

**Education Audit Appeals Panel  
State of California**

Appeal of 2004-05 Audit Finding 2005-1  
by:

Golden Eagle Charter School,  
Appellant.

EAAP Case No. 06-06

OAH No. N2007010766

**Decision**

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

Effective date: September 17, 2007.

IT IS SO ORDERED.

September 17, 2007  
Date

*Original Signed*  
Thomas E. Dithridge, Chairperson  
for Education Audit Appeals Panel

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7

8 BEFORE THE  
9 EDUCATION AUDIT APPEALS PANEL  
10 STATE OF CALIFORNIA

11  
12 In the Matter of the Appeal of Audit 2003-04 by:

13 **GOLDEN EAGLE CHARTER SCHOOL,**

14 Appellant,

15 v.

16 **OFFICE OF THE STATE CONTROLLER,**

17 Respondent.

18 and

19 **DEPARTMENT OF FINANCE,**

20 Intervenor.  
21

EAAP Case No. 06-06  
OAH Case No. N2007010766

**STIPULATION AND  
PROPOSED DECISION**

22 Appellant Golden Eagle Charter School (Golden Eagle), respondent Office of the State  
23 Controller (Controller) and intervenor California Department of Finance (Finance), agree to a  
24 complete resolution of this appeal of audit finding 2005-1 for fiscal year ended June 30, 2005, as  
25 follows:

26 **STATEMENT OF FACTS**  
27

28 1. Golden Eagle was approved by the Siskiyou Union High School District (Siskiyou

1 School District) on March 24, 2004, for a three year term through June 2007.

2 2. Siskiyou School District and Golden Eagle are physically located in Siskiyou County.

3 3. In the 2004-2005 school year, Golden Eagle served 231 students, grades  
4 Kindergarten through twelfth by operating a non-classroom based independent study education  
5 program in accordance with Education Code section 47612.5.

6 4. Golden Eagle received 100 percent funding for its independent study program during  
7 fiscal year ended June 30, 2005. In order to receive such funding, Golden Eagle's independent study  
8 program must comply with the pupil-to-teacher ratio as set forth in Education Code section 51745.6  
9 (2004) and Cal. Code of Regs., tit. 5, section 11704 (2004).

10 5. During the 2004-2005 school year, Cal. Code of Regs., tit. 5, section 11704 required  
11 Golden Eagle to maintain a pupil-to-teacher ratio that did not exceed the equivalent ratio of pupils  
12 to full-time certified employees for all other educational programs operated by the largest unified  
13 school district, as measured by average daily attendance, in the county or counties in which the  
14 charter school operates.

15 6. The California Department of Education (Education) rendered a legal opinion  
16 interpreting Cal. Code of Regs., tit. 5, section 11704. Education concluded that "any county in  
17 which an independent study student resides may be used by the enrolling charter school as a county  
18 for the comparative purposes of section 11704."

19 7. In Golden Eagle's independent study program, a majority of pupil instruction occurs  
20 in the pupils' homes.

21 8. Golden Eagle retained Robertson, Cahill & Associates (Auditor) to conduct a  
22 financial and compliance audit of Golden Eagle for fiscal year ended June 30, 2005, and prepare an  
23 audit report. The audit report, as certified by the Controller, includes Audit Finding 2005-1.

24 9. The Auditor stated in the audit report that the appropriate comparison school district  
25 for the pupil-to-teacher ratio determination was Butte Valley Unified School District (Butte Valley).  
26 Butte Valley is the only unified school district in Siskiyou County. The Auditor calculated Butte  
27 Valley's ratio as one teacher to 15.98 students.

28 10. Audit Finding 2005-1 reports that Golden Eagle operated with 20.65 students to each

1 teacher (ratio). This ratio was in excess of 4.67 average daily attendance (ADA) and ineligible for  
2 apportionment as compared to Butte Valley's ratio.

3 11. The Auditor estimated that Golden Eagle would have to repay \$278,432 for 53.66  
4 disallowed ADA. An accurate copy of Audit Finding 2005-1 is attached to this Stipulation as  
5 Exhibit 1.

6 12. Golden Eagle timely filed an appeal of Audit Finding 2005-1 pursuant to Education  
7 Code section 41344 on January 8, 2007.

8 13. Finance timely moved to intervene in this Appeal on January 31, 2007, and is a party  
9 to this appeal.

10 14. This Stipulation is subject to approval and adoption by the Education Audit Appeals  
11 Panel, pursuant to Education Code section 41344.1, subdivision (b).

#### 12 STIPULATIONS

13 1. This Stipulation shall fully resolve any and all claims, demands, audit findings,  
14 obligations and/or causes of action, now or hereafter arising, relating to the ratio requirements cited  
15 in Audit Finding 2005-1.

16 2. The parties agree that Gateway Unified School District (Gateway) was the largest  
17 unified school district in Shasta County during the 2004-2005 school year and that Gateway's ratio  
18 was one teacher to 21.09 students.

19 3. The parties agree that if the Auditor applied the Gateway ratio to Golden Eagle that  
20 Golden Eagle would be in compliance with the ratio requirement in effect at the time of the audit  
21 as set forth in Education Code section 51745.6 (2004) and Cal. Code of Regs., tit. 5, section 11704  
22 (2004).

23 4. The parties recognize that in 2005, California law was amended to set a standard  
24 maximum pupil-to-teacher ratio for independent study charter schools of up to 25 students to one  
25 teacher or the comparison ratio of the largest unified school district in the county or counties in  
26 which the school operates for purposes of eligibility for apportionment funding. (Ed. Code, §  
27 51745.6, subd. (e) (2006); Cal. Code Regs., tit. 5, § 11704 (2006).)

28 5. For the sole purpose of effecting a compromise of this action and to avoid the

1 uncertainty of litigation, the parties agree that Golden Eagle served students residing in Shasta  
2 County for fiscal year ended June 30, 2005, allowing the Gateway ratio to be used in calculating the  
3 applicable maximum pupil-to-teacher ratio, thereby eliminating Audit Finding 2005-1.

4           6. Golden Eagle agrees to withdraw its appeal, with prejudice, of Audit Finding 2005-1  
5 of the annual audit for fiscal year ended June 30, 2005.

6           7. The parties agree that this Stipulation may be signed in counterparts and facsimile  
7 copies accepted as the original if necessary. This Stipulation shall be considered full binding as if  
8 the parties executed the same document at the same time.

9 Dated: May 11, 2007

**GOLDEN EAGLE CHARTER SCHOOL**

Original Signed

Shanna McDaniel  
Spector, Middleton, Young & Minney, LLP  
Attorney for Golden Eagle Charter School

14 Dated: May 11, 2007

**GOLDEN EAGLE CHARTER SCHOOL**

Original Signed

Shelly Adams  
Executive Officer

17 Dated: May 11, 2007

**OFFICE OF THE STATE CONTROLLER**

Original Signed

Shawn Silva  
Staff Counsel  
Attorney for John Chiang, State Controller

22 Dated: May 11, 2007

**DEPARTMENT OF FINANCE**

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KARIN S. SCHWARTZ  
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28 Finance