



DIXON UNIFIED SCHOOL DISTRICT

**2016 MEASURE Q
GENERAL OBLIGATION BONDS
BUILDING FUND**

**COUNTY OF SOLANO
DIXON, CALIFORNIA**

FINANCIAL AND PERFORMANCE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

DRAFT

**Pending
Client review**

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DIXON UNIFIED SCHOOL DISTRICT
2016 MEASURE Q GENERAL OBLIGATION BONDS
BUILDING FUND
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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Citizen's Oversight Committee
and Governing Board
Dixon Unified School District
Dixon, California

Report on the Financial Statements

We have audited the accompanying Balance Sheet of Dixon Unified School District (the District), 2016 Measure Q General Obligation Bonds Building Fund (the Fund), and the related statement of revenues, expenditures, and changes in fund balance as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements.

Managements Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the fund financial statements referred to above present fairly, in all material respects, the financial position of the Dixon Unified School District 2016 Measure Q General Obligation Bonds Building Fund as of June 30, 2020 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 1, the financial statements referred to above present only the individual 2016 Measure Q General Obligation Bonds Building Fund and are not intended to present fairly the financial position and results of operations of the District in conformity with generally accepted accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

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

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

DATE

BASIC FINANCIAL STATEMENTS

DIXON UNIFIED SCHOOL DISTRICT
2016 MEASURE Q GENERAL OBLIGATION BONDS
BUILDING FUND
BALANCE SHEET
JUNE 30, 2020

ASSETS

Cash and Cash Equivalents	\$ 17,960,764
Accounts receivable	95
Due from other funds	<u>227</u>
 Total Assets	 <u>\$ 17,961,086</u>

**LIABILITIES AND
FUND BALANCES**

Liabilities	
Accounts payable	<u>\$ 1,018,763</u>
 Total Liabilities	 <u>1,018,763</u>
 Fund balances	
Restricted for Measure Q bond projects	<u>16,942,323</u>
 Total Fund Balances	 <u>16,942,323</u>
 Total liabilities and fund balances	 <u>\$ 17,961,086</u>

DIXON UNIFIED SCHOOL DISTRICT
2016 MEASURE Q GENERAL OBLIGATION BONDS
BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

REVENUES	
Other local revenues	<u>\$ 455,966</u>
Total revenues	<u>457,134</u>
EXPENDITURES	
Classified salaries	12,506
Employee benefits	5,026
Services and other operating expenditures	120,939
Capital outlay	<u>9,264,517</u>
Total expenditures	<u>9,402,988</u>
Net change in fund balances	(8,945,854)
Fund balances, July 1, 2019	<u>25,888,177</u>
Fund balances, June 30, 2020	<u><u>\$ 16,942,323</u></u>

DIXON UNIFIED SCHOOL DISTRICT
2016 MEASURE Q GENERAL OBLIGATION BONDS
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The accounting policies of the 2016 Measure Q General Obligation Bonds Building Fund (the Fund) of Dixon Unified School District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Dixon Unified School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Governing Board elected by registered voters of the District, which comprises an area in Solano County. The District was established in 1947 and operates three elementary schools, one middle school, one high school, one continuation high school and one community day school.

On April 6, 2017, the District issued Measure Q Series A General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$19,230,000 to finance specific construction, repair and improvement projects approved by the voters of the District and to pay certain costs of issuance associated therewith. The Series A were the first series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District.

On May 30, 2019, the District issued Measure Q Series B General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$11,170,000 to finance specific construction, repair and improvement projects approved by the voters of the District and to pay certain costs of issuance associated therewith. The Series B were the second and final series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District.

The Bonds were authorized at an election within the District held on November 8, 2016 (the "Election") at which at least fifty-five percent of the registered voters voting on the proposition voted to authorize the issuance and sale of \$30,400,000 aggregate principal amount of general obligation bonds of the District (the "Authorization"). Because the Bond required only 55% of the vote in accordance with Proposition 39 (Article XIII of the California State Constitution), the District was required to establish a citizen's bond oversight committee and to conduct a financial and performance audit.

The Committee's oversight goals include ensuring expenditures are within the language of the ballot measure and advising the District's Governing Board on various projects. The citizens' oversight committee must include, among others, representation of a bona fide taxpayers association, a business organization and a senior citizens organization. No district employees or vendors are allowed to serve on the citizens' oversight committee.

DIXON UNIFIED SCHOOL DISTRICT
2016 MEASURE Q GENERAL OBLIGATION BONDS
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B. REPORTING ENTITY (CONTINUED)

The fund financial statements presented are for the 2016 Measure Q General Obligation Bonds Building Fund. Since this is just one component of the District, these financial statements are not intended to be a complete presentation of the District's financial position or results of operations. Accordingly, these fund statements do not include a government wide financial statement, management discussion and analysis or related organizational disclosures.

C. FUND ACCOUNTING

The audited financial statements of Dixon Unified School District include the 2016 Measure Q General Obligation Bonds Building Fund activities, related debt and disclosures as well as management's discussion and analysis. The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The proceeds from the sale of general obligation bonds and the subsequent expenditure of the bond funds are accounted for in the Building fund of the District. Any premium received from the sale of the bonds is deposited in the Bond Interest and Redemption Fund of the District. The Measure Q Bond Building Fund forms part and not all of the net financial position in the District's Building Fund which may contain other sources of funding.

D. ACCOUNTING POLICIES

The District prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the Department of Education's *California School Accounting Manual*.

DIXON UNIFIED SCHOOL DISTRICT
2016 MEASURE Q GENERAL OBLIGATION BONDS
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

F. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

G. ENCUMBRANCES

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

DIXON UNIFIED SCHOOL DISTRICT
2016 MEASURE Q GENERAL OBLIGATION BONDS
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

H. DEPOSITS AND INVESTMENTS

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

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

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

I. CAPITAL AND LONG-TERM DEBT

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the General Obligation Bond Building Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and liabilities are generally included on the balance sheet.

The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure Q General Obligation Bond Building Fund are accounted for in the basic financial statements of the District.

J. FUND BALANCE – GOVERNMENTAL FUNDS

As of June 30, 2020, fund balances of the Measure Q General Obligation Bond Building Fund are classified as restricted. Restricted funds can only be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

J. USE OF ESTIMATES

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

DIXON UNIFIED SCHOOL DISTRICT
2016 MEASURE Q GENERAL OBLIGATION BONDS
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

K. OTHER LOCAL REVENUES

The other local revenues are comprised of the interest earned on the cash held with the county treasury during the year.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2020 consist of cash in the county treasury in the amount of \$17,960,764.

A. Cash in County Treasury

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

Cash in County Treasury consists of District cash held by the Solano County Treasury that is invested in the county investment pool. The Treasury permits negative cash balances so long as the District's total cash in county treasury has a positive balance.

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).

The weighted average maturity of the pool is 323 days. The pool is rated AAA by Standard and Poor's.

B. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, as the length of the maturity of an investment increases, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury that purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

DIXON UNIFIED SCHOOL DISTRICT
2016 MEASURE Q GENERAL OBLIGATION BONDS
BUILDING FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

3. MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A

On April 6, 2017, the District issued Measure Q Series A General Obligation Bonds (the “Bonds”) in the aggregate principal amount of \$19,230,000. The Series A were the first series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District. See table below of how the proceeds of the bond were applied.

Series A

The proceeds of the Bonds were applied as follows:

Sources of Funds

Principal Amount of Bonds	\$ 19,230,000
Net Original Issue Premium	971,554
Total Sources	<u>\$ 20,201,554</u>

Uses of Funds

Deposited to Building Fund	\$ 19,000,000
Deposited to Debt Service Fund	971,554
Cost of Issuance	230,000
	<u>\$ 20,201,554</u>

The Series A Bonds are payable solely from *ad valorem* property taxes levied and collected by the County of Solano (“County”). The County Board of Supervisors (the “County Board”) is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Series A Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The bonds consist of serial bonds bearing various fixed interest rates from 2.0% to 5.0% and mature in staggered amounts each year starting in August 1, 2018 up through August 1, 2040.

DIXON UNIFIED SCHOOL DISTRICT
2016 MEASURE Q GENERAL OBLIGATION BONDS
BUILDING FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

3. MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A (CONTINUED)

On May 30, 2019, the District issued Measure Q Series B General Obligation Bonds (the “Bonds”) in the aggregate principal amount of \$11,170,000. The Series B were the second and final series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District. See table below of how the proceeds of the bond were applied.

Series B

The proceeds of the Bonds were applied as follows:

Sources of Funds

Principal Amount of Bonds	\$ 11,170,000
Net Original Issue Premium	1,073,459
Total Sources	\$ 12,243,459

Uses of Funds

Deposited to Building Fund	\$ 10,910,765
Deposited to Debt Service Fund	1,073,459
Cost of Issuance	259,235
	\$ 12,243,459

The Series B Bonds are payable solely from *ad valorem* property taxes levied and collected by the County of Solano (“County”). The County Board of Supervisors (the “County Board”) is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Series B Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The bonds consist of serial bonds bearing various fixed interest rates from 3.0% to 5.0% and mature in staggered amounts each year starting in August 1, 2019 up through August 1, 2043.

DIXON UNIFIED SCHOOL DISTRICT
2016 MEASURE Q GENERAL OBLIGATION BONDS
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

4. COMMITMENTS AND CONTINGENCIES

As of June 30, 2020, the Building Fund had the following commitments with respect to unfinished capital projects:

<u>Vendor</u>	<u>Initial Committed Balance</u>	<u>Expenditures to Date</u>	<u>Committed Balance at June 30, 2020</u>
BRCO Constructors Inc.	\$ 11,235,101	\$ 7,748,733	\$ 3,486,368
LPA Inc.	750,671	539,696	210,975
Wallace-Huhl & Associates	38,398	37,436	962
Yuba Sutter Building Inspection	88,730	71,060	17,670
School Site Solutions, Inc.	265,328	171,344	93,984
	<u>\$ 12,378,228</u>	<u>\$ 8,568,269</u>	<u>\$ 3,809,959</u>

5. SUBSEQUENT EVENTS

District management evaluated its June 30, 2020 financial statements for subsequent events through **DATE**, the date the financial statements were available to be issued. Management is not aware of any subsequent events, other than those discussed below, that would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

DIXON UNIFIED SCHOOL DISTRICT

2016 MEASURE Q GENERAL OBLIGATION BONDS

FULL TEXT OF BOND MEASURE

The Bond Project list below describes the specific projects the Dixon Unified School District proposes to finance with proceeds of the bonds. Listed projects will be completed as needed at a particular school site according to Board-established priorities, and the order in which such projects appear on the Bond Project List is not an indication of priority for funding or completion. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. Certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Until all project costs and funding sources are known, the Board of Trustees cannot determine the amount of bond proceeds available to be spent on each project, nor guarantee that the bonds will provide sufficient funds to allow completion of all listed projects. Completion of some projects may be subject to further government approvals or appropriation by State officials and boards, to local environmental review, and to input from the public. For these reasons) inclusion of a project on the Bond Project List is not a guarantee that the project will be funded or completed.

BOND AUTHORIZATION

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the Dixon Unified School District (the “District”) shall be authorized to issue and sell bonds of up to \$30,400,000 in aggregate principal amount to provide financing for the specific school facilities projects listed under the heading entitled “BOND PROJECT LIST” below (the “Bond Project List”), subject to all of the accountability safeguards specified below.

ACCOUNTABILITY SAFEGUARDS

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

Evaluation of Needs. The Board of Education of the District (the “Board”) has prepared a facilities needs assessment in order to evaluate and address all of the facilities needs of the District at each campus and facility, and to determine which projects to finance from a local bond at this time. The Board hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the Bond Project List.

Limitations on Use of Bonds. Proceeds from the sale of bonds authorized by this proposition shall be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Independent Citizens’ Oversight Committee. The Board shall establish an independent citizens’ oversight committee (pursuant to Education Code Section 15278 and following), to ensure bond proceeds are expended only for the school facilities projects listed in the Bond Project List. The committee shall be established within 60 days of the date when the results of the election appear in the minutes of the Board. In accordance with Section 15282 of the Education Code, the citizens’ oversight committee shall consist of at least seven members and shall include a member active in a business organization representing the business

DIXON UNIFIED SCHOOL DISTRICT

2016 MEASURE Q GENERAL OBLIGATION BONDS

FULL TEXT OF BOND MEASURE

community located within the District, a member active in a senior citizens' organization, a member active in a bona fide taxpayers' organization, a member that is a parent or guardian of a child enrolled in the District, and a member that is both a parent or guardian of a child enrolled in the District and active in a parent-teacher organization. No employee or official of the District and no vendor, contractor or consultant of the District shall be appointed to the citizens' oversight committee.

Annual Performance Audits. The Board shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in the Bond Project List. These audits shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States for performance audits. The results of these audits shall be made publicly available and shall be submitted to the citizens' oversight committee in accordance with Section 15286 of the Education Code.

Annual Financial Audits. The Board shall conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed in the Bond Project List. These audits shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States for financial audits. The results of these audits shall be made publicly available and shall be submitted to the citizens' oversight committee in accordance with Section 15286 of the Education Code.

Special Bond Proceeds Account; Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board shall take actions necessary to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent of the District shall cause a report to be filed with the Board no later than January 1 of each year, commencing January 1, 2018, stating (a) the amount of bond proceeds received and expended in that year, and (b) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as the Superintendent of the District shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

Other Accountability Safeguards. To the extent doing so is not prohibited by law (including the doctrines of legislative entrenchment and the single subject rule), (i) the District shall continue to contribute the legally required amount to its routine restricted maintenance account from non-bond proceeds, currently 3 percent of general fund expenditures, and (ii) the District shall structure the bonds to mature in compliance with Section 147(b) of the Internal Revenue Code (or any successor thereto).

FURTHER SPECIFICATIONS

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

Single Purpose. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to Education Code Section 15100, and all the enumerated purposes shall

DIXON UNIFIED SCHOOL DISTRICT

2016 MEASURE Q GENERAL OBLIGATION BONDS

FULL TEXT OF BOND MEASURE

constitute the specific single purpose of the bonds, and proceeds of the bonds shall be spent only for such purpose, pursuant to California Government Code Section 53410.

Other Terms of the Bonds. When sold, the bonds shall bear interest at an annual rate not exceeding the statutory maximum, and that interest shall be made payable at the time or times permitted by law. The bonds may be issued and sold in several series, and no bond shall be made to mature more than the statutory maximum number of years from the date borne by that bond.

BOND PROJECT LIST

The Bond Project List below lists the specific projects the District proposes to finance with proceeds of the bonds. The Bond Project List shall be considered a part of the bond proposition and shall be reproduced in any official document required to contain the full statement of the bond proposition. Listed projects will be completed as needed at a particular school or facility site according to Board-established priorities, and the order in which such projects appear on the Bond Project List is not an indication of priority for funding or completion. Any authorized repairs shall be capital expenditures. The Bond Project List does not authorize non-capital expenditures. Each project is assumed to include its share of costs of the election and bond issuance, construction-related costs, such as project and construction management, architectural, engineering, inspection and similar planning and testing costs, demolition and interim housing costs, legal, accounting and similar fees, costs related to the independent annual financial and performance audits, a contingency for unforeseen design and construction costs, and other costs incidental to and necessary for completion of the listed projects (whether the related work is performed by the District or third parties). The final cost of each project will be determined as plans are finalized, construction contracts are awarded and projects are completed. In addition, certain construction funds expected from non-bond sources, including State of California grant funds for eligible projects, have not yet been secured. Therefore, the Board cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects. Alternatively, if the District obtains unexpected funds from non-bond sources with respect to listed projects, such projects may be enhanced, supplemented or expanded to the extent of such funds. Some projects may be subject to further government approvals, including by State officials and boards and/or local environmental or agency approval. Inclusion of a project on the Bond Project List is not a guarantee that the project will be completed (regardless of whether bond funds are available).

The specific projects authorized to be financed with proceeds of the bonds under this proposition are as follows:

Repair, Renovate and Reopen Old Dixon High School as a Grade 6-8 Middle School

The following projects are authorized to be financed at the Old Dixon High School:

- Construct and equip new classrooms, classroom buildings, laboratories, school support facilities, music, theater, art facilities, libraries, restrooms, building connections, and operations and maintenance facilities.
- Modernize, upgrade, renovate, rehabilitate, re-configure, expand and equip classrooms, classroom buildings, laboratories, restrooms, common areas and school support facilities, including library, multipurpose room/auditorium, food storage, preparation and service, cafeteria, music, theater, and other arts, career and technical education, operations and maintenance, and office, staff and administrative support facilities, whether permanent, portable or modular, including interior and exterior (as applicable) doors, windows, door and window hardware, roofs, rain gutters and

DIXON UNIFIED SCHOOL DISTRICT

2016 MEASURE Q GENERAL OBLIGATION BONDS

FULL TEXT OF BOND MEASURE

downspouts, walls, ceilings and floors and finishes, paint, siding, insulation, casework, cabinets, secured storage, carpets, drapes, window coverings, infrastructure, lighting, sinks, drinking fountains, fixtures, signage, fencing, landscaping, driveways, parking lots, common areas, playfields, furniture and equipment.

- Renovate, restore, re-configure and/or modernize portable buildings or replace such buildings with permanent, portable or modular buildings.
- Construct, renovate, restore, re-configure and/or modernize multi- purpose/performing art centers.
- Furnish and equip classrooms and other school facilities, including, but not limited to, desks, chairs and classroom furniture, science and lab equipment, school-site maintenance equipment, copy machines, “cubicle” partitions, chairs, storage units and school office equipment.
- Improve, correct, restore or renovate grounds, buildings and structures or portions thereof to eliminate or mitigate health and safety risks to students, faculty, staff, parents and the public or comply with local, state and federal building, health, safety, access and other related requirements, including seismic safety requirements, Field Act requirements and access requirements of the Americans with Disabilities Act (ADA).
- Inspect buildings and other structures and renovate, replace and/or improve such structures to eliminate/mitigate any structural deficiencies or dry rot, termite, mold or similar damage or hazards.
- Acquire and install exterior lighting, fire detection and suppression, security, emergency, clock, bell, data, voice and audio-visual communication (including telephone and public address) systems, networks, fixtures, equipment and controls.
- Acquire and install campus signage.
- Construct, improve, replace, renovate and rehabilitate walkways, covered walkways, breezeways and sidewalks.
- Landscape and improve irrigation and drainage of grounds.
- Expand or construct new storage and maintenance buildings and/or facilities.
- Install, improve, replace or upgrade exterior campus fencing.
- Resurface, refurbish, renovate and paint building exteriors as needed.
- Construct, modernize, improve, renovate, replace, reconfigure, convert, and equip quads, courtyards and other outdoor areas, including installation or improvement of seating, tables and outdoor gathering amenities.
- Renovate, repair, resurface, upgrade, expand, construct and/or install and improve paved and other hard surfaces, benches, walls, gates, fencing, play areas, quads, courtyards, outside instructional areas, playfields, and running tracks, including physical education fields and related facilities, and acquire, improve, replace and/or upgrade physical education and outdoor area equipment and fixtures.
- Acquire, install, and/or upgrade energy-saving systems, improvements and equipment, including water heating systems, natural light improvements, upgraded insulation and roofing, efficient lighting, windows and window coverings, shade structures, energy management and conservation systems, and other passive technologies, and structures to support such systems, improvements and equipment and related infrastructure. Energy-saving systems include existing systems as well as systems developed in the future.
- Construct, improve, replace, renovate and rehabilitate internet or other network access systems, and telephone, radio, fire alarm, public address, intrusion alarm and surveillance and other security systems.
- Renovate, replace, upgrade, acquire, install and/or integrate major site/building/utility systems, equipment and related infrastructure and housing, including lighting, plumbing, electrical (including

DIXON UNIFIED SCHOOL DISTRICT

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FULL TEXT OF BOND MEASURE

wiring and related infrastructure for modern technology), heating, refrigeration, cooling and ventilation, water, sewer, gas, irrigation, drainage, and energy efficiency/management monitoring systems, networks, fixtures, equipment and controls.

Repair/Renovate Anderson Elementary School

The following projects are authorized to be financed at Anderson Elementary School:

- Construct and equip new classrooms, classroom buildings, laboratories, school support facilities, music, theater, arts facilities, libraries, restrooms, building connections, and operations and maintenance facilities.
- Modernize, upgrade, renovate, rehabilitate, re-configure, expand and equip classrooms, classroom buildings, laboratories, restrooms, common areas and school support facilities, including library, multipurpose room/auditorium, food storage, preparation and service, cafeteria, music, theater, art, preschool, operations and maintenance, and office, staff and administrative support facilities, whether permanent, portable or modular, including interior and exterior (as applicable) doors, windows, door and window hardware, roofs, rain gutters and downspouts, walls, ceilings and floors and finishes, paint, siding, insulation, casework, cabinets, secured storage, carpets, drapes, window coverings, infrastructure, lighting, sinks, drinking fountains, fixtures, signage, fencing, landscaping, driveways, parking lots, common areas, playfields, furniture and equipment.
- Renovate, restore, re-configure and/or modernize portable buildings or replace such buildings with permanent, portable or modular buildings.
- Construct, renovate, restore, re-configure and/or modernize multi-purpose facilities.
- Furnish and equip classrooms and other school facilities, including, but not limited to, desks, chairs and classroom furniture, science and lab equipment, school-site maintenance equipment, copy machines, “cubicle” partitions, chairs, storage units and school office equipment.
- Improve, correct, restore or renovate grounds, buildings and structures or portions thereof to eliminate or mitigate health and safety risks to students, faculty, staff, parents and the public or comply with local, state and federal building, health, safety, access and other related requirements, including seismic safety requirements, Field Act requirements and access requirements of the Americans with Disabilities Act (ADA).
- Inspect buildings and other structures and renovate, replace and/or improve such structures to eliminate/mitigate any structural deficiencies or dry rot, termite, mold or similar damage or hazards.
- Acquire and install exterior lighting, fire detection and suppression, security, emergency, clock, bell, data, voice and audio-visual communication (including telephone and public address) systems, networks, fixtures, equipment and controls.
- Acquire and install campus signage.
- Construct, improve, replace, renovate and rehabilitate walkways, covered walkways, breezeways and sidewalks.
- Landscape and improve irrigation and drainage of grounds.
- Expand or construct new storage and maintenance buildings and/or facilities.
- Install, improve, replace or upgrade exterior campus fencing.
- Resurface, refurbish, renovate and paint building exteriors as needed.
- Construct, modernize, improve, renovate, replace, reconfigure, convert, and equip quads, courtyards and other outdoor areas, including installation or improvement of seating, tables and outdoor gathering amenities.

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FULL TEXT OF BOND MEASURE

- Renovate, repair, resurface, upgrade, expand, construct and/or install and improve paved and other hard surfaces (including playgrounds), benches, walls, gates, fencing, play areas, quads, courtyards, outside instructional areas, playfields, and running tracks, including physical education fields and related facilities, and acquire, improve, replace and/or upgrade playground, physical education and outdoor area equipment and fixtures.
- Acquire, install, and/or upgrade energy-saving systems, improvements and equipment, including water heating systems, natural light improvements, upgraded insulation and roofing, efficient lighting, windows and window coverings, shade structures, energy management and conservation systems, and other passive technologies, and structures to support such systems, improvements and equipment and related infrastructure. Energy-saving systems include existing systems as well as systems developed in the future.
- Construct, improve, replace, renovate and rehabilitate internet or other network access systems, and telephone, radio, fire alarm, public address, intrusion alarm and surveillance and other security systems.
- Renovate, replace, upgrade, acquire, install and/or integrate major site/building/utility systems, equipment and related infrastructure and housing, including lighting, plumbing, electrical (including wiring and related infrastructure for modern technology), heating, refrigeration, cooling and ventilation, water, sewer, gas, irrigation, drainage, and energy efficiency/management monitoring systems, networks, fixtures, equipment and controls.

Improve Security/Safety and American with Disabilities Act (ADA) Compliance at Districts

The following projects are authorized to be financed at all District school sites and school support facilities:

- Remove lead, asbestos and other hazardous materials.
- Repair, upgrade, and/or install exterior lighting, fire alarms, emergency communications and related electrical support systems, infrastructure and District support facilities for improved safety and security.
- Repair, upgrade, and/or install campus fencing, exterior lighting, security alarms, security camera and systems, and related exterior improvements needed to increase school safety and security.
- Repair and/or upgrade classrooms, schools and District support facilities to meet current fire, earthquake and other safety codes.
- Repair, upgrade, and/or install sidewalks, walkways, asphalt pavement, parking lots, driveways, and/or playground surfaces/equipment for student safety.
- Repair, upgrade, and/or install new covered areas for safe site pedestrian access and outdoor educational support.
- Repair, upgrade, and/or expand school parking and pick-up/drop-off zones to ensure student safety and alleviate traffic congestion.
- Repair and upgrade food services facilities for health department compliance, better efficiency and adequate capacity.
- Repair and upgrade school and District support facilities as required to comply with existing building codes and state/federal requirements, including access requirements of the Americans with Disabilities Act.

DIXON UNIFIED SCHOOL DISTRICT

2016 MEASURE Q GENERAL OBLIGATION BONDS

FULL TEXT OF BOND MEASURE

Miscellaneous

All listed bond projects include the following as needed:

- Planning, designing and providing temporary housing necessary for listed bond projects, including architectural, engineering, inspection and similar planning and testing costs (including necessary California Environmental Quality Act (CEQA), traffic and other studies needed when constructing or improving school facilities).
- The inspection, sampling and analysis of grounds, buildings and building materials to determine the presence of hazardous materials or substances, including asbestos, lead, etc., and the encapsulation, removal, disposal and other remediation or control of such hazardous materials and substances.
- Necessary onsite and offsite preparation or restoration in connection with new construction, renovation or remodeling, or installation or removal of relocatable buildings, including demolition of structures; removing, replacing, or installing irrigation, drainage, utility lines (gas, water, sewer, electrical, data and voice, etc.), trees and landscaping; relocating fire access roads; and acquiring any necessary easements, licenses, land or rights of way made necessary by listed bond projects.
- Address other unforeseen conditions revealed by construction, renovation or modernization (including plumbing or gas line breaks, dry rot, seismic and structural deficiencies, etc.).
- Demolition of existing facilities and reconstruction of facilities scheduled for modernization, if the Board of Education of the District determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses.
- Acquire or construct storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel, and interim classrooms (including relocatable) for students and school functions or other storage for classroom materials displaced during construction.
- Furnishing and equipping of classrooms and other school facilities; furnishing and equipping shall include initial purchases, and scheduled and necessary replacements, upgrades and updating of technology.
- All other costs and work necessary and incidental to the listed bond projects which includes, but not limited to, appraisals, site analyses, risk assessments, and pre- construction studies

OTHER INDEPENDENT AUDITOR'S REPORTS



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Citizen's Oversight Committee
and Governing Board
Dixon Unified School District
Dixon, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund financial statements of the 2016 Measure Q General Obligation Bonds Building Fund of Dixon Unified School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 2016 Measure Q General Obligation Bonds Building Fund financial statements, and have issued our report thereon dated **DATE**.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 2016 Measure Q General Obligation Bonds Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of 2016 Measure Q General Obligation Bonds Building Fund internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 2016 Measure Q General Obligation Bonds Building Fund financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

DATE



James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**INDEPENDENT AUDITOR'S REPORT
ON MEASURE Q BOND PERFORMANCE**

Citizen's Oversight Committee
and Governing Board
2016 Measure Q General Obligation Bonds Building Fund
Dixon Unified School District
Dixon, California

We have audited the performance audit of the 2016 Measure Q General Obligation Bonds Building Fund of the Dixon Unified School District (the "District") as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated **DATE**. Our audit was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Management's Responsibility

The design, implementation and maintenance of internal controls relevant to the financial process and compliance with the requirements of state laws and regulations is the responsibility of management.

Our responsibility is to determine that the District complied with the 2016 Measure Q General Obligation Bonds in accordance with Appendix A of the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Appendix A of the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objects. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The results of the procedures performed indicate that the District complied with the requirements identified in Appendix A of the K-12 Local Education Agencies and State Compliance Reporting for the 2016 Measure Q General Obligation Bond funds for the year ended June 30, 2020.

Objectives

The objectives of our performance audit was to determine that the District expended the 2016 Measure Q General Obligation Bond funds for the year ended June 30, 2020 only for purposes approved by voters and only for specific projects adopted by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C.

Scope of the Audit

The scope of our performance audit covered the fiscal year ended June 30, 2020. The expenditures included all account and project codes associated with the bond projects. Expenditures before July 1, 2019 and after June 30, 2020 were not reviewed as they were not within the scope of our audit.

Methodology

1. We obtained the general ledger for the fiscal year ended June 30, 2020.
2. We selected expenditures to ensure compliance with Proposition 39 and 2016 Measure Q General Obligation Bond funding.
3. We verified the mathematical accuracy of the expenditures included in the 2016 Measure Q General Obligation Bond Fund detailed general ledger for the fiscal year ended June 30, 2020.
4. We verified that the funds were generally expended for the construction, renovation, furnishing and equipping of school facilities constituting authorized bond projects.
5. Solely to assist us in planning and completing our performance audit, we obtained an understanding of the internal controls of the District.
6. We selected a sample of bond expenditures and performed the following:
 - a. Reviewed the invoices, contracts, warrant copies and other supporting documents to verify the funds were spent in accordance with list of projects defined in the full Measure Q bond text.
 - b. For any expenditures that were subject to the bid process, we reviewed supporting documentation to verify that all applicable bid process requirements were satisfied.
 - c. We verified that any change orders for the selected projects were approved by the Board of Trustees.

Conclusion

Based on the procedures performed, we found that the Dixon Unified School District has properly accounted for the expenditures of 2016 Measure Q General Obligation Bond Fund. Further, it was noted that the funds were not used for salaries of school administrators or other operating expenditures. Our audit does not provide a legal determination on the District's compliance with specific requirements.

Purpose of this Report

The purpose of this report is solely to describe the scope of our performance audit and the results of that testing. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's compliance. This report is intended solely for the information and use of management and Governing Board of Dixon Unified School District, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

DATE