

**Education Audit Appeals Panel  
State of California**

Appeal of 2008-09 Audit Finding 2009-1  
by:

Alain Leroy Locke Charter High School,  
Appellant.

EAAP Case No. 11-07

OAH No. 2011110870

**Decision**

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

Effective date: 7/23/2012.

IT IS SO ORDERED.

7/23/2012  
Date

*Original Signed*  
Diana L. Ducay, Chairperson  
for Education Audit Appeals Panel

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19

20 BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS

21

22 In the Matter of the Appeal of Fiscal Year 2008-  
09 Audit Finding(s) 2009-1 by:

23

24 ALAIN LEROY LOCKE CHARTER HIGH  
SCHOOL

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26 Appellant.

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Case No. 11-07  
OAH No. 2011110870

**STIPULATION, AGREEMENT AND  
PROPOSED DECISION**

1 Appellant Alain Leroy Locke Charter High School ("School"), respondent, the California State  
2 Controller's Office ("SCO"), and Intervenor Department of Finance (DOF) agree to a complete  
3 resolution of Audit Finding 2009-1 for the Fiscal Year 2008-2009 as follows:

4 **RECITALS**

- 5 1. The independent accounting firm of Hill, Morgan & Associates, LLP conducted an audit  
6 of the Appellant for the 2008-2009 school year, the results of which were included in the  
7 audit report issued on or about December 15, 2009.
- 8 2. In Audit Finding 2009-1, the Auditor determined that the Appellant did not comply with  
9 the requirements of Education Code Section 47612.5 in regard to classroom based  
10 instruction apportionment.
- 11 3. The SCO certified the audit.
- 12 4. The Auditor determined that the non-compliance resulted in a \$1,063,707 overpayment of  
13 apportionment to the Appellant.
- 14 5. Appellant then timely filed a request for formal appeal instituting this action pursuant to  
15 Education Code Section 41344(d)
- 16 6. DOF timely moved to intervene in the instant EAAP proceeding, which motion was  
17 granted.
- 18 7. In order to avoid the cost and uncertainty of litigation, the parties to this case agree to  
19 resolve this dispute on the terms and conditions described herein.

20 **AGREEMENT**

21 For the purpose of completely settling and resolving the appeal of Audit Finding No. 2009-1, the  
22 School, SCO, and DOF agree as set forth below:

- 23 1. This Stipulation and proposed decision fully and completely resolves all claims,  
24 demands, appeals, obligation, or causes of actions arising from or relating to Audit  
25 Finding No. 2009-1 of the Hill, Morgan and Associates, LLP, Audit of the School for  
26 the 2008-09 fiscal year. Accordingly, DOF and SCO expressly waive any right or  
27 claim or right to assert or pursue thereafter any claim, demand, obligation, and/or  
28 cause of action relating to Audit Finding No. 2009-1.

1 2. The Appellant shall repay in full satisfaction of Audit Finding 2009-1, from its future  
2 apportionments, the sum of \$338,181 in six equal annual installments with no interest,  
3 commencing with the 2012-2013 school year, as follows:

- 4 a. 2012-2013 \$56,363.50
- 5 b. 2013-2014 \$56,363.50
- 6 c. 2014-2015 \$56,363.50
- 7 d. 2015-2016 \$56,363.50
- 8 e. 2016-2017 \$56,363.50
- 9 f. 2017-2018 \$56,363.50

10 3. This stipulation and proposed decision is subject to and conditioned upon approval  
11 and adoption by EAAP, pursuant to Education Code, section 41344.1, subdivision (B).  
12 This stipulation and proposed decision shall be submitted to EAAP for approval  
13 following full execution of this stipulation and proposed decision.

14 4. This stipulation and proposed decision may be executed in counterparts, each of which  
15 shall constitute an original. Facsimile signatures transmitted to other parties to this  
16 stipulation and proposed decision are deemed to be the equivalent to original  
17 signatures on counterparts.

18 Dated: 6/29/2012 *Original Signed*  
19 Marco Petruzzi, President & COO  
20 Green Dot Public Schools  
21 Appellant - Alain Leroy Locke Charter High School

22 Dated: 7/2/2012 *Original Signed*  
23 LISA CORR, ESQ  
24 Middleton, Young & Minney, LLP  
25 Attorneys for Appellant  
26 Alain Leroy Locke Charter High School

27 Dated: 6/28/2012 *Original Signed*  
28 ANA MARIA GARZA, ESQ  
Senior Staff Counsel  
Office of the State Controller

Dated: 7/2/2012 *Original Signed*  
ERIC D. BATES, ESQ  
Deputy Attorney General