may consider sending documents to the OPSC auditor on a flow basis. Submitting requested items in increments may be beneficial by allowing the OPSC auditor and district the opportunity to actively review and correspond on documents as they are received.

Q. *The final expenditure review of my project has started. What is being reviewed besides the expenditures?*

Along with a thorough review ensuring that all expenditures comply with applicable Education Code and SFP Regulation sections, a review verifying the various program certifications made by the district is also being performed. Specifically the following certifications made by the district on the Application for Funding (Form SAB 50-04) and the Fund Release Authorization (Form SB 50-05) are verified:

- The district deposited the minimum amount required by law into a restricted account [Education Code Section 17070.75(b)].
- The district contracted for construction vendors as required by the state's Public Contract Code.
- The district met all relevant Disabled Veteran Business Enterprise (DVBE) requirements.
- The district used the Qualifications Appraisal standards, as outlined in Government Contract, Code Section 4526, when contracting with the architect, construction managers, and engineers.
- The state's prevailing wage requirements were met.
- The district complied with the state's Public Contract Code requirements governing Force Account labor.
- The district matching funds have been expended by the district for the project, deposited in the County School Facility Fund, or will be expended by the district prior to the Notice of Completion for the project.
- The district entered into a binding contract(s) for at least 50 percent of the construction included in the plans applicable to the state funded project prior to signing the Form SAB 50-05.

There are certain SFP programs that have other applicable certifications that will require verification at the time of a final expenditure review. Please work with the OPSC auditor conducting the review for any additional substantiating documentation needed for your specific project.

Q. *My project has costs paid several years after the date of fund release. Can they still be considered allowable expenditures for my project?*

Expenditures that have been paid after three or four years (as applicable) have elapsed since the date of the final fund release, are allowable expenditures only if:

- The contracts for the expenditures were signed prior to the three or four years have elapsed; or,
- Contract encumbrances were in place prior to the building being occupied.

Q. *How will I know when the final expenditure review of my project is complete?*

Once the final expenditure review of a project is complete, OPSC audit staff will notify the district of any findings and as appropriate, prepare an item for presentation to the State Allocation Board (SAB) or issue an administrative action recommending the project be closed. Notification to the district will be in the form of an expenditure review letter with the Summary of Project Financing and Expenditures attached or an abbreviated summary of project financing will be included in the review letter. The

expenditure review letter will provide instructions for a response from the district or notification that the project was administratively closed. If applicable, the district will be notified in the review letter that a SAB item will be prepared for the next available board. A project's final expenditure review is considered complete and the project closed once all the responses in the review letter have been addressed by the district and the OPSC auditor provides notification that the project is considered closed.

Q. *I did not spend all of the funds awarded for my SFP project. What can I do with the savings?*

Project savings will be recognized if project expenditures are less than the state's share of the grant, plus district's share of the grant, plus interest earned, less total project expenditures. Once the final expenditure review has verified the project savings amount, the district may apply the savings achieved on a construction project towards the district's other high priority capital facility needs. If the district is using the state's share of the savings as the district's matching contribution on a SFP project, then the state's share of savings must be applied to a SFP project of like-kind. The use of verified project savings towards the district's high priority capital facility needs is applicable to non-financial hardship projects. For non-financial hardship projects, the district is required to document and track the use of savings from their SFP project. The project savings usage is documented and reported on the last sheet of the Detailed Listing of Project Expenditures worksheet on an annual basis until all project savings has been expended.

Districts are limited as to how savings are used for financial hardship projects. The savings achieved on a financial hardship project, including interest accrued, must be used to reduce the financial hardship contribution on that project, or on future financial hardship projects. The district will have three years from the date savings was determined through the final expenditure review to apply savings to reduce the financial hardship contribution on a future project. If the district does not apply the savings within three years, the district must reimburse the savings, including interest, to the SAB. The expenditure amount reported above the district and state share, including interest, will be used to reduce the state's financial hardship contribution on the District's next financial hardship project. The district also has the option to not participate in the financial hardship program for three years.