

**Education Audit Appeals Panel
State of California**

Appeal of 2010-11 Audit Findings 11-23,
11-25, and 11-27 by:

South Monterey County Joint Union
School District,
Appellant.

EAAP Case No. 12-04

OAH No. 2013110400

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: July 28, 2014.

IT IS SO ORDERED.

July 28, 2014

Date

Original Signed

David Botelho, Chairperson
for Education Audit Appeals Panel

1 Richard J. Chivaro, SBN 124391
Justin W. Dersch, SBN 258603
2 **OFFICE OF THE STATE CONTROLLER**
300 Capitol Mall, Suite 1850
3 Sacramento, CA 95814
Telephone: (916) 327-1363
4 Facsimile: (916) 322-1220

5 Attorneys for Respondent,
6 JOHN CHIANG, California State Controller

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

9 In the Matter of the Audit Appeal of:) EAAP Case No. 12-04
10 2010-11 Audit Finding 11-23, 11-25, and) OAH Case No. 2013110400
11 11-27 by:) **STIPULATED AGREEMENT**
12 SOUTH MONTEREY COUNTY JOINT)
13 UNION HIGH SCHOOL DISTRICT,)
14 Appellant.)

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

20 RECITALS

- 21 A. The SCO conducted an audit of the Appellant for the 2010-11 fiscal year, the
22 results of which were included in the audit report issued on or about February 23, 2012.
- 23 B. In Audit Finding 11-23, the SCO determined that the Appellant was not in
24 compliance with Education Code section 46000, which requires the recordation and retention of
25 attendance records, resulting in an overstatement in the amount of apportionment the Appellant
26 claimed from the State in the amount of \$328,606. In regard to Audit Finding 11-25, the SCO
27 determined that the Appellant was not in compliance with Education Code section 41402, which
28 sets a maximum administrative employee to teacher ratio, resulting in an overstatement in the

1 amount of apportionment the Appellant claimed from the State in the amount of \$153,411.
2 Lastly, in Audit Finding 11-27, the SCO determined that the Appellant was not in compliance
3 with Title 5 of the California Code of Regulations section 11704, which sets a maximum
4 independent study pupil to teacher ratio, resulting in an overstatement in the amount of
5 apportionment the Appellant claimed from the State in the amount of \$73,776. The total amount
6 of overstated apportionment for the above findings is \$555,793.

7 C. Appellant then timely filed a request for formal appeal of Audit Findings 11-23,
8 11-25, and 11-27 pursuant to Education Code section 41344(d) instituting this appeal.

9 D. Finance intervened as a Respondent pursuant to Education Code section
10 41344.1(b).

11 E. In order to avoid the cost and uncertainty of litigation, the Parties to this case
12 agree to resolve this dispute on the terms and conditions described herein.

13 AGREEMENT

14 For the purpose of completely settling and resolving the appeal of Audit Findings 11-23,
15 11-25, and 11-27, the Parties agree as set forth below:

16 1. This stipulated agreement fully and completely resolves all claims, demands,
17 appeals, obligations, or causes of actions arising from or relating to Audit Findings 11-23, 11-25,
18 and 11-27. Accordingly, the Parties expressly waive any right or claim to assert or pursue
19 thereafter any claim, demand, obligation, and/or cause of action relating to Audit Findings 11-23,
20 11-25, and 11-27.

21 2. The Appellant shall repay in full satisfaction of Audit Finding 11-23 the sum of
22 \$85,600, with no interest, from its next principal apportionment following EAAP approval and
23 adoption of this stipulated agreement.

24 3. The Appellant shall repay in full satisfaction of Audit Finding 11-25 the sum of
25 \$94,393, with no interest, from its next principal apportionment following EAAP approval and
26 adoption of this stipulated agreement.

27 4. The Appellant shall repay in full satisfaction of Audit Finding 11-27 the sum of

28 ///

1 \$73,776, with no interest, from its next principal apportionment following EAAP approval and
2 adoption of this stipulated agreement.

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

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

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

9 Dated: May 14,
10 _____, 2014

SOUTH MONTEREY COUNTY JOINT UNION HIGH
SCHOOL DISTRICT

Original Signed

11 By:

12 _____
13 DANIEL MOIRAO, State Administrator
14 Representative for Appellant

15 APPROVED AS TO FORM:

16 Dated: May 14,
17 _____, 2014

Original Signed

18 By:

19 _____
20 RICHARD C. MIADICH
21 Olson Hagel & Fishburn LLP
22 Attorney for Appellant

23 Dated: 5/14, 2014

DEPARTMENT OF FINANCE

Original Signed

24 By:

25 _____
26 NICK SCHWEIZER
27 Program Budget Manager,
28 Department of Finance

Dated: 6/4, 2014

OFFICE OF THE STATE CONTROLLER

Original Signed

By:

JUSTIN W. DERSCH
Staff Counsel for Respondent,
JOHN CHIANG, California State Controller