

CARDIFF SCHOOL DISTRICT
1888 Montgomery Avenue
Cardiff-by-the-Sea, California

**REGULAR MEETING OF THE GOVERNING BOARD
AGENDA
THURSDAY, MAY 14, 2020 • 5:00 PM • PUBLIC MEETING**

The Governor of California has declared a State of Emergency to exist in California as a result of the threat of COVID-19 (aka "Coronavirus"). The Governor issued Executive Order N-25-20, which directs Californians to follow public health directives including canceling large gatherings. The Executive Order also allows local legislative bodies to hold meetings via conference/video calls while still satisfying state transparency requirements. The Governor has also issued Executive Order N-33-20, prohibiting people from leaving their homes or places of residence except to access necessary supplies and services or to engage in specified critical infrastructure employment.

TO ACCESS THE MAY 14, 2020 GOVERNING BOARD OF TRUSTEES REGULAR MEETING:

The public's health and well-being are the top priority for the Cardiff School District Governing Board of Trustees and you are urged to take all appropriate health and safety precautions. As such, the May 14, 2020 Regular Meeting of the Governing Board of Trustees will be available through telephonic/video means. For meeting access, please contact emily.horta@cardiffschools.com or 760-632-5890 x101.

TO ADDRESS THE GOVERNING BOARD REGARDING AN ITEM ON THE AGENDA:

Persons wishing to address the Board concerning items on the agenda are invited to do so when the item is addressed at the meeting. Please complete and submit the Request to Provide Public Input Form (see link below). When the Board President invites you to speak, the moderator will unmute your device. Please state your name for the record. In the interest of time and order, each speaker is allotted a maximum of three (3) minutes. When your speaking time expires you will be prompted with a 15-second warning, after which the moderator will mute your device. The [Request to Provide Public Input Form](#) will be available one hour prior to the meeting, beginning at 4:00pm, Thursday, May 14, 2020, in order to give the public an opportunity to complete a request to speak. If you are unable to access the live link to the form at 4:00pm on May 14, please email Emily Horta at: emily.horta@cardiffschools.com

If reasonable accommodations are needed to access the meeting based on disability or other reasons, please contact emily.horta@cardiffschools.com or 760-632-5890 x101 at least twelve (12) hours in advance of the meeting to make arrangements for such reasonable accommodations. In compliance with Government Code 54957.5, agenda-related documents that have been distributed to the Board less than 72 hours prior to the Board meeting are available for inspection upon request at the Cardiff School District, 1888 Montgomery Avenue, Cardiff or on our [website](#).

I. ORGANIZATIONAL ITEMS

- A. Call to Order
 - B. Pledge of Allegiance
 - C. Roll Call
- Ms. Siena Randall, President

Mr. David Ross, Clerk
Ms. Nancy Orr, Member
Mr. Dave Clark, Member
Mr. Mark Whitehouse, Member
Ms. Jill Vinson, Superintendent

D. Approve Agenda for May 14, 2020

All items are action unless labeled information.

E. Approve [Minutes](#) from the Regular Meeting of April 16, 2020

II. HEARING SESSION

A. Public Comments *(The purpose of the Board meeting is to conduct the School Board's business in public. The Board welcomes and encourages public comments, however, in accordance with the Brown Act, Board members may not respond to comments during the public comment portion of the agenda. Any member of the public who wishes to address the Board on an item on the agenda or on another topic which lies within the Governing Board's jurisdiction may do so, but must submit a written request. Presentations are limited to 3 minutes per person per topic. The total amount of time to be allowed on any item is fifteen minutes, unless the time limit is waived by a majority vote of the Board. The Board may 1) acknowledge receipt of the information; 2) refer to staff for further study; or 3) refer the matter to a future agenda.)*

B. Cardiff Elementary Teachers Association

C. ELAC/DELAC

D. School Site Council

E. Cardiff SEA

F. School Reports

G. ICOC

G. Reports on Workshops/Conferences

H. Superintendent's Report

III. CONSENT CALENDAR

Items listed in the Consent Calendar are considered to be routine and are acted on by the Board in one motion unless members of the Board request specific items to be discussed or pulled. It is understood that the Superintendent recommends approval on all Consent Items. Each item of the Consent agenda approved by the Board shall be deemed to have been considered in full and adopted as recommended.

A. Approve Current Business Items:

1. [Purchase Orders](#)

2. Commercial Warrants #14-665332 to #14-672568, \$179,191.58

3. Payroll Warrants, April, 2020, \$695,462.30

- B. Accept [Enrollment Report](#) as of 05/08/20
- C. Approve Cardiff School District's [Uniform Complaint Quarterly Report for January 1, 2020 – March 31, 2020](#)
- D. Adopt [Resolution Numbers 19-20-08, 19-20-09, 19-20-10, 19-20-11, and 19-20-12](#), for Routine Payroll, Accounting and Financial Report Signature Authorizations to the San Diego County Office of Education
- E. Approve [Nonpublic School Master County Contract with NewBridge School](#), for the Remainder of the 2019-20 School Year.
- F. Removal of Items from Consent Calendar
- G. Approve Consent Calendar

IV. GENERAL FUNCTIONS

- A. Approve Interdistrict Attendance Agreements for 2020-21 with the Following School Districts:

Carlsbad Unified	Del Mar Union
Encinitas Union	Solana Beach
San Marcos Unified	San Diego Unified
- B. Accept Measure GG Independent Citizens Oversight Committee [2019 Annual Report](#)
- C. Approve the Proposed Changes to the [Substitute Teacher Rate](#), Effective July 1, 2020

V. FACILITIES

- A. Bond Implementation Update (**Information**)
- B. Approve [Second Amendment](#) to the Contract Agreement between Cardiff School District and McCarthy Building Companies

- C. Approve [Ninth Amendment](#) to the Contract Agreement between Cardiff School District and Studio E Architects

VI. BUSINESS AND FINANCE

- A. Approve Resolution [19-20-13](#) Authorizing the Execution and Delivery of a Lease and Sublease Agreement and Related Documents and Actions

VII. FUTURE AGENDA ITEMS

VIII. ANNOUNCEMENT: ADJOURNING TO CLOSED SESSION

- A. Conference with Legal Counsel Regarding Anticipated Litigation
Government Code 54956.9

IX. REPORT FROM CLOSED SESSION *(If applicable)*

X. ADJOURNMENT OF MEETING

CARDIFF SCHOOL DISTRICT
1888 Montgomery Avenue
Cardiff-by-the-Sea, California 92007

MINUTES
REGULAR MINUTES OF APRIL 16, 2020

The regular meeting of the Governing Board of the Cardiff School District was held on Thursday, April 16, 2020 at the Ada Harris School Library, 1508 Windsor Road Cardiff-by-the-Sea, California and remotely via teleconference. President Randall called the meeting to order at 5:03 p.m. and led Trustees and visitors in the Pledge of Allegiance.

Members present: Clark, Orr, Randall, Ross, Whitehouse

Members absent: None

Administrators
present: Vinson, Parker

Visitors: Robert Wilkinson, Wilkinson, Hadley, King & Co. LLP

The agenda for April 16, 2020 was approved as presented.

MOTION: Ross
SECOND: Clark
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT: 0

The minutes from the regular meeting of March 12, 2020, were approved as written.

MOTION: Clark
SECOND: Orr
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT: 0

The minutes from the special meeting of March 17, 2020, were approved as written.

MOTION: Clark
SECOND: Orr
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0

ABSENT: 0

Hearing Session:

- The Cardiff SEA Gala has been postponed.
- Principal Scheftner informed the Board that teachers are working hard to adapt to distance learning. They are using Schoology and Google platforms as resources, in addition to video conferencing. STEAM, Spanish, Music and Garden are also continuing in the distance learning space. Principal Scheftner noted that they are working with the special education team on a plan to appropriately support students in a remote capacity.
- Principal Parker praised the teachers for handling the transition so well. Moving forward, she is focused on helping staff fine tune the balance between screen time and other activities, as well as layering in intervention services. President Randall praised our teachers and staff for doing such a great job in the distance learning environment.
- Superintendent Vinson complimented Principal Parker and Principal Scheftner for their hard work in helping their teams adjust to distance learning and the added responsibility of second trimester report cards and parent conferences. Due to the pandemic, it is anticipated that third trimester report cards will reflect comments only in lieu of traditional grades. Distance Learning Guiding Principles are being finalized. Ms. Vinson thanked Principal Parker and the custodians for handling a recent flood at Cardiff School during the heavy rains. Ms. Vinson shared that staff was considering financial options to present to the Board that would allow the District to bridge the anticipated budgetary shortfall in the Cardiff School rebuild in light of anticipated cost increases to the project.

The consent calendar was approved as presented.

MOTION: Orr
SECOND: Clark
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT: 0

Emergency Resolution 19-20-06, declaring emergency conditions exists at schools and offices in the District and delegating authority to modify promotion requirements for students currently enrolled, was approved.

MOTION: Orr
SECOND: Ross
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT: 0

Mr. Robert Wilkinson, from Wilkinson, Hadley, King & Co. LLP reviewed the Measure GG Bond Audit before the Board. Mr. Wilkinson reported that the audit was for the 2018-19 fiscal year and found no deficiencies.

The Measure GG Bond Fund Audit Report Ending June 30, 2019, was reviewed and accepted.

MOTION: Orr
SECOND: Whitehouse
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT: 0

Resolution 19-20-07, specifically designating public works project(s) of school facilities as an essential critical infrastructure sector, was approved.

MOTION: Clark
SECOND: Ross
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT: 0

The First Amendment to Professional Services Agreement for bond program management services for Measure GG, was approved.

MOTION: Orr
SECOND: Ross
AYES: Clark, Orr, Randall, Ross, Whitehouse
NOES: 0
ABSENT: 0

Randy Peterson, Bond Program Manager, reported that construction has resumed and been underway for about a month. The majority of this work was centered around repair of the damage that rain had caused during the three month work stoppage. Despite recent additional unforeseen weather delays, the foundation work and framing are progressing. Mr. Peterson informed the Board that a project review was being finalized in order to present to the Board the additional costs incurred as a result of the work stoppage due to the lawsuit and DSA increment 2 costs, and to establish a revised timeline for project completion.

There being no other regular business to come before the Board, the meeting was adjourned to closed session at 5:38 p.m. The meeting was reconvened at 7:30 p.m. President Randall reported that no action was taken during the closed session. There being no other business to come before the Board, the meeting was adjourned at 7:30 p.m.

Respectfully submitted,

David Ross, Clerk

Jill Vinson, Superintendent

APRIL 2020 PO LISTING

PO	Date	Supplier	Fund	Resource	Goal	Function	Object	Site	Description	Inv Amount
INSTRUCTIONAL SUPPLIES										
	4/13/20	JONATHAN KARDOS	0100	0000000	1110	1000	4300000	222	Instructional Supplies	\$ 406.87
2991	4/20/20	SOUTHWEST SCHOOL &	0100	0000000	1110	1000	4300000	222	Instructional Supplies	\$ 16.37
3046	4/20/20	SOUTHWEST SCHOOL &	0100	0000000	1110	1000	4300000	222	Instructional Supplies	\$ 11.96
3063	4/23/20	SYNCB/AMAZON	0100	0000000	1110	1000	4300000	222	Instructional Supplies	\$ 107.50
3037	4/23/20	SYNCB/AMAZON	0100	0000000	1110	1000	4300000	111	Instructional Supplies	\$ 70.03
3049	4/23/20	SYNCB/AMAZON	0100	0000000	1110	1000	4300000	222	Instructional Supplies	\$ 11.84
3064	4/23/20	SYNCB/AMAZON	0100	0000000	1110	1000	4300000	111	Instructional Supplies	\$ 1,291.34
	4/23/20	MISSION FEDERAL CREDIT UNION	0100	0000000	0000	2420	4300111	222	Annual Subscription	\$ 15.00
	4/23/20	MISSION FEDERAL CREDIT UNION	0100	0000000	0000	2420	4300111	111	Annual Subscription	\$ 80.00

\$ 2,010.91

NON-INSTRUCTIONAL SUPPLIES										
2773	4/9/20	HOME DEPOT CREDIT SERVICES	0100	8150000	0000	8110	4300000	000	Maintenance Supplies	\$ 614.90
3059	4/20/20	MAINTEX, INC.	0100	0000000	0000	8200	4300000	000	Maintenance Supplies	\$ 1,200.34
2799	4/20/20	READY REFRESH BY NESTLE	0100	0000000	0000	7200	4300000	000	Services for March	\$ 37.70
2799	4/20/20	READY REFRESH BY NESTLE	0100	0000000	0000	2700	4300000	111	Services for March	\$ 37.70
2799	4/20/20	READY REFRESH BY NESTLE	0100	0000000	0000	2700	4300000	222	Services for March	\$ 92.66
	4/20/20	SAN DIEGO COUNTY OFFICE OF ED	0100	0000000	0000	7200	4300000	000	Office Supplies	\$ 199.34
3047	4/20/20	SOUTHWEST SCHOOL &	0100	0000000	0000	7200	4300000	000	Office Supplies	\$ 15.32
3069	4/20/20	SOUTHWEST SCHOOL &	0100	0000000	0000	7200	4300000	000	Office Supplies	\$ 37.35
3069	4/20/20	SOUTHWEST SCHOOL &	0100	0000000	0000	7200	4300000	000	Office Supplies	\$ 418.62
3065	4/20/20	SOUTHWEST SCHOOL &	0100	0000000	0000	7200	4300000	000	Office Supplies	\$ 36.72
3071	4/20/20	SOUTHWEST SCHOOL &	0100	0000000	0000	7200	4300000	000	Office Supplies	\$ 16.21
3070	4/20/20	SOUTHWEST SCHOOL &	0100	0000000	0000	7200	4300000	000	Office Supplies	\$ 57.00
3051	4/23/20	SYNCB/AMAZON	0100	8150000	0000	8110	4300000	000	Maintenance Supplies	\$ 231.83

\$ 2,995.69

4000 (SUPPLIES) TOTALS: BALANCE: 232,376 ACCUMULATED BALANCE: 189,398 REMAING BALANCE: 42,978

UTILITIES										
2800	4/6/20	EDCO WASTE & RECYCLING SERVICE	0100	0000000	0000	8200	5500002	111	Services for March	\$ 494.43
2800	4/6/20	EDCO WASTE & RECYCLING SERVICE	0100	0000000	0000	8200	5500002	222	Services for March	\$ 494.43
2794	4/6/20	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	222	Services for March	\$ 74.16
2794	4/6/20	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	222	Services for March	\$ 404.90
2794	4/6/20	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	111	Services for March	\$ 372.65
2794	4/6/20	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	222	Services for March	\$ 49.73
2794	4/6/20	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	222	Services for March	\$ 2,604.06
	4/9/20	AT&T	0100	0000000	0000	7200	5900001	000	Services for March	\$ 2,493.04
2778	4/20/20	SAN DIEGO GAS & ELECTRIC	0100	0000000	0000	8200	5500001	222	Services for March	\$ 23.41
2778	4/20/20	SAN DIEGO GAS & ELECTRIC	0100	0000000	0000	8200	5500001	111	Services for March	\$ 5,245.43
2778	4/20/20	SAN DIEGO GAS & ELECTRIC	0100	0000000	0000	8200	5500001	222	Services for March	\$ 339.18
2778	4/20/20	SAN DIEGO GAS & ELECTRIC	0100	0000000	0000	8200	5500001	222	Services for March	\$ 48.12
2794	4/20/20	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	111	Services for March	\$ 798.06
2794	4/20/20	SAN DIEGUITO WATER DISTRICT	0100	0000000	0000	8200	5500003	111	Services for March	\$ 909.46
	4/20/20	AT&T	0100	0000000	0000	7200	5900001	000	Services for March	\$ 418.35
	4/20/20	AT&T	0100	0000000	0000	7200	5900001	000	Services for March	\$ 38.77
	4/20/20	AT&T	0100	0000000	0000	7200	5900001	000	Services for March	\$ 19.63
2778	4/23/20	SAN DIEGO GAS & ELECTRIC	0100	0000000	0000	8200	5500001	222	Services for March	\$ 1,098.44

\$ 15,926.25

SERVICES										
2812	4/6/20	DEPENDABLE NURSING, LLC	0100	6500000	5770	1190	5800000	000	Services for March	\$ 1,764.49
2784	4/6/20	MEBE	0100	6500000	5770	3120	5800000	000	Services for March	\$ 3,450.00
	4/6/20	VERIZON WIRELESS	0100	0000000	0000	7200	5900001	000	March Statement	\$ 130.32
2796	4/9/20	MISSION LINEN & UNIFORM	0100	8150000	0000	8110	5600000	000	Services for March	\$ 215.38
	4/9/20	ATEL COMMUNICATIONS INC.	0100	0000000	0000	7200	5800000	000	Maintenance Services	\$ 297.00
	4/9/20	EVAN WALSH	0100	0000085	1110	1000	5800000	111	Music Boosters	\$ 120.00
	4/9/20	HARRIS SCHOOL SOLUTIONS	0100	0000000	0000	7200	5800000	000	Merchant Fees For March	\$ 112.50
2785	4/9/20	INFINITY COMMUNICATIONS AND CONSULTING	0100	0000000	0000	7200	5800000	000	Professional Services	\$ 277.50
2774	4/20/20	AMERICAN PEST CONTROL	0100	0000000	0000	8200	5500004	111	Maintenance Services	\$ 60.00
	4/20/20	ASHLEY BRIDGEWATER	0100	0000085	1110	1000	5800000	111	Music Boosters	\$ 1,012.50
	4/20/20	ISOM ADVISORS	0100	0000000	0000	7200	5800000	000	Professional Services	\$ 3,850.00
	4/20/20	KAELYN HENDERSON	0100	0000085	1110	1000	5800000	111	Music Boosters	\$ 40.00
	4/20/20	VAUGHN IRRIGATION SERVICES INC	0100	8150000	0000	8110	5800000	000	Maintenance Services	\$ 1,690.00
	4/20/20	VAUGHN IRRIGATION SERVICES INC	0100	8150000	0000	8110	5800000	000	Repair Services	\$ 4,382.70
2814	4/23/20	J.M.D.LANDSCAPE INC.	0100	0000000	0000	8200	5800000	000	Maintenance Services	\$ 3,588.33
2901	4/23/20	LEAPS-N-BOUNDS	0100	6500000	5770	1190	5800000	000	Services for March	\$ 3,080.00

5000	(SERVICES)	TOTALS:	BALANCE: 915,399	ACCUMULATED BALANCE: 665,870	REMAING BALANCE: 249,529
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[illegible][illegible]

CARDIFF SCHOOL DISTRICT
Enrollment Form
May 8, 2020

**CARDIFF
GIRLS BOYS**

K Bjorstad	<u>9</u>	<u>8</u>	
K Glass	<u>8</u>	<u>10</u>	
K McNamara	<u>9</u>	<u>8</u>	
K Paccione	<u>8</u>	<u>9</u>	
K Stone	<u>9</u>	<u>9</u>	
			TOT K <u>87</u>

1 Easson	<u>8</u>	<u>10</u>	
1 Kavan	<u>7</u>	<u>9</u>	
1 Miller	<u>9</u>	<u>9</u>	
1 Rector	<u>9</u>	<u>9</u>	
1 Sallans	<u>9</u>	<u>9</u>	
			TOT 1 <u>88</u>

2 Boyesen	<u>13</u>	<u>10</u>	
2 Hamilton	<u>12</u>	<u>10</u>	
2 Payte	<u>12</u>	<u>11</u>	
2 Redding	<u>10</u>	<u>12</u>	
2 Pacetti/Paz	<u>14</u>	<u>7</u>	
			TOT 2 <u>111</u>

Wilson	<u>0</u>	<u>0</u>	TOT <u>0</u>
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Subtotal	<u>146</u>	<u>140</u>
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SCHOOL TOTAL	<u>286</u>
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DISTRICT TOTAL	<u>653</u>
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**ADA HARRIS
GIRLS BOYS**

3 Doui/Stuart	<u>9</u>	<u>14</u>	
3 Herrman	<u>10</u>	<u>14</u>	
3 Murray	<u>11</u>	<u>12</u>	
3 Switzler	<u>11</u>	<u>13</u>	
			TOT 3 <u>94</u>

4 Brice	<u>10</u>	<u>10</u>	
4 Green	<u>9</u>	<u>10</u>	
4 Mihaly	<u>8</u>	<u>10</u>	
4 Price	<u>8</u>	<u>11</u>	
4 Trees	<u>10</u>	<u>8</u>	
			TOT 4 <u>94</u>

5 d'Entremont	<u>10</u>	<u>11</u>	
5 Ensberg	<u>10</u>	<u>12</u>	
5 Heyer	<u>10</u>	<u>13</u>	
5 Yant	<u>10</u>	<u>12</u>	
			TOT 5 <u>88</u>

6 Jewell	<u>11</u>	<u>11</u>	
6 Nguyen	<u>10</u>	<u>9</u>	
6 Therriault	<u>12</u>	<u>9</u>	
6 Tiersma	<u>14</u>	<u>9</u>	
			TOT 6 <u>85</u>

Carruthers	<u>5</u>	<u>1</u>	TOT <u>6</u>
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Subtotal	<u>178</u>	<u>189</u>
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SCHOOL TOTAL	<u>367</u>
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Cardiff School District
Cardiff-by-the-Sea, California 92007
May 14, 2020

ITEM: **APPROVAL OF CARDIFF SCHOOL DISTRICT'S UNIFORM
COMPLAINT QUARTERLY REPORT FOR JANUARY 1, 2020 – MARCH
31, 2020**

BACKGROUND

Governing boards of school districts in California are required to review and approve the district's Uniform Complaint Quarterly Report regarding instructional materials, facilities and teacher staffing. This is the 3rd Quarterly Report, prepared for the period of January 31, 2020 – March 31, 2020. No complaints have been received for this period.

CURRENT CONSIDERATION

The San Diego County Office of Education has created a link on their website for school districts to electronically report the required information and the Cardiff School District has completed the reporting process for the quarter specified above.

FINANCIAL IMPLICATION

There are no current financial implications at this time.

RECOMMENDATION

It is respectfully recommended that the Board acknowledge the Uniform Complaint Quarterly Report for January 31, 2020 – March 31, 2020.

SDCOE Uniform Complaint Quarterly Reports Database

Williams and Valenzuela Settlements

Quarterly Complaint Summary ADD a new summary record

Submitted By: Emily Horta
Title: Williams District Contact
Report Date: 4/22/2020
Quarter: 1/1/2020 - 3/31/2020

**Number of Complaints
for Quarter:**

	Received	Resolved	Unresolved
Instructional Material	0	0	0
Facilities	0	0	0
Misassignment	0	0	0

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San Diego County Office of Education

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CARDIFF SCHOOL DISTRICT
Cardiff-By-the-Sea, California 92007
May 14, 2020

ITEM: **ADOPT RESOLUTION NUMBERS 19-20-08 THROUGH 19-20-12 FOR ROUTINE
PAYROLL, ACCOUNTING AND FINANCIAL REPORT SIGNATURE AUTHORIZATIONS
TO THE SAN DIEGO COUNTY OFFICE OF EDUCATION**

BACKGROUND

Pursuant to various sections of the Education Code, it is necessary that the governing board adopt a series of resolutions prior to the beginning of each fiscal year in order to maintain a current register of persons authorized to act on behalf of the school district.

CURRENT CONSIDERATIONS

Attached are five resolutions:

19-20-08 authorizes Ruth Monahan-Smith and Courtney Jasper to receive district mail from SDCOE and Courtney Jasper or Ruth Monahan-Smith to pick up warrants from SDCOE; also allows San Dieguito Union High School District to pick up payroll warrants;

19-20-09 authorizes Ruth Monahan-Smith or Courtney Jasper to sign the Payroll Payment Order;

19-20-10 authorizes SDCOE to release credential held warrants to employees;

19-20-11 authorizes Courtney Jasper or Jill Vinson to sign Commercial Warrants;

19-20-12 authorizes Courtney Jasper or Jill Vinson to authorize reissue of new payroll and commercial warrants.

FINANCIAL IMPLICATIONS

None.

RECOMMENDATION

It is respectfully recommended that the Board adopt resolutions 19-20-08 through 19-20-12.

RESOLUTION # 19-20-08
**RESOLUTION DESIGNATING AUTHORIZED AGENT TO RECEIVE MAIL
AND PICK UP WARRANTS AT THE COUNTY OFFICE OF EDUCATION**

Cardiff School District School District, San Diego County ON MOTION

OF member _____, seconded by member _____

effective July 1, 2020 through June 30, 2021.

IT IS RESOLVED AND ORDERED that:

1. The authorized agent (**one person only**) to receive mail from the Accounting/Payroll Sections is Courtney Jasper.
2. The authorized person(s) or district(s) to pick up warrants from the County Office (other than the mail addressee) are:
Courtney Jasper, Ruth Monahan-Smith or designated employee from the San Dieguito Union
High School District, are authorized to pick up payroll for the Cardiff School District.

- | | mail | hold | consortium | |
|--------------|--------------------------|--------------------------|--------------------------|---|
| 3. Check one | ☐ | ☐ | ☐ | Monthly payroll warrants each and every month. |
| Check one | ☐ | ☐ | ☐ | Daily/Hourly payroll warrants each and every month. |

IT IS FURTHER RESOLVED that, this motion shall stand and that all additions and deletions shall be submitted in writing to the San Diego County Office of Education.

PASSED AND ADOPTED by said Governing Board on May 14, 2020 by the following vote:
(date)

AYES: _____ MEMBERS

NOES: _____ MEMBERS

ABSENT: _____ MEMBERS

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) SS

I, Jill Vinson, Clerk of the Governing Board, do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly passed and adopted by said Board at a regularly called and conducted meeting held on said date.

Secretary/Clerk of the Governing Board

Manual signature(s) of authorized person(s):

Facsimile signature(s), if applicable:
(Rubber Stamp)

RESOLUTION # 19-20-09
PAYMENT ORDER RESOLUTION

Cardiff School District, San Diego County ON MOTION
OF member _____, seconded by member _____
effective July 1, 2020 through June 30, 2021.

IT IS RESOLVED AND ORDERED that, in accordance with the provisions of Section 3100 et seq., Chapter 8, Division 4, Title I of the Government Code (**all districts**), the following person(s) be and is hereby designated to ascertain and certify that each employee of said district has taken the oath of allegiance.

Ruth Monahan-Smith or Courtney Jasper.

IT IS FURTHER RESOLVED AND ORDERED that, in accordance with the payroll procedure provided in Education Code Section 45310 (**merit system districts only**), no warrant shall be drawn by or on behalf of the governing board of this district for the payment of any salary or wage to any employee in the classified service unless the assignment bears the certification of the following person:

_____, Personnel Director

IT IS FURTHER RESOLVED that this motion shall stand and that all additions and deletions shall be submitted in writing to the San Diego County Office of Education.

PASSED AND ADOPTED by said Governing Board on May 14, 2020 by the following vote:
(date)

AYES: _____ MEMBERS

NOES: _____ MEMBERS

ABSENT: _____ MEMBERS

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) SS

I, Jill Vinson, Clerk of the Governing Board, do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly passed and adopted by said Board at a regularly called and conducted meeting held on said date.

Secretary/Clerk of the Governing Board

Manual signature(s) of authorized person(s):

Facsimile signature(s), if applicable:
(Rubber Stamp) Gov Code Sec. 5501

RESOLUTION # 19-20-10
**RESOLUTION AUTHORIZING THE COUNTY OFFICE OF EDUCATION CREDENTIALS
DEPARTMENT TO RELEASE CREDENTIAL HELD WARRANTS TO EMPLOYEES**

Cardiff School District, San Diego County ON MOTION
OF member _____, seconded by member _____
effective July 1, 2020 through June 30, 2021.

IT IS RESOLVED AND ORDERED that, The County Office of Education Credentials Department is authorized to release credentials held warrants to employees who have provided the required credential paper work.

PASSED AND ADOPTED by said Governing Board on May 14, 2020 by the following vote:
(date)

AYES: _____ MEMBERS

NOES: _____ MEMBERS

ABSENT: _____ MEMBERS

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) SS

I, Jill Vinson, Clerk of the Governing Board, do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly passed and adopted by said Board at a regularly called and conducted meeting held on said date.

Secretary/Clerk of the Governing Board

RESOLUTION # 19-20-11
RESOLUTION DESIGNATING AUTHORIZED AGENT TO SIGN SCHOOL ORDERS
(COMMERCIAL WARRANTS)

_____ Cardiff School District, San Diego County ON MOTION
OF member _____, seconded by member _____
effective July 1, 2020 through June 30, 2021.

IT IS RESOLVED AND ORDERED that, pursuant to the provisions of Education Code
Section 42632 or 85232, Courtney Jasper or Jill Vinson be and is hereby
authorized to sign any and all orders in the name of said District, drawn on the funds of said
District.

IT IS FURTHER RESOLVED that this motion shall stand and that all additions and deletions shall
be submitted in writing to the San Diego County Office of Education.

PASSED AND ADOPTED by said Governing Board on May 14, 2020 by the following
vote: (date)

AYES: _____ MEMBERS

NOES: _____ MEMBERS

ABSENT: _____ MEMBERS

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) SS

I, Jill Vinson, Clerk of the Governing Board, do hereby certify that the foregoing is a
full, true, and correct copy of a resolution duly passed and adopted by said Board at a regularly
called and conducted meeting held on said date.

Secretary/Clerk of the Governing Board

Manual signature(s) of authorized person(s):

Facsimile signature(s), if applicable:
(Rubber Stamp)

Cardiff **SCHOOL DISTRICT**
RESOLUTION #XX AUTHORIZING THE REPLACEMENT OF WARRANTS

On a motion of Member _____, seconded by Member _____ the following Resolution is adopted:

WHEREAS, during the course of business, this School District issues payroll and commercial warrants for the payments of goods and services received by the District; and
 WHEREAS, payroll and commercial warrants are lost, stolen, mutilated, or expire upon occasion; and
 WHEREAS, a petition for issuance of a new warrant may be presented by the payee pursuant to Government Code section 29802.
 NOW, THEREFORE BE IT RESOLVED by the governing Board of the
Cardiff School District

School District of San Diego County, California, that the following persons shall be authorized to reissue new payroll and commercial warrants upon presentation of a properly completed petition for issuance of a new warrant if such new warrant does not exceed the amount of the original warrant.

	Manual Signature	Facsimile Signature
Superintendent	<u><i>Jill Vinson</i></u>	_____
Assistant Superintendent, Business Services	_____	_____
Assistant Superintendent, Employer/Employee Relations	_____	_____
Assistant Superintendent, Educational Services	_____	_____
Director of Accounting	_____	_____

PASSED AND ADOPTED by said Governing Board on May 14, 2020

AYES: _____

NOES: _____

ABSENT: _____

I, Jill Vinson Clerk of the Governing Board, do hereby certify that the foregoing is a full, true, and correct copy of a resolution adopted by the Governing Board at a regularly called and conducted meeting held on said date.

 Clerk of the Governing Board

Cardiff School District
Cardiff-By-The-Sea, California 92007
May 14, 2020

ITEM: **APPROVE THE NONPUBLIC MASTER CONTRACT BETWEEN
THE CARDIFF SCHOOL DISTRICT AND NEWBRIDGE SCHOOL**

BACKGROUND

California Government Code Section 53060 authorizes school districts "to contract with...any persons or agencies for the furnishing of special services... if such persons or agencies are specially trained and experienced and competent to perform the special services required..."

A Nonpublic Master Contract is required between the school district and the nonpublic school in order for payment of services to be rendered.

CURRENT CONSIDERATION

Specialized services per student's IEP, which are not able to be performed by district personnel; therefore, we are contracting with a nonpublic school for these services.

FINANCIAL IMPLICATIONS

The total cost for the 2019-20 school year shall not exceed \$20,592.78.

RECOMMENDATION

It is respectfully recommended that the Board approve the Nonpublic Master Contract between the Cardiff School District and NewBridge School.

Measure GG Independent Citizens Oversight Committee

2019 Annual Report

May 7, 2020

Cardiff School District

1888 Montgomery Ave.
Cardiff by the Sea, CA 92007

760-632-5890

www.cardiffschools.com



Dear Community Members,

The Independent Citizens Oversight Committee (ICOC) of the Cardiff School District is pleased to present our annual report. The 2019 Annual report covers activity for the period ending December 31, 2019.

The ICOC was formed for the purpose of actively reviewing and reporting on the expenditure of Measure GG bond proceeds.

Building on the commitment from the voters in 2016, the District has issued \$22 million in general obligation bonds and has expended \$6,467,082.92 on projects through December 31, 2019.

The ICOC wishes to thank the District staff and project management team for their support, their detailed updates, and transparency of information, not only to the Committee, but also to the public.

We welcome your questions and comments. You will find ICOC members' e-mail addresses within this report.

For more information about Measure GG and the ICOC, please visit the www.cardiffschools.com/MeasureGG web page.

Sincerely,

Rhea A. Stewart

President,

Cardiff School District Independent Citizens Oversight Committee

May 7, 2020

INTRODUCTION

Measure GG is a \$22 million bond initiative approved by 65.94% of District voters in November, 2016. The abbreviated form of the Measure GG Bond Measure stated that Measure GG is to "To improve the quality of education with local funding that cannot be taken by the State; modernize/construct classrooms, restrooms and school facilities; repair/replace roofs; renovate deteriorating plumbing and sewer systems; upgrade inadequate electrical systems; make health, safety, and energy efficiency improvements; and replace portables with permanent classrooms." See "Full Text of Measure" in **Exhibit A**.

Measure GG was passed under the rules of California Proposition 39 (passed in November 2000). California Assembly Bill 1908 (executed July 2000) required school districts that passed Proposition 39 bonds to appoint an Independent Citizens Oversight Committee (ICOC) "to assure that funds are spent only on school and classroom improvements and for no other purposes." The purpose of the ICOC is "to inform the public concerning the expenditure of bond revenues."

For additional information about the ICOC and Measure GG projects, visit the www.cardiffschools.com/ICOC web page and the www.cardiffschools.com/MeasureGG web page.

The projects mentioned in this annual report, including the Performance Audit, Project Status, Master Plans, and ICOC actions can be found at the www.cardiffschools.com/ICOC web page.

INDEPENDENT CITIZENS OVERSIGHT COMMITTEE (ICOC)

Members of the ICOC listed below were appointed by the District's Board of Trustees. This group committed to a second, two-year term from February 2019 through February 2021 at the December 11, 2018 ICOC meeting. ICOC members are appointed by the Board for a term of two years, and may be appointed to serve two additional terms. ICOC officers were elected at the March 21, 2019 meeting.

Name	Affiliation	Email Address
Christine Bruington	Active Member of Senior Citizens Organization	chris.bruington@cardiffschools.com
Chris Fowler	Active Member of a Business Organization	chris.fowler@cardiffschools.com
Bill Moser	Community at Large	bill.moser@cardiffschools.com
Chuck Nichols	Active Member of Senior Citizens Organization	chuck.nichols@cardiffschools.com
Jenny Pieratt	Parent of District Student	jenny.pieratt@cardiffschools.com
Dave Smiley	Community at Large	dave.smiley@cardiffschools.com
Rhea Stewart	Community at Large	rhea.stewart@cardiffschools.com
Adam Sweet	Active Member of a Parent Teacher Organization	adam.sweet@cardiffschools.com
Kenneth Williams	San Diego Taxpayers Association	ken.williams@cardiffschools.com

TIMELINE FOR MEASURE GG

The following dates and actions are significant to Measure GG and the ICOC.

Spring 2016: A series of Facilities Focus Group meetings were conducted on May 3, May 9, and May 23, 2016. Community members, staff, business leaders, parents, and other community stakeholders met to discuss ideas about District facilities needs. The District also approved a formal telephone poll to registered Cardiff voters, to gauge support for the issue from the greater Cardiff community, and initiated an online survey to solicit input from the families of currently registered students.

May-June 2016: Phone polling was conducted to understand Cardiff voters' opinions of the proposed measure language. The results of the polling were presented to the Governing Board.

July 7, 2016: The Cardiff Elementary School District approved revised resolution 15-16-18, authorizing Measure GG.

September 8, 2016: San Diego Taxpayers Association endorses Measure GG.

November 8, 2016: Cardiff voters approve Measure GG by a 65.94% vote.

February 6, 2017: The Board votes to appoint 10 members to the Independent Citizens' Oversight Committee.

February 13, 2017: Governing Board members approve a contract for bond program management with Randy Peterson, FAIA, of Peterson Consulting.

March 9, 2017: The Cardiff School District sells Series A bonds, in the amount of \$14,000,000, at a rate of 3.8%.

March 24, 2017: The District's Bond Implementation Team (BIT) holds its first meeting.

June 8, 2017: The Board approves the selection of Studio E Architects as the firm to design new school buildings.

Summer 2017: Community workshops were held on June 13, 2017 and August 30, 2017, to gather input on the Cardiff School design and receive updates on progress of the program.

September 14, 2017: The Board approves the selection of McCarthy Building Companies as the general contractor for the program, and selects the lease-

lease back delivery method.

November 16, 2017: A Board workshop was held to gather input on the Cardiff School design and receive updates on progress of the program.

March 15, 2018: At the ICOC meeting, the Committee received and reviewed the 2016-17 Measure GG Annual Audit report, and asked questions of the Independent Auditor's representative. On the basis of this review, the ICOC concurred with the Independent Auditor's conclusion of no findings of noncompliance and that the District complied with the requirements of Article 13A, Section 1(b)(3) of the California Constitution as it pertains to Measure GG.

EIR PROCESS

The preparation of an Environmental Impact Report (EIR) requires the District to follow a specific process as defined in the California Environmental Quality Act (CEQA). A Notice of Preparation (NOP) is communicated to the public of the intent to prepare a Draft Environmental Impact Report (DEIR). The NOP was made available on May 8, 2018. The public was given until June 6, 2018 to respond to the NOP.

October 5, 2018: DEIR assessing all required environmental categories was published and the public was provided 45 days to provide comments in writing to the District. At the conclusion of the 45-day comment period, the District's consultants began the preparation of the Final EIR (FEIR). In addition to all information contained within the DEIR, the FEIR addresses all concerns expressed in response to the DEIR. If environmental issues are presented that warrant further evaluation, then those evaluations are performed. In addition to the comprehensive environmental assessment, the FEIR included copies of all public and agency comments as well as responses to each comment. The FEIR was presented at the District's public board meeting on February 7, 2019. After the presentation by the consultants and Board and public discussion, the Board voted to adopt the FEIR. Both a Notice of Determination (NOD) and Notice of Exemption (NOE) were recorded on February 8, 2019 with the County of San Diego and the State of California. There is a 30-day period from the recording of the NOD in order to file a legal challenge.

February 14, 2019: The Cardiff School District sold Series B bonds in the amount of \$8,000,000 at a rate of 3.58%.

March 21, 2019: ICOC received and reviewed the 2017-18 Measure GG Annual Audit report, and asked questions of the Independent Auditor's representative. On the basis of this review, the ICOC concurred with the

Independent Auditor's conclusion of no findings of noncompliance and that the District complied with the requirements of Article 13A, Section 1(b)(3) of the California Constitution as it pertains to Measure GG.

ICOC AUDIT REVIEW

California Senate Bill 581 (SB 581), signed August 12, 2013, requires that independent performance and financial audits for the preceding year be conducted and submitted to the citizens oversight committee no later than March 31 of each year for its review. SB 581 also requires that the District provide the ICOC with responses, within three months, to any finding, recommendation, or concern addressed in the annual independent performance and financial audits.

The ICOC held a meeting on April 15, 2020, to receive and review the 2018-19 Measure GG Annual Audit report and ask questions of the Independent Auditor's representative. On the basis of this review the ICOC concurred with the Independent Auditor's conclusion of no findings of noncompliance and that the District complied with the requirements of Article 13A, Section 1(b)(3) of the California Constitution as it pertains to Measure GG.

MEASURE GG DELIVERY METHOD

The school district chose the **lease-leaseback** method of delivery on September 14, 2017. The following describes this method.

The District selects an architect and a lease-leaseback general contractor (GC) through a competitive proposal process. The architect works closely with the District's planning team in the creation of the design of the project and prepares construction documents and specifications. This all occurs in cooperation with the GC who provides value engineering, cost estimating, and constructability reviews. The GC competitively bids the entire project to multiple sub-contractors for each construction trade and assembles a guaranteed maximum price (GMP) for the construction. The District then leases the construction site to the lease-leaseback GC who then leases the site back to the district for the GMP, which represents the cost of construction.

MEASURE GG PROJECT PROGRESS

As of December 31, 2018, there are numerous activities occurring simultaneously for the Measure GG project. Various design plans including

architectural, landscape architecture, civil engineering, and an Environmental Impact Report have been prepared and submitted to the City of Encinitas for a Coastal Development Permit (CDP). This is the City's Coastal Commission review that is performed by the City of Encinitas on behalf of the Coastal Commission. Civil Engineering plans have also been prepared and submitted to the City of Encinitas for a Grading Permit and a Public Improvement Permit. These two permits will allow the District to perform grading on the site and as construct improvements in the City's Right of Way per City requirements. Plans are being prepared for submittal to the Division of the State Architect (DSA). DSA is the entity responsible for issuing the public school district's building permits.

In order for the District to perform work on the site during Summer 2019, when Cardiff School is not in session, the scope of work is being separated into two increments. This will allow an expedited review process for the first increment with DSA.

Increment 1 scope will include the demolition of 65-70-year-old classroom and multipurpose buildings, grading of the site, and installation of new site utilities. It is expected that DSA review will be completed in time for this work to commence on June 17, 2019. This work will be completed by August 23, 2019, prior to students returning to school.

Increment 2 scope will be the construction of new classroom and multipurpose buildings, and final construction of site improvements. Because review by DSA will take longer for Increment 2, construction is planned to commence on or about November 4, 2019. In order to accommodate two grade levels of students on campus during construction, Increment 2 will be completed in two phases. The first buildings will be completed in time for students to occupy them at the end of Summer 2020. After students occupy the new buildings, the remaining older buildings will be removed and the remaining classroom building will be constructed.

All work on the site is scheduled to be completed on or about April 29, 2021.

Many activities in 2018 were related to the gathering of community input, and the planning, design, and preparation of various documents and their submissions to various agencies. Most of those submissions were approved in 2019, allowing construction to commence in June 2019.

DSA has legal jurisdiction over the project. The District must receive approval of construction documents from DSA prior to commencing construction. In order to take advantage of the summer school closure to demolish the older buildings and construct the new site utilities, the District chose to separate the construction documents into two increments. The summer work, named Increment 1, was able to be reviewed and approved more quickly by DSA, while the remainder of the project, named Increment 2, required an additional 6 months for DSA review and approval. Increment 1 was approved by DSA on April 11, 2019 and Increment 2 was approved by DSA on October 30, 2019.

Because the project falls within the coastal zone jurisdiction of the California Coastal Commission, a Coastal Development Permit (CDP) was required. This process is administered by the City of Encinitas. The CDP was approved by the Encinitas Planning Commission on April 18, 2019. The approval was appealed to the City Council. That appeal was denied by the Encinitas City Council at their council meeting in May 2019, upholding the CDP approval.

A week after students were released from school in mid-June 2019, all District employees and district functions were relocated from the District Office on the Cardiff School site to Ada Harris School, all utilities to the site were disconnected, and the entire Cardiff School site went dark for the summer. Once all utilities had been disconnected, demolition of the older buildings and their adjacent site area commenced. After demolition was complete, the site was cleared, and new main site utilities were installed in underground trenches and the site was graded for the new building construction. Classroom building construction began in November, 2019 upon approval of the Increment 2 documents by DSA.

On July 24, 2019, the Plaintiffs, Save the Park (STP), sought and received a Temporary Restraining Order (TRO) precluding any construction within the school playground area identified to be outdoor recreation area. Construction continued on the classroom buildings.

Following numerous briefings, court hearings, and a request for clarification, on December 2, 2019, Judge Earl H. Maas III clarified his ruling in favor of the Plaintiff's CEQA claim. No environmental justification was provided for the ruling, and a request for clarification by District's legal counsel was denied by Judge Maas. No environmental deficiencies within the EIR were identified. There was no direction provided for how the District could correct

the EIR, other than the judge's ruling, which stated; "Respondent, as of this ruling, has not resolved the issues over the federal Land and Water Conservation Fund Act issues. It has now been over one year and Respondent's inability to establish acceptable replacement property acceptable to the controlling authorities." *(NOTE: While the judge's statement includes an incomplete sentence, the judge's statement is complete as shown.)*

On December 2, 2019, the Plaintiffs requested and received an injunction that effectively halted all work on the project. As of December 31, 2019, all work on the site is stopped.

Additional court dates had been scheduled for January 2020. In addition, the District is pursuing an appeal of the judge's ruling as it is believed to not be based on CEQA law.

(NOTE: While detailed activities that occur in 2020 will be included in the 2020 Annual Report, it is beneficial to include certain important information in this report. On February 26, 2020, an agreement was reached between the District and STP that allowed construction on the classroom buildings to resume in early March 2020. As part of that agreement the District dropped its appeal. On April 27, 2020, the District was notified by OGALS that the amendment to the agreement was approved by the NPS on April 24, 2020. The District's "Conversion" was unconditionally approved by both the NPS and OGALS and the project was allowed to proceed as originally designed. What began as a months-long process as communicated to the District by OGALS became a 2-year process as a result of numerous challenges and lawsuit filed by STP.)

MEASURE GG 2019 EXPENDITURES

The following shows Measure GG expenses from January-December, 2019. The project will be completed with a combination of Measure GG funds and District funds.

<u>Date Paid</u>	<u>Phase</u>	<u>Vendor</u>	<u>Amount</u>
5/1/19	Consulting	Arborgate Consulting, Inc.	\$ 1,400.00
8/20/19	Consulting	Arborgate Consulting, Inc.	\$ 900.00
9/12/19	Consulting	Arborgate Consulting, Inc.	\$ 800.00
6/11/19	Process	AT&T	\$ 23,388.55
8/22/19	Consulting	Aurora Industrial Hygiene	\$ 5,355.00
3/21/19	Legal	B B & K: Attorney Fees	\$ 2,937.00
8/6/19	Consulting	Blue Coast Consulting	\$ 5,460.00
9/10/19	Consulting	Blue Coast Consulting	\$ 3,990.00
11/4/19	Consulting	Blue Coast Consulting	\$ 4,200.00
11/4/19	Consulting	Blue Coast Consulting	\$ 4,200.00
12/5/19	Consulting	Blue Coast Consulting	\$ 7,560.00
1/28/19	Survey	California Geological Survey	\$ 3,600.00
6/24/19	Process	California Water Boards	\$ 709.96
1/4/19	Process	City of Encinitas	\$ 5,055.00
2/15/19	Process	City of Encinitas	\$ 26,075.00
2/15/19	Process	City of Encinitas	\$ 13,380.00
5/23/19	Process	City of Encinitas	\$ 168.50
7/8/19	Process	City of Encinitas	\$ 47,377.27
8/15/19	Process	City of Encinitas	\$ 220.00
6/11/19	Process	County of San Diego	\$ 68.00
6/18/19	Process	County of San Diego	\$ 391.00
1/28/19	Process	Division of State Architects	\$ 258,750.00
9/10/19	Consulting	ECORP Consulting	\$ 10,872.05
12/5/19	Consulting	ECORP Consulting	\$ 14,737.99
7/11/19	Process	Elite Relocation Services	\$ 11,770.11
8/20/19	Process	Fed Ex	\$ 225.87
2/8/19	Process	Isom Advisors	\$ 1,000.00
4/10/19	Survey	Land Survey, Inc.	\$ 5,940.00
4/23/19	Pre Construction	McCarthy Building Companies	\$ 42,000.00
6/6/19	Pre Construction	McCarthy Building Companies	\$ 35,000.00
7/2/19	Construction	McCarthy Building Companies	\$ 235,280.00
7/30/19	Pre Construction	McCarthy Building Companies	\$ 5,000.00
8/1/19	Construction	McCarthy Building Companies	\$ 1,160,455.18
9/5/19	Construction	McCarthy Building Companies	\$ 703,908.65
10/3/19	Construction	McCarthy Building Companies	\$ 643,655.40
10/28/19	Construction	McCarthy Building Companies	\$ 457,955.88
12/10/19	Construction	McCarthy Building Companies	\$ 432,337.53
6/25/19	Survey	Placeworks	\$ 18,691.25

Continued

<u>Date Paid</u>	<u>Phase</u>	<u>Vendor</u>	<u>Amount</u>
3/11/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 11,333.00
3/11/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 11,333.00
3/11/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 11,333.00
3/11/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 955.22
4/18/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 11,333.00
6/6/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 11,333.00
6/25/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 11,333.00
6/25/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 11,333.00
6/25/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 692.50
6/25/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 500.00
10/1/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 11,333.00
10/1/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 11,333.00
11/4/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 11,333.00
12/16/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 11,333.00
12/16/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 11,333.00
12/17/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 291.50
12/17/19	Consulting	Randy Peterson: Bond Program Manager Services	\$ 11,333.00
1/15/19	Process	S&P Global	\$ 15,500.00
1/9/19	Process	San Diego County Clerk	\$ 3,321.00
9/17/19	Process	San Diego Dept. of Environmental Health	\$ 459.00
3/29/19	Process	San Dieguito Water District	\$ 1,350.00
3/29/19	Process	San Dieguito Water District	\$ 575.00
7/29/19	Process	San Dieguito Water District	\$ 36,091.00
7/29/19	Process	San Dieguito Water District	\$ 6,500.00
7/8/19	Design	SDG&E	\$ 15,494.00
3/5/19	Design	Studio E Architects	\$ 83,839.99
3/5/19	Design	Studio E Architects	\$ 92,475.00
6/6/19	Design	Studio E Architects	\$ 51,114.76
6/6/19	Design	Studio E Architects	\$ 211,285.07
6/6/19	Design	Studio E Architects	\$ 126,488.31
6/6/19	Design	Studio E Architects	\$ 122,407.43
6/19/19	Design	Studio E Architects	\$ 77,869.86
7/22/19	Design	Studio E Architects	\$ 24,867.58
11/5/19	Design	Studio E Architects	\$ 16,279.48
11/5/19	Design	Studio E Architects	\$ 32,503.83
11/5/19	Design	Studio E Architects	\$ 39,746.13
12/5/19	Design	Studio E Architects	\$ 52,798.40
7/16/19	Consulting	Twining Consulting	\$ 1,180.00
9/26/19	Consulting	Twining Consulting	\$ 17,680.00
9/26/19	Consulting	Twining Consulting	\$ 6,940.00
12/10/19	Consulting	Twining Consulting	\$ 9,027.50
12/10/19	Consulting	Twining Consulting	\$ 10,287.50
12/17/19	Consulting	Twining Consulting	\$ 8,175.00
4/15/19	Consulting	Urban Futures	\$ 3,000.00
2/14/19	Consulting	Western Environmental & Safety	\$ 8,845.00
10/31/19	Consulting	Western Environmental & Safety	\$ 4,520.00
1/28/19	Auditors	Wilkinson, Hadley, & King	\$ 3,500.00
8/15/19	Consulting	Wisniewski & Associates	\$ 1,000.00

<u>Measure GG Facilities Expense Report</u>		<u>As of December 31, 2019</u>		<u>Prepared By: Courtney Jasper</u>	
	<u>Original Contract/Budget Amount</u>	<u>Approved Revisions to Contract Amount</u>	<u>Total Amount Paid to Date</u>	<u>Estimated Additional Cost to Complete</u>	<u>Estimate Total Cost at Completion</u>
<u>Process</u>					
Advertising			\$76.12		\$76.12
AT&T			\$23,388.55		\$23,388.55
Best Best & Krieger, Attorneys at Law			\$21,710.21		\$21,710.21
California Geological Survey			\$3,600.00		\$3,600.00
California Water Boards			\$709.96		\$709.96
City of Encinitas			\$93,875.77		\$93,875.77
County of San Diego			\$459.00		\$459.00
Division of State Architects			\$258,750.00		\$258,750.00
Elite Relocation Services			\$11,770.11		\$11,770.11
Fed Ex			\$225.87		\$225.87
First American Title			\$1,500.00		\$1,500.00
Isom Advisors			\$1,000.00		\$1,000.00
Measure GG Ballot Fees			\$9,643.00		\$9,643.00
S&P Global			\$15,500.00		\$15,500.00
San Diego County Clerk			\$3,321.00		\$3,321.00
San Diego Department of Environmental Health			\$459.00		\$459.00
San Diego Gas & Electric			\$15,494.00		\$15,494.00
San Dieguito Water District			\$44,516.00		\$44,516.00
Western Environmental & Safety			\$13,365.00		\$13,365.00
<u>Consultants</u>					
Arborgate Consulting	\$2,800.00	\$3,100.00	\$5,900.00		\$5,900.00
Aurora Industrial Hygiene	\$20,000.00		\$5,355.00	\$14,645.00	\$20,000.00
Blue Coast Consulting	\$346,920.00		\$25,410.00	\$321,510.00	\$346,920.00
Construction Testing & Engineering	\$20,500.00	-\$3,000.00	\$15,375.00	\$2,125.00	\$17,500.00
Ecorp Consulting	\$33,665.00		\$25,610.04	\$8,054.96	\$33,665.00
Land Survey, Inc.	\$24,000.00	\$7,690.00	\$28,690.00	\$3,000.00	\$31,690.00
Placeworks	\$110,752.00	\$66,771.00	\$177,517.21	\$5.79	\$177,523.00
Randy Peterson, Bond Program Manager	\$408,000.00		\$400,389.27	\$7,610.73	\$408,000.00
School Facilities Consultants	\$40,000.00		\$4,860.00	\$35,140.00	\$40,000.00
Studio E Architect: Phase 1	\$40,000.00	\$57,152.74	\$97,152.74		\$97,152.74
Studio E Architect: Phase 2	\$1,370,000.00	\$212,892.00	\$1,360,227.43	\$222,664.57	\$1,582,892.00
Twining Consulting	\$183,990.00		\$53,290.00		
Urban Futures	\$10,050.00		\$6,350.00	\$3,700.00	\$10,050.00
Wilkinson Hadley & King	\$10,500.00		\$7,000.00	\$3,500.00	\$10,500.00
Wisniewski & Associates	\$1,000.00		\$1,000.00		\$1,000.00
<u>Contractors</u>					
McCarthy: Preconstruction	\$100,000.00	\$43,250.00	\$100,000.00	\$43,250.00	\$143,250.00
McCarthy: Guaranteed Maximum Price	\$20,768,892.00		\$3,633,592.64	\$17,135,299.36	\$20,768,892.00
TOTALS	\$23,491,069.00	\$387,855.74	\$6,467,082.92	\$17,800,505.41	\$24,214,298.33
<u>SUMMARY</u>					
Series A Issue: March 9, 2017	\$13,830,000.00				
Series B Issue: February 14, 2019	\$7,837,500.00				
Expended to December 31, 2019	\$6,467,082.92				
Interest Accrual to Date	\$723,359.78				
BALANCE	\$15,923,776.86				

ICOC ACTIVITIES IN 2019

For meeting agendas and minutes, please visit the www.cardiffschools.com/ICOC web page.

The ICOC met on **March 21, 2019**, at the Cardiff School Auditorium. The Committee received a review of the bond audit report from Robert Wilkinson of Wilkinson Hadley King & Co. LLP. The ICOC heard presentations from Superintendent Jill Vinson, Bond Program Manager Randy Peterson, and Chief Business Officer Courtney Jasper. ICOC officers were elected. The 2018 report ad hoc committee reported on their meeting and the progress of drafting the report for review by the Committee.

The ICOC held a special meeting on **May 2, 2019**. The report ad hoc committee presented their draft of the 2018 meeting to the Committee. After reviews and edits, the Committee completed the final version of the report. The ICOC voted unanimously to approve the report and present it to the School Board at the May 9, 2019 meeting, with the recommendation to accept the report.

The ICOC met on **June 13, 2019** in Room 6 at Cardiff School. The ICOC heard presentations from Superintendent Jill Vinson, Bond Program Manager Randy Peterson, and Chief Business Officer Courtney Jasper.

At the **September 19, 2019** meeting, held at the Cardiff School Conference Room, Courtney Jasper, Chief Business Officer, reviewed quarterly expenses and answered questions. In her presentation, Superintendent Jill Vinson shared in her report that the San Diego Taxpayer's Association gave a rating of A+ on the school bond transparency report. Bond Program Manager Randy Peterson updated the ICOC on construction progress.

At the **December 17, 2019** meeting, held at the Cardiff School Conference Room, the Committee received an update on the program from Bond Program Manager Randy Peterson, and reviewed a quarterly expense report provided by Chief Business Officer Courtney Jasper. Superintendent Jill Vinson included in her report that the District received a resignation from an ICOC member. Ms Vinson said that and would request that the Board conduct a replacement search. The ICOC set their 2020 meeting dates.

Exhibit A

MEASURE GG BALLOT MEASURE

The Cardiff School District Measure GG Ballot Measure follows. The Measure GG ballot measure can also be found at www.cardiffschools.com/MeasureGG.

EXHIBIT B

BALLOT MEASURE FULL TEXT OF MEASURE

This proposition may be known and referred to as the Cardiff School District General Obligation Bond of 2016, or Measure GG.

BOND AUTHORIZATION

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the Cardiff School District (the “District”) shall be authorized to issue and sell bonds of up to \$22 million in aggregate principal amount to provide financing for the specific school facilities projects listed in the Bond Project List below, and in order to qualify to receive State matching grant funds, subject to all of the accountability safeguards specified below.

ACCOUNTABILITY SAFEGUARDS

The provisions in this section are specifically included in this proposition in order that the District’s voters and taxpayers may be assured that their money will be spent wisely to address specific facilities needs of the District, all in compliance with the requirements of Article XIII A, Section 1(b)(3) of the State Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following).

Evaluation of Needs. The Board of Trustees hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the Bond Project List.

Limitation on Use of Bond Proceeds. The State of California does not have the power to take locally approved school district bond funds for any State purposes. The Constitution allows proceeds from the sale of bonds authorized by this proposition to be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities listed in this proposition, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Independent Citizens’ Oversight Committee. The Board of Trustees shall establish an independent Citizens’ Oversight Committee (pursuant to Education Code Section 15278 and following), to ensure bond proceeds are spent only for the school facilities projects listed in the Bond Project List. The committee shall be established within 60 days of the date on which the Board of Trustees enters the election results on its minutes.

Annual Performance Audits. The Board of Trustees shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in the Bond Project List.

Annual Financial Audits. The Board of Trustees shall conduct an annual, independent financial audit of the bond proceeds (which shall be separate from the District’s regular annual

financial audit) until all of those proceeds have been spent for the school facilities projects listed in the Bond Project List.

Special Bond Proceeds Account; Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board of Trustees shall take actions necessary pursuant to Government Code Section 53410 and following to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent or the Chief Business Official of the District (or such other employee as may perform substantially similar duties) shall cause a report to be filed with the Board no later than December 31 of each year, commencing December 31 of the year in which bonds are first issued, stating (1) the amount of bond proceeds received and expended in that year, and (2) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as such officer shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

FURTHER SPECIFICATIONS

Specific Purposes. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to Education Code Section 15100, and shall constitute the specific purposes of the bonds, and proceeds of the bonds shall be spent only for such purposes, pursuant to Government Code Section 53410.

Joint Use. The District may enter into agreements with the County of San Diego, or other public agencies or nonprofit organizations for joint use of school facilities financed with the proceeds of the bonds in accordance with Education Code Section 17077.42 (or any successor provision). The District may seek State grant funds for eligible joint-use projects as permitted by law, and this proposition hereby specifies and acknowledges that bond funds will or may be used to fund all or a portion of the local share for any eligible joint-use projects identified in the Bond Project List or as otherwise permitted by California State regulations, as the Board of Trustees shall determine.

Rate of Interest. The bonds shall bear interest at a rate per annum not exceeding the statutory maximum, payable at the time or times permitted by law.

Term of Bonds. The number of years the whole or any part of the bonds are to run shall not exceed the legal limit, though this shall not preclude bonds from being sold which mature prior to the legal limit.

BOND PROJECT LIST

The Bond Project List below describes the specific projects the Cardiff School District proposes to finance with proceeds of the bonds. Listed projects will be completed as needed at each school site according to Board-established priorities, and the order in which such projects appear on the Bond Project List is not an indication of priority for funding or completion. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. Certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Until all project costs and funding sources are known, the Board of Trustees cannot determine the amount of bond proceeds available to be spent on each project, nor guarantee that the bonds will provide sufficient funds to allow completion of all listed projects. Completion of some

projects may be subject to further government approvals or appropriation by State officials and boards, to local environmental review, and to input from the public.

Projects for Cardiff School include:

- Replace outdated roofs.
- Renovate or replace existing deteriorating plumbing, drainage, and sewer systems.
- Upgrade inadequate electrical systems including power and low voltage to meet current electrical and accessibility codes, increase capacity, and relieve overloaded systems.
- Improve energy efficiency by replacing old and energy inefficient heating, ventilation, and air conditioning (HVAC) systems, windows, and lighting systems; also, install cost-effective systems including “green” building projects and sustainable building practices to promote energy-efficiency (e.g., Energy Management Systems (EMS), solar, electrical, etc.).
- Replace aging temporary portable classrooms with new classrooms.
- Replace outdated classrooms that are now between 55-65 years old with new classrooms
- Construct new restrooms.
- Construct a new multipurpose room and warming kitchen to replace the current 55 year old building.
- Make health, safety, and security improvements, such as improve student drop-off and pick-up areas, upgrade campus fencing, and renovate/retrofit the “brick building”.
- Replace or upgrade fire alarm systems, fire safety equipment, and emergency exit lighting improvements.
- Replace campus wide intercom and telecommunication systems, clocks, and upgrade wireless systems and internet/network connections.
- Improve handicapped accessibility by making Federal and State-mandated Americans with Disabilities Act (ADA) accessibility upgrades and as mandated by the Division of the State Architect (DSA) including site access, parking, restrooms, relocation of some existing electrical devices, drinking fountains, playground equipment, etc.
- Upgrade, renovate and improve library/computer lab, art/science lab, and school office building to be integrated with the newly constructed school facilities.
- Upgrade and improve playgrounds and playfields for school and community use; preserve existing mature trees and other landscaping where possible.
- Resurface, repair, and/or replace paved surfaces, play court areas, turf, and other grounds to eliminate safety hazards and improve outside instructional areas.

Projects for Ada Harris School include:

- Improve energy efficiency by replacing old and energy inefficient heating, ventilation, and air conditioning (HVAC) systems and lighting systems; also, install cost-effective systems including “green” building projects and sustainable building practices to promote energy-efficiency (e.g., Energy Management Systems (EMS), solar, electrical, etc.).
- Replace aging temporary portable classrooms.
- Replace or upgrade fire alarm systems, fire safety equipment, and emergency exit lighting improvements.
- Replace campus wide intercom and telecommunication systems, clocks, and upgrade wireless systems and internet/network connections.

Miscellaneous District-wide Projects

- Abate and remove hazardous materials identified prior or during construction.
- Address unforeseen conditions revealed by construction/modernization (such as water, sewage or gas line breaks, dry rot, seismic, structural, etc.).
- Other site improvements required to comply with existing building codes, including the Field Act, and access requirements of the Americans with Disabilities Act.
- Necessary preparation/restoration in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, preserving, or installing irrigation, utility lines (such as gas lines, water lines, electrical lines, sewer lines, and communication lines), trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to the property.
- Rental or construction of storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel, and interim classrooms (including relocatables) for students and school functions or other storage for classroom materials displaced during construction.
- Acquisition of any of the facilities on the Bond Project List through temporary lease or lease-purchase arrangements, or execute purchase option under leases for any of these authorized facilities.
- All work necessary and incidental to specific projects described above, including demolition of existing structures.

The listed projects will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, and similar planning costs, program/project management, staff training expenses and a customary contingency for unforeseen design and construction costs. In addition to the listed projects stated above, the list

also includes the acquisition of a variety of instructional, maintenance and operational equipment, including the reduction or retirement of outstanding lease obligations and interim funding incurred to advance fund projects from the list; installation of signage and fencing; payment of the costs of preparation of all facility planning, facility studies, assessment reviews, facility master plan preparation and updates, environmental studies (including environmental investigation, remediation and monitoring), design and construction documentation, and temporary housing of dislocated District activities caused by construction projects. The budget for each project is an estimate and may be affected by factors beyond the District's control. The final cost of each project will be determined as plans and construction documents are finalized, construction bids are received, construction contracts are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Proceeds of the bonds may be used to pay or reimburse the District for the costs of issuing the bonds. Bond proceeds shall only be expended for the specific purposes identified herein. The District shall create an account into which proceeds of the bonds shall be deposited and comply with the reporting requirements of Government Code § 53410.

The Bond Project List shall be considered a part of this ballot proposition, and shall be reproduced in any official document required to contain the full statement of the bond proposition.

BALLOT MEASURE
(ABBREVIATED FORM)

“To improve the quality of education with local funding that cannot be taken by the State; modernize/construct classrooms, restrooms and school facilities; repair/replace roofs; renovate deteriorating plumbing and sewer systems; upgrade inadequate electrical systems; make health, safety, and energy efficiency improvements; and replace portables with permanent classrooms; shall Cardiff Elementary School District issue \$22 million of bonds at legal interest rates, have an independent citizens’ oversight committee, and have NO money used for administrative or teacher salaries?”

Exhibit C

2018-19 AUDIT REPORT

The Cardiff School District Measure GG Building Fund General Obligation Bonds Audit Report, dated June 30, 2019, follows. It can also be found on the www.cardiffschools.com/MeasureGG web page.

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG
BUILDING FUND (21)
GENERAL OBLIGATION BONDS

Audit Report

June 30, 2019



**CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
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**CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Introduction and Citizens' Oversight Committee Member Listing**

On November 8, 2016 the Cardiff School District was successful in obtaining authorization from District voters to issue up to \$22,000,000 in General Obligations Bonds pursuant to a 55% vote. The General Obligation Bonds are considered Proposition 39 bonds. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability measures. Specifically, the District must conduct an annual, independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended.

Upon passage of Proposition 39, an accompanying piece of legislation, AB 1908 was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond measure pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Citizens' Bond Oversight Committee, and authorization for injunctive relief against improper expenditure of bond revenues.

The Bonds may be issued under the provisions of the California Education Code (starting at Section 15100), under the provisions of the California Government Code (starting at Section 53506), or under any other provision of law authorizing the issuance of general obligation bonds by school districts. The Bonds may be issued in series by the District from time to time, and each series of Bonds shall mature within the legal limitations set forth in the applicable law under which the Bonds are issued.

The Cardiff School District Measure GG Citizens' Oversight Committee as of June 30, 2019 was comprised of the following members:

<u>Name</u>	<u>Position</u>
Christine Bruington	Active Member of Senior Citizens Organization
Chris Fowler	Active Member of a Business Organization
Bill Moser	Community at Large
Chuck Nichols	Active Member of Senior Citizens Organization
Jenny Pieratt	Parent of District Student
Dave Smiley	Community at Large
Rhea Stewart	Community at Large
Adam Sweet	Active Member of Parent Teacher Organization
Kenneth Williams	San Diego Tax Payers Association

INDEPENDENT AUDITOR'S REPORT

**Governing Board Members and
Citizens' Oversight Committee
Cardiff School District
Cardiff-By-The Sea, California**

Report on Financial Statements

We have audited the accompanying financial statements of Proposition 39 Measure GG Building Fund (21) of Cardiff School District, which comprise the balance sheet as of June 30, 2019, and the related statement of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Proposition 39 Measure GG Building Fund (21) of Cardiff School District as of June 30, 2019, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B, the financial statements present only the Proposition 39 Measure GG Building Fund (21) which is specific to Proposition 39 and is not intended to present fairly the financial position and results of operations of Cardiff School District in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America required that the Management's Discussion and Analysis identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as required by the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2020, on our consideration of Cardiff School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cardiff School District's internal control over financial reporting and compliance.

Report on Other Legal and regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated February 26 , 2020 on our consideration of the District's compliance with the requirements of Proposition 39 with regards to the Proposition 39 Measure GG Building Fund (21). That report is an integral part of our audit of the District's Proposition 39 Measure GG Building Fund (21) for the fiscal year ended June 30, 2019 and should be considered in assessing the results of our financial audit.

El Cajon, California
February 26, 2020

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

This section of Cardiff School District's Proposition 39 Measure GG Building Fund (21) annual financial and performance report presents our discussion and analysis of the Measure GG bond program during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the District's Measure GG bond financial statements and performance audit, which immediately follows this section.

FINANCIAL HIGHLIGHTS

- The fund balance for the Measure GG Building Fund (21) amounted to \$19,566,969 as of June 30, 2019 compared to \$13,342,820 as of June 30, 2018.
- Revenues, which consisted of interest, was \$236,552 for the year ended June 30, 2019 compared to \$206,884 for the year ended June 30, 2018.
- Expenditures were \$1,849,902 for the year ended June 30, 2019 compare to \$674,539 for the year ended June 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the Measure GG Bond Building Fund financial statements, and the performance audit required by state law.

The District accounts for Measure GG bond activity in the District's Building Fund. The Building Fund is a governmental fund type accounted for on a modified accrual basis of accounting that does not include fixed assets nor long-term liabilities.

FINANCIAL ANALYSIS OF THE MEASURE GG BOND BUILDING FUND

Balance Sheet

The District's Measure GG Bond Building Fund balance as of June 30, 2019 was \$19,721,024(see Table A-1). The \$19,721,024 in cash and cash equivalents represent cash held in an investment pool for purposes associated only with the bond authorization approved by the voters. It has been determined the Measure GG funds cannot be used for Routine Restricted Maintenance expenditures in the General Fund.

**CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS**

Management's Discussion and Analysis Continued
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Table A-1

ASSETS

Current Assets

Cash and cash equivalents	\$ 19,721,024
Accounts receivable	82,406
Total Current Assets	<u>19,803,430</u>

TOTAL ASSETS	<u><u>\$ 19,803,430</u></u>
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LIABILITIES AND FUND BALANCE

Current Liabilities

Accounts payable	\$ 236,460
Total Current Liabilities	<u>236,460</u>

Total Liabilities	<u>236,460</u>
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Fund Balance

Restricted for capital projects	19,566,970
Total Fund Balance	<u>19,566,970</u>

TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 19,803,430</u></u>
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**CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS**

Management's Discussion and Analysis Continued
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Fund Balance (or Change in Fund Balance)

The interest income reported represents funds earned on the cash held by the county treasurer. Total expenditures represents only Measure GG authorized expenditures.

	<u>2019</u>
REVENUES	
Interest income	\$ 236,552
TOTAL REVENUES	<u>236,552</u>
EXPENDITURES	
Other operating expenses:	
Consultants	128,960
Legal services	12,686
Other construction services	72,862
Capital outlay:	
Architect planning	902,831
Project Manager	138,144
Office of State Architect	258,750
Telephone system	23,389
Contractor	<u>312,280</u>
TOTAL EXPENSES	<u>1,849,902</u>
OTHER SOURCES	
Proceeds from sale of bonds	8,000,000
Cost of Issuance	(284,038)
Other sources	<u>121,538</u>
TOTAL OTHER SOURCES	<u>7,837,500</u>
NET CHANGE IN FUND BALANCE	6,224,150
FUND BALANCE, BEGINNING OF YEAR	<u>13,342,820</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 19,566,970</u></u>

**CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS**

Management's Discussion and Analysis Continued
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Long-Term Debt Comparison

At the end of June 30, 2019 Cardiff School District had \$22,798,949 in long-term debt outstanding related to General Obligation Bonds.

	<u>2019</u>
GENERAL OBLIGATION BONDS PAYABLE	
Due within one year	\$ 154,661
Due in more than one year	<u>22,644,288</u>
TOTAL GENERAL OBLIGATION BONDS PAYABLE	<u><u>\$ 22,798,949</u></u>

MEASURE GG BOND BUILDING FUND BUDGETARY HIGHLIGHTS

Proposition 39 Measure GG is accounted for in the Building Fund of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to reflect changes in funding and expenditures.

FACTORS BEARING ON THE DISTRICT BOND PROGRAM'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the existing circumstances that could affect its financial health in the future:

- Possible increases in building costs during construction

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's Measure GG bond finances and to determine the District's accountability for the money it receives. Additional financial information can be obtained by contacting the following:

Courtney Jasper
Courtney.Jasper@cardiffschool.com
Chief Business Officer
Cardiff School District
1888 Montgomery Avenue
Cardiff, CA 92007

FINANCIAL STATEMENTS

**CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Balance Sheet
June 30, 2019**

ASSETS

Current Assets

Cash and cash equivalents	\$ 19,721,024
Accounts receivable	82,406
Total Current Assets	<u>19,803,430</u>

TOTAL ASSETS	<u><u>\$ 19,803,430</u></u>
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LIABILITIES AND FUND BALANCE

Current Liabilities

Accounts payable	\$ 236,460
Total Current Liabilities	<u>236,460</u>

Total Liabilities	<u>236,460</u>
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Fund Balance

Restricted for capital projects	19,566,970
Total Fund Balance	<u>19,566,970</u>

TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 19,803,430</u></u>
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The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2019

REVENUES

Interest income	\$ 236,552
-----------------	------------

TOTAL REVENUES	<u>236,552</u>
-----------------------	----------------

EXPENDITURES

Other operating expenses:	
Consultants	128,960
Legal services	12,686
Other construction services	72,862
Capital outlay:	
Architect planning	902,831
Project Manager	138,144
Office of State Architect	258,750
Telephone system	23,389
Contractor	<u>312,280</u>

TOTAL EXPENSES	<u>1,849,902</u>
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OTHER SOURCES (USES) OF FUNDS

Proceeds from sale of bonds	8,000,000
Cost of Issuance	(284,038)
Other sources	<u>121,538</u>

TOTAL OTHER SOURCES	<u>7,837,500</u>
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NET CHANGE IN FUND BALANCE	6,224,150
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FUND BALANCE, BEGINNING OF YEAR	<u>13,342,820</u>
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FUND BALANCE, END OF YEAR	<u><u>\$ 19,566,970</u></u>
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The accompanying notes are an integral part of this statement.

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Notes to the Financial Statements
Year Ended June 30, 2019

A. Definition of the Fund

In November 2016, Building Fund (21) was formed to account for property acquisition and renovation of current schools for the Cardiff School District (District), through expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2016. Fund (21) is the Building Fund of the District.

B. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB) and *Audits of State and Local Governmental Units* by the American Institute of Certified Public Accountants.

Fund Structure

The accompanying financial statements are used to account for the transactions of the Building Fund specific to Proposition 39 Measure GG Building Fund (21) as defined in Note A and are not intended to present fairly the financial position and results of operations of Cardiff School District in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Building Fund (21) is maintained on the modified accrual basis of accounting. Its revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered). With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

The Board of Trustees adopts an operating budget no later than July 1 in accordance with state law. This budget is revised by the Board of Trustees during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Notes to the Financial Statements (Continued)
Year Ended June 30, 2019

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash in County Treasury

In accordance with Education Code §41001, the District maintains a substantial amount of its cash in the San Diego County Treasury. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et.seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with San Diego County Treasury was not available.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables. Accounts receivable are recorded net of estimated uncollectible amounts. There were no significant receivables that are not scheduled for collection within one year of year-end.

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Notes to the Financial Statements (Continued)
Year Ended June 30, 2019

Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District’s governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund’s primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts has been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Notes to the Financial Statements (Continued)
Year Ended June 30, 2019

Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflow of resources are recorded in accordance with GASB Statement numbers 63 and 65. At June 30, 2019 the District's Proposition 39 Measure GG Building Fund (21) did not have any Deferred Inflows or Deferred Outflows of Resources.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

C. Fair Value Measurements

The Proposition 39 Measure GG Building Fund's investments at June 30, 2019, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	Amount	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
San Diego County Treasury	\$ 19,721,024	\$ -	\$ 19,721,024	\$ -
Total investments by fair value level	<u>\$ 19,721,024</u>	<u>\$ -</u>	<u>\$ 19,721,024</u>	<u>\$ -</u>

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Notes to the Financial Statements (Continued)
Year Ended June 30, 2019

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code §41001). The fair value of the District's investments in the pool is reported in the accounting financial statements as amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

D. Cash and Investments

Cash in County Treasury

The District maintains significantly all of its cash in the San Diego County Treasury as part of the common investment pool. As of June 30, 2019, the portion of cash in the San Diego County Treasury attributed to Building Fund (21) was \$19,721,024. The fair value of Building Fund (21)'s portion of this pool as of that date, as provided by the pool sponsor, was \$19,721,024. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

Investments

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposits placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security; and collateralized mortgage obligations.

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investments risks at year end and if so, the reporting of certain related disclosures:

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Notes to the Financial Statements (Continued)
Year Ended June 30, 2019

a. Credit Risk

Credit risk is the risk that an issuer or their counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District's Building Fund (21) was not exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. At year end, the District's Building Fund (21) was not exposed to custodial credit risk.

- c.* Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

d. Concentration of Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. At year end, the District's Building Fund (21) was not exposed to custodial credit risk.

e. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's Building Fund (21) manages its exposure to interest rate risk by investing in the county pool.

f. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District's Building Fund (21) was not exposed to foreign currency risk.

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Notes to the Financial Statements (Continued)
Year Ended June 30, 2019

g. *Investment Accounting Policy*

The District is required by GASB statement No. 31 to disclose its policy for determining which investments, if any are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts using a cost-based measure; however, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value.

All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts

The District's Investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's Investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's Investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This Table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's Investment policy.

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Notes to the Financial Statements (Continued)
Year Ended June 30, 2019

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 Years	None	None
Registered State Bonds, Notes, Warrants	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
Banker's Acceptance	180 Days	40%	30%
Commercial Paper	270 Days	25%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20% of Base	None
Medium-Term Corporate Notes	5 Years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 Years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

E. Accounts Receivable

As of June 30, 2019 accounts receivable consisted of:

	<u>Accounts Receivable</u>
Interest receivable	<u>\$ 82,406</u>
Total Accounts Receivable	<u><u>\$ 82,406</u></u>

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Notes to the Financial Statements (Continued)
Year Ended June 30, 2019

F. Accounts Payable

As of June 30, 2019 accounts payable consisted of:

	<u>Account Payable</u>
Vendor payables	\$ 236,460
Total Accounts Payable	<u>\$ 236,460</u>

G. General Obligation Bonds

2017 General Obligation Bonds

On February 23, 2017, the District issued \$14,000,000, 2016 Series A General Obligation bonds in order to finance the improvement of school facilities and equipment. The issue consisted of \$8,985,000 in current interest bonds with an interest rate of 2.00% to 5.00% with annual maturities from August 2018 through August 2043, a \$420,000 in term bonds with an interest rate of 5.00% with maturity August 2030. \$4,595,000 in term bonds with an interest rate of 3.625% with which matures August 1, 2046. Principal payments on the bonds are due August 1 of each year beginning August 1, 2018 while interest is payable semi-annually on February 1 and August 1 of each through maturity beginning February 1 2018. Total proceeds of \$14,000,000 with additional premium of \$435,053 resulted in \$13,830,000 deposited into the Building Fund after issuance costs of \$387,950, while remaining funds of \$217,103 were deposited into the Bond Interest and Redemption Fund to be utilized for subsequent debt service on the bonds.

2019 General Obligation Bonds

In February 2019, the District issued \$8,000,000 2016 Election, Series B, General Obligation Bonds in order to finance improvement of school facilities and equipment. The issue consisted of \$8,000,000 in current interest bonds with interest rates ranging between 4.00% and 6.45%. The issue contained \$5,735,000 in serial bonds due between August 1, 2020 and August 1, 2048. There are a total of four term bonds due August 1 in 2031, 2033, 2044, 2046 with par amounts of \$365,000, \$400,000, \$1,000,000, and \$500,000, respectively. Principal payments are due August 1 of each year beginning August 1, 2020 while interest is payable semi-annually on February 1 and August 1 of each year through maturity beginning August 1, 2019. Total proceeds of \$8,000,000 with additional premium of \$446,382 resulted in \$7,837,500 deposited into the Building Fund after issuance costs of \$284,038, while remaining funds of \$324,844 were deposited into the Bond Interest and Redemption Fund to be utilized for subsequent debt service on the bonds.

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Notes to the Financial Statements (Continued)
Year Ended June 30, 2019

The outstanding bonded debt of Proposition 39 Measure GG Building Fund (21) at June 30, 2019 is as follows:

Description	Date of Issue	Interest rate	Maturity Date	Original Issue Amount	Balance Beginning of Year	Current Year Increases	Current Year Decreases	Balance End of Year
2016 Election Series A	2/23/2017	2.00-5.00%	8/1/2046					
Principal				\$ 14,000,000	\$ 14,000,000	\$ -	\$ 80,000	\$ 13,920,000
Premium				-	435,055	-	2,486	432,569
Total 2016A				14,000,000	14,435,055	-	82,486	14,352,569
2016 Election Series B	2/14/2019	4.00-6.45%	8/1/2048					
Principal				8,000,000	-	8,000,000	-	8,000,000
Premium				-	-	446,382	-	446,382
Total 2016B				8,000,000	-	8,446,382	-	8,446,382
Total 2016 Election				<u>\$ 22,000,000</u>	<u>\$ 14,435,055</u>	<u>\$ 8,446,382</u>	<u>\$ 82,486</u>	<u>\$ 22,798,951</u>

The annual requirements to amortize the general obligation bonds payable outstanding at June 30, 2019 is as follows:

Year Ended June 30,	Principal	Interest	Total
2020	150,000	852,116	1,002,116
2021	125,000	858,857	983,857
2022	-	855,732	855,732
2023	-	855,732	855,732
2024	20,000	855,232	875,232
2025-2029	710,000	4,209,283	4,919,283
2030-2034	2,035,000	5,178,820	7,213,820
2035-2039	3,895,000	3,209,439	7,104,439
2040-2044	6,405,000	2,211,498	8,616,498
2045-2048	8,580,000	821,109	9,401,109
Total	<u>21,920,000</u>	<u>19,907,815</u>	<u>41,827,815</u>

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Notes to the Financial Statements (Continued)
Year Ended June 30, 2019

Bond Premium

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond. The premiums are amortized over the life of the bond using effective interest rate method.

	2016 Series A	2016 Series B
Total Interest	\$ 12,803,103	\$ 6,854,484
Less Bond Premium	(435,053)	(446,382)
Net Interest	\$ 12,368,050	\$ 6,408,102
Par Amounts of Bonds	\$ 14,000,000	\$ 8,000,000
Periods	30	30
Effective Interest Rate	2.940%	2.670%

H. Construction Commitments

As of June 30, 2019 construction commitments for the Building Fund (21) are as follows:

<u>Construction in Progress</u>	<u>Commitments</u>	<u>Expected Date of Final Completion*</u>
Demolition of Exexisting Classrooms and Mulitpurpose Building		
New Construction of Buildings A,B,C,D,F,H,J, & L		
Modernization of Buildings E & M		
New Site Construction and Improvements including Landscaping & Utilities		
Coordination of Removal, Storage, and Reinstall of Existing FF&E	\$21,729,958	Summer 2021

* Completion date is an estimate and may change

SUPPLEMENTARY INFORMATION

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
General Obligation Bond Project List
Year Ended June 30, 2019

Bond proceeds will be expended to modernize, replace, renovate, construct, acquire, equip, furnish and otherwise improve the facilities of the District located at the following locations:

Cardiff School	Ada Harris School
Cardiff School District	

Projects for Cardiff School Include:

- Replace outdated roofs.
- Renovate or replace existing deteriorating plumbing, drainage, and sewer systems.
- Upgrade inadequate electrical systems including power and low voltage to meet current electrical and accessibility codes, increase capacity, and relieve overloaded systems.
- Improve energy efficiency by replacing old and energy inefficient heating, ventilation, and air conditioning (HVAC) systems, windows, and lighting systems; also, install cost-effective systems including “green” building projects and sustainable building practices to promote energy-efficiency (e.g., Energy Management Systems (EMS), solar, electrical, etc.).
- Replace aging temporary portable classrooms with new classrooms.
- Replace outdated classrooms that are now between 55-65 years old with new classrooms.
- Construct new restrooms.
- Construct a new multipurpose room and warming kitchen to replace the current 55 year old building.
- Make health, safety, and security improvements, such as improve student drop-off and pick-up areas, upgrade campus fencing, renovate/retrofit the “brick building”.
- Replace or upgrade fire alarm systems, fire safety equipment, and emergency exit lighting improvements.
- Replace campus wide intercom and telecommunication systems, clocks, and upgrade wireless systems and internet/network connections.
- Improve handicapped accessibility by making Federal and State-mandated Americans with Disabilities Act (ADA) accessibility upgrades and as mandated by the Division of the State Architect (DSA) including site access, parking, restrooms, relocation of some existing electrical devices, drinking fountains, playground equipment, etc.
- Upgrade, renovate and improve library/computer lab, art/science lab, and school office building to be integrated with the newly constructed school facilities.
- Upgrade and improve playgrounds and playfields for school and community use; preserve existing mature trees and other landscaping where possible.
- Resurface, repair, and/or replace paved surfaces, play court areas, turf, and other grounds to eliminate safety hazards and improve outside instructional areas.

CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
General Obligation Bond Project List (Continued)
Year Ended June 30, 2019

Projects for ADA Harris School include:

- Improve energy efficiency by replacing old and energy inefficient heating, ventilation, and air conditioning (HVAC) systems, windows, and lighting systems; also, install cost-effective systems including “green” building projects and sustainable building practices to promote energy-efficiency (e.g., Energy Management Systems (EMS), solar, electrical, etc.).
- Replace aging temporary portable classrooms.
- Replace or upgrade fire alarm systems, fire safety equipment, and emergency lighting improvements.
- Replace campus wide intercom and telecommunication systems, clocks, and upgrade wireless systems and internet/network connections.

Miscellaneous district-wide projects include:

- Abate and remove hazardous materials identified prior or during construction.
- Address unforeseen conditions revealed by construction/modernization (such as water, sewage or gas line breaks, dry rot, seismic, structural, etc.)
- Other site improvements required to comply with existing building codes, including the Field Act, and access requirements of the Americans with Disabilities Act.
- Necessary preparation/restoration in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing replacing preserving, or installing irrigation, utility lines (such as gas lines, water lines, electrical lines, sewer lines, and communication lines), trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to the property.
- Rental or construction of storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel, and interim classrooms (including relocatables) for students and school functions or other storage for classroom materials displaced during construction.
- Acquisition of any of the facilities on the Bond Project List through temporary lease or lease-purchase arrangements or execute purchase option under leases for any of the authorized facilities.
- All work necessary and incidental to specific projects described above, including demolition of existing structures.

OTHER INDEPENDENT AUDITORS' REPORTS

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

**Governing Board Members and
Citizens' Bond Oversight Committee
Cardiff School District
Cardiff-By-The-Sea, California**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Proposition 39 Measure GG Building Fund (21) of Cardiff School District, which comprise the balance sheet as of June 30, 2019, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cardiff School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cardiff School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Cardiff School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cardiff School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

El Cajon, California
February 26, 2020

INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

**Governing Board Members and
Citizens' Bond Oversight Committee
Cardiff School District
Cardiff-By-The-Sea, California**

We were engaged to conduct a performance audit of the Cardiff School District Proposition 39 Measure GG Building Bond (21) for the year ended June 30, 2019.

Management's Responsibility for Performance Compliance

Our audit was limited to the objectives listed with the report which includes the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

Auditor's Responsibility

We conducted this performance audit in accordance with the standards applicable to performance audits contained in Government Auditing Standards, issued by the Controller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives.

In planning and performing our performance audit, we obtained an understanding of the Fund's internal control in order to determine if the internal controls were adequate to help ensure the Fund's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of the Proposition 39 Measure GG Building Bond Fund (21) Cardiff School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

In connection with our performance audit, we performed an audit for compliance as required in the performance requirements for the Proposition 39 Measure GG General Obligation Bond for the fiscal year ended June 30, 2019. The objective of the audit of compliance applicable to Cardiff School District is to determine with reasonable assurance that:

- The proceeds from the sale of the Proposition 39 Measure GG Bonds were only used for the purposes set forth in the ballot measure and not for any other purpose.
- The Governing Board of the District, in establishing the approved projects set forth in the ballot measure to modernize, replace, renovate, construct, acquire, equip, furnish, and otherwise improve facilities of the District.

In performing our audit of compliance, we performed procedures including but not limited to those listed as follows:

Internal Control Evaluation

Procedure Performed:

Inquiries were made of management regarding internal controls to:

- Prevent fraud, waste, or abuse regarding Measure GG resources
- Prevent material misstatement in the Proposition 39 Measure GG Building Fund (21) financial statements
- Ensure all expenditures are properly allocated
- Ensure adequate separation of duties exists in the accounting of Measure GG funds. All purchase requisitions are reviewed for proper supporting documentation. The Project Manager or appropriate District employee submits back up information to the business office to initiate a purchase requisition. The Project Manager, Superintendent, and Business Manager verifies that the requested purchase is an allowable project cost in accordance with the Measure GG ballots initiative approved by local voters, as well as the Board approved budget, and that all expenditures are properly recorded by project and expense category.

Results of Procedures Performed

The results of our audit determined the internal control procedures as implemented are sufficient to meet the financial and compliance objectives required by generally accepted accounting principles and applicable laws and regulations.

Tests of Expenditures

Procedures Performed:

We tested expenditures to determine whether Measure GG funds were spent solely on voter and Board approved school facilities. Our testing included a sample of vendors, totaling approximately \$1,617,953 or 87.46% of the total expenditures for the year.

Results of Procedures Performed:

We found no instances where expenditures tested were not in compliance with the terms of the Measure GG ballot measure and applicable state laws and regulations.

Tests of Contracts and Bid Procedures

Procedures Performed

We reviewed the District's board minutes for approval of construction contracts and change orders, if any, to determine compliance with the District's policy and Public Contract Code provisions related to biddings and contracting.

Results of Procedures Performed

We noted no instances where the District was out of compliance with respect to contracts and bidding procedures.

Facilities Site Review

Procedures Performed

We reviewed the Independent Citizens' Oversight Committee minutes and agenda and other pertinent information on Measure GG designated projects and determined that Measure GG funds expended for the year ended June 30, 2019 were for valid facilities acquisition and construction purposes as stated in the Bond Project List.

Results of Procedures Performed:

Based on our review of the minutes and agenda of the Independent Citizens' Oversight Committee, the documentation and pertinent information of the Measure GG designated projects, and the explanation of management, it appears the construction work performed was consistent with the Bond Project List. The district commenced demolition in late June 2019 in anticipation of the commencement of construction in July 2019.

Citizens' Oversight Committee

Procedures Performed:

We have reviewed the minutes of the Independent Citizens' Oversight Committee meetings to verify compliance with Education Code sections 15278 through 15282.

Results of Procedures Performed:

We have determined the Cardiff School District's Measure GG Independent Citizens' Oversight Committee and its involvement is in compliance with Education Code Sections 15278 through 15282.

Our audit of compliance made for the purposes set forth in the second and third paragraphs of this report above not necessarily disclose all instances of noncompliance.

Opinion on Performance

In our opinion, the District complied, in all material respects, with the compliance requirements of Proposition 39 outlined in Article XIII A, Section 1(b)(3)(c) of the California Constitution, and with Measure GG approved by the voters in the Cardiff School District on November 8, 2016.

Purpose of the Report

This report is intended solely for the information and use of the District's Governing Board, the Proposition 39 Measure GG Independent Citizens' Oversight Committee, management, others within the entity, and the taxpayers of Cardiff School District and is not intended to be and should not be used by anyone other than these specified parties.

El Cajon, California
February 26, 2020

FINDINGS AND RECOMMENDATIONS

**CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Schedule of Findings and Responses
Year Ended June 30, 2019**

There were no findings to report.

**CARDIFF SCHOOL DISTRICT
PROPOSITION 39 MEASURE GG BUILDING FUND (21)
GENERAL OBLIGATION BONDS
Schedule of Prior Audit Findings
Year Ended June 30, 2019**

There were no audit findings noted for the fiscal year ended June 30, 2018

Cardiff School District
Cardiff-by-the-Sea, California 92007
May 14, 2020

ITEM: APPROVE THE PROPOSED INCREASE TO THE SUBSTITUTE TEACHER
RATE

CURRENT CONSIDERATIONS

This agenda item requests the Board consider approval of the North County Coastal Substitute Consortium daily rate increase. To recruit the most qualified substitute teachers in San Diego County, the consortium has proposed a rate increase.

FINANCIAL IMPLICATIONS

The daily rate for substitute teachers would increase from \$120 to \$125 per day. The long-term daily rate for substitute teachers (beginning on the 11th day of consecutive service on the same assignment) would increase from \$130 to \$150 per day.

RECOMMENDATION

It is recommended that the Board approve the proposed increase to the substitute teacher rate, effective July 1, 2020.

**ITEM: APPROVE SECOND AMENDMENT TO THE CONTRACT
AGREEMENT BETWEEN CARDIFF SCHOOL DISTRICT AND
McCARTHY BUILDING COMPANIES**

BACKGROUND

In November 2016, 65.9% of Cardiff voters passed Measure GG, a \$22 million school bond for the improvement to Cardiff School and Ada Harris School campuses. In June 2019, the District approved the first amendment to the contract with McCarthy Building Companies for a Guaranteed Maximum Price (GMP) in the amount of \$20,768,892 to construct the rebuild project at Cardiff School. This GMP was based on the project being constructed with documents reviewed by the Division of the State Architect (DSA) in two increments. Increment 1 utilized the summer months when students were not on campus. This work included the demolition of the older classroom buildings and construction of new site utilities. These documents were able to be expedited and approved by DSA on April 11, 2019. Increment 2 documents incorporated changes to the design in response to community concerns and the delay incurred for the redesign resulted in an additional six months for review by DSA. Increment 2 was approved on October 30, 2019.

Later in June 2019, construction began on the project. In July 2019, in response to a request by a group of local neighbors who had filed a lawsuit against the District in March 2019, Superior Court of San Diego County Justice Earl H. Maas III ordered work to stop on the site within an area of the Cardiff School playfields, named George Berkich Park. In November 2019, upon final approval of Increment 2 documents by DSA, construction began on the new classrooms and all site areas except the playfield area. In December 2019, in response to a request by the plaintiffs, Judge Maas further ordered all work on the entire school site to halt. Most construction resumed in March 2020 per a settlement agreement reached with the plaintiffs, and all remaining construction resumed in April 2020.

CURRENT CONSIDERATIONS

As a result of delays to the project and damage to the site due to extensive rains that occurred during the court ordered work stoppage, McCarthy Building Companies and their subcontractors have incurred additional costs of which they were not at fault. The direct result of these additional costs is an increase to the GMP.

The delayed and extended DSA review process incorporated various additions and alterations to the construction documents per DSA directive in order to attain DSA approval. McCarthy Building Companies and their subcontractors have incurred additional costs of which they were not at fault. The direct result of these additional costs is an increase to the GMP.

FINANCIAL IMPLICATIONS

The delays due to the court ordered construction stoppage have resulted in a financial impact to the project in the amount of \$750,396. The DSA additions and alterations to the construction documents resulted in a financial impact to the project in the amount of \$372,653. Together, these costs make up a total increase of \$1,123,049. This increase will be an adjustment to the existing GMP of \$20,768,892. The new GMP amount to be paid to McCarthy Building Companies is \$21,891,941. This shall be paid out of Fund 40.

RECOMMENDATION

It is respectfully recommended that the Board approve the second amendment to the contract agreement between Cardiff School District and McCarthy Building Companies.

CARDIFF ELEMENTARY SCHOOL MODERNIZATION AND RECONSTRUCTION
GUARANTEED MAXIMUM PRICE SUMMARY



5/14/2020

Scope of Work as Identified in Increment 1 Drawings and Specifications dated April 10th, 2019, Addenda A Documents dated May 17th, 2019, and Increment 2 Drawings and Specifications approved by DSA October 30, 2019, Including:

Demolition of Existing Classroom and Multipurpose Buildings
 New Construction of Buildings A, B, C, D, F, J, and L
 Modernization of Buildings E and M
 New Site Construction and Improvements including Landscaping and Utilities
 Coordination of Removal, Storage and Reinstall of Existing FF&E

Net Costs of all Construction (inclusive of Cost Alternates)	\$17,510,378
Sub Bonds/CDI	\$196,676
Subtotal	\$17,707,055
Contracting Contingency	\$354,141
General Conditions	\$1,539,707
Subtotal	\$19,600,903
Liability Insurance	\$180,689
Builders Risk	\$208,466
McCarthy Bond	\$155,767
Subtotal	\$20,145,825
Fee	\$623,067
TOTAL GMP (6/5/2019)	\$20,768,892
Amendment #2 - Increase Amount	\$1,123,049
Total GMP (5/14/2020)	\$21,891,941

Cardiff School District
Cardiff-By-The-Sea, California 92007
May 14, 2020

ITEM: APPROVE THE NINTH AMENDMENT TO THE CONTRACT
AGREEMENT BETWEEN CARDIFF SCHOOL DISTRICT AND
STUDIO E ARCHITECTS

BACKGROUND

In November 2016, 65.9% of Cardiff voters passed Measure GG, a \$22 million school facilities improvement bond for the Cardiff School and Ada Harris School campuses. District staff have begun the implementation phase for Measure GG which necessitates engaging the services of various contractors to provide design, construction and/or other consulting services to the District.

In May 2019, as a condition for approval of a Coastal Development Permit, the City of Encinitas required the District obtain and phase a Grading Permit limiting the scope of work on the Cardiff School playground area named George Berkich Park pending approval from the Office of Grants and Local Services (OGALS).

In June 2019, construction began on the project. In July 2019, in response to a request by a group of local neighbors who had filed a lawsuit against the District in March 2019, Superior Court of San Diego County Justice Earl H. Maas III ordered work to stop on the site within an area of the Cardiff School playfields named George Berkich Park. In November 2019, upon final approval of Increment 2 documents by DSA, construction began on the new classrooms and all site areas except the playfield area. In December 2019, in response to a request by the same group of neighbors, Judge Maas further ordered all work on the entire school site to stop. At the time construction was stopped extensive grading and site work, including underground building utility trenches, foundations and footing trenches, and reinforcing steel for concrete foundations were being constructed. This work was not allowed to be completed and suffered extensive rain damage and erosion.

Most construction resumed in March 2020 per a settlement agreement reached with the plaintiffs, and all remaining construction resumed in April 2020 upon approval by OGALS and National Park Service (NPS).

CURRENT CONSIDERATION

Approval was obtained from both OGALS and NPS, therefore no phasing of work is required. However, because the phased Grading Permit had already become a recorded document, additional documentation is now required to undo the phased scope of work required by the City of Encinitas. Studio E Architects and its consultants must submit revised documents that reflect the documents as originally submitted to the City by the District.

As a result of delays to the project during construction, Studio E Architects and their consultants are incurring additional costs for which they were not at fault. The direct result of these additional costs is an increase to the construction administration phase of work.

Building H is being omitted from the project due to increased cost to the project as a direct result of the court ordered work stoppage and damage to the site and building construction due to rains during the time construction was stopped. Studio E Architects and its consultants must prepare additional landscape and civil documents for the construction of the site area that is exposed as a result of Building H being deleted from the project.

The full impact of the preparation of revised Grading Permit plans, extended construction administration, and design for the site area due to the deletion of Building H from the project is not known at this time. It is anticipated additional fees will not exceed \$50,000.

FINANCIAL IMPLICATIONS

The amount to be paid to Studio E Architects for this additional scope of work shall be a not to exceed a fee of \$50,000. This shall be paid out of Fund 21.

RECOMMENDATION

It is respectfully recommended that the Board approve the ninth amendment to the contract between Cardiff School District and Studio E Architects.

Cardiff School District
Cardiff-By-The-Sea, California 92007
May 14, 2020

ITEM: RESOLUTION 19-20-13 OF THE BOARD OF TRUSTEES OF
THE CARDIFF SCHOOL DISTRICT AUTHORIZING THE
EXECUTION AND DELIVERY OF A LEASE AND SUBLEASE
AGREEMENT

BACKGROUND

In November 2016, 65.9% of Cardiff voters passed Measure GG, a \$22 million school facilities improvement bond for the Cardiff School and Ada Harris School campuses. In March of 2019, a legal challenge was filed against the District by a group of local neighbors. The lawsuit had alleged a violation of the California Environmental Quality Act (CEQA) and taxpayer waste of bond funds, and centered around the District's plan to use a small portion of its own playfields for rebuilding Cardiff School. While time consuming and costly, the litigation did not alter the District's original campus design and layout as identified in the Environmental Impact Report. In March 2020, a settlement was reached between the plaintiffs and Cardiff School District which dismissed all claims and resumed construction at Cardiff School. This settlement included a \$500,000 payment to the plaintiffs.

CURRENT CONSIDERATIONS

Over the last year, legal fees incurred by the District to defend itself from this lawsuit have depleted the Capital Facilities Fund dollars that the District has been contributing from its General Fund to meet the Guaranteed Maximum Price (GMP) of the Cardiff School rebuild. The lawsuit also caused significant construction delays which increased costs to the project. As a result, the District will need to pursue other financial options to proceed with the amended GMP and the unforeseen project related costs of the Cardiff rebuild.

FINANCIAL IMPLICATIONS

The District has incurred legal fees in the amount of \$832,160 to defend itself from this lawsuit. A settlement payment of \$500,000 was also made to the plaintiffs in March of 2020. To date, a total of \$1,332,160 has been spent by the District on legal fees resulting directly from the lawsuit. Despite additional value engineering, Building H is being omitted from the project at this time due to increased costs as a result of the court ordered work stoppage, and the GMP of the Cardiff School rebuild project has increased by \$1,123,049 as a result of delays due to the lawsuit.

RECOMMENDATION

It is respectfully recommended that the Board approve the resolution to authorize the execution and delivery of a lease and sublease agreement.

RESOLUTION NO. 19-20-13

RESOLUTION OF THE BOARD OF TRUSTEES OF THE CARDIFF SCHOOL DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AND SUBLEASE AGREEMENT AND RELATED DOCUMENTS AND ACTIONS

WHEREAS, the Cardiff School District (the “District”) requires a local financing source in order to acquire and improve real property to be used by the District for educational purposes (the “Project”); and

WHEREAS, the District is authorized by the California Education Code (the “Education Code”), including Section 17456 and following, to lease real property to a nonprofit organization formed in part to assist local agencies in obtaining financing, and to simultaneously lease such property back and obtain financing thereby for the purpose of making capital improvements to school facilities; and

WHEREAS, pursuant to Section 17150.1 of the Education Code, the District has provided the required notice of proposed non-voter approved debt to the San Diego County Auditor-Controller and Superintendent of Schools; and

WHEREAS, in order to obtain the financing required for the Project, the District has determined at this time to authorize the execution and delivery of a Lease and Sublease Agreement (the “Lease”) in an aggregate principal amount not to exceed \$3,000,000, the net proceeds of which will be applied to the payment of the costs of the Project;

WHEREAS, as required by Government Code Section 5852.1, attached as Exhibit A hereto is information relating to the Lease that has been obtained by the Board of Trustees (the “Board”) and is hereby disclosed and made public;

WHEREAS, the Board wishes at this time to approve the proceedings described herein to finance the Project and to approve all related documents and actions;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Trustees of the Cardiff School District as follows:

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Approval of Financing Proceedings. The Board hereby approves the financing of the Project. To that end, the Board hereby approves each of the following financing documents in substantially the respective forms on file with the Clerk of the Board, together with any changes therein or additions thereto approved by the President of the Board, the Secretary to the Board, the Clerk of the Board, the Superintendent of the District or the Chief Business Officer of the District (each, an “Authorized Officer”), provided that the execution thereof by an Authorized Officer shall be conclusive evidence of such approval:

- Lease and Sublease Agreement between the District and the Local Facilities Finance Corporation (the “Corporation”), whereby the District leases the Leased Property (defined below) to the Corporation in

consideration of the agreement by the Corporation to provide funds to finance the Project, as described in this Resolution, and the Corporation subleases the Leased Property back to the District in consideration of the payment of semi-annual lease payments (the "Lease Payments") by the District as rental for the Leased Property.

- Assignment of Lease Agreement between the Corporation and a bank to be selected by an Authorized Officer following a request for proposal process (the "Lender"), whereby the Corporation assigns its rights under the Lease Agreement to the Lender in consideration of the agreement by the Lender to provide funds to finance the Project and pay related financing costs.

The real property and related facilities to serve as the subject of the Lease and Sublease Agreement shall be the Ada W. Harris Elementary School (the "Leased Property"); provided, however, that any Authorized Officer is hereby authorized to identify additional or alternative District-owned real property in order to accomplish the financing plan described herein, which shall be particularly described in the foregoing documents.

An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the District to execute the final form of each of the foregoing documents, and the Clerk of the Board is hereby authorized and directed to attest to the final form of each of the foregoing documents.

Section 3. Material Terms of Lease Agreement. The aggregate principal amount of the Lease Payments shall not exceed \$3,000,000, the interest components of the Lease Payments shall be computed at an interest rate not to exceed 5.0% per annum, and the original term of the lease shall not extend more than 30 years.

Section 4. Payment of Financing Costs. All costs and expenses of professional and legal services in connection with the financing plan described herein are contingent upon the successful delivery of the Lease and Sublease Agreement. Such costs and expenses, together with all other financing costs relating to the transactions described in this Resolution, shall be paid as provided in a costs of issuance custodian agreement to be executed by an Authorized Officer. Isom Advisors, a Division of Urban Futures, Inc., shall serve as the District's financial advisor, and Jones Hall, A Professional Law Corporation, shall serve as the District's special counsel, in connection with the proceedings described herein. Brandis Tallman LLC shall serve as the District's placement agent and an Authorized Officer is authorized to execute a Placement Agent Agreement in the form on file with such official.

Section 5. Official Actions. Each Authorized Officer, or any written designee of any such official, and all other officers of the Board and the District are each authorized and directed in the name and on behalf of the District to make or execute any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants, terminations and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution, including but not limited to documentation selecting and identifying the Lender and documentation providing for the deposit and administration of the proceeds of the Lease including with respect to the administration of funds and the execution of any documents

or certifications that may be required in order to obtain a title insurance policy with respect to the Leased Property. Whenever in this resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

PASSED AND ADOPTED this 14th day of May, 2020, by the following vote:

AYES:

NOES:

ABSENT:

COUNTERSIGNED:

President of the Board

Secretary to the Board

APPENDIX A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided to the District by the placement agent and financial advisor, in good faith:

- (A) True interest cost of the Lease Payments: 3.15%
- (B) Finance charge of the Lease Payments (sum of all costs of issuance and fees/charges paid to third parties): \$95,000
- (C) Net proceeds to be received (net of finance charges, reserves and capitalized interest, if any): \$2,400,000
- (D) Total payment amount through maturity: \$3,625,000



San Diego County Office of Education Main Campus
6401 Linda Vista Road, San Diego, CA 92111
858-292-3500 | www.sdcoe.net

May 7, 2020

Jill Vinson
Superintendent
Cardiff School District
1888 Montgomery Ave.
Cardiff by the Sea, CA 92007

RE: Disclosure of Proposed Issuance of Lease-Purchase Financing

Dear Ms. Vinson:

Cardiff School District has proposed issuance of lease-purchase financing, to be approved by the board on May 14, 2020. The stated purpose for the issuance is to borrow \$2,495,000 to complete construction at Cardiff Elementary School. The planned repayment source is the General Fund.

The San Diego County Office of Education (SDCOE) and its financial advisor conducted a review of the proposed financing in accordance with Education Code 17150.1. SDCOE appreciates the District's efforts to provide information and respond to questions. Please note that this obligation must also be reported in the criteria and standards reviews for annual budgets and interim reports as a multi-year commitment.

Any questions or concerns on the disclosure process may be directed to me at (858)292-3649 or Alex Wilmot, Business Advisor, at (858) 292-3649.

Sincerely,

Brent Watson
Executive Director
District Financial Services

BW: AW: VS

Attachment

cc: Tanya Eames, Debt and Capital Finance Officer, County of San Diego
Michele Crichlow, Debt Finance Manager, County of San Diego
Courtney Jasper, Chief Business Officer, Cardiff School District

Debt Review Report

Cardiff School District

2020 Lease-Purchase Financing

May 6, 2020

INTRODUCTION

Cardiff School District provided notification to the San Diego County Office of Education (SDCOE) of the proposed issuance of lease-purchase financing in a letter dated April 9, 2020. The Board is scheduled to consider a Resolution to approve the financing and associated legal documents on May 14, 2020.

SDCOE has reviewed the proposed financing in accord with its fiscal oversight responsibilities. SDCOE appreciates the District's assistance in providing information, and taking the time to join a conference call held on April 23 to discuss the proposed financing and respond to questions.

This report addresses key questions to help SDCOE consider "the capability of the school district to repay" the financing under Education Code 17150.1.

The questions are:

- 1) Why is the District borrowing?
- 2) What will the District's annual obligation be, including debt service payments and administrative costs?
- 3) What is the risk that the annual obligation will vary from year to year and by how much?
- 4) What sources does the District plan to use to repay the debt?
- 5) What is the likelihood that the sources of funds for repayment will be sufficient to repay the entire debt?
- 6) What is the cost of funds and is this reasonable?

QUESTIONS ADDRESSED

Why is the District borrowing?

The District is planning to borrow \$2,495,000 to complete construction at Cardiff Elementary School. We understand the project is nearing completion but has been beset by a number of financial challenges along the way, including a CEQA lawsuit with associated settlement and legal fees. The District has done what it can with value engineering to bring the project budget down, and now believes this borrowing is what's necessary to complete the project. The project has been funded by Measure GG, a \$22 million bond measure approved by voters in November 2016, and contributions from the General Fund to Fund 40 (Special Reserve Fund for Capital Outlay Projects).

What will the District's annual obligation be, including debt service payments and administrative costs?

Debt Service Payments

The financing payments are estimated to have payments of approximately \$150,000 per year, ending in FY 2044-45 for a total term of 25 years.

Administrative Costs

Administrative costs were not provided, but in our experience, this type of financing has limited requirements. The lease-purchase financing is expected to be issued as a private placement, meaning placed directly with a single or relatively small number of "sophisticated" investor(s) such as banks and leasing companies. Since it will not be publicly offered to the bond market, this eliminates the need for annual reporting and material events reporting requirements to bond market investors via Electronic Municipal Market Access (EMMA).

However, annual reporting requirements to the California Debt and Investment Advisory Commission (CDIAC) will remain. The District may consider completing these reports in-house or seek outside professional assistance, in which case professional fees could be a couple thousand dollars per year or less.

What is the risk that the annual obligation will vary from year to year and by how much?

The proposed financing has payments that remain at the same amount over time. Because the financing is expected to be sold at a fixed interest rate, the repayment schedule will not change following the issuance of the financing.

What sources does the District plan to use to repay the debt?

The planned repayment source is the General Fund.

What is the likelihood that the sources of funds for repayment will be sufficient to repay the entire debt?

The District is deficit-spending by an estimated \$947,000 this fiscal year though this is due to a transfer to Fund 40 of \$1,041,000 for the construction project. The District is expecting to return to a balanced budget following the completion of the construction project.

The District has available reserves of approximately \$1,350,000 which is nearly 12% of expenditures and well above the minimum required reserve level of 4%. The District intends to retain this cash on hand for operating expenses as it navigates through the expected economic recession associated with Coronavirus. But should the District emerge from the recession with available reserves, it plans to use cash to prepay the debt early, and expects to have a prepayment option included in the financing.

From a revenue standpoint, the District is a "community-funded" school district (sometimes also referred to as a "basic aid" school district) and has less exposure to downside risks resulting from

reduced State funding. We note that even during the Great Recession, the tax base never declined, experiencing at its lowest point a growth rate of 0.1% in FY 2010-11.¹

From an expenditure standpoint, we understand the District was already well equipped with technology and has not needed to incur capital outlay for the transition to distance learning, or any other major expenses resulting from Coronavirus that would cause the multiyear projections to change significantly.

What is the cost of funds and is this reasonable?

We analyze the cost of funds because high costs result in a financing being less affordable than it could be. Cost of funds includes upfront costs and interest costs.

Upfront Costs

The estimated upfront costs are \$95,000. This includes financial advisor, legal counsel, placement agent, and other miscellaneous expenses. It also includes contingency for estimated lender fees and expenses which are subject to a competitive RFP process. In our experience, this is a reasonable budget estimate.

Interest Costs

The estimated interest rate is 3.75% though the actual interest rate will be determined by a competitive RFP process. In our experience this is a reasonable interest rate to estimate for budgeting purposes, though we would hope this could be improved upon with competitive RFP responses.

ADDITIONAL CONSIDERATIONS

Financing Prepayment

We understand the District wishes to prepay the financing early if it continues to have a healthy level of available reserves following what is expected to be an upcoming recession. We encourage this approach and recommend the District consider prepayment options in its evaluation of RFP responses. In contrast to public offerings to the bond market (such as general obligation bonds) which often have 8 to 10 years of prepayment protection, our experience is that lease-purchase lenders can offer the option for prepayment in as few as 1 to 2 years, and at minimal to no expense. Prepaying the debt early will reduce the interest cost and help ensure affordability over the long term.

¹ Tax base refers to total assessed value, per Official Statement for Cardiff School District General Obligation Bonds, Election of 2016, Series B, dated January 16, 2019, page 15, "Cardiff School District Assessed Valuation Fiscal Years 2006-07 through 2018-19".

GFOA Best Practices

We note the District undertakes financings periodically, and as an additional service, SDCOE would be happy to help provide support or training in the Government Finance Officers Association (GFOA) best practices.²

CONCLUSION

We believe it is reasonable to expect the District will be able to repay the financing. This is based on the District having, absent the construction project, a structurally balanced budget. Further, the District estimates it will bring its deficit spending under control with the completion of the construction project and the elimination of transfers from the General Fund to Fund 40. Finally, to the extent the District continues to have available reserves following the economic impact from Coronavirus, the District's plan to prepay the financing early to reduce interest cost helps support the conclusion of affordability over the long term.

2 GFOA best practices are published at: <https://www.gfoa.org/best-practices>.