Before the
Education Audit Appeals Panel
State of California

In the Matter of the Statement of Issues Against: Kelseyville Unified School District, Appellant.	EAAP Case No.: 02-06 OAH No.: N2002070130

Decision

The Education Audit Appeals Panel adopts the attached Stipulation and Proposed Decision of the parties as its Decision in the above-entitled matter.

This Decision shall become effective on 24 Jan 2005

It is so Ordered 24 Jan 2005.

Thomas E. Dithridge, Chairperson
For Education Audit Appeals Panel

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APPEALS PANEL

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In the Matter of the Statement of Issues Against: Kelseyville Unified School District, Appellant.	EAAP Case No.: 02-06 OAH No.: N2002070130 **Stipulation and Proposed Decision**

The State Controller's Office (SCO), the Department of Finance (DOF), and the Kelseyville Unified School District (Kelseyville), who are all of the parties in this action, hereby agree to a complete resolution of this matter as follows:

Recitals

A. The accountancy firm of John S. Robertson & Associates, Certified Public Accountants (Robertson), the independent auditor, conducted an audit of Kelseyville for the fiscal year ending on June 30, 2001.

B. On pages 44 and 45 of its audit report of Kelseyville dated September 26, 2001, Robertson included a finding regarding Kindergarten retention (Finding 2001-2/10000). The report stated that seven of Kelseyville's "Kindergarten retention forms are lacking required parent/guardian information data," resulting in seven "ADA over reported for Kindergarten."

C. The forms used were not approved in form or content by the California Department of Education (CDE) as required by Education Code (EC) section 46300(g).[1] Moreover, the form contained a statement that the "final decision [on kindergarten retention]

[1] "In computing the average daily attendance of a school district, there shall be included the attendance of pupils in kindergarten after they have completed one school year in kindergarten only if the school district has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by the State Department of Education and signed by the pupil's parent or guardian, that the pupil may continue in kindergarten for not more than an additional school year." EC section 46300 (g)

rests with the school authorities," which is contrary to EC section 48011.[2]

D. Kelseyville timely submitted its appeal of finding 2001-2 to the Education Audit Appeals Panel (EAAP) on April 22, 2002. Kelseyville stated that the retention forms were signed, the children attended classes, and the district claimed ADA for these students pursuant to all other related guidelines regarding ADA reporting. (Kelseyville has indicated that this form was revised in subsequent years to comply with EC sections 46300(g) and 48011.)

E. Furthermore, Kelseyville stated that it only claimed 5.3 ADA for these retained Kindergarten students.

F. DOF filed a "Notice of Appearance by Real Party in Interest" dated July 22, 2002.

G. The hearing set for July 31, 2002, before the Office of Administrative Hearings was continued to allow completion of the waiver process with the CDE and the summary review process with executive director of EAAP. Kelseyville was not granted relief under either process.

H. The hearing before the Office of Administrative Hearings was reset for September 20, 2004. Before the hearing, the parties reached an agreement set forth below.

Agreement

1. For the purpose of effecting a stipulated resolution of this action, and based upon the fact that Robertson did not determine the actual amount of ADA claimed by Kelseyville for the students retained, the parties agree that the amount of ADA over-reported for Kindergarten by Kelseyville is 5.3 ADA for the fiscal year ending June 30, 2001.

2. The "Questioned costs" portion of finding 2001-2 of Kelseyville's audit report for the fiscal year ending June 30, 2001, is amended to read: "5.3 ADA (5.3 x $4,539.59 =

[2] EC section 48011 states in pertinent part, "A child who, consistent with Section 48000, has been admitted to the kindergarten maintained by a private or a public school in California or any other state, and who has completed one school year therein, shall be admitted to the first grade of an elementary school unless the parent or guardian of the child and the school district agree that the child may continue in kindergarten for not more than an additional school year. [...]"

$24,059.83)."

3. Kelseyville agrees to withdraw, with prejudice, its appeal (EAAP Case No.: 02-06, OAH No.: N20020700130) of Finding 2001-2/10000.

Dated: 11/22/04

Office of the State Controller

By: _____
Ronald V. Placet
Attorney for Steve Westly,
State Controller

Dated: 11/9/04

Department of Finance

By: _____
Julie Weng-Gutierrez
Deputy Attorney General
Attorney for Department of Finance

Dated: 11/01/04

Kelseyville Unified School District

By: _____
Boyce McClain, Superintendent