

**Education Audit Appeals Panel  
State of California**

Appeal of 2013-14 Audit Finding 14-5 and  
2014-15 Audit Finding 15-4 by:

EAAP Case No. 15-03 & 16-01  
OAH No. 2015090387 &  
2016050358

Petaluma City Schools,  
Appellant.

**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: 11/7/2016

IT IS SO ORDERED.

11/7/2016  
Date

  
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Joel Montero, Chairperson  
for Education Audit Appeals Panel

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BEFORE THE  
EDUCATION AUDIT APPEALS PANEL  
STATE OF CALIFORNIA

**IN THE MATTER OF THE APPEALS OF  
FISCAL YEARS 2013-14 AND 2014-15;  
AUDIT FINDINGS 14-5 AND 15-4 BY  
PETALUMA CITY SCHOOLS,**

Appellant.

**OFFICE OF THE STATE CONTROLLER,**

Respondent.

**CALIFORNIA DEPARTMENT OF  
FINANCE,**

Intervenor.

Case No. EAAP 15-03 & 16-01

OAH No. 2015090387 & 2016050358

**STIPULATION AND SETTLEMENT  
AGREEMENT**

Appellant Petaluma City Schools ("Appellant"), Respondent Betty Yee, California State Controller ("SCO"), and Intervenor California Department of Finance ("DOF") (collectively known as "the Parties") agree to a complete settlement of the above-captioned matter as follows:

**RECITALS**

A. Appellant's audits for Fiscal Years 2013-14 and 2014-15 contained two findings that Appellant's Gateway Charter School was not in compliance with Education Code sections 47612.5 and 47605, subdivision (I), because its instructors were neither credentialed teachers nor Appellant's direct employees.

1 B. In Audit Finding 14-5 issued on June 30, 2014, Appellant's auditor questioned  
2 \$272,000 in Average Daily Attendance (ADA) funding that Appellant received for Fiscal Year  
3 2013-14.

4 C. In Audit Finding 15-4 issued on June 30, 2015, Appellant's auditor questioned  
5 \$345,348 in ADA funding that Appellant received for Fiscal Year 2014-15.

6 D. Appellant timely filed requests for formal appeal of the foregoing audit findings  
7 pursuant to Education Code section 41344, subdivision (d), instituting this appeal before the  
8 Education Audit Appeals Panel ("EAAP"). These requests were consolidated for the purposes of  
9 hearing.

10 E. DOF intervened pursuant to Education Code section 41344, subdivision (b).

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

13 AGREEMENT

14 For the purpose of completely settling and resolving the appeals of Audit Findings 14-5 and  
15 15-4, the Parties, without any admission of liability or wrongdoing, except as provided in section  
16 1 herein, and in furtherance thereof, do agree as set forth below:

17 1. Appellant shall repay in full satisfaction of Audit Finding 14-5 and 15-4 the total sum  
18 of \$244,584, which shall be withheld in equal installments from Appellant's principal  
19 apportionments for the next two years, without interest, following EAAP's approval of this  
20 stipulated agreement.

21 2. This stipulated agreement fully and completely resolves all claims, demands, appeals,  
22 obligations, or causes of action arising from or relating to Audit Findings 14-5 and 15-4.

23 Accordingly, the Parties expressly waive any right or claim to assert or pursue hereafter any  
24 claim, demand, obligation, and/or cause of action relating to Audit Findings 14-5 and 15-4.

25 3. This Agreement constitutes the entire understanding between the Parties. This is an  
26 integrated Agreement. It may not be modified or changed in any respect except in a writing  
27 signed by each party.  
28


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

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

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

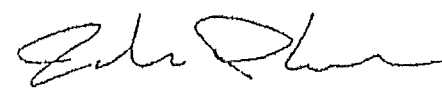
7  
8 Dated: 9-1-16

PETALUMA CITY SCHOOLS

By:   
Officer of Governing Board  
Petaluma City Schools

11 Dated: 8-30-16

OFFICE OF STATE CONTROLLER

By:   
JOHN DICKERSON  
Attorney for State Controller

16 Dated: \_\_\_\_\_

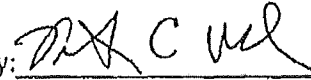
DEPARTMENT OF FINANCE

By: \_\_\_\_\_  
JEFF BELL  
Department of Finance

18 *AS TO FORM ONLY:*

20 Dated: 8-31-16

SCHOOL AND COLLEGE LEGAL SERVICES OF CALIFORNIA

By:   
PATRICK C. WILSON  
Attorney for Petaluma City Schools

24 Dated: \_\_\_\_\_

OFFICE OF THE ATTORNEY GENERAL

By: \_\_\_\_\_  
CHARLES J. ANTONEN  
Attorney for Department of Finance

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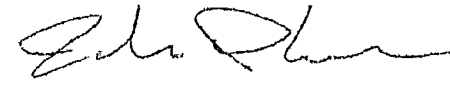
PETALUMA CITY SCHOOLS

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Officer of Governing Board  
Petaluma City Schools

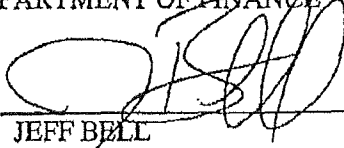
OFFICE OF STATE CONTROLLER

Dated: 8-30-16

By:   
JOHN DICKERSON  
Attorney for State Controller

DEPARTMENT OF FINANCE

Dated: 30 Aug 16

By:   
JEFF BELL  
Department of Finance

AS TO FORM ONLY:


SCHOOL AND COLLEGE LEGAL SERVICES OF CALIFORNIA

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
PATRICK C. WILSON  
Attorney for Petaluma City Schools

OFFICE OF THE ATTORNEY GENERAL

Dated: 9/1/16

By:   
CHARLES J. ANTONEN  
Attorney for Department of Finance

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