

**Education Audit Appeals Panel  
State of California**

Appeal of 2007-08 Audit Finding 2008-2  
by:

Gold Trail Union School District,  
  
Appellant.

EAAP Case No. 09-19

OAH No. 2011020454

**Decision**

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

Effective date: January 23, 2012.

IT IS SO ORDERED.

January 23, 2012  
Date

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

1 Richard J. Chivaro, SBN 124391  
Justin W. Dersch, SBN 258603  
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5 Attorneys for Respondent,  
STATE CONTROLLER'S OFFICE  
6

7 **BEFORE THE EDUCATION AUDIT APPEALS PANEL**  
8 **FOR THE STATE OF CALIFORNIA**

9 In the Matter of the Audit Appeal of: )  
10 2007-2008 Audit Finding 2008-2 by: )  
11 **GOLD TRAIL UNION SCHOOL DISTRICT,** )  
12 )  
13 Appellant. )

EAAP Case No. 09-19  
OAH Case No. 2011020454  
**STIPULATED AGREEMENT**  
DATE: February 6, 7, 8, 2012  
TIME: 9:00 a.m.  
JUDGE: Hon. Jonathan Lew

14  
15  
16 Appellant GOLD TRAIL UNION SCHOOL DISTRICT (Appellant), Respondent JOHN  
17 CHIANG, California State Controller (SCO), and Respondent DEPARTMENT OF FINANCE  
18 (Finance) (collectively known as "the Parties") agree to a complete resolution of the above-  
19 captioned matter as follows:

20 RECITALS

- 21 A. The independent accounting firm of Goodell, Porter & Fredericks, LLP (Auditor)  
22 conducted an audit of the Appellant for the 2007-08 school year, the results of which were  
23 included in the audit report issued on or about January 8, 2009.
- 24 B. In Audit Finding 2008-2, the Auditor determined that the Appellant over-reported  
25 its enrollment for kindergarten, grade 2, and grade 3 classes for Class Size Reduction (CSR)  
26 Program purposes.
- 27 C. The SCO certified the audit.
- 28 ///

1 D. The Auditor determined that the over-reporting of enrollment resulted in a  
2 \$298,809 overpayment of CSR apportionment to the Appellant.

3 E. Appellant then timely filed a request for formal appeal instituting this action  
4 pursuant to Education Code section 41344(d).

5 F. Finance intervened as a Respondent pursuant to Education Code section  
6 41344.1(b).

7 G. In order to avoid the cost and uncertainty of litigation, the parties to this case  
8 agree to resolve this dispute on the terms and conditions described herein.

9 AGREEMENT

10 For the purposes of effecting a compromise, completely settling and resolving the appeal  
11 of Audit Finding 2008-2, and preventing the uncertainty and cost of further litigation, the Parties  
12 agree:

13 1. In order to resolve Audit Finding of 2008-2, the District shall pay \$123,165.

14 2. The repayment of \$123,165 shall be made from the District's apportionments over the  
15 next eight years following execution of this agreement beginning with the 2012-13 fiscal year.  
16 Thus, Appellant, SCO, and Finance agree that the Appellant will repay in eight equal annual  
17 installments a total of \$123,165 from future principal apportionment funding by the State of  
18 California to the Appellant.

19 3. The State of California will not charge the Appellant any interest for the repayment of  
20 \$123,165 under the terms of this stipulation.

21 4. This Agreement is subject to and conditioned upon ratification by Appellant's  
22 Superintendent.

23 5. This Agreement is subject to and conditioned upon approval and adoption by EAAP,  
24 pursuant to Education Code section 41344.1, subdivision (b). This stipulation and proposed  
25 decision shall be submitted to EAAP for approval following ratification by the Appellant's  
26 Superintendent.

27 6. This Agreement shall fully resolve any and all claims, demands, audit findings,  
28 appeals, obligations and/or causes of action, now and hereafter arising, relating to alleged

1 violations of law identified in Audit Finding 2008-2 of the 2007-2008 fiscal year audit of the  
2 Appellant.

3 7. Accordingly, Appellant, SCO, and Finance expressly waive any right or claim of right  
4 to assert thereafter any claim, demand, audit finding, obligation and/or cause of action relating to  
5 the alleged violations of law identified in Audit Finding 2008-2.

6 8. This Agreement may be executed in counterparts, each of which shall constitute an  
7 original. Facsimile and pdf signatures transmitted to other parties to this Agreement are deemed  
8 to be the equivalent of original signatures on counterparts.

9 9. The parties shall be responsible for their own attorneys' fees and costs.

10  
11 Dated: 12-9, 2011

GOLD TRAIL UNION SCHOOL DISTRICT

12  
13 By: Original Signed  
14 JOE MURCHISON, Superintendent  
15 Representative for Appellant

16 Dated: 12/9, 2011

DEPARTMENT OF FINANCE

17  
18 By: Original Signed  
19 SAMANTHA H. RAMSEY, Deputy Attorney General  
20 Attorney for Respondent,  
21 Department of Finance

22 Dated: 12/12, 2011

OFFICE OF THE STATE CONTROLLER

23 By: Original Signed  
24 JUSTIN W. DERSCH  
25 Staff Counsel for Respondent,  
26 JOHN CHIANG, California State Controller  
27  
28