

## SUMMARY REPORT OF INVESTIGATION

**Date:** January 15, 2024

**To:** Charles Leitch, Esq.  
Counsel for Toppenish School District

**From:** Kris Cappel, Esq.  
Martha Norberg  
Seabold Group

### I. INTRODUCTION & SCOPE OF INVESTIGATION

In November 2022, the Office of the Washington State Auditor (SAO) issued a two-year accountability audit report for the Toppenish School District (TSD or District) for the period September 1, 2019 through August 31, 2021. The report included several findings in the areas of: (1) lack of oversight to ensure the superintendent's pay and benefits were in accordance with his approved written contract; (2) disbursements and credit card payments; (3) payment to a wrestling coach who did not perform any services; and (4) the District's relationship with a nonprofit organization. Following the SAO's report, the Board of Directors met with legal counsel to determine whether Mr. Cerna should be required to repay the District, and if so, how much. Following an executive session on December 13, 2022, the Board announced its decision that Mr. Cerna would be required to repay certain amounts described in more detail below.

TSD's Board of Directors retained Seabold Group to investigate and analyze the SAO's findings with respect to a broader period than was addressed by the SAO (fiscal 2020 and 2021). Seabold Group was also asked to investigate several additional areas of concern to include: (1) Mr. Cerna's overall stewardship of District resources and finances; (2) Mr. Cerna's management of contracts with online providers and vendors; (3) the extent of Mr. Cerna's relationship with the Community Safety Network (CSN), the non-profit organization identified by the SAO; (4) Mr. Cerna's role in lawsuits filed by current and former employees; and (5) Mr. Cerna's role in the investigation and termination of his son John L. Cerna in January 2022.

This summary report addresses Mr. Cerna's compensation history from 2010 through 2023, which includes a review and analysis of his employment contracts, base salary, benefits (health insurance, retirement, and leave), stipends, reimbursement for travel expenses, and other miscellaneous forms of compensation received by Mr. Cerna during his tenure as superintendent.

## II. EXECUTIVE SUMMARY OF FINDINGS & CONCLUSIONS

### SAO November 2022 Audit Report

The SAO concluded that the former Board failed to exercise adequate oversight to ensure that the District compensated Mr. Cerna in accordance with the terms of his written contract, which the SAO found was a 2010-2013 contract executed and approved by the Board in May 2010 for a three-year period, effective July 1, 2010. That contract plainly stated that “any increase in annual salary made during the life of this contract shall be in the form of an amendment and shall become a part of this contract.” The auditors found that since 2010, the Board had motioned and approved extensions of Mr. Cerna’s contract without “evaluating and formally approving the terms through a written amendment.”

In his investigative interview, Mr. Cerna conceded that before 2022, his employment contract was never extended or modified by a written amendment. However, Mr. Cerna asserts that the Board approved contract extensions (and several salary increases) during executive sessions and that those modifications were memorialized in Mr. Cerna’s annual evaluations. Mr. Cerna believes his written evaluations were an acceptable substitute for amendments required by the language of Mr. Cerna’s original contract. In January 2022, TSD’s Board approved a new contract for Mr. Cerna, which the auditors were aware of but did not mention in its report because the contract fell outside the audit period.

#### *Salary increases and retroactive raises*

Mr. Cerna received “retroactive” pay increases of 2% in January 2020, and 3% in January 2021, both of which were approved by the Board during executive session and announced in public session. The increases were reflected in meeting minutes and also documented in Mr. Cerna’s annual evaluations, but not in amendments to the contract. The SAO found that the retroactive raises violated Washington state law, and therefore they were found to be “not allowable.” The combined total of Mr. Cerna’s retroactive salary increases was \$7,260.

The SAO further found that in 2020 and 2021, Mr. Cerna received a second annual increase in the months of July 2020 and 2021 that mirrored the Board’s approval of increases for certain named employee groups that did not include Mr. Cerna. For example, in July 2020, the Board approved a 3.6% pay increase for graduation specialists, principals and certified directors, classified supervisors, and classified administrative central office personnel. In July 2021, the Board approved a 4% increase for a director, GEAR UP staff, central office staff and graduation specialists. The SAO concluded that the District provided insufficient information to establish that the Board intended to extend those raises to Mr. Cerna. Accordingly, the SAO found that the payments “were not allowable.” The total amount of those increases was \$7,530 in 2020 and \$8,929 in 2021.

#### *Vehicle Stipend*

The SAO found that Mr. Cerna’s contract provided that he would be paid \$600 per month as a mileage allowance for all District-related travel for a total of \$7,200 in 2020 and 2021. The auditors found that Mr. Cerna was actually paid \$9,017 each year for a total of \$18,034, and therefore, Mr. Cerna was overpaid \$1,817 in each of the years under review for a total of \$3,634. The SAO also reported that Mr.

Cerna had been receiving reimbursement for travel outside the District, which the SAO concluded was not provided for in his contract. The SAO did not appear to undertake any effort to determine how much Mr. Cerna had been reimbursed in 2020 and 2021 for out of District travel.

*Cell Phone and Internet Stipends*

The SAO found that Mr. Cerna had received multiple unallowable payments and reimbursements for his cell phone and internet expenses, neither of which was included in his 2010-13 contract. Mr. Cerna received \$160 for his cell phone in 2021 (\$80 in July and \$80 in August). In addition to that stipend, he received a monthly reimbursement for his personal internet charges totaling \$540 in both 2020 and 2021. The SAO further noted that Mr. Cerna had been using his District credit card to pay for his cell phone bill. The only credit card charges they highlighted were July and August 2021 in the amounts of \$115 and \$119, respectively. In total the SAO found that Mr. Cerna received \$934 in unallowable payments.

*Vacation leave and buyouts*

Citing his 2010-13 contract, the SAO found that Mr. Cerna was entitled to accumulate a maximum of 240 hours of vacation leave from year to year and was allowed to buy back a maximum of 15 days each year. The auditors stated that the District did not have procedures in place to ensure that Mr. Cerna did not accumulate a vacation leave balance that exceeded the maximum allowed and found that the balances in 2020 and 2021 far exceeded the maximum allowed by contract (774 and 854 in 2020 and 2021, respectively). The auditors also found that Mr. Cerna had been allowed to buy back 20 vacation days in both years, resulting in overpayments each year.

As a result of the audit findings, the Board directed Mr. Cerna to reimburse the District the following amounts:

Retroactive salary 2019-20	\$3,012.03
Retroactive salary 2020-21	\$4,248.37
Vehicle allowance (both years)	\$3,634.10
Excess vacation buy-back 2019-20	\$4,841.60
Excess vacation buy-back 2020-21	\$5,166.40
Cell/Internet Stipends	\$934
Total:	\$21,836.40

Mr. Cerna was not required to reimburse any portion of the double raises he received in 2020 and 2021, which totaled \$16,459.

Seabold Group's Analysis of Mr. Cerna's Compensation 2010-2023

Seabold Group analyzed Mr. Cerna's total compensation, including the specific items identified by the SAO, for the period of 2010 through 2023.<sup>1</sup> Based on our review, we identified a number of salary

---

<sup>1</sup> A summary of Mr. Cerna's gross annual compensation 2010 through 2023 is attached as Exhibit 6.

adjustments, benefits, and other types of compensation that do not appear to have been explicitly authorized by the former Board of Directors.

*Mr. Cerna's Contracts*

Between 2010 and 2021, Mr. Cerna had two contracts approved by the Board of Directors. The first was the 2010-2013 contract approved by the Board in May 2010, and a February 2011 contract that was identical to his original contract except for one provision that awarded him three personal leave days per year. From 2011 through early 2022, there were no amendments to Mr. Cerna's contract. All of his extensions were documented in his annual evaluations. On January 24, 2022, the Board approved a new contract, extending Mr. Cerna's tenure to June 30, 2025. The 2022 contract is currently in effect.

From July 2018 through July 2022, Mr. Cerna also signed "Contracts for Certificated Administrators." These contracts purported to document the terms of his employment as well as salary increases from year to year. The terms of the agreements also declared that the Board had approved the agreements. However, none of the contracts signed by Mr. Cerna were provided to the Board during this period, and there is no evidence the Board reviewed or knew of the terms of these documents. Additionally, no Board member ever signed the "Certificated Administrator" agreements.

*Increases to Mr. Cerna's Salary and Benefits*

From 2010 through 2022, Mr. Cerna received numerous increases to his base salary and benefits, only six of which we could find clear evidence that the Board explicitly approved the increases.

June 28, 2011 – 5% increase  
June 26, 2012 – 1.9% increase to base salary and 3% step increase  
June 25, 2013 – Increased based salary to \$160,000  
January 28, 2020 – 2% increase  
January 26, 2021 – 3% retroactive to July 1, 2020  
January 18, 2022 – 3% retroactive to July 1, 2021

Numerous other increases in Mr. Cerna's base salary and benefits derived from agreements the District negotiated with various bargaining groups including the Toppenish Education Association (TEA) and the Toppenish Principal's Association (TPA). There were some increases that Mr. Cerna authorized unilaterally without any agreements such as safety and insurance stipends.

Mr. Cerna stated that based on past practice, he and his "administrator group" were entitled to every increase in salary and benefits extended to the District's bargaining groups. Some years, this resulted in two or three raises per year that Mr. Cerna or his staff, at his direction, would instruct payroll to implement with no clear evidence that the Board had specifically approved the increases for Mr. Cerna (or his staff).

### *“Optional Days”*

One of the more lucrative benefits received by Mr. Cerna was referred to interchangeably as “optional days” “supplemental pay” or “personal responsibility pay.” From 2010 through his leave in 2023, Mr. Cerna received approximately \$271,000 in additional compensation from his optional days. There was no evidence that the Board knew of or approved Mr. Cerna receiving optional day benefits other than what was included in his employment contracts. Those agreements provided that he was allowed to claim up to fourteen (14) optional days at his contract per diem rate. Seabold Group was unable to verify that the Board approved \$163,500 in payments for optional days received by Mr. Cerna during the period that was reviewed.

Additionally, the District had no written policy, process, or definition of what an “optional day” consisted of, and there was no uniform criteria for claiming an optional day. There also was no requirement that optional days be supported by documentation or verified in any way, and seemingly, no internal process to confirm that Mr. Cerna was not reporting more than he was allowed by contract. Between 2010 and 2015, Mr. Cerna overreported optional days four out of five school years.

In 2016, without Board approval, Mr. Cerna authorized himself and his “administrator group” to receive 20 days of “personal responsibility pay.” In 2017, Mr. Cerna increased that to 25 days without any clear evidence of Board approval. Starting in the 2018-2019 school year, Mr. Cerna began claiming and being paid for both 14 optional days and personal responsibility pay, including for up to an additional 26 days coded as supplemental pay. None of these increases were explicitly approved by the Board. Mr. Cerna’s annual compensation for optional days is addressed in more detail in the body of the report.

### *Reimbursement for Out of District Travel*

Mr. Cerna’s 2010-2013 contract provided that he would receive a \$600 per month mileage allowance for all District-related travel. Mr. Cerna has been receiving reimbursement for his out of District travel since he became superintendent. Seabold Group reviewed his reimbursement records for the period August 2015 through February 2020, and determined that he was paid \$18,381 for reporting 32,998 in out of District mileage. A summary of Mr. Cerna’s mileage reimbursement reports is attached as Exhibit 32. In his investigative interview, Mr. Cerna stated that he believed the contract was ambiguous and that he was always entitled to be reimbursed for his out of District travel at the normal District rates.

### *Vehicle Stipend*

As noted above, Mr. Cerna’s initial contract provided he would be paid \$600 per month as a car allowance. Beginning in the 2013-2014 school year, that amount increased to \$751 per month. Mr. Cerna said he did not know who increased his car allowance or why and the District has been unable to find any documentation to support the increase. In January 2022, the Board approved increasing Mr. Cerna’s car allowance to \$751 per month, but prior to the new contract, Mr. Cerna was overpaid \$11,811 in car allowances.

Other Benefits Received by Mr. Cerna

*Safety Stipends*

In July 2014, the Board approved a \$2,000 safety stipend for Mr. Cerna and nine other administrators. Mr. Cerna continued to approve annual stipends for himself and staff without Board approval. By 2022, Mr. Cerna had approved paying himself a \$5,000 annual safety stipend. In total Mr. Cerna received \$23,600 in safety stipends that were not approved by the Board.

*Other compensation*

In 2014, TSD changed health insurance carriers which resulted in increased out of pocket expenses. Mr. Cerna approved paying himself and 42 other staff \$125 per month to cover the increase in costs. There is no record that the Board approved those payments. The cost to the District in the first year was \$64,500. Mr. Cerna continued to receive the payment until February 2023 when the current Board stopped the payments. From 2014 to 2023, Mr. Cerna received an additional \$12,000 in compensation that was not approved by the Board.

*Cell phone and internet stipends*

Seabold Group received District credit card statements for the period October 2015 through August 2017. We also reviewed Mr. Cerna's reimbursement reports from August 2015 through February 2020.<sup>2</sup> Based on those records, it appears that Mr. Cerna has been using his District credit card to pay his cell phone expense and receiving a reimbursement for his internet since at least 2015, and very likely much earlier than that. The Board first approved a cell phone and internet stipend for Mr. Cerna in the 2021-2022 school year. Prior to that school year, we could find no record that the Board approved paying Mr. Cerna's cell phone or internet expenses. Based on our review of the District's documentation described above, it appears that Mr. Cerna was overpaid at least \$4,600 for the period August 2015 through February 2020.

*Frequent Flyer Miles*

Mr. Cerna accumulated personal frequent flyer miles for his District-related travel. Information available to Seabold Group is insufficient to determine how many miles Mr. Cerna has accumulated since he became superintendent. The District does not have a written policy regarding frequent flyer miles, but other staff stated that it is understood that employees are not supposed to accumulate frequent flyer miles for personal use. Mr. Cerna said he had no idea how many miles he had accumulated from District-related travel but acknowledged that he has never used any of his miles to pay for District travel.

---

<sup>2</sup> A summary of Mr. Cerna's reimbursement requests for the period cited for all out-of-pocket requests is attached as Exhibit 40. The credit card records for the period cited are extensive and available upon request.

### III. INVESTIGATIVE PROCESS

A list of witnesses interviewed in this investigation is attached as Appendix A. Mr. Cerna was interviewed twice with his counsel present. Seabold Group also reviewed thousands of pages of financial records, personnel files, litigation records, and other relevant documentation. Seabold Group also submitted a public records request to the SAO requesting all documentation received in connection with the 2022 accountability audit.

This report is intended to be a summary report of factual findings. It is not intended as a comprehensive detail of all the information that was collected, reviewed, and considered as part of the investigation. The factual findings in this report are based on the entirety of the record considered by Seabold Group and are not limited to the information referred to in the body of this report.

### IV. MR. CERNA'S COMPENSATION HISTORY

#### A. Mr. Cerna's Employment Contracts

##### 1. 2010-2013

Mr. Cerna's first contract with the District was signed May 25, 2010 by five board members: President Rick Schultz, Richard Lommers, Maryrose Gonzalez, Gonzalo Macias, and William Rogers. The contract covered a three-year period of 2010-2013. The contract specified that a year included 260 workdays, paid holidays, and paid vacation days for an actual work year of at least 219 days.

Mr. Cerna's annual salary was listed in the contract as \$128,300 for the period from July 1, 2010 - June 30, 2011. For the periods July 1, 2011 - June 30, 2012, and July 1, 2012 - June 30, 2013, "the District shall pay such salary and benefits as may be mutually agreed upon between the parties (but not less than the 2010-2011 period.)"

The contract also specified that the superintendent "shall have the option of 14 optional days at the contract per diem rate."<sup>3</sup>

Portions of the 2010-2013 contract are summarized below.<sup>4</sup>

---

<sup>3</sup> From 2010 through the 2015 – 2016 school year, Mr. Cerna submitted "Applications for Optional Days for Administrators" which listed the work he did outside of normal working hours, such as conferences. He was supposed to be paid annually for up to 14 days for this additional work. (For several years he was paid for 15 and 16 optional days, exceeding the contract provisions.) In September 2016, an additional or supplemental contract provided that Mr. Cerna would be paid for a certain number of additional days, from 21 to 26 days, in regular monthly installments. No detail was required to support the additional pay. Mr. Cerna also authorized additional optional days to certain administrative staff. We were unable to find a supplemental contract or any record that the Board of Directors explicitly approved the additional compensation. This will be addressed in the section on pay increases further in this report.

<sup>4</sup> All of Mr. Cerna's superintendent "contracts," including the "certificated administrator" contracts are attached as Exhibit 1.

**Outside Work:** Superintendent may, with prior Board approval, undertake consulting work, speaking engagements, writing, lecturing or other professional duties which do not conflict with the duties specified in this contract. He shall use vacation days for such activities, not to exceed 10 days annually.

**Professional Development, Professional Dues:** Superintendent may participate in relevant learning experiences, including attending professional meetings at the local, state, and (with prior Board approval) national levels. Travel expenses shall be reimbursed per District policy. District shall pay the Superintendent's annual dues for membership in the American Assoc of School Admins (AASA) and Washington Assoc of School Admins (WASA).<sup>5</sup>

**Sick Leave:** Superintendent shall be granted 12 days of paid sick leave each year. Unused sick leave shall accumulate from year to year to the limit provided by law (180 days). Sick leave shall be eligible for buy back as permitted by state law and if permitted for other employees of the school district.<sup>6</sup>

**Vacation:** Superintendent shall receive 30 days paid vacation per year. Board President shall be notified of the particular time taken, in writing, in advance of the vacation days to be used. Vacation days may be accumulated from year to year up to a maximum of 30 days. Superintendent shall be paid for accumulated vacation days (up to 30 days) at the time of termination of employment at the per diem rate of his annual salary for that year. Per diem rate calculated by subtracting the annual vacation days and SD recognized holidays from 260 and dividing the resulting figure into the gross annual salary.

Superintendent shall be entitled annually, by June 30, to buy back up to 15 vacation days per year at the per diem rate of his annual salary for that year.

Upon retirement, up to 30 paid vacation days may be used as salary for retirement calculations as per State retirement laws and guidelines.

**Benefits:** Superintendent shall receive at least medical, dental, vision and other benefits equivalent to the amount paid by the State to the district for each FTE certificated employee. Superintendent shall also receive the number of paid holidays consistent with school district practice and state law.... it is more economical to provide an automobile allowance rather than

---

<sup>5</sup> From 2010 through 2020, Mr. Cerna served on at least 17 boards, committees, and commissions; he reported serving on approximately 9-12 each year within that period. Attached as Exhibit 2 is a list of those positions and organizations Mr. Cerna reported to the board in contract renewal cover letters each year. Mr. Cerna's participation in those organizations included travel and meetings during District business hours but Mr. Cerna admitted that he never used personal or vacation leave. Mr. Cerna said that the time he devoted to those organizations constituted community service or were otherwise District-related business, which he said was part of his job. Each of Mr. Cerna's cover letters, from 2011-2022 are attached as Exhibit 3.

<sup>6</sup> Toppenish School District Sick Leave Policy 5401 includes "Unused sick leave days may be accumulated from year-to-year up to a maximum of one hundred eighty days for the purposes of RCW 28A.400.210 and 28A.400.220, and for leave purposes up to a maximum of the number of contract days agreed to in a given contract, but not greater than one year."

purchasing a vehicle so the district will provide the Superintendent with a car allowance of \$600/month to cover all related costs including any travel outside TSD, which will be reimbursed at the regular district rate.

**Evaluation and Extension of Contract:** Board shall evaluate Superintendent by devoting all or a portion of at least one meeting no later than January 31 and all or a portion of at least one meeting no later than June 15 of each contract year to a discussion of the working relationship between the Superintendent and the Board, along with the Board's evaluation of the Superintendent's performance.

“The Board evaluation of the Superintendent’s performance shall reference annual goals and objectives, to be agreed upon by Board and Superintendent.”<sup>7</sup>

No later than February 1 of each contract year, Board will review the Superintendent 's employment status to determine whether to offer the Superintendent an extended contract or, alternatively, to allow the present contract to continue toward its expiration date. Board and Superintendent may agree to adjust the salary of the Superintendent during the term of this contract. **Any increase in annual salary made during the life of this contract shall be in the form of an amendment and shall become part of this contract** (emphasis added).<sup>8</sup>

## 2. February 22, 2011

On February 22, 2011, a revised version of Mr. Cerna’s 2010 contract was approved. The contract provisions are identical except for the addition of one section after Vacation and before Benefits, for “Personal Days.” The added language states: The superintendent shall receive three (3) personal days per year. Any unused personal days may be cashed out anytime during the year.

The revised contract was signed by Rick Schutz, Richard Lommer, Maryrose Gonzalez, Gonzalo Macias, and William Rogers on February 22, 2011.<sup>9</sup>

## 3. 2011-2022

According to the available documentation, from 2012 to 2022, it appears that Mr. Cerna’s contract was extended by one year during his evaluation periods. The board included notes at the end of his evaluations indicating that they had agreed to extend his contract. According to the corresponding Board minutes, Mr. Cerna’s evaluations were discussed during executive sessions, and extensions (and sometimes salary adjustments) were announced in open sessions. Mr. Cerna’s annual evaluations are

---

<sup>7</sup> Goals were never explicitly outlined by the Board in any of Mr. Cerna’s evaluations, but Mr. Cerna did include goals in some of his annual letters to the Board.

<sup>8</sup> During the period 2011 through 2022, Mr. Cerna’s salary was increased on multiple occasions, but the increases were never memorialized in “amendments” to the contract. In many cases, Seabold Group was unable to find any information to reliably establish that the Board was aware of the salary increases that Mr. Cerna had approved for himself and his staff. We address those increases in more detail below.

<sup>9</sup> A copy of the 2011 contract is attached as Exhibit 1 at page 5.

addressed in more detail in section B of this report, and copies of his evaluations are attached as Exhibit 4.

#### 4. Contracts for Certificated Administrators

In July 2018, Mr. Cerna began to use a document titled “Toppenish School District #202 Certificated Contract – Administrator,” to document revisions to his 2011 contract.<sup>10</sup> These documents purport to be a type of agreement between Mr. Cerna and the Board but there is no evidence that the Board ever received or approved the contracts.<sup>11</sup>

##### a. July 2, 2018 Contract

On July 2, 2018, Mr. Cerna signed a document both as the employee and superintendent that stated:

It is hereby agreed by and between the Board of Directors of Toppenish School District . . . and CERNA, JOHN . . . that said employee shall perform assigned professional services as SUPERINTENDENT . . .

It further provided that Mr. Cerna’s employment was for the 2018-2019 school year as designated in the official school calendar, subject to Board declared emergencies, which “shall include not more than 260 days of service, exclusive of holidays, and authorized vacations. The opening day of school is September 4, 2018,” and the first day of Mr. Cerna’s contract was July 1, 2018.

The contract goes on: “In consideration for the performance of assigned duties, the Employee shall receive an annual salary of \$174,251 according to the negotiated agreement between the **Toppenish Superintendent’s Bargaining Unit and the Toppenish School District #202**.<sup>12</sup> The contract also references: “This contract shall be subject to the terms and conditions of any agreement between the District and the organization certified as the negotiating representative for the certificated personnel employed by the Board.”

---

<sup>10</sup> The document is an almost identical format to the contracts Mr. Cerna had as Assistant Superintendent between 2003 and 2009, and when he was a high school principal. The main difference between those contracts and the contract he signed in 2018, appears to be the header, which is entitled “*Administrator*” instead of “Toppenish School District #202 Certificated Contract *Regular*”.

<sup>11</sup> Annually, the Board would approve the “issuance” of administrator contracts, but until very recently, it does not appear that the actual contracts were included in the board packets. In his investigative interview, Mr. Cerna said he did not recognize the administrator contracts and disavowed all knowledge of the existence or purpose of the documents. Mr. Cerna said that HR was responsible for his contracts and determining his compensation from year to year.

<sup>12</sup> (Emphasis added). There is no “Toppenish Superintendent Bargaining Unit.” As the superintendent, Mr. Cerna is a non-represented employee and negotiations regarding his compensation are within the exclusive purview of the Board of Directors.

The document concludes: "BY ORDER OF THE BOARD OF DIRECTORS" and includes two signature lines, one for the employee and one for the superintendent. Mr. Cerna signed both the employee line and the superintendent line.<sup>13</sup>

b. June 19, 2019 Contract

Mr. Cerna's contract document for the 2019-2020 school year is the same format and language of the July 2, 2018 document described above, with a few differences for the relevant time period, such as a reference to the opening day of school being August 22, 2019. Another difference is a reference in the third paragraph to Mr. Cerna's annual salary of "\$203,067.22 according to the negotiated agreement between the **Toppenish Principal's Bargaining Unit and the Toppenish School District #202.**" (Emphasis added).

Mr. Cerna signed the employee signature line, and [REDACTED] the HR Director at the time, signed the superintendent's line.<sup>14</sup>

c. June 5, 2020 Contract

Mr. Cerna's contract document for the 2020-2021 school year reflects the same format and language of the 2018-2019 and 2019-2020 school years' contracts, with only a few differences. Similar to 2019-2020's there is reference in the third paragraph to Mr. Cerna's annual salary of "\$216,689 according to the negotiated agreement between the Toppenish Principal's Bargaining Unit and the Toppenish School District #202."

The employee signature line is blank, and Mr. Cerna signed the superintendent's signature line.

d. July 13, 2021 Contract

Mr. Cerna's 2021-2022 contract document includes similar language to the contract beginning in the 2018-2019 school year; however, the contract appears to have been in an electronic format and is titled "Executive Contract" as opposed to 2018/19-2020/21 versions' "Toppenish School District #202 Certificated Contract - Administrator." In addition, instead of referring to Mr. Cerna performing "professional services as Superintendent" this version refers to "professional services as Executive Administration."

---

<sup>13</sup> District records reflect that a Special Board Meeting of Directors was held on July 2, 2018; however, the minutes do not reflect that anything related to Mr. Cerna's contract or employment as superintendent was discussed that day. Rather, the minutes reflect that the special meeting lasted six minutes and the purpose was to approve out of state travel for three staff members.

<sup>14</sup> Records reflect that the board met on May 21, 2019, and June 25, 2019. Minutes for the May 21, 2019 meeting reflect "Approval to *Issue* 2019-20 Administrative Contracts;" however, there is no specific reference or discussion related to the superintendent's contract in the May or June meeting minutes, and the actual administrator contracts were not included in board packets. There is also no indication that the Board approved an agreement between the TPA and the District at those meetings.

One notable difference between the previous versions and the 2021-2022 version is the third paragraph. It reads only: "This contract shall be subject to the terms and conditions of any agreement between the District and the organization certified as the negotiating representative for the certificated personnel employed by the Board." There is no reference to a specific bargaining unit as there was in the 2018-2019 ("Superintendent's"), 2019-2020 ("Principal's"), and 2020-2021 ("Principal's"). In addition, there is no reference to Mr. Cerna's annual salary.

The document is signed electronically by Mr. Cerna on July 13, 2021, and [REDACTED] on July 14, 2021.

e. June 22, 2022 Contract

Mr. Cerna's contract for the 2022-2023 school year is almost exactly the same as the July 13, 2021 version. It again does not refer to a specific bargaining unit, nor does it refer to Mr. Cerna's annual salary. The document is signed electronically by Mr. Cerna and [REDACTED], both on June 22, 2022.

The Board met on June 21, 2022. The minutes reflect that approval of administrators' contracts was on the agenda, and that the Board discussed removing Mr. Cerna's contract from the June 14, 2022 list of administrators submitted to the board. The meeting minutes include:

President Jimenez proceeded with item 5J Approval of Contract and Salary Increase. Director Washines said she would like to amend to take off item one of the memo from [REDACTED] dated June 14, 2022. Director Washines said this matter has been resolved in previous Board meetings, specifically, during an evaluation process in January. Director Washines further explained that this School Board committee has already addressed the contract for this administrator and to readjust it again would not be appropriate within the same fiscal year. Director Washines moved to approve the amended memo with items 2-29 and removing item 1 John Cerna from the memo dated June 14, 2022 concerning Administrators' Contracts and Salaries. Director Perez seconded the motion. The motion was carried unanimously.

**5. January 18, 2022 Contract and Proposed Amendment**

a. Contract

On January 18, 2022, a new contract, which looks very similar to Mr. Cerna's 2011 contract in form and content, was signed by Mr. Cerna and three of five Board members.

Some differences of note include:

- The "actual work year" referenced in the 2022 version is 216 days, in comparison to the 219 days in the 2011 version.
- The annual salary (\$239,079.48 for the period of July 1, 2021 through July 30, 2022) is designated "base pay". The 2011 version did not include the "base pay" note.
- Toppenish Rotary was added to the "Professional Dues, Civic Organization Dues" section of the contract.

- There were some changes made to the language in the “Vacation” section of the contract, including:
  - In the 2011 version, there was a limit placed on the number of vacation days that could be accumulated from year to year “up to a maximum of 30 days.” In the 2022 version reference to the maximum of 30 days was removed.
  - The 2011 version also referenced that the superintendent will be paid for accumulated vacation days (to a maximum of 30 days at the time of termination of employment). The reference to the maximum of 30 days was removed in the 2022 version.
  - The 2011 version referenced that the superintendent would be entitled to buy back up to 15 vacation days per year; the 2022 version increased to 20 buyback days.
- “Personal Days” were increased from three in the 2011 version to four in the 2022 version. The 2011 version included language that personal days may be “cashed out at any time in the year.” The 2022 version only says that personal days “may be cashed-out,” but omits any reference to when.
- Mr. Cerna’s car allowance was increased from \$600 per month to \$751<sup>15</sup> and language was added to state that the car allowance was “to cover all related costs in the Toppenish School District boundaries.”

This contract is the one currently in effect and it is set to expire on June 30, 2025.

b. 2023 Proposed Amendment to Mr. Cerna’s 2022 Contract

In January 2023, the Board was presented with a proposed amendment to the signed 2022 contract. Mr. Cerna’s personnel records include an unsigned “Amendment to Superintendent’s 2022 Contract” that was never approved by the Board. In his investigative interview, Mr. Cerna disavowed any knowledge of this document, said he had never seen it before and had no role in drafting the proposed terms. The 2023 amendment was intended to respond to the SAO’s November 2022 findings and to memorialize compensation that Mr. Cerna had been receiving for years.<sup>16</sup>

The amendment included the following provisions:

**1. Purpose:** The Board wishes to amend the Superintendent's 2022 Contract to reflect current terms of employment for the Superintendent.

**2. Amendments:** The Superintendent's 2022 Contract is amended by replacing the paragraphs titled "OPTIONAL DAYS," "PERSONAL DAYS," "BENEFITS," and "EVALUATION AND EXTENSION OF CONTRACT" with the following:

**OPTIONAL DAYS:** The Superintendent shall have the option of 14 optional days at the

---

<sup>15</sup> As noted in the 2012 section below, records reflect that Mr. Cerna’s vehicle allowance was increased to \$751 during the 2013-2014 school year and he continued to receive that amount every month. The District is unable to locate any documentation reflecting the reason for or approval of the increase at that time. Mr. Cerna claimed that he did not notice the increase right away and did not know why or who increased his allowance in the 2013-14 school year.

<sup>16</sup> The full document is attached as Exhibit 5.

contract per diem rate. The Superintendent shall receive personal responsibility pay at the same percentage as members of the Toppenish Education Association.<sup>17</sup>

**PERSONAL DAYS:** The Superintendent shall receive 4 personal days per year. One additional personal day will be granted if no sick leave is used during the previous school year. One additional day will be granted if the Superintendent is employed with the District for 15 or more consecutive years. Any unused personal days will be cashed out at the end of the Superintendent's employment.

**BENEFITS:**

**A. Insurance.** The Superintendent shall receive at least medical, dental, vision, other benefits equivalent to the amount paid by the State to the District for each FTE certificated employee. The Superintendent shall receive a \$350 monthly VEBA contribution and a \$450 monthly Executive VEBA contribution.<sup>18</sup>

**B. Travel Reimbursement.** In lieu of expense reimbursement for in-district travel on district business, the Superintendent shall receive \$751 per month<sup>19</sup> for operation of a personal automobile for work-related travel within the school system and community. Pursuant to RCW 42.24.090, it is the Board's determination that this means of reimbursement is less costly than providing an automobile to the Superintendent. Any use of a personal vehicle for travel on district business outside of the School District shall be reimbursed in accordance with district policy and regulations for reimbursement.<sup>20</sup>

**C. Cellphone and Internet Stipend.** The Superintendent shall receive an \$80 monthly stipend for a cellphone and an \$80 monthly stipend for home internet.<sup>21</sup>

---

<sup>17</sup> The issue of "personal responsibility pay" is addressed in more detail below. At the time of this proposed amendment, the percentage was 12.48%. Payroll records reflect that 12.48% of Mr. Cerna's salary at the time was \$29,837.30, which was paid to Mr. Cerna in equal installments over 12 months. The monthly amount was \$2,486.45 and was coded as ADDOP. District staff reported that they stopped paying Mr. Cerna ADDOP in February 2023, after he was placed on administrative leave.

<sup>18</sup> VEBA contributions of \$200 per month had been deducted from Mr. Cerna's pay since at least February 2011. At some point between 2017 and 2022, additional VEBA contributions of \$350 and \$450 per month began without Board approval, and continued through January 2023 when the current board discontinued them. The original \$200 per month deductions continued.

<sup>19</sup> Mr. Cerna's original contract for 2010 – 2013 established a vehicle allowance of \$600 per month. In SY 2013 – 2014, without board approval, the allowance was raised to \$751.42 per month. The Board finally approved that amount in January 2022 and limited it to in-District travel.

<sup>20</sup> Mr. Cerna's original contract authorized \$600 per month "to cover all related costs including travel outside of Toppenish School District." Mr. Cerna said he believed the contract language was ambiguous and that the allowance was always intended to include only in-District travel.

<sup>21</sup> The District had already been paying Mr. Cerna's internet and cell phone expenses for many years. More information regarding these payments is discussed below.

**D. Alaska Visa.** The District shall pay the Superintendent's annual dues for membership in the Alaska Visa Lounge.

**E. Retirement.** The Superintendent shall be entitled to receive any retirement benefits provided through the Washington State Department of Retirement Systems (DRS) that are otherwise available to full-time certificated administrators of the District. In addition to the annual base salary, the District shall pay into the Superintendent's DRS deferred compensation plan account (an IRC § 457 plan) an employer provided non-elective contribution in the amount of \$1,350 a month, payable toward the purchase of such annuity but subject to the maximum amount that may lawfully be excluded from gross income. It is intended that all contributions by the District (up to the maximum amount permitted by law) will be excludable from the gross income of the Superintendent under Sections 402(g) and 403(b) of the Internal Revenue Code of 1986 (as amended) to the extent permitted by such sections. Both parties intend, but neither assures the other, that those contributions be excluded from the Superintendent's gross income for federal income tax purposes. The Superintendent shall direct investment of the non-elective contributions and amounts attributable to them, but shall direct investment subject to the plan's terms, including the District's selection of the plan's investment alternatives. [ . . . ]<sup>22</sup>

In Section 4 "Additions," the Amendment included:

H. Safety. The Superintendent shall be responsible for implementing a comprehensive safety program to protect staff and students. The program is called the Critical Incident Response Team. The Superintendent will receive an annual stipend of \$5,000 to lead, organize, and implement the Critical Incident Response Team.<sup>23</sup>

**B. Mr. Cerna's Evaluations, Contract Rollovers, and Salary Increases**

**1. School Year (SY) 2010 – 2011**

a. January 25, 2011 Evaluation

On January 25, 2011, Mr. Cerna received his first evaluation. The period covered in the evaluation was July 1, 2010-June 30, 2011, but the evaluation actually only covered Mr. Cerna's first six months. In the notes portion of the evaluation, the board approved Mr. Cerna's contract to be rolled over for another

---

<sup>22</sup> Mr. Cerna began receiving the \$1,350 per month contributions to his retirement in June 2021. Retirement contributions were never expressly included in any contract approved by the Board, and Seabold Group was unable to find evidence that the Board otherwise approved those contributions for Mr. Cerna. Seabold Group does not express any opinion on whether Mr. Cerna's retirement benefits qualify under another provision of his contracts.

<sup>23</sup> The "safety program" had been in place since 2014 and records reflect that Mr. Cerna had been receiving safety stipends, initially \$2,000 per year, for approximately eight years before this 2023 proposed amendment. The Board had approved a safety stipend once in or about August 2014, but it does not appear that safety stipends were ever reauthorized.

year from July 1, 2013 - June 30, 2014. His evaluation was signed by board members Rick Schutz, Richard Lommer, Maryrose Gonzalez, Gonzalo Macias, and William Rogers.

The January 25, 2011 board meeting minutes reflect that there was an executive session for superintendent evaluation:

. . . The executive session began at 8:04 p.m. and was scheduled to last approximately one hour for the evaluation of Superintendent John M. Cerna and personnel issues . . . President Schutz closed the executive session at 8:36 pm and entered into regular session to approve Superintendent Cerna's contract for one additional year. The Board unanimously approved Superintendent John M. Cerna's contract to be rolled over for one year from July 1, 2013, to June 30, 2014. Director Rogers made the motion to approve the Principal's Contract for the 2010-2011 school year only, and Director Macias seconded the motion. The motion was carried unanimously.

b. February 22, 2011 Contract

On February 22, 2011, Mr. Cerna signed a three-year contract almost identical to the one he signed on May 25, 2010, with the addition of a section for personal days. The same board members signed this copy as well.

c. SY 2010 – 2011 actual compensation<sup>24</sup>

Mr. Cerna was paid a salary of \$128,300 during the 2010 – 2011 school year, his first year as superintendent. His hourly rate was \$73.23. Additional compensation of \$28,703.24 brought his total compensation to \$157,003.24. The additional compensation consisted of the following:

Vehicle allowance (\$600/month)	\$7,200.00
Optional days (16.4 days) <sup>25</sup>	\$9,603.28
Vacation buy-back (15 days)	\$8,787.67
Personal days buy-back (3 days)	\$1,757.52
Sick days buy-back (74 hrs = approx. 2.3 days) <sup>26</sup>	<u>\$1,354.77</u>
Total additional compensation	\$28,703.24

**2. SY 2011 – 2012**

a. January 24, 2012 Evaluation

---

<sup>24</sup> Actual compensation is based on annual payroll reports provided by the District reflecting all payments made to Mr. Cerna for the school years from 2010 – 2011 through much of 2022 – 2023. Exhibit 6, "Total Compensation," is a Sebold summary detailing Mr. Cerna's annual compensation, including salary, stipends, and other benefits, by school year.

<sup>25</sup> Mr. Cerna's contract provided for up to 14 days of optional pay.

<sup>26</sup> Sick leave buy-back is calculated: # hours divided by 4 divided by 8 hrs.

On January 24, 2012, Mr. Cerna received his second evaluation. The period noted in the evaluation was July 1, 2011 – June 30, 2012. In the notes portion of his evaluation, the board approved Mr. Cerna's contract to be rolled over for another year from July 1, 2014 – June 30, 2015. His evaluation was signed by Rick Schutz, Richard Lommer, Maryrose Gonzalez, Gonzalo Macias. William Rogers did not sign the evaluation; the record reflects he was excused and not present for the meeting.

The January 24, 2012 board meeting minutes reflect that there was an executive session for superintendent evaluation:

. . .The executive session began at 8:17 p.m. and was scheduled to last approximately 20-25 minutes for the evaluation of Superintendent John M. Cerna . . . President Schutz closed the executive session at 8:48 pm and entered into regular session to approve Superintendent Cerna's contract for one additional year. The Board unanimously approved Superintendent John M. Cerna's contract to be rolled over for one year from July 1, 2014, to June 30, 2015. The motion was carried unanimously.

b. July 2011 Salary increase

In a memo dated July 12, 2011,<sup>27</sup> from [REDACTED], Director of Personnel & HR, to payroll, [REDACTED] wrote:

Please adjust John Cerna's salary for the 2011-2012 school year to reflect 100% of the previous superintendent's salary upon departure, which is as follows:

Annual Base Salary (a 5.2% increase)	\$135,046.24
Hourly Rate	\$ 77.08
Optional Pay (14 days)	\$ 8,633.09
Travel-Auto Allowance (\$600/month x 12)	\$ 7,200.00

[REDACTED]'s memo added: "The Board of Directors at Executive Session on June 28, 2011, approved this adjustment. Minutes verifying this motion will be forwarded to you as soon as they are available." Seabold Group reviewed those minutes, which indicate the Board approved a 5% salary increase to take effect at the beginning of the 2011-2012 school year.

c. SY 2011 – 2012 actual compensation

District payroll records reflect that Mr. Cerna's actual compensation generally matched the above-mentioned documentation. He was paid a salary of \$135,046.24 (a 5.26 % increase from the previous year's base salary.) Additional compensation of \$30,016.04 brought his total compensation to \$165,062.28, a 5.13% increase from the previous year's total compensation. The additional compensation consisted of the following:

Vehicle allowance (\$600/mo)	\$ 7,200.00
------------------------------	-------------

---

<sup>27</sup> The memo is attached as Exhibit 7.

Optional days (OPT, 16 days) <sup>28</sup>	\$ 9,866.40
Vacation buy-back (15 days)	\$ 9,249.74
Personal days buy-back (3 days)	\$ 1,849.95
Sick Leave buy-back (96 hrs; 3 days)	<u>\$ 1,849.95</u>
Total additional compensation	\$30,016.04

### 3. SY 2012 – 2013

#### a. January 22, 2013 Evaluation

On January 22, 2013, Mr. Cerna received his third evaluation. The period noted in the evaluation was July 1, 2012 – June 30, 2013. In the notes portion of his evaluation, the board approved Mr. Cerna's contract to be rolled over for another year from July 1, 2015 – June 30, 2016. They also approved paying Mr. Cerna's Rotary membership dues. The evaluation was signed by all five board members: Maryrose Gonzalez, Richard Lommers, Gonzalo Macias, Rick Schutz, and Jesse Orozco.

The board meeting minutes on this day reflect that there was an executive session for superintendent evaluation:

. . .the executive session at 6:00 p.m. and was scheduled to last approximately 45 minutes for the evaluation of Superintendent John M. Cerna . . . President Schutz closed the executive session at 6:47 p.m. and entered into regular session to approve Superintendent Cerna's contract for one additional year. Director Macias made the motion to roll over the Superintendent's contract one additional year, and Director Orozco seconded the motion. The Board unanimously approved Superintendent John M. Cerna's contract to be rolled over for one year from July 1, 2015, to June 30, 2016 and approved payment of his membership dues to Toppenish Rotary. The motion was carried unanimously.

#### b. June 26, 2012 Salary Increase

June 26, 2012 Board meeting minutes reflect that an executive session was called. Following the session, the board unanimously approved the 2012-2013 Supervisor Salary Schedule, the 2012-2013 Principal/Director Salary Schedule, and a 1.9% raise plus a step increase for the Superintendent.

In a memo dated July 6, 2012, [REDACTED] sent to payroll: "Please adjust the annual base salary for John M. Cerna, Superintendent as follows: The Board during Executive Session approved the following salary adjustment for the 2012-2013 school year (effective 7/1/12): 1.9% Base Salary Increase and 3% Step Increase: \$141,740.48"<sup>29</sup>

---

<sup>28</sup> This was the second year in a row that Mr. Cerna was paid in excess of 14 optional days.

<sup>29</sup> The July 6, 2012 memo is attached as Exhibit 8.

c. SY 2012 – 2013 actual compensation

District payroll records reflect that Mr. Cerna’s actual base salary matched the above-mentioned documentation. He was paid \$141,740.48 (a 4.96% increase from the previous year’s base salary.)

Additional payments brought his total compensation to \$170,884.70. The additional compensation included the following:

Vehicle allowance (\$600/mo)	\$ 7,200.00
Optional days (OPT 13 days)	\$ 8,352.67
Vacation buy-back (15 days)	\$ 9,708.25
Personal day buy-back (3 days)	\$ 1,941.65
Sick Leave buy-back (3 days)	<u>\$ 1,941.65</u>
Total additional compensation	\$29,144.22

**4. SY 2013 – 2014**

a. January 15, 2014 Evaluation

On January 15, 2014, Mr. Cerna received his fourth evaluation. The period noted in the evaluation was July 1, 2013 – June 30, 2014. In the notes portion of his evaluation, the board approved Mr. Cerna’s contract to be rolled over for another year from July 1, 2016 – June 30, 2017. The evaluation was signed by all five board members: Maryrose Gonzalez, Richard Lommers, Gonzalo Macias, Rick Schutz, and Jesse Orozco.

b. June 25, 2013 Salary increase

Board meeting minutes from June 25, 2013, reflect that the board unanimously approved a salary increase for Mr. Cerna to \$160,000 for the 2013-2014 school year. Mr. Cerna was informed via a memo dated July 23, 2013, that his salary for the 2013-2014 school year was \$160,000, with an hourly rate of \$91.32, and he had 14 optional days available.<sup>30</sup>

c. SY 2013 – 2014 actual compensation

Payroll records confirm that Mr. Cerna was paid a base salary of \$160,000 for the 2013 – 2014 school year, a 12.9% increase from his prior year base salary. Additional payments of \$35,536.61 brought his

---

<sup>30</sup> The July 23, 2013 memo is attached as Exhibit 9 and includes a note at the end: “Principals, per contract, please remember 8 days of optional time to be processed for payment on an Optional Day Form and 6 days on a Time Record. Thank you.” It is not clear if this was left over from a form to principals and she mistakenly included it, or if she intended to include the note to Mr. Cerna. Optional Day Forms from 2009 to 2018 were not provided to Seabold Group but payroll records reflect that Mr. Cerna was paid for OPT days for all but two of his years as superintendent, to be detailed further in this report.

total compensation to \$195,536.61, a 14.42% increase from the prior year's total compensation. The additional payments consisted of the following:

Vehicle allowance (increased to \$751.42/mo)	\$ 9,017.05
Optional days (OPT 16 days)	\$ 11,522.72
Vacation buy-back (15 days)	\$ 10,958.90
Personal days buy-back (3 days)	\$ 2,191.78
Sick Leave buy-back (2.5 days)	<u>\$ 1,846.16</u>
Total additional compensation	\$ 35,536.61

## 5. SY 2014 – 2015

### a. January 27, 2015 Evaluation

On January 27, 2015, Mr. Cerna received his fifth evaluation. The period noted in the evaluation was July 1, 2014 - June 30, 2015. In the notes portion of his evaluation, the board approved Mr. Cerna's contract to be rolled over for another year from July 1, 2017 - June 30, 2018. The evaluation was signed by Richard Lommers, Gonzalo Macias, Rick Schutz, and Jesse Orozco. Maryrose Gonzalez was absent and did not sign.

The board meeting minutes on this day reflect that there was an executive session for superintendent evaluation:

The executive session began at 8:35 PM and was scheduled to last 30-45 minutes for the evaluation of Superintendent John M. Cerna . . . President Schutz closed the executive session at 9:32 PM and entered into regular session to approve Superintendent Cerna's contract for one additional year. The Board unanimously approved Superintendent John M. Cerna's contract to be rolled over for one year from July 1, 2017, to June 30, 2018. The motion was carried unanimously.

### b. No salary increase for SY 2014 – 2015

Mr. Cerna did not receive a salary increase for the 2014 – 2015 school year. He was informed via a memo dated August 8, 2014,<sup>31</sup> that his salary for the 2014-2015 school year was \$160,000, with an hourly rate of \$91.32, and that he had 14 optional days available.

### c. SY 2014 – 2015 actual compensation

Payroll records support that Mr. Cerna's base salary remained at \$160,000 for the 2014 – 2015 school year. Additional payments of \$38,068.42 brought his total compensation to \$198,068.42, 1.3% higher than the previous year. His additional compensation consisted of the following:

---

<sup>31</sup> The August 8, 2014 memo is attached as Exhibit 10.

Vehicle allowance (\$751.42/mo) <sup>32</sup>	\$ 9,017.05
Optional days (OPT 15 days)	\$10,958.90
Safety stipend <sup>33</sup>	\$ 2,000.00
Insurance stipend (\$125/mo) <sup>34</sup>	\$ 750.00
Vacation buy-back (15 days)	\$10,958.90
Personal day buy-back (3 days)	\$ 2,191.78
Sick Leave buy-back (3 days)	<u>\$ 2,191.79</u>
Total additional compensation	\$38,068.42

## 6. SY 2015 – 2016

### a. January 12, 2016 Evaluation

On January 12, 2016, Mr. Cerna received his sixth evaluation. The period noted in the evaluation was July 1, 2015 - June 30, 2016. The board approved his contract to be rolled over another year, from July 1, 2018 – June 30, 2019. The evaluation was signed by all five board members: Maryrose Gonzalez, Rev. Enedeo Garza, Richard Lommers, Gonzalo Macias, and Rick Schutz.

The board meeting minutes on this day reflect that there was an executive session for superintendent evaluation:

The executive session began at 8:30 PM and was scheduled to last an hour for the evaluation of Superintendent John M. Cerna . . . President Gonzalez closed the executive session at 9:35 PM and entered into regular session to approve Superintendent Cerna’s contract for one additional year. The Board unanimously approved Superintendent John M. Cerna’s contract to be rolled over for one year from July 1, 2018, to June 30, 2019. The motion was carried unanimously.

### b. SY 2015 – 2016 salary increase

On July 9, 2015, HR Director Larry Davison sent a memo to Payroll regarding a “salary increase for district level administrators.”<sup>35</sup> He wrote:

A 3% salary increase has been approved for the following district level administrators: John Cerna, Superintendent; [REDACTED], Assistant Superintendent; [REDACTED], Business

---

<sup>32</sup> Monthly vehicle allowance fluctuated between \$751.42, \$751.43 and \$751.32. It all added up to \$9,017.05 per year from the 2013-14 SY forward.

<sup>33</sup> This was the first year Mr. Cerna was paid an annual safety stipend of \$2,000 for time and costs associated with qualifying at the firing range.

<sup>34</sup> Beginning on January 30, 2015, Mr. Cerna began receiving a \$125 per month stipend to supplement higher health insurance costs “due to changes in health insurance carriers as well as costs associated with the Affordable Care Act.” See December 16, 2014 memo at Exhibit 11. There is no record that the Board approved the stipend.

<sup>35</sup> The memo is attached as Exhibit 12. 2015 Board meeting minutes reviewed by Seabold Group do not reflect any discussion by the board in relation to a superintendent or administrators salary increase prior to the July 9, 2015 memo.

Manager; Larry Davison, Human Resources Director. This salary increase is effective July 1, 2015. To be paid in the July 2015 payroll. This salary increase will be submitted to the Board for approval at the July 28, 2015 meeting. If it is not approved, increase will be adjusted in the next payroll period.

July 28, 2015 board meeting minutes reflect in item J of the consent agenda, "APPROVAL OF STATE APPROVED 3% SALARY INCREASE - Approval of the state approved 3% salary increase for certificated administrators, classified administrator, classified administrative office personnel and supervisors effective 7/1/15." On July 28, 2015, staff sent a memo to Mr. Cerna notifying him that his salary for the 2015-2016 school year would be \$164,800, which reflects a 3% increase from his 2013-2014 and 2014-2015 salary. Mr. Cerna's hourly rate was \$94.06, and he was informed that he had 14 optional days.

It is not clear who qualified as a "certificated administrator" or who the Board intended to include in that group, but the Board did not specifically approve a 3% increase for Mr. Cerna .

c. SY 2015 – 2016 actual salary

Payroll records reflect that Mr. Cerna was paid a salary of \$164,800, consistent with the Board authorization mentioned above. Additional payments of \$38,102.42 brought his total compensation to \$202,902.42. The additional payments consisted of the following:

Vehicle allowance (\$751.42/mo)	\$ 9,017.05
Optional days (OPT 13 days)	\$ 9,782.63
Safety stipend <sup>36</sup>	\$ 2,000.00
Insurance stipend (\$125/mo)	\$ 1,500.00
Vacation buy-back (15 days)	\$11,287.67
Personal day buy-back (3 days)	\$ 2,257.53
Sick Leave buy-back (3 days)	<u>\$ 2,257.54</u>
Total additional compensation	\$38,102.42

**7. SY 2016 – 2017**

a. February 28, 2017 Evaluation

On February 28, 2017, Mr. Cerna received his seventh evaluation. The board approved his contract to be rolled over another year, from July 1, 2019 – June 30, 2020. The evaluation was signed by: Maryrose Gonzalez, Richard Lommers, Gonzalo Macias, and Rick Schutz. Rev. Enedeo Garza was absent and did not sign.

The board meeting minutes on this day reflect that there was an executive session for superintendent evaluation:

---

<sup>36</sup> There was no evidence that the Board renewed the safety stipend for Mr. Cerna.

The executive session began at 8:25 PM and was scheduled to last an hour for the evaluation of Superintendent John M. Cerna . . . President Gonzalez closed the executive session at 9:14 PM and entered into regular session to approve Superintendent Cerna’s contract for one additional year. The Board unanimously approved Superintendent John M. Cerna’s contract to be rolled over for one year from July 1, 2019, to June 30, 2020. The motion was carried unanimously.

b. SY 2016 – 2017 Salary Increase

2016 board meeting minutes reviewed by Seabold Group do not reflect any discussion or approval by the board in relation to a superintendent-specific salary increase. The board meeting agenda for July 26, 2016, reflects in item E. “Approval of State Approved Salary Increases;” however, the meeting minutes for that day make no reference to a discussion or approval of state approved salary increases. Item E in the meeting minutes refers to “APPROVAL OF CWAC FOOTBALL COACHES TRAINING PROPOSAL” and Item F refers to “APPROVAL TO ISSUE 2016-17 ADMINISTRATIVE CONTRACTS-REVISED.” No other details in relation to the administrative contracts are included in the minutes. The July 26, 2016 board packet includes a July 8, 2016 memo from [REDACTED] to the board, requesting that a state approved 1.8% salary increase be processed for administrators (including the superintendent, and others specified) principal administrators, supervisors, classified administrative central office personnel, and graduation specialist.<sup>37</sup>

On July 27, 2016, HR staff sent two memos<sup>38</sup> to Mr. Cerna notifying him of his salary for the 2016-2017 school year, reflecting an increase from his 2015-2016 salary of \$164,800. The HR staff member indicated that Mr. Cerna’s base salary for the 2016-2017 school year was \$167,766 (an approximately 1.8% increase), and his hourly rate was \$95.75. In one of the memos, staff indicated that he had 14 “supplemental days,” with a note that: “14 supplemental days must be documented on the Optional Day For Administrators form (see attached), by the end of your contracted year.” In the second memo, staff indicated that Mr. Cerna’s salary and hourly rate were the same as above, however, instead of 14, staff listed 11 supplemental days and included a note: “11 supplemental days must be documented on the Documentation for Supplemental Contract form (see attached), by the end of your contracted year.”

The District’s internal administrative salaries spreadsheet reflects that there was a 2016-2017 1.8% increase applied to all staff included on the spreadsheet (which included Mr. Cerna, whose resulting salary after the increase was reflected to be \$167,766.) Staff included on the spreadsheet were divided into subcategories of building principals, central office (Mr. Cerna is included in this category), directors, and supervisors. Though the Board received the July 8, 2016 memo requesting a 1.8% increase, there was no evidence, based on the July 26, 2016 minutes that the Board formally approved the increase.

c. SY 2016 – 2017 actual compensation

Mr. Cerna was paid a salary of \$167,766 during the 2016 – 2017 school year, which was a 1.8% increase in base salary from the previous year. Additional payments totaling \$41,627.17 brought his compensation to \$209,393.17, a 3.2% increase from the previous year’s total compensation. Mr. Cerna began receiving supplemental additional optional days (also called personal responsibility pay - PRP) in

<sup>37</sup> The July 8, 2016 memo is attached as Exhibit 13.

<sup>38</sup> The July 27, 2016 memos are attached as Exhibit 14.

2016. Those payments were coded ADDOP. For this year and next, he stopped claiming optional days, coded OPT, and only received the monthly ADDOP payments.

The additional pay included the following:

Vehicle allowance (\$751.42/mo.)	\$ 9,017.05
ADDOP/PRP monthly payments (@20 days)	\$15,321.10
Safety stipend	\$ 2,000.00
Insurance stipend	\$ 1,500.00
Vacation buy-back (15 days)	\$11,490.85
Personal day buy-back (3 days)	<u>\$ 2,298.17</u>
Total	\$41,627.17

#### **8. SY 2017 – 2018**

##### a. January 23, 2018 Evaluation

On January 23, 2018, Mr. Cerna received his eighth evaluation. The period noted in the evaluation was July 1, 2017 - June 30, 2018. The board approved his contract to be rolled over another year, from July 1, 2020 – June 30, 2021. The evaluation was signed by: Maryrose Gonzalez, Richard Lommers, Zachary Dorr, and Clara Jimenez. Gonzalo Macias was excused and did not sign.

The board meeting minutes on this day reflect that there was an executive session for superintendent evaluation:

The executive session began at 8:59 PM and was scheduled to last an hour for the evaluation of Superintendent John M. Cerna . . . President Gonzalez closed the executive session at 10:09 PM and entered into regular session to approve Superintendent Cerna’s contract for one additional year. The Board unanimously approved Superintendent John M. Cerna’s contract to be rolled over for one year from July 1, 2020, to June 30, 2021. The motion was carried unanimously.

##### b. SY 2017 – 2018 Salary Increase

The 2017 board meeting minutes did not reflect any discussion or approval of a superintendent’s salary increase (or a salary increase for any positions). May 9, 2017 special meeting minutes reflect “Approval to issue 2017-2018 administrative contracts” but no other detail and no detail regarding salary increases. The contracts were not included in the Board packet.

A memo dated July 7, 2017<sup>39</sup> from Mr. Cerna to “Payroll, [REDACTED], [REDACTED], [REDACTED], [REDACTED], HR” with the subject “Salary Adjustments for 2017-18” states:

---

<sup>39</sup> The July 7, 2017 memo is attached as Exhibit 15.

The Administrative Unit consists of Superintendent, Assistant Superintendent, Business Manager, and Curriculum Director. The contract period is July 1 to June 30 each year. The following shall be in place for the 2017-2018 contract year:

- 260 Days/Year
- 30 Vacation Days
- 3 Personal Days
- 25 Optional Days at Hourly Rate
- Hourly rate will be based on 216 Days (260 Days/Yr-11 Holidays, 30 Vacation Days, and 3 Personal Days)
- 2.3% Increase to Base Salary
- Members of the unit shall be entitled to annually, by June 30<sup>th</sup>, buy back up to 15 vacation days per year at their hourly rate.

The District's 2017-2018 internal administrative salaries spreadsheet reflects that there was a 2.3% increase applied to all staff included on the spreadsheet (which included Mr. Cerna, whose resulting salary after the increase was reflected to be \$171,625.) Staff included on the spreadsheet were divided into subcategories of building principals, central office (Mr. Cerna is included in this category), directors, and supervisors. The spreadsheet also reflects that Mr. Cerna received \$19,863.96 through a supplemental contract (ADDOP) for the 25 days deemed done, which was increased from 20 days the year prior.<sup>40</sup>

We could find no evidence that the Board approved the salary and benefit increases authorized by Mr. Cerna and reflected in the District's spreadsheet.

c. SY 2017 – 2018 actual compensation

Payroll records reflect that Mr. Cerna's salary for the 2017 – 2018 school year was \$171,625, a 2.3% increase from his prior year base salary. Additional pay of \$46,683.09 increased his total compensation to \$218,308.09, a 4.3% increase from the previous year's total compensation. The additional pay included the following:

Vehicle allowance (\$751.42/mo)	\$ 9,017.05
ADDOP (25 days)	\$19,863.96
Safety stipend	\$ 2,000.00
Insurance stipend	\$ 1,500.00
Vacation buy-back (15 days)	\$11,918.40
Personal day buy-back (3 days)	<u>\$ 2,383.68</u>
Total	\$46,683.09

---

<sup>40</sup> The District spreadsheet is attached as Exhibit 16. Beginning with the SY 2018 – 2019, Mr. Cerna often receives mid-year raises that increase his original base salary at the beginning of each year. Therefore, his actual annual compensation may differ from the district's spreadsheet.

## 9. SY 2018 – 2019

### a. January 22, 2019 Evaluation

On January 22, 2019, Mr. Cerna received his ninth evaluation. Unlike all the evaluations prior, the period noted in the evaluation was January 1, 2018 – December 31, 2018 (as opposed to July 1 – June 30 timeframes stated in the previous evaluations, as well as his contract). The board approved his contract to be rolled over another year, from July 1, 2021 – June 30, 2022.

The evaluation was signed by: Clara Jimenez, Richard Lommers, and Maryrose Gonzalez. Zachary Dorr attended via conference call and Gonzalo Macias was absent; neither signed the evaluation. The board meeting minutes on this day reflect that there was an executive session for superintendent evaluation and personnel issues:

The executive session began at 8:26 PM and was scheduled to last half an hour for the evaluation of Superintendent John M. Cerna and personnel issues . . . President Clara Jimenez closed the executive session at 9:00 PM and entered into regular session. The Board agreed to roll over Superintendent Cerna’s contract for one additional year, from July 1, 2021, to June 30, 2022. Director Maryrose Gonzalez motioned to approve Superintendent John M. Cerna’s contract roll over, and Director Richard Lommers seconded the motion. The motion was carried unanimously.

### b. July 2, 2018 “contract” and salary increase

On July 2, 2018, Mr. Cerna signed a document that purports to approve a salary increase for the 2018-2019 school year. His was the only signature on the document.<sup>41</sup> The third paragraph of the document references that Mr. Cerna’s annual salary for the school year would be \$174,251, “according to the negotiated agreement between the **Toppenish Superintendent’s Bargaining Unit and the Toppenish School District #202.**” (Emphasis added). As detailed below, his actual base salary for the year was \$199,085.

The 2018 school board meeting minutes did not reflect that the board discussed or approved a superintendent’s salary increase or any specific change to Mr. Cerna’s contract in any of the monthly meetings that year leading up to July 1, 2018. There is no memo to payroll or any other memo to Mr. Cerna notifying him of his salary for the 2018-2019 school year in the documentation we received.

The Board’s September 25, 2018 Agenda refers to item F. “Approval of Salary Increase for Graduation Specialists, Principals, Certified Directors, Classified Directors and Central Office Staff.” The September 25, 2018 minutes reflect: In addition to the 3.1% salary increase approved at the August 28, 2018 School Board Meeting,<sup>42</sup> the following staff have been approved to receive an additional 6.99% salary increase and principals and certified directors a 12.9% salary increase:

---

<sup>41</sup> This contract was described above at Section A and is included in Exhibit 1.

<sup>42</sup> The August 28, 2018 meeting minutes reflect that the board approved a “salary increase of 8%, one additional personal day, and one additional vacation day earned in the 6<sup>th</sup> year of employment for all public-school employee bargaining group members for 2018-19;” and approved a “3.1% salary increase for non-union employees for 2018-

- Graduation Specialist: 6.9% (total 10%)
- Classified Directors: 6.9% (total 10%)
- Central Office Staff: 6.9% (total 10%)
- Principals and Certified Directors: 12.9% (total 16%)<sup>43</sup>

Mr. Cerna is not a member of any of these bargaining groups and we have not discovered any documentation indicating that the Board intended to extend these increases to Mr. Cerna.

c. SY 2018 – 2019 actual compensation

Payroll records reflect that Mr. Cerna was paid a base salary of \$199,085.51, a 16% increase from the prior year. This amount includes a retroactive payment on October 31, 2018, of \$6,865.01, coded as C993 Retro Pay. The first three months of the school year, Mr. Cerna’s monthly payments, \$14,302.12, were on track to total a \$171,625.44 base salary for the year. In line with the above-described board meeting in September 2018, Mr. Cerna’s monthly salary increased by 16% or \$16,590.46. He also received a retroactive payment of \$6,865.01 to bring his first three months up to \$16,590.46 each. His resulting total base salary for the year was \$199,085.51.

Additional payments totaling \$68,577.66 brought Mr. Cerna’s total compensation to \$267,663.17, a 22.61% increase from the previous year’s total compensation. The additional payments included the following (Mr. Cerna resumed submitting claims for the original OPT optional days, limited to 14 days, in addition to receiving the “deemed done” ADDOP monthly payments, which in this year were based on 25 days; he also claimed 20 days for vacation buy-back instead of the contracted amount of 15 days):

Vehicle allowance (\$751.42/mo)	\$ 9,017.05
Optional days (OPT 10 days)	\$ 9,515.12
Supplemental optional days (ADDOP 25 days)	\$23,042.28
Safety stipend	\$ 2,000.00
Insurance stipend (\$125/mo)	\$ 1,500.00
Vacation buy-back (20 days)	\$18,433.89
Personal day buy-back (3 days)	\$ 2,765.08
Sick Leave buy-back (2.5 days)	<u>\$ 2,304.24</u>
Total additional compensation	\$68,577.66

**10. SY 2019 – 2020**

a. January 28, 2020 Evaluation

19,” which included administrative staff, principals, directors, graduation specialists, and central office staff. Mr. Cerna was not specifically identified in any of the material provided to the Board before it approved these increases. The minutes and Board packet are attached as Exhibit 17.

<sup>43</sup> The Board packet included a memo from the assistant superintendent dated September 20, 2018, that the District had negotiated the increases with the listed “bargaining groups.” Mr. Cerna is not a member of any of those groups.

On January 29, 2020, Mr. Cerna received his tenth evaluation. The period covered was January 1, 2019 - December 31, 2019. The Board approved his contract to be rolled over another year, from July 1, 2022 – June 30, 2023. The board also approved a 2% salary increase, effective immediately. The evaluation was signed by Clara Jimenez, Richard Lommers, Sherri Darrow, and Rebecca Perez. Gonzalo Macias was absent and did not sign.

The board meeting minutes on this day reflect that there was an executive session for superintendent evaluation:

The executive session began at 8:19 PM for the evaluation of Superintendent John M. Cerna. President Clara Jimenez closed the executive session at 9:38 PM and entered into regular session. The Board unanimously agreed to roll over Superintendent Cerna’s contract for one additional year, from July 1, 2022, to June 30, 2023 and to give him a 2% raise effective immediately.

b. June 19, 2019 “contract” and salary increase

On June 19, 2019, Mr. Cerna signed a document for the 2019-2020 school year that appears to be similar in format and terms to the document he signed for the 2018-2019 school year.<sup>44</sup> The document indicates that Mr. Cerna’s annual salary for the school year would be \$203,067.22, “according to the negotiated agreement between the Toppenish Principal’s Bargaining Unit and the Toppenish School District #202.” This was a 1.9% salary increase from the prior year. Mr. Cerna’s paychecks for July and August 2019, for \$16,922.27 a month, reflect a 2% increase from the prior year and were on track to total \$203,067.24 base salary for the year. There is no indication that the board approved the additional increase or that they were aware of it.

The 2019 school board meeting minutes did not reflect that the board discussed or approved a superintendent’s salary increase or any specific change to Mr. Cerna’s contract in any of the monthly meetings that year leading up to July 1, 2019. There is no memo to payroll or any other memo to Mr. Cerna notifying him of his salary for the 2019-2020 school year in the documentation we received.

In September 2019, Mr. Cerna began receiving \$17,088.17 base salary per month, a 1% increase from his already-increased base salary. This coincides with the salary increase for all bargaining groups described in the next section.

c. August 27, 2019 salary increase for all bargaining groups

In or about August 22, 2019, ██████████ sent a memo to the school board and Mr. Cerna recommending approval of a 3% Salary Increase for the 2019-2020 school year for All Bargaining groups except PSE.<sup>45</sup> ██████████ noted that the increase was 2% state funded (IPD) and 1% district funded, for a total of 3%.

---

<sup>44</sup> See Exhibit 1.

<sup>45</sup> The August 22, 2019 memo is attached as Exhibit 18.

The August 27, 2019 minutes reflect that the Board approved this salary increase. As superintendent, Mr. Cerna has never been a member of any bargaining group, yet he received an additional 1% increase beginning with his September 2019 paycheck.

d. January 29, 2020 Salary Increase

As mentioned above, in their January 28, 2020 evaluation of Mr. Cerna, the board approved a 2% pay increase. In a memo dated January 29, 2020, [REDACTED] wrote to payroll: As a result of actions taken by the Toppenish School Board on January 28, 2020, the District shall provide a 2% pay increase for Mr. John M. Cerna, Superintendent of Toppenish School District. This pay increase shall take effect in the February 2020 paycheck.<sup>46</sup>

Mr. Cerna's payroll records reflect a 2% pay increase effective with the February 2020 paycheck. In total, Mr. Cerna received a 5% pay increase for the 2019 – 2020 school year, with only 2% specifically approved by the board.

e. SY 2019 – 2020 Retroactive pay

Check details for the school year reflect that Mr. Cerna received two separate retroactive salary payments during the 2019 – 2020 school year. There is no indication that the Board approved these retroactive payments or that they were aware of them.

In September 2019, he received a retro payment of \$331.80. This amount was the difference between his monthly salary for July and August and his monthly salary beginning in September after receiving the 1% increase, presumably as a result of the Board-approved 3% raise for all bargaining groups. With this retroactive payment, his effective salary increase for the year was 3%. The board approved the 2% state-funded and 1% district-funded raise for all bargaining groups "for the 2019 – 2020 school year," and thus if they meant to include Mr. Cerna in this raise, it could be interpreted that they approved a retroactive payment back to July 2019. However, there is no specific approval of a raise for Mr. Cerna or mention of retroactive pay.

The second retro payment was for \$2,680.23 in the June 2020 paycheck. We have found no documentation to support or explain this retroactive payment.

f. SY 2019 – 2020 actual compensation

Payroll records reflect that Mr. Cerna's actual compensation for the 2019 – 2020 school year was as follows:

Base Salary paid monthly	\$206,434.95
Retroactive salary payments (described above)	<u>\$ 3,012.03</u>
Total base salary	\$209,446.98
% increase from prior year	5.2%

---

<sup>46</sup> The January 29, 2020 memo is attached as Exhibit 19.

Additional payments totaling \$67,014.83 brought his total compensation to \$276,461.81. The additional payments included the following:

Vehicle allowance (\$751.42/mo)	\$ 9,017.05
Optional days (OPT 6 days)	\$ 5,809.92
Supplemental optional days (ADDOP 25 days)	\$24,888.62
Safety stipend	\$ 2,000.00
Insurance stipend	\$ 1,500.00
Vacation buy-back (20 days)	\$19,366.40
Personal day buy-back (3 days)	\$ 2,904.96
Sick Leave buy-back (1.6 days)	\$ 1,527.88
Total additional compensation	\$67,014.83

## 11. SY 2020 – 2021

### a. January 26, 2021 Evaluation

On January 26, 2021, Mr. Cerna received his eleventh evaluation. The board approved Mr. Cerna's contract to be rolled over another year, from July 1, 2023 – June 30, 2024. The board also approved a 3% salary increase, retroactive "to the beginning of Mr. Cerna's contract July 1, 2020." The evaluation was signed by Clara Jimenez, Richard Lommers, Sherri Darrow, and Rebecca Perez. Gonzalo Macias was absent and did not sign.

The board meeting minutes on this day reflect that there was an executive session for superintendent evaluation:

The executive session began at 8:05 PM and was scheduled to last 30 minutes for the evaluation of Superintendent John M. Cerna . . . President Clara Jimenez closed the executive session at 8:35 PM and entered into the regular session.

The Board unanimously agreed to roll over Superintendent Cerna's contract for one additional year, July 1, 2023 to June 30, 2024. The Board also approved a 3% raise retro to the beginning of Mr. Cerna's contract on July 1, 2020.<sup>47</sup>

---

<sup>47</sup> In his January 2021 cover letter to the board in connection with his evaluation, Mr. Cerna requested, a "rollover of my contract for another year (July 1, 2023 to June 30, 2024). I am also asking for a 3% raise **retro to beginning of my contract July 1, 2020** and a life insurance policy equivalent to the one I had prior to moving into SEBB's. The Policy would cost about \$60 a month and cover \$100,000 in life insurance. The raise and the life insurance will go into effect immediately." (Emphasis added). The Board approved a 3% retroactive increase but did not approve his request for life insurance. Former staff who worked closely with Mr. Cerna for many years believed that Mr. Cerna knew or should have known that retroactive pay violated Washington law. Additionally, on July 14, 2020, Mr. Cerna had been reimbursed by the District \$200.29 for life insurance provided by Midland National Life. It's unclear whether the Board was aware that he had requested and received this reimbursement.

b. May 18, 2020 Salary Increase Memo

In a memo from Mr. Cerna to Payroll, dated May 18, 2020, Mr. Cerna stated: “The District shall provide a pay increase for Mr. John M. Cerna, Superintendent, ██████████, Assistant Superintendent, ██████████, ██████████ Business Manager and ██████████, Curriculum Director. This pay increase shall take effect in the July 2020 paycheck.” The details he included for himself included that his salary would increase to \$216,688.89, with an hourly rate of \$125.40, and a supplemental contract of \$26,082.92 (26 supplemental optional days).<sup>48</sup>

The 2020 school board meeting minutes did not reflect that the board discussed or approved a superintendent-specific salary increase or any specific change to Mr. Cerna’s contract in this timeframe. However, the May 26, 2020 minutes reflect that the board approved the 2020-2021 administrative contracts during that meeting. We reviewed the board packet for that meeting, which included a list of individuals, including Mr. Cerna, on a document titled “Administrative Contracts 2020-2021” but the contracts were not included in the packet, nor was there any other documentation memorializing the Board’s approval of any specific salary increase or increase in supplemental optional days.<sup>49</sup>

c. June 5, 2020 “Contract”

On June 5, 2020, Mr. Cerna signed a document for the 2020 – 2021 school year that appears to be similar in format and terms to the Certificated Contract Administrator “contracts” he signed for previous years.<sup>50</sup> The document states that, “by order of the directors,” Mr. Cerna’s annual salary for the school year would be \$216,689, “according to the negotiated agreement between the Toppenish Principal’s Bargaining Unit and the Toppenish School District #202.” The document is not signed by any board member and is only signed by Mr. Cerna as Superintendent. This salary is a 3.5% increase from the previous year’s total base salary.

d. July 28, 2020 Board Approval of 3.6% Salary Increase for Specified Groups

On July 22, 2020, ██████████ sent a memo to Mr. Cerna: “Requesting approval for Salary Increases of 3.6% for the following bargaining groups for the 2020-2021 school year: Graduation specialist; Principals and Certified Directors; Classified Supervisors; Classified Administrative Central Office Personnel.”<sup>51</sup> The July 28, 2020 board meeting agenda and minutes reflect in Consent Agenda item E. “Approval of 3.6% Salary Increase for Graduation Specialist, Principals and Certified Directors, Classified Supervisors, and Classified Administrative Central Office Personnel.” Mr. Cerna is not a member of any of those groups, and the only documentation the Board received in connection with that increase was ██████████ July 22, 2020 memo.

---

<sup>48</sup> The May 18, 2020 memo is attached as Exhibit 20.

<sup>49</sup> During the 2022 audit, the District provided the SAO a portion of the board packet for the May 26, 2020 meeting, which the District claimed established that Mr. Cerna was included in the “Administrative group along with all the building Principals.” The auditors found that the documentation did not support the salary and benefit increases authorized by Mr. Cerna and found them to be “unallowable.”

<sup>50</sup> See Exhibit 1.

<sup>51</sup> The July 22, 2020 memo is attached as Exhibit 21.

Payroll records show that Mr. Cerna's monthly salary starting in July 2020 was 3.6% more than his monthly salary at the end of the previous school year. This monthly salary, \$18,057.42, was on track to total \$216,689.04 for the school year. The monthly payments stayed the same for seven months, until the February 2021 pay increase.

e. January 2021 Salary Increase

On January 26, 2021, in Mr. Cerna's annual evaluation, the board approved a 3% salary increase for Mr. Cerna, retroactive to July 1, 2020. It is unclear whether the board was aware that Mr. Cerna had received the 3.6% increase meant for "Graduation Specialist, Principals and Certified Directors, Classified Supervisors, and Classified Administrative Central Office Personnel" in July 2020.

In a memo dated January 27, 2021, [REDACTED] wrote to payroll: As a result of actions taken by the Toppenish School Board on January 26, 2021, the District shall provide a 3% pay increase for Mr. John M. Cerna, Superintendent of Toppenish School District. This pay increase shall take effect in the February 2021 paycheck and shall be retroactive to July 1, 2020.<sup>52</sup>

In his February 2021 paycheck, Mr. Cerna received a 3% increase in monthly salary payments. He also received a retroactive payment of \$3,792.04 to apply the 3% raise to all prior months.

f. SY 2020 – 2021 actual compensation

Mr. Cerna's base salary was as follows:

July 2020 base salary, @ 3.6% increase from prior year	\$216,689.04
February 2021 3% raise, pd. Feb – June 2021, approved by board	\$ 2,708.48
Feb. 2021 retro pay for 1 <sup>st</sup> 5 months of year, approved by board	<u>\$ 4,248.37</u>
Total base salary for SY 2020 – 2021 (6.78% increase)	\$223,645.89

Additional payments totaling \$79,790.77 brought his total compensation to \$303,436.66, a 9.8% increase from his total compensation the previous year. The additional payments consisted of the following:

Vehicle allowance (\$751.42/mo)	\$ 9,017.05
Optional days (OPT 14 days)	\$14,465.92
Additional optional days (ADDOP 26 days)	\$26,409.08
Safety stipend	\$ 3,600.00
Insurance stipend	\$ 1,500.00
Vacation buy-back (20 days)	\$20,665.60
Personal day buy-back (4 days)	<u>\$ 4,133.12</u>
Total additional compensation	\$79,790.77

---

<sup>52</sup> The January 27, 2021 memo is attached as Exhibit 22.

## 12. SY 2021 – 2022

### a. June 15, 2021 Toppenish Administrators Salary Increase

In a June 15, 2021 memo from ██████████ to the Board, with the subject line: “Administrator Contracts and Salaries” ██████████ wrote:

Toppenish School District has reached an agreement with the Toppenish Administrators for a new contract. As part of this agreement, TSD Administrators’ salaries shall be increased by 4.0% (IPD + 2.0%) for the 2021-22 school year. I ask that the TSD Board of Directors approve this new contract and the associated salary increases.<sup>53</sup>

The June 22, 2021 board meeting minutes reflect “Approval of Administrator Contract for 2021-22,” an item on the consent agenda. No contract was included in the board packet and there were no other discussions recorded during the meeting regarding a 4% salary increase or any other benefit. The only information the Board had before approving this increase was ██████████ June 15, 2021 memo.

Mr. Cerna’s July 2021 salary payment is a 4% increase from the prior pay period. His monthly salary remained the same for seven months, until he received a raise in January 2022.

### b. July 13, 2021 Contract

As explained in greater detail in the contract section above, on July 13, 2021 Mr. Cerna signed a “contract” document for the 2021-2022 school year. Mr. Cerna’s 2021-2022 contract includes similar language to the contract beginning in the 2018-2019 school year, however, there is no reference to a specific bargaining unit as there was in the 2018-2019 (“Superintendent’s”), 2019-2020 (“Principal’s”), and 2020-2021 (“Principal’s”) and, there is no reference to Mr. Cerna’s annual salary. The document was signed electronically by Mr. Cerna on July 13, 2021, and ██████████ on July 14, 2021.

### c. January 18, 2022 Evaluation & Contract

On January 18, 2022, Mr. Cerna received his twelfth evaluation as superintendent. The board approved a new contract that resulted in an extension to June 30, 2025, and a 3% salary increase, retroactive to July 1, 2021. The board also approved reimbursement of an Alaska Lounge membership for \$400 a year and “continue yearly membership.” The evaluation was signed by only three Board members.<sup>54</sup>

### d. February 1, 2022 Salary Increase

In a memo dated February 1, 2022, ██████████ wrote to payroll:

---

<sup>53</sup> The memo is attached as Exhibit 23. ██████████ also wrote that the “Administrators” and TSD had further agreed to a \$160 per month stipend for cell and internet expenses. It is unclear with whom the “administrators” were negotiating, but it does not appear they were negotiating with the Board.

<sup>54</sup> The details of the new contract are addressed above.

As a result of actions taken by the Toppenish School Board on January 18, 2022, the District shall provide a 3% pay increase for Mr. John M. Cerna, Superintendent of Toppenish School District. This pay increase shall take effect in the February 2022 paycheck and shall be retroactive to July 1, 2021. This is documented with School Board minutes for January 18, 2022 as well as in Mr. Cerna's evaluation that was completed and signed on January 18, 2022.<sup>55</sup>

Mr. Cerna's payroll records reflect that the 3% raise took effect with the February 2022 paycheck, and that retroactive payments of \$4,062.01 and \$547.57 were included in that paycheck. It is not known why there were two separate retroactive payments on the same date, coded RETR2 and RETR3 respectively.

e. June 21, 2022 Board Removal of Mr. Cerna from Administrators List

During the board meeting on June 21, 2022, the board minutes reflect that Mr. Cerna was removed from the administrator contract list that was set for approval during the meeting.

"J. Approval of 2022-23 Administrator Contract and Salary Increase: This memo was amended to remove item #1 John Cerna. Only items 2-29 were approved on this memo."<sup>56</sup>

f. SY 2021 – 2022 actual compensation

Mr. Cerna was paid a base salary of \$235,018.64 and received retroactive pay of \$4,609.58 during the 2021 – 2022 school year for a total base salary of \$239,628.22 (a 7.15% increase from prior year). Additional payments of \$106,819.02 brought his total compensation to \$346,447.24 for the 2021 – 2022 school year, a 14.17% increase from the previous year's total compensation.

The additional payments consisted of the following:

Vehicle allowance <sup>57</sup>	\$ 9,017.05
Optional pay (OPT 14 days)	\$15,496.32
Additional optional (ADDOP approx. 28 days)	\$31,680.53
Safety stipend	\$ 5,000.00
Insurance stipend	\$ 1,500.00
CORA Retirement <sup>58</sup>	\$16,200.00
Cellphone/Internet allowance <sup>59</sup>	\$ 1,360.00
Vacation buy-back (20 days)	\$22,137.60
Personal day buy-back (4 days)	<u>\$ 4,427.52</u>

<sup>55</sup> The February 1, 2022 memo is attached as Exhibit 24.

<sup>56</sup> [REDACTED] June 14, 2022 memo requesting a 6.5% salary increase for the "Toppenish Administrators" was included in the Board packet. Mr. Cerna was initially included on the list.

<sup>57</sup> Mr. Cerna's automobile allowance was increased to \$751 per month in his January 2022 contract, therefore five of twelve months of receiving \$751 per month was approved (\$3,755). The remainder was not.

<sup>58</sup> Starting in July 2021, Mr. Cerna received an additional \$1,350 per month in District contributions to his retirement. We were unable to find clear evidence that the Board specifically considered and approved these contributions, and they were stopped in February 2023 by the then-current Board.

<sup>59</sup> Mr. Cerna's cellphone and internet stipend are addressed below.

Total additional compensation \$106,819.02

**13. SY 2022 – 2023**

a. June 22, 2022 Contract

Mr. Cerna’s administrator contract for the 2022-2023 school year is almost exactly the same as the July 13, 2021 version. It again does not refer to a specific bargaining unit, nor does it refer to Mr. Cerna’s annual salary. The document is signed electronically by Mr. Cerna and [REDACTED], both on June 22, 2022.

b. Mr. Cerna’s January 24, 2023 evaluation

On January 24, 2023, Mr. Cerna received his thirteenth evaluation as superintendent. The board meeting minutes reflect that President Washines called an executive session for the superintendent’s evaluation which lasted nearly two-and-a-half hours. At 11:01 PM, she made a motion:

. . .to not roll over the contract to the following year and to not accept the amendments as proposed. . . The motion was carried with no opposition.

c. SY 2022 – 2023 actual compensation

Although Mr. Cerna was placed on administrative leave in early 2023, he continued to receive his salary and stipends through February 2023. Beginning in March 2023, he received his salary and vehicle allowance only. His total compensation for SY 2022 – 2023 included the following:

Salary	\$239,079.48
Safety stipend <sup>60</sup>	\$ 5,000.00
Cellphone/Internet	\$ 1,120.00
Vehicle allowance	\$ 9,017.05
Insurance stipend	\$ 750.00
CORA retirement	\$ 9,450.00
Optional pay (OPT 7 days)	\$ 7,748.16
ADDOP supplemental	\$ 17,405.15
Vacation buy-back	\$ 22,137.60
Sick Leave buy-back	\$ 2,213.76
Total compensation	\$313,921.20

**14. Retroactive payments and other disallowed payments**

As a result of the SAO’s audit of the 2019 – 2020 and 2020 – 2021 school years, Mr. Cerna was required to reimburse the district for the retroactive pay, excess vehicle allowance, and excess vacation day buy-

---

<sup>60</sup> Mr. Cerna had received payment of \$5,000 in 2022.

backs he received during those two school years. The reimbursements were deducted from his paychecks in December 2022 and January 2023, as follows:

Retroactive salary received in 2019 - 2020	\$3,012.03
Retroactive salary received in 2020 – 2021	\$4,248.37
Vehicle allowance excess, both years	\$3,634.10
Excess vacation buy-back 2019 – 2020	\$4,841.60
Excess vacation buy-back 2020 – 2021	<u>\$5,166.40</u>
Total reimbursement of overpayments	\$20,902.50

Mr. Cerna was not required to reimburse the district for the same payments he received in years not audited by the state, as follows:

Retroactive salary payment received in 2018 – 2019	\$ 6,865.01
Retroactive ADDOP payment received in 2018 – 2019	\$ 794.58
Retroactive salary payment received in SY 2021 – 2022	\$ 4,609.58
Excess vehicle allowance received from 2014 – 2023	\$11,810.88
Excess vacation leave buy-back: 2018 – 2019 5 days @ \$115.21/hr and 2021 – 2022 5 days @ \$138.36/hr	<u>\$10,142.87</u>
Total unreimbursed disallowed compensation	<b>\$34,222.85</b>

### 15. Safety Stipends

In 2013, Mr. Cerna approached the board with an idea about staff carrying weapons. Mr. Cerna proposed a policy which was later adopted by the board as Policy 6514 in February 2014. On July 22, 2014, the board approved a \$2,000 “safety stipend” for ten administrators who completed the Force Dynamic Basic Firearms course and Concealed Carry course.<sup>61</sup> Although Mr. Cerna and a number of other staff selected by Mr. Cerna continued to receive annual safety stipends, Seabold Group was unable to locate any records indicating that the Board approved safety stipends after July 22, 2014.

a. 2014-2015

An August 11, 2014 memo from Mr. Cerna stated:

The Toppenish School Board approved a \$2,000 Safety Stipend for the following staff members on 7/22/14. Please process the necessary paperwork for the Payroll Department. The stipend is to be paid effective 8/1/2014.<sup>62</sup>

---

<sup>61</sup> The July 22, 2014 meeting minutes documenting this approval are attached as Exhibit 25.

<sup>62</sup> The original group authorized to receive the stipend included Mr. Cerna and nine other staff he selected. The memo is attached as Exhibit 25.

On August 29, 2014, Mr. Cerna was paid \$2,000 under code C074.<sup>63</sup>

b. 2015-2016

A November 23, 2015 memo from Larry Davison, HR Director, to Payroll, reflected that 11 people, including Mr. Cerna were to receive \$2,000 for their involvement in five sessions of District-level safety trainings in October and November. These trainings were primarily offered during District business hours.<sup>64</sup>

On November 30, 2015, Mr. Cerna was paid \$2,000 under code C074.<sup>65</sup>

c. 2016-2017

An October 3, 2016, memo from Mr. Cerna to [REDACTED], Assistant Superintendent and HR Director reflects Mr. Cerna instructing [REDACTED] to inform payroll to provide the annual safety stipend for obtaining recertification, to be paid with the October 31, 2016 payroll. Mr. Cerna and nine other rifle certificated staff were to receive \$2,000.<sup>66</sup>

On October 31, 2016, Mr. Cerna was paid a \$2,000 safety stipend under code C074.<sup>67</sup>

d. 2017-2018

Records reflect that Mr. Cerna was paid a \$2,000 safety stipend on October 31, 2017.<sup>68</sup> Seabold Group did not locate any memo supporting this payment in the records we received and there is no record indicating the Board approved this payment.

e. 2018-2019

An October 4, 2018 memo from Mr. Cerna to [REDACTED] reflects that Mr. Cerna requested that she process the necessary paperwork to payroll for listed administrators and staff to receive the annual safety stipend for obtaining recertification. The stipend was to be paid with the October 31, 2018.<sup>69</sup> On October 31, 2018, Mr. Cerna was paid a \$2,000 safety stipend.<sup>70</sup>

---

<sup>63</sup> Check details reflecting safety stipends paid to Mr. Cerna between 2014 and 2022 are voluminous but available on request.

<sup>64</sup> The memo is attached as Exhibit 26.

<sup>65</sup> The record reflecting the November 30, 2015 payment is in the check detail files available on request.

<sup>66</sup> The October 3, 2016 memo is attached as Exhibit 27.

<sup>67</sup> The record reflecting the October 31, 2016 payment is in the check detail files available on request.

<sup>68</sup> The record reflecting the October 31, 2017 payment is in the check detail files available on request.

<sup>69</sup> The October 4, 2018 memo is attached as Exhibit 28.

<sup>70</sup> The record reflecting the October 31, 2018 payment is in the check detail files available on request.

f. 2019-2020

In an August 29, 2019 memo, Mr. Cerna wrote to [REDACTED], requesting that payroll include the safety stipend in listed staff members' paychecks. Mr. Cerna and others were to receive \$2,000 to be included in the September 30, 2019 paycheck. On October 3, 2019, [REDACTED] sent a nearly identical memo to "Payroll" and cc'd [REDACTED], with the instruction to make the payment with the October 31, 2019 paycheck.<sup>71</sup> On October 31, 2019, Mr. Cerna was paid a \$2,000 safety stipend.<sup>72</sup>

g. 2020-2021

Mr. Cerna's payroll records reflect that he received a \$3,600 stipend on October 30, 2020 for "TSTFY" training.<sup>73</sup> No memo supporting this payment was located in the records we reviewed, nor was there any evidence in board minutes from this time period that the board approved a \$3,600 stipend.

h. 2021-2022

In an October 4, 2021 memo from Mr. Cerna to payroll, Mr. Cerna instructed payroll to include in the annual safety stipend, to be paid with the October 30, 2021 pay.<sup>74</sup> The memo indicates that Mr. Cerna was to receive a \$5,000 stipend.<sup>75</sup> On October 29, 2021, Mr. Cerna received a TSTFY training stipend for \$5,000.<sup>76</sup>

i. 2022-2023

Similarly in a July 13, 2022<sup>77</sup> memo from Mr. Cerna to Payroll, with the subject line "Safety Stipend - Safety Response Mobilization Team" Mr. Cerna wrote:

Please include in the annual Safety Stipend, as indicated below, for obtaining certification, recertification, and/or serving as Range Officer & Instructor. This stipend is to be paid in the August 31, 2022 paycheck . . .

Mr. Cerna was identified to receive a \$5,000 stipend, along with four other staff. On August 31, 2022, Mr. Cerna was paid a safety stipend of \$5,000.<sup>78</sup>

---

<sup>71</sup> The August 29, 2019, and October 3, 2019 memos are attached as Exhibit 29.

<sup>72</sup> The record reflecting the October 31, 2019 payment is included in the check detail files available on request.

<sup>73</sup> The record reflecting the October 30, 2020 payment is included in the check detail files available on request.

<sup>74</sup> The October 4, 2021 memo is attached as Exhibit 30.

<sup>75</sup> Five others were also identified in the memo to receive the \$5,000 stipend. Nine staff were identified to receive a \$3,500 stipend, and one was identified to receive \$2,000.

<sup>76</sup> The record reflecting the October 29, 2021 payment is included in the check detail files available on request.

<sup>77</sup> The July 13, 2022 memo is attached as Exhibit 31. Four others were also identified in the memo to receive the \$5,000 stipend. Nine others were identified to receive a \$3,500 stipend, and three were identified to receive \$2,000 stipends.

<sup>78</sup> The record reflecting the August 31, 2022 payment is available in the check detail files available on request.

Board meeting minutes from July 21, 2022, reflect that the board approved a revision to policy 6514, which modified the number of hours of firearms training from 24 hours to 40 hours. The minutes do not reflect that the board identified or approved any staff to receive a safety stipend authorized by Mr. Cerna in his memo.

In total, Mr. Cerna received safety stipends in the amount of \$25,600, only \$2,000 of which was approved by the Board. Seabold Group did not attempt to calculate the total amount of unauthorized safety stipends paid to other staff.

## **16. Other Benefits of Value Received by Mr. Cerna**

### **a. Reimbursement for out-of-district travel**

Mr. Cerna's original contract states that the District "will provide the Superintendent with a car allowance of \$600/month to cover all related costs including any travel outside the TSD, which will be reimbursed at the regular district rate."<sup>79</sup> Mr. Cerna has been reimbursed for his out of District travel since he became superintendent in 2010. Seabold Group reviewed Mr. Cerna's expense reimbursement requests for the period August 2015 through July 2020, which included thousands of dollars in reimbursed expenses for travel outside Toppenish.<sup>80</sup>

Mr. Cerna's out of District travel was extensive and included trips to meet with District vendors, attend athletic events, retreats, and board and commission activities. His requests for reimbursements included multiple trips to Spokane to meet with Larry Moran, the District's insurance broker, a 400-mile roundtrip.<sup>81</sup> The business purpose of Mr. Cerna's trips to Spokane was not clear in his reports and staff questioned why Mr. Cerna would take overnight trips to meet with the District's insurance broker.

Mr. Cerna also traveled to Portland to meet with a "Legal Shields" representative and sought reimbursement for his mileage and meals. Legal Shields was not a District vendor, rather the business offered subscriptions for legal services. Mr. Cerna required staff to attend Legal Shield presentations during District hours.

The reimbursements also included frequent trips to Yakima and the Yakima airport, which Mr. Cerna claimed in his investigative interview he rarely sought reimbursement for because Yakima was so close, and he said it was not worth the effort. Mr. Cerna also sought reimbursement for travel to Sunnyside, Pasco, Kennewick, Pendleton, Seattle, Portland, Bellevue, Richland, Prosser, Bremerton, Federal Way, Olympia, Ellensburg, Selah, among many other destinations. A number of his trips were to attend wrestling events. In those cases, he would also seek reimbursement for small amounts associated with

---

<sup>79</sup> Mr. Cerna said he believed the last sentence indicated that he was authorized to be reimbursed for out of District travel at the then prevailing District rate. We found no record that clarified the language or that supported Mr. Cerna's interpretation until the Board approved a new contract in January 2022.

<sup>80</sup> TSD provided additional reimbursement requests submitted by Mr. Cerna for 2020 through part of 2023, but those records have not been reviewed. We also requested records prior to 2015 but did not receive any records before 2015.

<sup>81</sup> Mr. Cerna was also reimbursed for meals and hotel expense when he traveled to Spokane to meet Mr. Moran. Sometimes he appears to combine the trip with attending a sporting event or other meeting.

parking and entry fees. On one occasion during this period, Mr. Cerna was reimbursed for a Mariners baseball ticket.

The records also show that Mr. Cerna sought reimbursement at least twice to attend CSN retreats. One trip was to Pendleton, Oregon in December 2015, and a second trip to Lincoln City, Oregon in August 2017.<sup>82</sup> CSN is a nonprofit organization identified by the SAO that Mr. Cerna permitted to use District facilities and resources free of charge for many years.

For the period of review conducted by Sebold Group (August 2015 through July 2020), Mr. Cerna was reimbursed \$18,381.40 (32,998 miles) for his out of District travel.<sup>83</sup>

b. Frequent Flyer Miles

Mr. Cerna traveled frequently for District business.<sup>84</sup> One witness with knowledge of his travel commented that traveling “is all he did.” Another offered the view that Mr. Cerna traveled more than any other superintendent in the State of Washington.

Mr. Cerna usually flew Alaska Airlines out of Yakima, Washington. Mr. Cerna acknowledged, and documents confirmed, that Mr. Cerna received frequent flyer miles for his District-related travel. Mr. Cerna told the investigators that he had no idea how many miles he had accumulated over the years from District-related travel and that he recalled using his frequent flyer miles only once for personal travel. Mr. Cerna admitted that he never used his frequent flyer miles for District travel.

TSD does not have a written policy regarding the accumulation and use of frequent flyer miles for District-related travel. However, witnesses who were asked stated that it was well understood that staff were not allowed to accumulate frequent flyer miles from District travel and then use them for personal travel.

c. Other Compensation

In 2014, TSD changed health insurance carriers which reportedly resulted in increased out of pocket costs. In a memo dated December 16, 2014, Mr. Cerna authorized monthly payments of \$125 to 43 employees including himself. The memo stated that “[t]his amount is being provided to cover the increased out of pocket insurance expenses related to co-pays and deductibles due to changes in health insurance carriers as well as costs associated with the Affordable Care Act. Effective 1/2015.”<sup>85</sup>

The list attached to the memo includes a handwritten notation that per Mr. Cerna, “Mike Romero gets his insurance paid in full.” Nonetheless, Mr. Romero was included on the list of employees who received

---

<sup>82</sup> In his investigative interview, Mr. Cerna said he did not believe that he ever sought reimbursement for his expenses associated with attending CSN retreats.

<sup>83</sup> See Exhibit 32

<sup>84</sup> Attached as Exhibit 33 is a list of conferences he attended that the District was able to find documentation for that would have involved air travel. It is unclear if the trips to Western Washington that are included on the list were by air or automobile. There likely were additional District-related or District-paid trips not included on this list.

<sup>85</sup> See Exhibit 11.

the monthly \$125 payment. The initial fiscal impact to the District was \$64,500 per year. Seabold Group did not investigate how many District staff continued to receive this stipend in subsequent school years.

Mr. Cerna continued to receive the monthly payment until it was stopped by the Board in February 2023. In total, Mr. Cerna received an additional \$12,000 that was not provided for in his contract or approved by the Board.

d. Cell Phone and Internet Reimbursements

Mr. Cerna began receiving a \$160 per month stipend for internet and cell phone expenses in July 2021 based on a June 15, 2021 memo that was submitted to the Board by ██████████ regarding “Administrator Contract and Salaries.” In that memo, ██████████ stated that the TSD had reached an agreement with the “Toppenish Administrators” for a new contract.” Included in the memo was a reference to a \$160 stipend for internet and cell phone expenses. On June 22, 2021, the Board approved the “Administrator Contract for 2021-22” in the consent agenda. The only information before the Board was ██████████ June 15 memo. The Board was never provided copies of the negotiated “contract,” nor was it clear, based on this documentation, that the Board was aware that Mr. Cerna was being included in the “Administrator” contract.

Additionally, Mr. Cerna had been using his District credit card since at least 2015 and very likely much earlier, to pay his U.S. Cellular cellphone bill.<sup>86</sup> Mr. Cerna also regularly received reimbursements for his internet and other charges associated with his cell phone. On one occasion during the period we reviewed, the District paid over \$400 to a collection agency due to Mr. Cerna’s past due cell phone bills. There is also an indication that Mr. Cerna sought reimbursement from the District to pay at least a portion of the purchase of a new cell phone.

- District credit card charges for cell phone (Oct 2015-Aug 2017): \$2,411<sup>87</sup>
- Reimbursed expenses for internet and cell phone expenses (Sept 2015-Feb 2020): \$2,200<sup>88</sup>

There was no record that the Board had approved the payment or reimbursement of these expenses before June 2021, and no clear evidence that the Board specifically approved the \$160 per month stipend for Mr. Cerna in the June 2021 meeting.

**17. Use of Vacation and Other Leave**

a. Vacation leave

---

<sup>86</sup> Mr. Cerna said his administrative assistant set that up, implying that it was not his idea to use his District credit card to pay for his cell phone. However, Mr. Cerna provided his personal statements for payment, and he approved the charges to his District credit card every month.

<sup>87</sup> There were several months missing from this documentation.

<sup>88</sup> Exhibit 34 summarizes payments to Mr. Cerna to reimburse him for cell phone and internet expenses based on documentation he submitted to the District. It does not include payments that were made using his District credit card.

According to Mr. Cerna's 2010-2013 contract, he was entitled to 30 days' vacation and was permitted to buy back up to 15 days annually. In January 2022, the maximum buyback was increased to 20 days. From 2011 through 2018, Mr. Cerna cashed in 15 days at his then per diem rate. Beginning in 2019 through June 2022, Mr. Cerna cashed in 20 vacation days. Following the November 2022 audit report, Mr. Cerna was required to repay the District for 10 vacation days that he was overpaid in June 2021 and June 2022. To date, Mr. Cerna has not been required to reimburse the District for overpayments he received in 2019 and 2020.

Witnesses reported and Mr. Cerna conceded that he rarely took vacation or personal leave. Mr. Cerna has been involved in dozens of outside boards, committees, and non-profits, and acknowledged that he "never" reported vacation or personal leave for those activities, even if his participation occurred during District business hours. Mr. Cerna took the position that all of his activities, whether preparing for and attending meetings or conferences, or traveling in connection with those activities, were community and/or District-related and therefore he considered the time he dedicated to those organizations to be an integral part of his superintendent duties and responsibilities.<sup>89</sup>

Witnesses who have known and worked with Mr. Cerna for many years, shared that every fall he took a hunting trip in October or November. They estimated that he would be gone anywhere from 5-10 days at a time. Witnesses also reported that Mr. Cerna did not report vacation for the time he was gone because he viewed it as "comp time." Mr. Cerna acknowledged that he went hunting most years but denied that he was gone more than three or four days at a time. He also said that he always reported vacation for all of the days he was away from the office.

Seabold Group was unable to verify the dates or length of his annual hunting trips, or whether he reported the appropriate vacation leave for time he was away from the District. Mr. Cerna did not consistently maintain or preserve documentation regarding his travel or his time out of the office.

It was also reported that Mr. Cerna regularly took a week in the summer for vacation, that he would usually combine his vacation with a summer conference, and that his wife would accompany him on some of those occasions. Seabold Group received and reviewed documentation indicating that at times, Mr. Cerna's wife accompanied him to conference locations, but due to the lack of reliable records, Seabold Group is unable to determine if or when Mr. Cerna took vacations in the summer and/or whether he appropriately recorded vacation leave for those trips.

Finally, it was reported that Mr. Cerna sometimes left early to travel to conferences and retreats and that he did not use personal or vacation leave on those occasions. Mr. Cerna told the investigators that there may have been times he traveled on a Friday to attend CSN retreats, and that he did not use vacation or leave in those instances.<sup>90</sup> Seabold Group is unable to determine if, or the extent of, Mr.

---

<sup>89</sup> It is unclear whether the prior Board was aware of the full extent of Mr. Cerna's outside activities, but they certainly knew of many of his activities because he reported his participation in these organizations in annual letters to the Board, and some of his activities were discussed in open session during Board meetings. Whether the Board was aware that Mr. Cerna never used vacation or personal leave is an open question.

<sup>90</sup> During our limited review of his reimbursement requests, we discovered at least two occasions in which Mr. Cerna traveled to CSN retreats and sought reimbursement for his mileage. Three of the travel dates he listed in support of his reimbursement requests fell on weekdays and he did not report those dates as vacation.

Cerna leaving early to attend meetings and conferences, and if so, whether he should have reported vacation or personal leave on those occasions.

b. Personal leave

Payroll records indicate that from 2010 through 2023, Mr. Cerna never reported personal leave. Instead, he always cashed out the maximum amount allowed. From 2011 through 2019, Mr. Cerna cashed out three personal days annually. Beginning in 2019, Mr. Cerna began receiving an additional day because he had been an administrator for 15 years or more. This was a benefit included in TEA and TPA contracts, but there was no record that the Board ever approved an additional day for Mr. Cerna based on administrator longevity. Beginning in 2019, Mr. Cerna also started awarding himself an additional day of personal leave because he had not taken sick leave the year before. This too was included in the TEA and TPA contracts but there was no clear evidence that the Board approved that for Mr. Cerna.

Mr. Cerna's 2022 contract approved one additional day of personal leave at his request, for a maximum of four.

**18. Optional Days**

a. History of Optional/Supplemental Pay Benefits

From SY 2010 – 2011 through 2022 - 2023 Mr. Cerna was allowed up to 14 "optional days," which he was required to document on a form titled "Optional Day for Administrators." In some years he submitted forms, and was paid for more than the 14 days, and in some years, he submitted forms and was paid for less. Most, if not all, of the hours he claimed as optional days, with the pay code OPT, were supposed to be documented on that form.<sup>91</sup> The forms do not include or appear to require any supporting documentation, and Mr. Cerna's documentation did not include backup support for the days he claimed.

Seabold Group was informed that "optional days" began with the teachers' union and that across the State of Washington, it is referred to as "TRI-time" (Time, Responsibility, and Incentive" pay). In a February 11, 2017 *Seattle Times* article "TRI" pay was characterized as an effort to compensate teachers for extra time they devoted to support students. The article stated that "over the years, TRI has grown into a way to boost pay for teachers" and was "fueled by districts wanting to offer more attractive salaries and by the state, which gave districts that power and avoided having to fund teacher raises out of its own coffers." See "*Extra pay for teachers varies widely...*" (Seattle Times 2/11/2017) The trend, according to the article, allowed districts to negotiate "second contracts" "separate from the one for their basic pay." It was all about compensating teachers for the additional time and responsibilities.

Over time, TRI pay started to include what many people would consider basic parts of teachers' jobs: Attending an open house at the start of school, meeting with parents, grading homework, preparing lessons. Across most districts, the biggest chunk of TRI pay is for work called 'deemed

---

<sup>91</sup> Mr. Cerna's forms were mixed in with his other personnel records. We did not receive records for all of the years that were under review, and we do not know and cannot determine if Mr. Cerna always submitted the required documentation.

done,' which has no strings attached. 'Teachers just expect it now,' University of Washington education professor Marge Plecki said about TRI pay in general. 'You don't really have to do much to get it.'<sup>92</sup>

It was reported that TSD was slow to offer this benefit, but eventually the District adopted TRI pay for teachers and refers to it as "optional days," "supplemental pay," and "personal responsibility pay." At some point, TSD extended these benefits to building administrators, directors, and central office executive staff (also referred to as the "Toppenish Administrator Group"). This practice appears to have predated Mr. Cerna's appointment to superintendent.

TSD has routinely negotiated two or three-year Memorandums of Understanding (MOU) with the Toppenish Principal's Association (TPA). Those agreements typically included, among other things, salary schedules, agreed upon increases in base pay, insurance and retirement benefits, and optional days and "personal responsibility pay." Concurrently with those agreements, Mr. Cerna has authorized matching (or higher) salary and benefit increases for himself and his "administrator group," which consists of the superintendent, assistant superintendent, business manager, and curriculum director. Treating these positions as an "administrator group" also appears to predate Mr. Cerna.

Seabold Group obtained copies of three MOUs from 2016 – 2023.<sup>93</sup> However, we could find no record that the MOUs were presented to or approved by the Board.

b. 2016-2019 MOU

On October 31, 2016, TSD entered into an MOU with TPA effective November 1, 2016 through July 31, 2019. The agreement memorialized base pay, salary schedules, contract days, and medical and retirement benefits. The agreement also stated that members were entitled to three personal leave days, one additional day of personal leave if no sick leave was used during the previous school year, and one additional day for "all administrative staff that have been employed with the Toppenish School District for fifteen (15) or more consecutive years (2013)."<sup>94</sup>

The MOU further stated that for the 2016-17 school year members were entitled to 20 days of personal responsibility pay, "deemed done," to be paid in equal monthly increments. The number of days increased to 21 in the 2017-18 school year, and 24 days for the 2018-19 school year. Members were also permitted to report up to five (5) Optional Days annually, which increased to six (6) Optional Days in the 2018-19 school year.

In September 2016, before the MOU was finalized, Mr. Cerna authorized for himself an additional number of hours which were also called "optional" or "supplemental" days, interchangeably. As mentioned above, these hours were paid at a fixed monthly rate and were to be supported by a form

---

<sup>92</sup> A link to the article is: <https://www.thenewstribune.com/news/politics-government/article131879409.html#storylink=cpy>

<sup>93</sup> The documents are attached as Exhibit 35.

<sup>94</sup> The reference to 2013 may indicate that the benefit had been part of the TPA's agreement since 2013.

called “Documentation for Supplemental Contract.”<sup>95</sup> No such forms were provided for our review, but for the 2017 – 2018, 2018 – 2019, and 2019 – 2020 school years, Mr. Cerna submitted a “Personal Responsibility Pay Verification Form,” certifying annually that he had worked at least a certain number of days “beyond the basic educational work year and work day.”

For the 2017 – 2018 school year he certified that he worked at least 168 hours (21 days) beyond the normal work period.<sup>96</sup> In a memo dated July 7, 2017, Mr. Cerna authorized increasing his Optional Days/Personal Responsibility Pay (PRP) from 20 to 25 days, as well as a 2.3% increase to his base salary, all without Board approval.<sup>97</sup>

For the 2016 – 2017 and 2017 - 2018 school years, Mr. Cerna discontinued claiming the 14 days of optional pay and he received no payments under the pay code OPT. Instead, Mr. Cerna was paid under what was referred to as a “Supplemental Contract,” using pay code ADDOP. During 2016 – 2017, Mr. Cerna was paid for 20 optional days (ADDOP) under the supplemental contract. During 2017 – 2018, he was paid for 25 optional days under the supplemental contract. For 2018 – 2019, Mr. Cerna was also paid for 25 days.

Beginning with the 2018 – 2019 school year and for the next four years, Mr. Cerna resumed claiming the originally-authorized 14 optional days, and he was also paid the supplemental/PRP monthly ADDOP days. The total number of optional days he was compensated for, including up to 14 OPT days and the supplemental/additional ADDOP days, increased from approximately 14 days to as many as 33 days or more, as detailed earlier in this report.

c. 2019-2021 MOU

In 2019, the District negotiated a “revised” MOU for the period August 1, 2019, through July 31, 2021. The terms were similar to the 2016-2019 agreement with an agreed upon salary schedule, base pay increases, health and retirement benefits. The agreement also provided that “for the 2019-2020 school year, TPA members shall receive twenty-four (24) days of personal responsibility pay. These days will be paid in equal increments monthly at the employee’s per diem rate for work performed beyond the members’ contracted work hours/days.” There was no mention of how many personal responsibility days members were to receive in the 2020-2021 school year. The 2019-2021 MOU further provided that “[b]eginning in the 2019-20 school year, TPA members will have a \$300 monthly employer contribution made to VEBA.”<sup>98</sup>

Mr. Cerna drafted and/or approved an “Administrator’s MOU Longevity Incentive 2019” authorizing Executive VEBA contributions based on administrator experience. The MOU noted that Mr. Cerna would

---

<sup>95</sup> District staff explained that through the review of the records, it appeared that because the principal/director group was approved to have “20 days deemed done” and paid monthly beginning September 2016 on the supplemental contract pay code C1D3, that the top four administrators also started receiving supplemental pay using code ADDOP.

<sup>96</sup> See Exhibit 36, which includes all of the verification forms provided to Seabold Group.

<sup>97</sup> The memo is attached as Exhibit 15.

<sup>98</sup> See Exhibit 35.

receive \$1800 per month into his Executive VEBA account.”<sup>99</sup> Seabold Group was unable to find clear evidence that the Board knew about or approved the “Administrator’s MOU”, or the corresponding benefits and contributions authorized by Mr. Cerna.<sup>100</sup>

In the documentation Mr. Cerna submitted for the 2019 – 2020 school year, he did not request specific days or hours. He simply wrote that “... I have fulfilled the conditions of the Personal Responsibility Pay by working the hours beyond the basic educational work year and work day.” On the personal responsibility pay verification forms he submitted, Mr. Cerna certified, without any details, that he had participated in specific activities during these additional days, including some or all of the following in a particular year:

1. Preparation for opening and/or closing school
2. Conferences and open house events with parents and community
3. Professional Development classes, conferences and workshops
4. Preparation for special projects
5. Preparation/supervision of extended learning opportunities (field trips, competitions) for students
6. Supervision of extended school day and school year activities
7. Supervision of extracurricular activities

d. 2021-2023 MOU

In 2021, the District negotiated another MOU with the TPA for a two-year period (August 1, 2021 – July 31, 2023). The terms again included specific salary increases, insurance benefits, additional personal leave days, and “personal responsibility pay,” “at the same percentage rate as TEA” but the MOU does not specify how many days the members were entitled to. Additionally, the MOU provided that “TPA members will have a \$300 monthly employer contribution made to VEBA. (2019)” A handwritten notation on payroll’s copy of the agreement provided “increase 350.00 as of 8/2021.”<sup>101</sup> That amount was not included in the agreement with the TPA.

In a June 21, 2021 memo, Mr. Cerna confirmed that he and his administrator group would continue to receive Executive VEBA contributions but that they were being “reallocated.”<sup>102</sup> Mr. Cerna was to receive a contribution of \$1,350 to his retirement, and \$450 to his Healthinvest HRA. Executive VEBA contributions were not mentioned in Mr. Cerna’s original 2010-2013 contract and we could not find any record that the Board specifically approved the contributions to Mr. Cerna’s retirement.<sup>103</sup>

---

<sup>99</sup> The Longevity Incentive document is attached as Exhibit 37. The payroll records we received indicate that Mr. Cerna began receiving \$1,350 per month in District contributions to his retirement, coded as “CORA” beginning in July 2021. The remaining amount was treated as a deduction.

<sup>100</sup> There were Board minutes indicating that the Board specifically approved the 2019-2021 contract for the TEA, along with a 3% raise for all bargaining groups except the PSE, but no mention of an “Administrator’s MOU.”

<sup>101</sup> Payroll’s copy of the MOU is attached as Exhibit 35.

<sup>102</sup> The memo is attached as Exhibit 38.

<sup>103</sup> Mr. Cerna attempted to add those contributions in the 2023 Amendment submitted to the Board, but it was not adopted.

e. Amounts Paid to Mr. Cerna 2010-2023

Mr. Cerna has reported optional days as a principal, assistant superintendent, and now as the superintendent. TSD's Board approved up to 14 optional days in Mr. Cerna's original contract. From 2010 through January 2022, there was no record that Seabold Group could locate establishing that the Board ever increased the number of Mr. Cerna's optional days. In January 2022, the Board formally approved a new contract that also provided for "the option of fourteen (14) optional days at the contract per diem rate."

During the period of review, the District did not have written policies, procedures, or definitions governing Mr. Cerna's use of optional days, though it does utilize preprinted forms that employees are supposed to fill out to claim the benefit. Mr. Cerna informed the investigators that he normally reported his weekend travel or attendance at conferences and events on weekends as optional days.

Seabold Group reviewed Mr. Cerna's payroll information from 2010-2023, and we make the following findings:

- SY 2010-11 – Mr. Cerna submitted and was paid for 16.5 optional days (\$9,603.28)
- SY 2011-12 – Mr. Cerna submitted and was paid for 16.0 optional days (\$9,866.40)
- SY 2012-13 – Mr. Cerna submitted and was paid for 13.0 optional days (\$8,352.67)
- SY 2013-14 – Mr. Cerna submitted and was paid for 16.0 optional days (\$11,522.72)
- SY 2014-15 – Mr. Cerna submitted and was paid for 15.0 optional days (\$10,958.90)
- SY 2015-16 – Mr. Cerna submitted and was paid for 13.0 optional days (\$9,782.63)
- SY 2016-17 – Mr. Cerna received 20 days PRP in lieu of optional days (\$15,321.10)<sup>104</sup>
- SY 2017-18 - Mr. Cerna received 25 days PRP in lieu of optional days (\$19,863.96)
- SY 2018-19 – Mr. Cerna submitted and was paid for 11.0 optional days (\$9,515.12)
- SY 2018-19 – Mr. Cerna received 25 days PRP in addition to optional days (\$23,042.28)
- SY 2019-20 -- Mr. Cerna submitted and was paid for 6.0 optional days (\$5,809.92)
- SY 2019-20 – Mr. Cerna received 25 days PRP in addition to optional days (\$24,888.62)
- SY 2020-21 – Mr. Cerna submitted and was paid for 14.0 optional days (\$14,465.92)
- SY 2020-21 – Mr. Cerna received 26 days PRP in addition to optional days (\$26,409.08)
- SY 2021-22 – Mr. Cerna submitted and was paid for 14.0 optional days (\$15,496.32)
- SY 2021-22 – Mr. Cerna received 28 days PRP in addition to optional days (\$31,680.53)
- SY 2022-23 – Mr. Cerna submitted and was paid for 7.0 optional days (\$7,748.16)
- SY 2022-23 – Mr. Cerna received PRP pay in addition to optional days (\$17,405.15)

In total, since becoming superintendent in 2010, Mr. Cerna has received an additional \$271,732 in compensation as optional days and PRP. Based on our review, there was no clear evidence that approximately \$163,500 of that amount was ever explicitly approved by the Board.<sup>105</sup>

---

<sup>104</sup> PRPs were always paid in equal amounts every month. Sometimes the amounts increased during the year.

<sup>105</sup> See Exhibit 39

f. Mr. Cerna's Documentation in Support of his Supplemental Compensation

TSD offered preprinted forms for staff to use to report optional days. Seabold Group requested copies of any and all documentation submitted by Mr. Cerna in support of his requests for optional and/or PRP. Based on our review of that documentation, we make the following findings:

- Significant optional day documentation for the review period was not provided to Seabold Group. It is unclear whether the documents were overlooked or no longer exist. The information regarding his compensation for the period that documentation was missing was derived from payroll records.
- On August 14, 2018, Mr. Cerna submitted forms requesting payment for five optional days that had occurred in April, June, and July 2018. He was paid in the 2018-19 school year for days claimed during the 2017-18 school year. TPA members were required to submit their documentation within 60 days of the date they were claiming.
- On June 28, 2019, two days before the close of the school year, Mr. Cerna submitted forms requesting payment for six optional days for dates that occurred throughout the school year (July 21-22, 2018; September 22, 2018; December 1, 2019; February 9, 2019; March 16, 2019).
- On May 30, 2020, Mr. Cerna submitted forms requesting payment for six optional days that occurred in September, October, and December 2019.
- On May 5, 2021, and June 8, 2021, Mr. Cerna submitted forms requesting payment for 14 optional days that had occurred earlier in the school year (November 2020, February and March 2021). Mr. Cerna claimed 12 of those 14 optional days for "working on Friday."<sup>106</sup>
- On April 29, 2022, Mr. Cerna reported 14 optional days that had occurred earlier in the school year (July, August, September, October, November and December 2021, and January, February, March, and April 2022). Two of the days he reported were for attending a CSN weekend retreat in Anacortes, WA, and two days for attending wrestling tournaments.
- On January 27, 2023, shortly before he was placed on administrative leave, Mr. Cerna reported two optional days for attending a wrestling tournament in Reno, Nevada. This was not a sanctioned District event, but it appears that there were at least two Toppenish wrestlers competing in the tournament.

---

<sup>106</sup> In his investigative interview, Mr. Cerna did not recall requesting optional days for working Fridays and he was unable to provide any explanation about why he would have been reporting Fridays as optional days. [REDACTED] approved each of the requests, and he said that during the pandemic, the District went to a four-day work week. It is unclear whether anyone besides Mr. Cerna reported optional days for working on Fridays during that period.

Mr. Cerna's optional days usually fell on weekends. It was not always clear if those were travel days or the actual dates of the activity, or both. Though the assistant superintendent usually signed Mr. Cerna's forms, there was no supporting documentation provided and no effort undertaken to verify the information. Additionally, Mr. Cerna maintained his own calendar, but he did not preserve those records. There was no other information available to the investigators to reliably verify Mr. Cerna's representations on the forms.

**APPENDIX A**

**Witness List**

