

**Before the
Education Audit Appeals Panel
State of California**

In the Matter of:

LUCERNE VALLEY UNIFIED SCHOOL DISTRICT,

Appellant.

EAAP Case No. 03-12

OAH No. N2004120426

Decision

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

This Decision shall become effective on August 15, 2005.

IT IS SO ORDERED August 15, 2005.

(Original Signed)

Thomas E. Dithridge, Chairperson
for Education Audit Appeals Panel

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9 BEFORE THE
EDUCATION AUDIT APPEALS PANEL
10 STATE OF CALIFORNIA

11 **In the Matter of the Statement of Issues Against:**

12 **LUCERNE VALLEY UNIFIED SCHOOL**
13 **DISTRICT,**

14 Respondent.

EAAP Case No. 03-12
OAH Case No. N2004120426

15 **STIPULATION AND PROPOSED**
16 **DECISION**

17 Date: April 8, 2005
Time: 10:00 a.m.
Dept.: Office of Administrative
Hearings
18 Location: 560 J Street, Suite 300
Sacramento, CA
95814

19 All of the parties to this action hereby agree to enter the following stipulation, resulting
20 in complete resolution of this matter. Accordingly, the State Controller's Office (SCO), the
21 Department of Finance (DOF), and Lucerne Valley Unified School District (District) hereby
22 agree as follows:

23 **RECITALS**

24 A. The independent accountant, James M. Quinn, Certified Public Accountant,
25 conducted an audit of the District for the 2001-2002 school year.

26 B. Audit Finding 2002-10, page 63 from the independent auditor's report of James
27 M. Quinn, CPA, dated December 9, 2002, for Lucerne for the year ending June 30, 2002 (State
28 Compliance Findings Code 10000) read in pertinent part:

1 The School District reports attendance for long-term independent study
2 students. The District is required to have a contract with such students,
3 which, among other things [sic] contains a provision *disclosing the number*
4 *of assignments that may be missed before a review would be made of the*
5 *student's ability* to be retained in independent study. During the fiscal year
6 2001-2002 the master contract was changed and that provision was left out.
7 The School Board does maintain a policy with regard to independent study.
8 The School Board policy does contain the provision as stated even though
9 the provision is not in the contracts that were used in the fiscal year. If the
10 District is required to restate its ADA¹ due to the change in the contract to
11 [sic] independent study it would lose [sic] the 26 ADA, which it reported
12 from independent study students (see next paragraph). The District should
13 change its contract and consider the advisability of requesting a waiver from
14 the California Department of Education with regard to the statement missing
15 from the independent study contract.

16 The District also did not include the ADA for independent study in the grade
17 level attendance reported on P-1, P-2, and Annual Reports. If the attendance
18 qualifies, even with the lack of statement in the master contract, then the
19 District should report an increase in attendance by 26 ADA.

20 [Emphasis added.]

21 C. The District timely submitted to EAAP on November 23, 2004, its formal appeal of
22 Audit Finding 2002-10 in Lucerne Valley's Audit for fiscal year 2001-2002.

23 D. EAAP notified Office of Administrative Hearings of the appeal and that the State
24 Controller is a party to the action, and requested a hearing.

25 E. On February 2, 2005, the State Controller's Office sent all parties of record a Statement
26 of Issues Regarding Appeal by Lucerne Valley Unified School District , EAP Case No. 03-12;
27 OAH No. N2004120426.

28 F. The Department of Finance filed a Notice and Motion to Intervene on January 11,
29 2005.

30 G. The Presiding Administrative Law Judge entered an order granting the Department of
31 Finance's motion to intervene on January 11, 2005.

32 H. The matter was heard on April 8, 2005 before Administrative Law Judge Karl S.
33 Engeman, and on April 19, 2005, Judge Engeman granted the appeal of Lucerne Valley Unified
34 School District from Audit Finding 2002-10.

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1. This is the acronym for average daily attendance.

1 I. On May 24, 2005 the EAAP served on all parties of record, Notice of Nonadoption of
2 Proposed Decision.

3 J. For the sole purpose of effecting a compromise of this action and to avoid the
4 uncertainty of continued litigation, the District will acknowledge the correctness of Audit
5 Finding 2002-10, on page 63 from the independent auditor's report of James M. Quinn. The
6 District affirms that it has revised its Independent Study Master Agreement to include all the
7 required language specified by Education Code section 51747 and will revise its board policy to
8 remove the word "consecutive" in reference to the number of missed assignments that a pupil
9 may miss before an evaluation is to be conducted to determine whether it is in the pupil's best
10 interest to remain in independent study.

11 K. For the sole purpose of effecting a compromise of this action and to avoid the
12 uncertainty of continued litigation, the EEAP and DOF will relieve Lucerne Valley of all but
13 \$12,500 of the fiscal impact of Audit Finding 2002-10.

14 L. The District agrees to withdraw with prejudice its appeal of Audit Finding 2002-10 in
15 Lucerne Valley's Audit for fiscal year 2001-2002.

16 DEPARTMENT OF FINANCE

17 Dated: 8/9/05

18 By: *(Original Signed)*
MICHAEL W. HAMMANG
19 Deputy Attorney General
Attorney for Department of Finance

20 LUCERNE VALLEY UNIFIED SCHOOL DISTRICT

21 Dated: 8-9-05

22 By: *(Original Signed)*
JIM BUCKLEY, Superintendent

23
24 APPROVED AS TO FORM

25
26 *(Original Signed)*
RONALD V. PLACET
27 Attorney for STEVE WESTLY
California State Controller
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