

**Education Audit Appeals Panel
State of California**

Appeal of 2010-11 Audit Findings
2011-01, 2011-02, 2011-03, 2011-33,
2011-39, 2011-40 and 2011-41 by:

Oakland Unified School District,
Appellant.

EAAP Case No. 13-15
OAH No. 2013090123

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: October 26, 2015.

IT IS SO ORDERED.

October 26, 2015
Date

Original Signed By:
David Botelho, Chairperson
for Education Audit Appeals Panel

Richard C. Miadich [SBN 224873]
Deborah B. Caplan [SBN 196606]
OLSON HAGEL & FISHBURN LLP
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*Attorneys for OAKLAND
UNIFIED SCHOOL DISTRICT*

**BEFORE THE EDUCATION AUDIT APPEALS PANEL
STATE OF CALIFORNIA**

IN THE MATTER OF APPEAL OF FISCAL
YEAR 2010-2011, AUDIT FINDINGS 11-01, 11-
02, 11-03, 11-33, 11-39, 11-40 and 11-41 by:
OAKLAND UNIFIED SCHOOL DISTRICT,
Appellant,

v.

OFFICE OF THE STATE CONTROLLER,
Respondent,
DEPARTMENT OF FINANCE,
Intervenor.

**EAAP CASE NO.: 13-15
OAH NO. 2013-09-0123**

**STIPULATION AND
SETTLEMENT AGREEMENT**

Appellant OAKLAND UNIFIED SCHOOL DISTRICT (“Appellant”),
Respondent BETTY YEE, California State Controller, (“SCO”), and Intervenor
DEPARTMENT OF FINANCE (“Finance”) (collectively known as “the parties”)
agree to a complete settlement of the above-captioned matter as follows:

RECITALS

A. The SCO conducted an audit of the Appellant for the 2010-11 fiscal year, the results of which were included in the final audit report issued on or about May 17, 2013.

B. In Audit Finding 11-01, based on the SCO's review of Appellant's fiscal condition, the SCO concluded that at the time of the audit there continued to be substantial doubt about the Appellant's ability to continue as a going concern.

C. In Audit Finding 11-02, the SCO determined Appellant did not properly track expenditures of bond proceeds from Measure A and Measure C for deferred maintenance. As a result, SCO recommended Appellant transfer \$2,093,782, plus interest, back to the Building Fund from the Deferred Maintenance Account.

D. In Audit Finding 11-03, the SCO determined Appellant did not track expenditures of bond proceeds from Measure A in a manner that allowed the SCO to conclude that the expenditures were for allowable activities. As a result, the SCO recommended Appellant replace \$9,925,804 in Measure A bond proceeds.

E. In Audit Finding 11-33, the SCO determined Appellant did not maintain sufficient records of attendance to support the ADA Appellant reported to the California Department of Education for four school sites. As a result, the SCO recommended Appellant reimburse the State \$835,298 for the disallowed attendance apportionment.

F. In Audit Finding 11-39, the SCO determined Appellant did not hold a public hearing in the time frame required by Education Code section 60119 for the Instructional Materials Funding Realignment Program. As a result, the SCO recommended Appellant repay the State \$2,147,698 for Instructional Materials Funding Realignment Program funds received by Appellant.

G. In Audit Finding 11-40, the SCO determined Appellant had excess administrative employees under the ratio of administrative employees-to-teachers

requirements in Education Code section 41402. As a result, the SCO recommended Appellant pay a penalty of \$608,850 to the State.

H. In Audit Finding 11-41, the SCO determined Appellant did not comply with the minimum percentage requirement for payment of salaries of classroom teachers as required by Education Code section 41372.

I. Appellant timely filed a request for formal appeal of the foregoing audit findings pursuant to Education Code section 41344(d) instituting this appeal before the Education Audit Appeals Panel ("EAAP").

J. Finance intervened pursuant to Education Code section 41344.1, subdivision (b).

K. To avoid the cost and uncertainty of litigation, the parties to this case agree to completely resolve this dispute on the terms and conditions described below.

AGREEMENT

For the purpose of completely settling and resolving the appeals of Audit Findings 11-01, 11-02, 11-03, 11-33, 11-39, 11-40, and 11-41, the parties agree as set forth below:

1. Appellant shall withdraw its appeals of Audit Findings 11-01, 11-02, 11-03, 11-39 and 11-41 as part of this settlement.

2. Appellant shall repay in full satisfaction of Audit Finding 11-33 the sum of \$60,388, with no interest, from its next school year apportionment following EAAP approval of this stipulated agreement.

3. Appellant shall repay in full satisfaction of Audit Finding 11-40 the sum of \$91,327, with no interest, from its next school year apportionment following EAAP approval of this stipulated agreement.

4. This stipulated agreement fully and completely resolves all claims, demands, appeals, obligations, or causes of action arising from or relating to Audit Findings 11-01, 11-02, 11-03, 11-33, 11-39, 11-40, and 11-41. Accordingly, the parties

expressly waive any right or claim to assert or pursue thereafter any claim, demand, obligation, and/or cause of action relating to Audit Findings 11-01, 11-02, 11-03, 11-33, 11-39, 11-40, and 11-41.

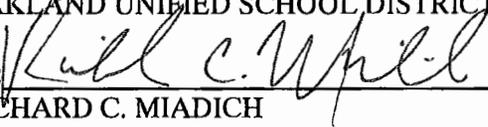
5. This stipulated agreement is subject to and conditioned upon approval and adoption by EAAP, pursuant to Education Code section 41344.1(b).

6. This stipulated agreement may be executed in counterparts, each of which shall constitute an original. Facsimile and .pdf signatures by the parties and/or their designated representatives are deemed the equivalent of original signatures.

7. The parties shall bear their own attorneys' fees and costs.

Dated: 10/13/15

OAKLAND UNIFIED SCHOOL DISTRICT

By: 

RICHARD C. MIADICH
Olson Hagel & Fishburn LLP
Attorneys for Oakland Unified School District

Dated: _____

OAKLAND UNIFIED SCHOOL DISTRICT

By: _____
Officer of Governing Board
Oakland Unified School District

Dated: 9.17.15

OFFICE OF STATE CONTROLLER

By: 

JOHN DICKERSON, Attorney
Counsel for Hon. Betty Yee
State Controller

Dated: _____

DEPARTMENT OF FINANCE

By: _____
JEFF BELL,
Program Budget Manager
Department of Finance

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Dated: _____

OAKLAND UNIFIED SCHOOL DISTRICT

By: _____

RICHARD C. MIADICH
Olson Hagel & Fishburn LLP
Attorneys for Oakland Unified School District

Dated: 9/10/15

OAKLAND UNIFIED SCHOOL DISTRICT

OAKLAND UNIFIED SCHOOL DISTRICT
Office of General Counsel
APPROVED FOR FORM & SUBSTANCE

By: 
Attorney at Law



By: _____
James Harris
President, Board of Education

Officer of Governing Board
Oakland Unified School District



Antwan Williams
Secretary, Board of Education

Dated: _____

OFFICE OF STATE CONTROLLER

By: _____

JOHN DICKERSON, Attorney
Counsel for Hon. Betty Yee
State Controller

Dated: _____

DEPARTMENT OF FINANCE

By: _____

JEFF BELL,
Program Budget Manager
Department of Finance

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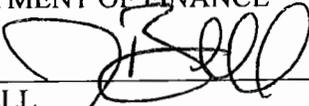
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7. The parties shall bear their own attorneys' fees and costs.

Dated: _____ OAKLAND UNIFIED SCHOOL DISTRICT
By: _____
RICHARD C. MIADICH
Olson Hagel & Fishburn LLP
Attorneys for Oakland Unified School District

Dated: _____ OAKLAND UNIFIED SCHOOL DISTRICT
By: _____
Officer of Governing Board
Oakland Unified School District

Dated: _____ OFFICE OF STATE CONTROLLER
By: _____
JOHN DICKERSON, Attorney
Counsel for Hon. Betty Yee
State Controller

Dated: 24 SEP 15 DEPARTMENT OF FINANCE
By:  _____
JEFF BELL,
Program Budget Manager
Department of Finance

Dated: 10/5/15

By: 
CHARLES J. ANTONEN
Deputy Attorney General
Attorney for Department of Finance
AS TO FORM ONLY