

**Education Audit Appeals Panel  
State of California**

Appeal of 2007-08 Audit Finding 08-1 by:

Russian River Charter School,  
Appellant.

EAAP Case No. 09-16

OAH No. 2009080094

**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: August 30, 2010.

IT IS SO ORDERED.

August 30, 2010  
Date

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

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5 *Attorney For Appellant*  
RUSSIAN RIVER CHARTER SCHOOL  
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7  
8 BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS  
9

10 Russian River Charter School, ) EAAP Case No. 09-16  
11 Appellant, ) OAH Case No. 2009080094  
12 v. )  
13 Office of the State Controller ) **STIPULATION, AGREEMENT, AND**  
14 Respondent. ) **PROPOSED DECISION**  
15 )  
16 )  
17 )  
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19 )  
20 )

21 Appellant Russian River Charter High School (the "Charter School"), respondent, the California  
22 State Controller's Office ("SCO"), and intervener California Department of Finance ("DOF")  
23 stipulate as follows:

24 **RECITALS**

25 A. The independent accounting firm of Stephen Roatch Accountancy Corp.  
26 ("Auditor") conducted an audit of the Charter School for the 2007-08 fiscal year, the results of  
27 which were included in the audit report.  
28

1 B. In audit Finding 2008-1/10000, the Auditor found that many of the students for  
2 whom Russian River claimed site-based attendance did not qualify for site-based attendance as  
3 they were not required to be in attendance for at least 80% of the annual instructional minutes  
4 required by Education Code Section 47612.5(a). After the audit was certified, this audit finding  
5 was revised by the Auditor in a letter dated August 18, 2009. The revised calculations increased  
6 the questioned costs from \$175,455 to \$396,741. The parties agree that this Stipulation,  
7 Agreement, and Proposed Decision addresses revised audit finding 2008-1/10000.

8 C. The Charter School disputed the determination set forth in Audit Finding No.  
9 2008-1/10000, and appealed to the Education Audit Appeals Panel ("EAAP").

10 D. DOF timely moved to intervene in the instant EAAP proceeding, which motion  
11 was granted on September 3, 2009.

12 E. The Charter School has elected not to pursue renewal of its charter, and thus will  
13 close and cease operations at the end of its current charter term, June 30, 2010.

#### 14 AGREEMENT

15 For the purpose of settling and resolving the appeal of the above finding for the 2007-08  
16 fiscal year, the Charter School, SCO, and DOF agree as set forth below:

17 1. The parties' intent in this Agreement is that all apportionment funds due to be  
18 disbursed by the California Department of Education to the Charter School at the Second  
19 Principal Apportionment Period allocation are to be returned to the State, save those funds needed  
20 to settle the Charter School's debts, obligations, and liabilities ("liabilities").

21 2. The Charter School currently has approximately \$117,800 in available cash. The  
22 Charter School's entitlement for the Second Principal Apportionment Period for the 2009-10  
23 fiscal year is approximately \$145,904 and will be disbursed to the Charter School as required by  
24 law. The Charter School's liabilities are approximately \$165,800. The exact total of the Charter  
25 School's assets and liabilities will be determined during the summer of 2010 when a close out  
26 audit is conducted pursuant to Title 5, California Code of Regulations Section 11962.

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28 ///

1           3.       When considering the total estimated assets of the Charter School to be \$263,704,  
2 after paying estimated liabilities of \$165,800, the Charter School will pay the State approximately  
3 \$97,904 in satisfaction of Audit Finding No. 2008-1/10000.

4           4.       This Stipulation, Agreement, and Proposed Decision is based upon the attached  
5 estimate of close out costs for the Charter School (attached and incorporated as Exhibit A to this  
6 Agreement). Close out costs incurred by the Charter School shall be substantially limited to the  
7 estimated close out budget. No new categories of anticipated expenditures shall be added to the  
8 attached estimate, and close out costs will not be significantly increased from the attached  
9 estimate.

10          5.       This Stipulation, Agreement, and Proposed Decision is based upon the funds  
11 described in paragraph 2, which will be disbursed to the Charter School for the Second Principal  
12 Apportionment Period, payment of which may be deferred as provided by law. If this disbursement  
13 is not released (due to Audit Finding No. 2008-1/10000), the Parties will meet to insure that the  
14 intent of this Stipulation, Agreement, and Proposed Decision as described in paragraph 1 is met,  
15 and that the State receives all apportionment funds earned by the Charter School, beyond those  
16 needed to settle the Charter School's liabilities.

17          6.       This Stipulation, Agreement, and Proposed Decision is subject to and conditioned  
18 upon approval and adoption by EAAP, pursuant to Education Code Section 41344.1, subdivision  
19 (b).

20          7.       This Stipulation, Agreement, and Proposed Decision may be executed in  
21 counterparts, each of which shall constitute an original. Facsimile or scanned signatures  
22 transmitted to other parties to this Stipulation, Agreement, and Proposed Decision are deemed to  
23 be the equivalent to original signatures on counterparts.

24                   Dated: *July 27,*  
25                   "-----", 2010

*Original Signed*

LISA CORR, ESQ.  
Middleton, Young & Minney, LLP  
Attorney for Appellant  
Russian River Charter High School

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August 11,  
Dated: \_\_\_\_\_ 2010

*Original Signed*

JAN PERLMAN  
President, Board of Directors  
Russian River Charter High School

July 22,  
Dated: \_\_\_\_\_, 2010

*Original Signed*

JOHN DICKERSON, ESQ.  
Staff Counsel  
Attorney for Respondent  
John Chiang, State Controller

EDMUND G. BROWN JR.  
Attorney General of the State of California  
KARIN S. SCHWARTZ  
Supervising Deputy Attorney General

July 28,  
Dated: \_\_\_\_\_, 2010

*Original Signed*

SARAH E. KURTZ  
Deputy Attorney General  
Attorneys for Intervener  
Department of Finance

