

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

In the Matter of:

Santa Paula Union High School District,

Appellant.

EAAP Case No. 04-24

OAH No. L 2005010080

Decision

The attached Stipulation and Proposed Decision 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 June 24, 2005.

IT IS SO ORDERED June 24, 2005

(Original Signed)

Thomas E. Dithridge, Chairperson
for Education Audit Appeals Panel

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BEFORE THE
EDUCATION AUDIT APPEALS PANEL
STATE OF CALIFORNIA

In the Matter of the Statement of Issues Against:

**SANTA PAULA UNION HIGH SCHOOL
DISTRICT**

Respondent.

EAAP Case No. 04-24
OAH Case No. 12005010080

**STIPULATION AND
PROPOSED DECISION**

(Ed. Code § 41344.1, subd. (b))

This Settlement Agreement (Agreement) is entered into by and between, and on behalf of, the Santa Paula Union High School District (District), the Department of Finance (Finance), the Office of the State Controller (Controller), hereinafter referred to, collectively, as the Parties.

This Agreement is made for the following purposes and with reference to the following facts:

STATEMENT OF PURPOSE

It is the intent of the Parties to establish a schedule whereby the District may make up, without fiscal penalty, a substantial shortage of instructional minutes for the 2002-2003 school year.

It is further the intent of the Parties that this Agreement will fully resolve any and all audit findings or other claims, actual or potential, now or hereafter arising, relating to the District's instructional minutes during the 2002-2003 school year.

RECITALS

A. The District's independent auditor, Roy Blair, conducted a financial and compliance audit of the District for the fiscal year ended June 30, 2003, and thereafter, issued an Audit Report.

B. The Audit Report, as revised and certified by the Controller, contains Audit Finding 2003-1, which reports that during the 2002-2003 school year, the District's Santa Paula High School

1 campus fell 12,860 instructional minutes below the quantity of instructional minutes required in
2 order to qualify to receive longer instructional day funding pursuant to Education Code section
3 46201. A true and correct copy of Audit Finding 2003-1 is incorporated by reference and attached
4 hereto as Exhibit "A."

5 C. The Parties acknowledge that the instructional minute shortage at issue herein is so
6 large that the District cannot reasonably avail itself of the waiver provisions of Education Code
7 section 46206. The Parties further acknowledge that, pursuant to Education Code section 46206,
8 any such waiver would be dependent on the District maintaining an instructional minute overage in
9 the same amount as the shortage for twice the period of the shortage (i.e. an overage of 12,860
10 instructional minutes for two school years), thus, necessitating a cumulative overage of 25,720
11 instructional minutes.

12 D. The District has maintained sufficient instructional minutes to provide an overage of
13 744 instructional minutes for the 2003-2004 school year and an overage of 3,259 instructional
14 minutes for the 2004-2005 school year.

15 E. The District timely filed an audit appeal of Audit Finding 2003-1 pursuant to
16 Education Code section 41344.

17 F. This Agreement is subject to approval of the Education Audit Appeals Panel,
18 pursuant to Education Code section 41344.1, subdivision (b).

19 NOW, THEREFORE, in consideration of the mutual promises contained herein and for
20 good and valuable consideration, the receipt and sufficiency which is hereby acknowledged, the
21 Parties agree as follows:

22 AGREEMENT

23 1.0 Utilizing the number of instructional minutes specified in Education Code section
24 46201, subdivision (a)(3)(D) (presently 64,800 minutes) as a baseline, the District shall maintain
25 sufficient instructional minutes at its Santa Paula High School campus to provide a cumulative
26 annual instructional minute overage at that schoolsite in the amount of 25,720 instructional minutes
27 for the period commencing July 1, 2003, and concluding at the end of the first school year in which
28 such overage has been achieved or June 30, 2011, whichever is earlier. It is expressly acknowledged

1 that the District shall receive credit for the aforementioned instructional minute overages in the
2 2003-2004 and 2004-2005 school years of 744 minutes and 3,259 minutes, respectively, leaving a
3 balance of 21,717 instructional minutes.

4 1.1 This Agreement does not require the District to make up specific quantities of
5 instructional minutes in any given fiscal year. The parties anticipate, however, that the 21,717
6 instructional minutes will be made up according to the following proposed schedule:

Fiscal Year Ending (FYE)	ADDITIONAL INSTRUCTIONAL MINUTES
FYE June 30, 2006	4,650
FYE June 30, 2007	4,650
FYE June 30, 2008	4,650
FYE June 30, 2009	4,650
FYE June 30, 2010	3,117
FYE June 30, 2011	Any outstanding additional instructional minutes to meet the total of 21,717.

15
16 1.2 The district shall require the independent auditing firm to review the progress
17 of additional instructional minutes consistent with this paragraph. The report of the annual audit of
18 the District for each year in which the additional instructional minutes are to be maintained pursuant
19 to this Agreement shall specifically report, with respect to the Santa Paula High School site, each
20 of the following: (1) the total number of additional instructional minutes already made up in prior
21 years; (2) the number of additional instructional minutes made up in the current year; and (3) the
22 balance of additional instructional minutes that remain to be made up in future years. The District's
23 failure to specifically report such information shall not be a breach of this Agreement, but shall
24 constitute grounds for the Controller to refuse to certify the District's annual audit report.

25 1.3 Provided that the District fulfills the requirements of Paragraph 1.0 by no later
26 than June 30, 2011, the District shall incur no fiscal penalty or other loss of funding resulting from
27 an instructional minute shortage in the 2002-2003 school year. However, if the District fails to make
28 up the total number of additional instructional minutes required under this Agreement by June 30,

1 2011, the Controller shall withhold from the District's next succeeding principal apportionment, in
2 lieu of any other penalty or other loss of funding, an amount equal to \$65.73 multiplied by the
3 number of minutes remaining to meet the total of 21,717 additional instructional minutes.

4 1.4 No District funds shall be withheld in connection with Audit Finding 2003-1,
5 pending completion of the District's obligations under Paragraph 1.0.

6 1.5 This Agreement shall fully resolve any and all claims, demands, audit
7 findings, obligations and/or causes of action, now or hereafter arising, relating to the District's
8 instructional minutes during the 2002-2003 school year.

9 1.6 Accordingly, Finance and the Controller expressly waive any right or claim,
10 or right to assert thereafter any claim, demand, audit finding, obligation and/or cause of action
11 relating to instructional minutes for the 2002-2003 school year.

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1.7 The District agrees to withdraw, with prejudice, its appeal of Audit Finding 2003-1 in EAAP Case No. 04-24, OAH Case No. L2005010080.

DEPARTMENT OF FINANCE
(Original Signed)
Julie Weng-Gutiérrez
Deputy Attorney General
Attorney for Department of Finance

Dated: 5-18-05

OFFICE OF THE STATE CONTROLLER
(Original Signed)
Gary D. Hori
Attorney for Steve Westley
State Controller

Dated: 5/19/05

SANTA PAULA UNION HIGH SCHOOL DISTRICT
(Original Signed)
David Gomez, Superintendent

Dated: 5-25-05

APPROVED AS TO FORM:

(Original Signed)
Joshua E. Morrison
Atkinson, Andelson, Loya, Ruud & Romo
Attorney for Santa Paula Union High School District

Dated: 5/23/05

EXHIBIT A

2003-1 Finding (40000) - Instructional Minutes

In order to meet the state compliance requirements of Education Code 46201 and receive longer instructional day funding the district was required to offer a minimum of 64,800 instructional minutes short in grades 9 thru 12 during the year. My review of the 2002-03 instructional minutes was unable to conclude that the district has met compliance standards to be eligible for the longer year incentive funding which the district received during the fiscal year. The high school site was 12,860 minutes short in grades 9 thru 12.

Impact

The District could be liable for \$1,609,623 dollars in funding that would have to be repaid if it is unable to obtain a waiver from the state and make up all of the minutes in two subsequent years. This shortage resulted in a penalty of the 2002-03 revenue limit funding calculated as follows:

Second Period ADA claimed	1,463.93
times the Base Revenue Limit of	\$5,340.36
times the % of minutes short (12,860 / 64,800) =	19.845679%

Recommendation

I recommend that the District request a waiver in regards to the 2002-03 instructional minutes. I also recommend that the District amend the current bell schedules to meet the requirement in the future and review the possibilities of making up the short minutes and minimizing the effects of the penalty.

District Response

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