

**Education Audit Appeals Panel
State of California**

Appeal of 2015-16 Audit Finding 2016-0071
by:

Bonsall Unified School District,
Appellant.

EAAP Case No. 17-18
OAH No. 2018-07-0566

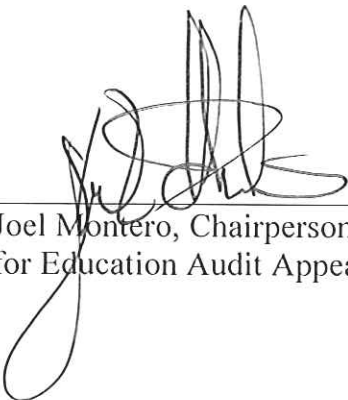
Decision

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

Effective date: ~~FEB~~ 25, 2019.

IT IS SO ORDERED.

~~FEB~~ 25, 2019
Date



Joel Montero, Chairperson
for Education Audit Appeals Panel

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EDUCATION AUDIT
APPEALS PANEL

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6 Attorneys for Appellant
Bonsall Unified School District
7

8
9 BEFORE THE EDUCATION AUDIT APPEALS PANEL
10 STATE OF CALIFORNIA

11 In the Matter of the Appeal of Audit Finding 1
12 of Program Audit of California Clean Energy
13 Jobs Act by:

14 BONSALL UNIFIED SCHOOL DISTRICT,

15 Appellant,
16

17 v.
18

19 CALIFORNIA STATE CONTROLLER,

20 Respondent,
21

22 CALIFORNIA DEPARTMENT OF
FINANCE,
23

24 Intervenor.
25

EAAP Case No. 17-18

OAH No. 2018-07-0566

**STIPULATION AND SETTLEMENT
AGREEMENT**

26 Appellant BONSALL UNIFIED SCHOOL DISTRICT ("Appellant" or "District"), Respondent
27 CALIFORNIA STATE CONTROLLER'S OFFICE ("SCO"), and Intervenor CALIFORNIA
28 DEPARTMENT OF FINANCE ("Finance") (collectively referred to herein as "the Parties") agree
to a complete resolution of the above-captioned matter as follows:

RECITALS

1
2 A. The SCO conducted an audit of the Appellant's Proposition 39 program
3 expenditures for the period of December 19, 2013 through June 30, 2016, the results of which
4 were included in a June 30, 2017 audit report issued by the SCO to Appellant on or about
5 September 26, 2017 ("June 30, 2017 SCO Audit").

6 B. The June 30, 2017 SCO Audit found that the District sole-sourced its planning
7 funds in violation of Public Resources Code 26235(c), which prohibits a local educational agency
8 from using a sole source process to award Proposition 39 funds ("June 30, 2017 SCO Audit
9 Finding 1"). The June 30, 2017 SCO Audit concluded that such violation was apportionment
10 significant as it related to the District's program implementation funds, which totaled \$86,177, as
11 well as \$20,038 in planning funds the District received directly from the California Department of
12 Education, for a combined total of \$106, 215.00 ("June 30, 2017 SCO Audit Amount").

13
14 C. Following the summary review process through the Education Audit Appeals Panel
15 ("EAAP"), Appellant timely filed a request for formal appeal of EAAP's decision upholding the
16 June 30, 2017 SCO Audit Finding 1 instituting this appeal before the EAAP.

17
18 D. Finance intervened pursuant to Education Code section 41344.1, subdivision (b).

19 E. In order to avoid the cost and uncertainty of litigation, the Parties to this case agree
20 to resolve this dispute on the terms and conditions described below.

AGREEMENT

21
22 For purposes of completely settling and resolving the June 30, 2017 SCO Audit Finding 1
23 and the District's appeal thereto, the Parties agree as set forth below:

24
25 1. Appellant shall repay in full satisfaction of the June 30, 2017 SCO Audit Amount
26 the sum of \$106,215.00, with no interest, to be paid in equal annual payments over a period of six
27 (6) years, or \$17,702.50 annually, which shall be withheld commencing with Appellant's next
28

1 principal apportionment following the effective date of this Stipulation and Settlement Agreement.

2 The effective date of this Stipulation and Settlement Agreement shall occur upon the acceptance of
3 this Stipulation and Settlement Agreement by both the EAAP and the District's Governing Board.

4 2. This Stipulation and Settlement Agreement fully and completely resolves the
5 District's appeal of the June 30, 2017 SCO Audit Finding 1.

6 3. This Stipulation and Settlement Agreement constitutes the entire understanding
7 between the Parties. This is an integrated Stipulation and Settlement Agreement. It may not be
8 modified or changed in any respect except in writing signed by each party.


9 4. This Stipulation and Settlement Agreement is subject to and conditioned upon
10 approval and adoption by EAAP, pursuant to Education Code section 41344.1, subdivision (b),
11 and upon ratification by the Appellant's Governing Board.

12 5. This Stipulation and Settlement Agreement may be executed in counterparts, each
13 of which shall constitute an original. Facsimile and electronic, or pdf, signatures by the Parties
14 and/or their designated representatives are deemed the equivalent of original signatures.

15 6. The Parties shall be responsible for their own attorneys' fees and costs.

16 DATED: December 20, 2018

BONSALL UNIFIED SCHOOL DISTRICT

17 By: 
18 David Jones

19 Superintendent, Bonsall Unified School District

20 DATED: December __, 2018

21 OFFICE OF THE CALIFORNIA STATE
22 CONTROLLER

23 By:

24 John E. Dickerson
25 Staff Counsel for Respondent California State
26 Controller

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18 DATED: December __, 2018

BONSALL UNIFIED SCHOOL DISTRICT

21 By: _____

David Jones

Superintendent, Bonsall Unified School District

23 DATED: December 21, 2018

OFFICE OF THE CALIFORNIA STATE
CONTROLLER

26 By:  _____

John E. Dickerson

Staff Counsel for Respondent California State
Controller

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DATED: December 24, 2018

CALIFORNIA DEPARTMENT OF FINANCE

By: Jessica Holmes for
Jeff Bell, Program Budget Manager
for Intervenor California Department of Finance

APPROVED AS TO FORM:

DATED: December __, 2018

FAGEN FRIEDMAN & FULFROST, LLP

By: _____
Kathleen McKee
Kelley Owens
Attorneys for Appellant Bonsall Unified School District

DATED: December __, 2018

OFFICE OF THE CALIFORNIA STATE
CONTROLLER

By: _____
John E. Dickerson
Staff Counsel for Respondent California State
Controller

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DATED: December __, 2018

CALIFORNIA DEPARTMENT OF FINANCE

By: _____

Jeff Bell, Program Budget Manager
for Intervenor California Department of Finance

APPROVED AS TO FORM:

DATED: December 31, 2018
January

FAGEN FRIEDMAN & FULFROST, LLP

By: _____

Kelley Owens
Kathleen McKee
Kelley Owens
Attorneys for Appellant Bonsall Unified School District

DATED: December __, 2018

OFFICE OF THE CALIFORNIA STATE
CONTROLLER

By: _____

John E. Dickerson
Staff Counsel for Respondent California State
Controller

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DATED: December __, 2018

CALIFORNIA DEPARTMENT OF FINANCE

By: _____

Jeff Bell, Program Budget Manager
for Intervenor California Department of Finance

APPROVED AS TO FORM:

DATED: December __, 2018

FAGEN FRIEDMAN & FULFROST, LLP

By: _____

Kathleen McKee
Kelley Owens
Attorneys for Appellant Bonsall Unified School District

DATED: December 21, 2018

OFFICE OF THE CALIFORNIA STATE
CONTROLLER

By: _____

John E. Dickerson
Staff Counsel for Respondent California State
Controller

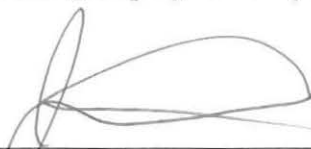


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January 7, 2019

DATED: December __, 2018

XAVIER BECERRA
Attorney General of California
LESLIE P. MCELROY
Supervising Deputy Attorney General

By: 
Julie T. Trinh
Deputy Attorney General
Attorneys for Intervenor
California Department of Finance

00108-00100/4389241.1



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Kelley A. Owens
Direct Dial: (760) 304-6025
kowens@f3law.com

January 31, 2019

Via FedEx Overnight

Timothy E. Morgan
Staff Counsel
Education Audit Appeals Panel
700 "L" Street, Suite 1100
Sacramento, CA 95814

Re: **Bonsall Unified School District v. Education Audit Appeals Panel**
EAAP Case No. 17-18; OAH Case No. 2018070566

Dear Mr. Morgan:

Our office represents the Bonsall Unified School District ("District"), Appellant in the above-referenced matter. The District, California State Controller's Office ("Respondent"), and California Department of Finance ("Intervenor") have reached a tentative agreement to settle the above-referenced matter. On behalf of all parties, the District submits the attached signed original counterparts of the settlement agreement, executed by all parties, to the Education Audit Appeals Panel ("EAAP") for consideration and approval at the next scheduled EAAP meeting.

Please contact our office should you have any questions or require further information.

Sincerely,

FAGEN FRIEDMAN & FULFROST, LLP

Lori Chiu

Kelley A. Owens

LC

Enclosures: As Stated.

Timothy E. Morgan
January 31, 2019
Page 2

cc: David Jones, Superintendent, Bonsall Unified School District
William Pickering, Assistant Superintendent of Business and Administrative Services,
Bonsall Unified School District
John Dickerson, Counsel for California State Controller's Office
Julie Trinh, Deputy Attorney General and Counsel for the California Department of
Finance

108-100/4410803.1