

**Education Audit Appeals Panel
State of California**

Appeal of 2006-07 Audit Finding 2007-4
by:

Jamul-Dulzura Union School District,
Appellant.

EAAP Case No. 08-11

OAH No. 2010121042

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: May 23, 2011.

IT IS SO ORDERED.

May 23, 2011
Date

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

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9

10
11 BEFORE THE EDUCATION AUDIT APPEALS PANEL
12 STATE OF CALIFORNIA, SAN DIEGO
13

14 **Appeal of Fiscal Year 2006-07 Audit**
15 **Finding(s) 2007-4 by JAMUL-DULZURA**
16 **UNION SCHOOL DISTRICT,**
17 **Appellant,**
18 **v.**
19 **CALIFORNIA STATE CONTROLLER,**
20 **Respondent.**

OAH Case No. 2010121042

EAAP Case No. 08-11

SETTLEMENT AGREEMENT

Location: OAH San Diego
1350 Front Street
Suite 3005
San Diego, CA 92101

21
22 The Department of Finance (Finance), on the one hand, and the Greater San Diego
23 Academy Charter Homeschool (Charter) and the Jamul-Dulzura Union School District (District),
24 on the other, (collectively, Parties) hereby enter into this Settlement Agreement (Agreement) to
25 resolve the above-captioned audit appeal before the Education Audit Appeals Panel (EAAP),
26 EAAP Case No. 08-11, OAH Case No. 2010121042.

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1 RECITALS

2 A. The independent accounting firm of Wilkinson Hadley & Co., LLP (Auditor)
3 audited the District and the Charter for the 2006-07 fiscal year and issued an audit report, dated
4 December 10, 2007.

5 B. Audit Finding 2007-4 concluded that the Charter was not in compliance with
6 section 51747, subdivision (c)(5) of the California Education Code, which requires that “[n]o
7 independent study agreement shall be valid for any period longer than one semester, or one-half
8 year for a school on a year-round calendar.” Audit Finding 2007-4 stated:

9 In our review of the independent study master agreement used by
10 the charter school, we noted the master agreements used were for a
11 period of one school year. The dates on the agreement were from
12 July 1, 2006-June 30, 2007. As a result of using an agreement that
13 is for one year rather than by semester, the apportionment claimed
14 for all the students after December 31, 2006 should be disallowed
15 [sic] due to not having a proper agreement on file as required.

16 C. The Auditor concluded that Audit Finding 2007-04 was a material noncompliance,
17 resulting in a \$616,174 overstatement in the amount of apportionment the Charter claimed.

18 D. On or about March 13, 2008, the State Controller’s Office (Controller) rejected the
19 audit because it failed to meet the minimum reporting standards. On or about March 28, 2008, the
20 Auditor submitted a revised audit to the Controller. The Controller certified the revised audit.

21 E. The District and the Charter disputed the determination set forth in Audit Finding
22 2007-04 and requested a summary review with EAAP.

23 F. On or about November 9, 2010, EAAP concluded that the conditions for finding
24 substantial compliance were not clearly met. Appellant then timely filed a request for formal
25 appeal (Appeal) to EAAP pursuant to section 41344 of the Education Code.

26 G. On or about January 26, 2011, Finance intervened in the above-captioned matter
27 by notice of motion and motion to intervene pursuant to section 41344.1, subdivision (b), of the
28 Education Code. The motion was granted on February 4, 2011.

H. On or about January 28, 2011, the Controller notified Finance that it would not
oppose the Appeal.

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1 I. To avoid the time and expense of ongoing litigation, the Parties have agreed to
2 enter into this Agreement.

3 **AGREEMENT**

4 For the purpose of completely settling and resolving the audit findings between the
5 District and Finance, the Parties agree as set forth:

6 1. This Agreement fully and completely resolves all claims, demands, appeals,
7 obligations, or causes of actions between the District, Charter, and Finance arising from or
8 relating to Audit Finding 2007-4 and/or the audit appeal. Accordingly, the District, Charter, and
9 Finance expressly waive any right or claim to assert or pursue thereafter any claim, demand,
10 obligation, and/or cause of action between the District, Charter, and Finance relating to Audit
11 Finding 2007-04.

12 2. The Charter shall repay \$66,000 of the questioned costs contained in Audit
13 Finding 2007-4 over a period of three years without interest, beginning with the 2011-12 fiscal
14 year. Payments will be secured as an offset to the Charter's revenue apportionment in equal
15 installments for fiscal years 2011-12 through 2013-14, or if the Charter closes, from any available
16 funds of the Charter.

17 3. The Charter shall ensure that in 2011-12 and all future years, all independent study
18 agreements will meet the requirements specified in section 51747 of the Education Code.

19 4. This Agreement is subject to and conditioned upon approval and adoption by
20 EAAP, pursuant to section 41344.1, subdivision (b), of the Education Code. This Agreement
21 shall be submitted to EAAP for approval following signature by the District and Charter.

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

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1 The Parties ratify the preceding terms and conditions through the signatures of their
2 respective representatives, as follows:

3 DATED: 3-25, 2011

JAMUL-DULZURA UNIFIED SCHOOL DISTRICT

4
5 By: Original Signed

6 Nadine Bennett
7 Superintendent
Jamul-Dulzura Unified School District

8 DATED: 4-1, 2011

GREATER SAN DIEGO ACADEMY

9
10 By: Original Signed

11 Gail Levine
12 Director
Jamul-Dulzura Unified School District

13 DATED: April 26, 2011

14 KAMALA D. HARRIS
15 Attorney General of California
16 RICHARD T. WALDOW
17 Supervising Deputy Attorney General

18 By: Original Signed

TRACEY L. ANGELOPOULOS
Deputy Attorney General
Attorneys for Intervenor Department of Finance

19 AS TO FORM ONLY:

20 DATED: April 21, 2011

21 OFFICE OF THE STATE CONTROLLER

22 By: Original Signed

23 Justin W. Dersch, Staff Counsel
24 *Attorneys for Respondent*
California State Controller

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