

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SECTION III - STATE AWARDS FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS

08 - 1 / 10000

CHARTER SCHOOL - MODE OF INSTRUCTION

- Criteria:
1. For purposes of calculating average daily attendance associated with classroom-based instruction apportionments, at least 80% of the instructional time offered by the charter school shall be at the school site, and the charter school shall require the attendance of all pupils for whom a classroom-based apportionment is claimed at the school site for at least 80 percent of the minimum instructional time required to be offered pursuant to Education Code Section 47612.5. Accordingly, students must be enrolled to attend at least 51,840 seat time instructional minutes in order to comply with its 80% seat time charter. (80% X 64,800 instructional minutes offered requirement = 51,840 seat time requirement.)
 2. Charter Schools that generate more than 20 percent of their average daily attendance through nonclassroom-based instruction are required to have a multi-year funding determination, made pursuant to the provisions of subdivision (d) of Education Code Section 47615.5 and Section 47634.2 that applies to the year being audited.

- Condition:
- 1-2. In the adopted attendance policy, the School states that students must complete a minimum of 51,840 seat time minutes of instruction in the school year, in order to comply with the terms of their 80% seat time charter. To ensure compliance with the seat time requirement, the policy further states that students are to be enrolled in three (3) two-hour classes and 30 minutes of teacher supervised community service or individual mentoring on a daily basis. When followed, the amount of seat time specified in the attendance policy provides more than enough seat time minutes to comply with the 80% seat time charter. However, during fiscal year 2007-08, it was discovered that the School was not following its own attendance policy, as many of the School's students were not enrolled in 51,840 seat time minutes of instruction. As a result, classroom-based average daily attendance reported on the P-2 and Annual attendance reports was overstated by 44.90 ADA and 44.69 ADA, respectively, which reduced the Charter School's classroom-based instruction below the required 80 percent, thereby requiring the School to obtain a nonclassroom-based funding determination in order to receive funding for its nonclassroom based ADA. Accordingly, since no such funding determination has been obtained, nonclassroom-based average daily attendance reported on the P-2 and Annual attendance reports was also overstated by 9.85 ADA and 10.44 ADA, respectively.

RUSSIAN RIVER CHARTER SCHOOL, INC.
(A California Non-Profit Public Benefit Corporation)

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SECTION III - STATE AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

CHARTER SCHOOL - MODE OF INSTRUCTION (CONTINUED)

Questioned Costs: 1-2. \$396,741. Questioned costs were computed by recalculating the amounts earned using the audit determined ADA for the P-2 attendance reporting period. Questioned costs by revenue type are as follows:

General Purpose Block Grant	\$ 212,686
In-Lieu of Property Taxes	158,873
Categorical Block Grant	<u>25,182</u>
Total	<u>\$ 396,741</u>

Context: 1-2. The conditions existed throughout fiscal year 2007-08.

Effects: 1. The School did not qualify to receive apportionment funding for classroom-based attendance that was generated by students who were not enrolled for a minimum of 51,840 minutes of seat time instruction.

2. The School did not qualify to receive apportionment funding for nonclassroom based attendance that was not supported by an approved nonclassroom-based funding determination.

Cause: 1-2. The School has not updated its attendance policy to reflect the actual length of each instructional class period offered, and has not adequately monitored student enrollment procedures to ensure that all students are enrolled to attend at least 51,840 instructional seat time minutes.

Recommendation: 1-2. The School should update its attendance policy to reflect the actual length of each instructional class period offered, and specify the minimum number of seat time minutes that each student must complete during the school year. The School should also establish appropriate monitoring procedures to ensure that all students comply with the adopted attendance policy. The School should also work with the Education Audit Appeals Panel to reduce the questioned costs and establish a reasonable payment plan that will allow the Charter School to continue to operate in the future.

In addition, in conjunction with the questioned non-classroom based average daily attendance identified in **Finding 08 - 2 / 10000**, the P-2 and Annual attendance reports should be amended to reflect the following:

		<u>P-2</u>	<u>Annual</u>
Grades 9-12	Classroom-Based	20.76	21.49
Grades 9-12	Non-Classroom Based	<u>0</u>	<u>0</u>
Totals		<u>20.76</u>	<u>21.49</u>

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SECTION III - STATE AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

CHARTER SCHOOL - MODE OF INSTRUCTION (CONCLUDED)

School Response: