

**Education Audit Appeals Panel
State of California**

Appeal of prior year adjustment(s) for redevelopment agency (RDA) pass-through payment(s) for fiscal year(s) 2003-04, 2004-05, 2005-06, 2006-07, and 2007-08 by:

Fontana Unified School District,
Appellant.

EAAP Case No. R09-79
OAH No. 2010031428

Decision

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

Effective date: January 28, 2013

IT IS SO ORDERED.

January 28, 2013
Date

Original Signed
David Botelho, Chairperson
for Education Audit Appeals Panel

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State Bar No. 266334
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7 JOHN CHIANG, California State Controller

8 STATE OF CALIFORNIA
9 EDUCATION AUDIT APPEALS PANEL

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11 In the Matter of the Appeal of Prior Year
Adjustments for Redevelopment Agency
12 (RDA) Pass-through Payment(s) for Fiscal
Year(s) 2003-04, 2004-05, 2005-06, 2006-
13 07, 2007-08 by:

14 FONTANA UNIFIED SCHOOL
DISTRICT,

15 Appellant.
16

EAAP Case No. R09-79
OAH Case No. 2010031428

SETTLEMENT AGREEMENT

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18 The STATE CONTROLLER'S OFFICE ("SCO"), the DEPARTMENT OF FINANCE
19 ("Finance"), and the FONTANA UNIFIED DISTRICT ("District") (collectively, "Parties")
20 hereby enter into this Stipulated Agreement ("Agreement") to resolve Education Audit Appeals
21 Panel ("EAAP") Case No. R09-79, currently pending before EAAP.

22 **RECITALS**

23 A. On October 1, 2009, California Department of Education ("CDE") notified the
24 District that, due to the District's under-reporting of redevelopment pass-through payments
25 received between Fiscal Year ("FY") 2003-04 and FY 2007-08, CDE was reducing the District's
26 Total Principal Apportionment by \$1,443,555 for FY 2009 - 2010.

27 B. On November 2, 2009, the District sent a written request for a Summary Review
28 to EAAP pursuant to Education Code section 41344. The District stated that it disagreed with the

1 redevelopment pass-through payment deduction identified by CDE and indicated that according
2 to their records the amount reported was \$106,624 less than what they actually received.

3 C. On further review of the issues, it appeared to the Parties that calculation of the
4 discrepancy between the District's reporting of pass-through payments and the amount reported
5 by the SCO was incorrect due to late pass-through payments by the Redevelopment Agency of
6 the County of San Bernardino, the Redevelopment Agency of the City of Rialto, and the Fontana
7 Redevelopment Agency.

8 D. After reviewing the District's Appeal documentation and performing its own
9 calculation to account for the late RDA payments, the SCO found that the District's Principal
10 Apportionment should be reduced no more than \$705,438.00

11 E. In order to avoid the time and expense of ongoing litigation between the Parties,
12 the Parties have agreed to enter into this Agreement.

13 **AGREEMENT**

14 A. If this Agreement is approved and adopted by EAAP, then the District's next
15 Total Principal Apportionment may be reduced by \$705,438.00, and not the \$1,443,555 as
16 initially stated in CDE's October 1, 2009 letter.

17 B. Finance has consulted with CDE regarding the revised deduction to the District's
18 Total Principal Apportionment, and Finance will continue to consult with CDE, including
19 providing CDE with the final terms of this Agreement.

20 C. The Parties further agree that, if this Agreement is approved and adopted by
21 EAAP, then this Agreement constitutes a full and final resolution of all claims and issues arising
22 from the Appeal. This Agreement includes pass-through payments due and/or received through
23 the end of Fiscal Year 2007 – 2008, and does not include pass-through payments due and/or
24 received thereafter, except as indicated.

25 D. This Agreement is approved by the District's Governing Board.

26 E. The SCO will review the amounts reported to the CDE pursuant to Health and
27 Safety Code section 33684, subdivision (g)(2), and ensure that the adjustment made pursuant to
28 this Agreement is reflected as appropriate.

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F. This Agreement may be executed in counterparts, each of which shall constitute an original. Facsimile signatures transmitted to other parties to this Agreement are deemed to be the equivalent of original signatures or counterparts.

The Parties ratify the preceding terms and conditions through the signature of their representatives as follows:

DATED: December 11, 2012

FONTANA UNIFIED SCHOOL DISTRICT

Original Signed

By: *Kelley A. Owens*
Attorney for the District

DATED: December 11, 2012

OFFICE OF THE STATE CONTROLLER

Original Signed

By: *David Kroyenfeld*
Attorney for the Controller

DATED: December, 2012

DEPARTMENT OF FINANCE

Original Signed

January 29, 2013

By: *NICK SCHWEIZER*
PROGRAM BUDGET MANAGER

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