Education Audit Appeals Panel State of California

Appeal of 2015-16 Audit Finding 2016-007 by:	EAAP Case No. 17-16 OAH No. 2017-10-1030
San Ysidro School District, Appellant.	
D	ecision
The Education Audit Appeals Pane	l has adopted the attached Stipulated Agreement
of the parties as its Decision in the above-e	entitled matter.
Effective date:	9
	Joel Montero, Chairperson for Education Audit Appeals Panel

1	XAVIER BECERRA Attorney General of California		
2	JENNIFER M. KIM Supervising Deputy Attorney General		
3	ALYSON REED PARKER		
4	Deputy Attorney General State Bar No. 270660		
5	300 South Spring Street, Suite 1702 Los Angeles, CA 90013		
6	Telephone: (213) 269-6215 Fax: (213) 897-2805		
7	E-mail: Alyson.Parker@doj.ca.gov		
8	Department of Finance		
9	BEFORE THE EDUCATION AUDIT APPEALS PANEL		
10	FOR THE STATE OF CALIFORNIA		
11	OAH No. 2017101030		
	In the Matter of the Audit Appeal of: The 2015-2016 Audit Finding 2016-007 by SAN YSIDRO SCHOOL DISTRICT,	EAAP Case No. 17-16	
12		REVISED STIPULATED SETTLEMENT	
13		AGREEMENT	
14	Appellant,	Judge: Unassigned Case Filed: October 19, 2017	
15	v.		
16			
17	CALIFORNIA STATE CONTROLLER,	4	
18	Respondent,		
19	AND TO LOCAL CONTRACTOR OF THE AND		
20	CALIFORNIA DEPARTMENT OF FINANCE,		
21	Intervenor.		
22			
23	Appellant San Ysidro School District (Appellant), Respondent State Controller's Office		
24	(SCO), and Intervenor Department of Finance (Finance) (collectively, the Parties) agree to a		
25	complete resolution of the above-captioned matters as follows:		
26	//		
27	//		
28	//		
		1	

RECITALS

- A. The independent accounting firm of Wilkinson Hadley King & Co. (Auditor) conducted an audit of the Appellant for the 2015-2016 fiscal year; the results of which were included in the audit report issued on or about January 31, 2017.
- B. In audit finding 2016-007 for the 2015-16 fiscal year (Audit Finding 2016-007), the Auditor determined that the Appellant was not in compliance with Education Code section 41601 in the calculation of home and hospital instruction average daily attendance (ADA).
- C. Respondent SCO certified the Auditor's audit of the Appellant for the 2015-2016 fiscal year.
- D. The Auditor determined that there was material noncompliance which resulted in an overstatement in the amount of apportionment the Appellant claimed from the State in the amount of \$2,601,755 relative to Audit Finding 2016-007.
- E. Appellant then timely filed a request for formal appeal of Audit Finding 2016-007 pursuant to Education Code section 41344, subdivision (d), instituting this appeal.
- F. Finance intervened as a respondent pursuant to Education Code section 42344.1, subdivision (b).
- G. In order to avoid the cost and uncertainty of litigation, the Parties agree to resolve this dispute on the terms and conditions described herein.

AGREEMENT

For the purpose of completely settling and resolving the appeal of Audit Finding 2016-007, the Parties agree as set forth below:

- This stipulated agreement fully and completely resolves all claims, demands, appeals, obligations, or causes of actions arising from or relating to Audit Finding 2016-007.
 Accordingly, the Parties expressly waive any right or claim to assert or pursue thereafter any
- claim, demand, obligation, and/or cause of action relating to Audit Finding 2016-007.
- 2. The Appellant shall repay in full satisfaction of Audit Finding 2016-007 the sum total of \$1,767,952. The total amount of the repayment shall be withheld from the Appellant's future principal apportionments in equal installments over a period of four (4) years, with no interest,

commencing with its next principal apportionment following the Education Audit Appeals

Panel's (EAAP) approval and adoption of this stipulated agreement, and approval and adoption

by the Board of Education of San Ysidro School District.

- 3. The appellant shall report adjustments for the disallowed Second Principal Apportionment (P-2) ADA of 262.02 and ADA of 350.07 pursuant to Audit Finding 2016-007 to the California Department of Education within 30 days of EAAP approving and adopting this stipulated agreement.
- 4. This stipulated agreement is subject to and conditioned upon approval and adoption by EAAP, pursuant to Education Code section 41344.1, subdivision (b).
- 5. This stipulated agreement may be executed in counterparts, each of which shall constitute an original. Facsimile and PDF signature transmitted to other parties to this stipulated agreement are deemed to be the equivalent of original signatures.
 - 6. Each of the Parties shall be responsible for its own attorneys' fees and costs.

Dated:01-24-	.2019	SAN YSIDRO SCHOOL DISTRICT
		By: Jimo A. Potter, Ed.D., Superintendent
Dated:	, 2018	DEPARTMENT OF FINANCE
	2019	By:
Dated:	, 2018	OFFICE OF THE STATE CONTROLLER
	. /	By:John E. Dickerson, Staff Counsel

commencing with its next principal apportionment following the Education Audit Appeals

Panel's (EAAP) approval and adoption of this stipulated agreement, and approval and adoption

by the Board of Education of San Ysidro School District.

- 3. The appellant shall report adjustments for the disallowed Second Principal Apportionment (P-2) ADA of 262.02 and ADA of 350.07 pursuant to Audit Finding 2016-007 to the California Department of Education within 30 days of EAAP approving and adopting this stipulated agreement.
- 4. This stipulated agreement is subject to and conditioned upon approval and adoption by EAAP, pursuant to Education Code section 41344.1, subdivision (b).
- This stipulated agreement may be executed in counterparts, each of which shall constitute an original. Facsimile and PDF signature transmitted to other parties to this stipulated agreement are deemed to be the equivalent of original signatures.
 - 6. Each of the Parties shall be responsible for its own attorneys' fees and costs.