



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the Dixon Unified School District Measure Q General Obligation Bond 2016 Series A Building Fund as of and for the year ended June 30, 2017, and have issued our report thereon dated December 12, 2017. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 18, 2017, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Dixon Unified School District Measure Q General Obligation Bond 2016 Series A Building Fund solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by of Dixon Unified School District Measure Q General Obligation Bond 2016 Series A Building Fund is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2016-17 fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. There were no significant estimates affecting the financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We did not identify any disclosures that involve significant sensitive discretion.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements identified as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no audit adjustments identified as a result of our audit procedures. In the current year, no uncorrected misstatements were identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Dixon Unified School District Measure Q General Obligation Bond 2016 Series A Building Fund's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 12, 2017 (Attachment I).

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Dixon Unified School District Measure Q General Obligation Bond 2016 Series A Building Fund, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Dixon Unified School District Measure Q General Obligation Bond 2016 Series A Building Fund's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Dixon Unified School District Measure Q General Obligation Bond 2016 Series A Building Fund's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we have:

Reviewed the Measure Q text and related budget versus actual for the projects and considered whether such information and requirements, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

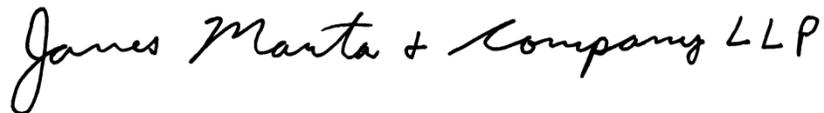
Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Other Services

We have assisted management in preparing the financial statements of the Dixon Unified School District Measure Q General Obligation Bond 2016 Series A Building Fund in conformity with U.S. generally accepted accounting principles based on information provided by management.

Management's responsibilities for other services included designating qualified individuals with the skill, knowledge, and experience to be responsible and accountable for overseeing financial statement preparation and any other nonattest services we performed as part of this engagement. Management has represented that they have evaluated the adequacy and results of those services and is accepting responsibility for them.

This report is intended solely for the information and use of the Citizen's Oversight Committee and Governing Board and members of management of the Dixon Unified School District and is not intended to be and should not be used by anyone other than these specified parties.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2017

Dixon Unified School District

GOVERNING BOARD

GUY GARCIA
MELISSA MASEDA
LUKE FOSTER
JOHN GABBY
CAITLIN O'HALLORAN

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BRIAN DOLAN
SUPERINTENDENT OF SCHOOLS

MANAGEMENT REPRESENTATION LETTER

December 12, 2017

James Marta & Company, LLP
Certified Public Accountants
701 Howe Avenue, Suite E3
Sacramento, California

This representation letter is provided in connection with your audit of the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance of the Measure Q General Obligation Bonds 2016 Series A Building Fund (the "Fund") of Dixon Unified School District (the "District") as of June 30, 2017 and for the fiscal year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the fund financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the Fund in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 12, 2017:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 18, 2017, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.

- The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
- The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
- There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the supplementary information accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with *accounting principles generally accepted in the United States of America, GASB-34 fund statement reporting*.
- b. We believe the supplementary information, including its form and content, is fairly presented in accordance with *GASB-34 fund statement reporting*.
- c. The methods of measurement or presentation have not changed from those used in the prior period
- d. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- e. We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- f. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.

- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We *are* not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been *no* communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Measure Q General Obligation Bonds 2016 Series A Building Fund of the Dixon Unified School District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Measure Q General Obligation Bonds 2016 Series A Building Fund of the Dixon Unified School District is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- The Measure Q General Obligation Bonds 2016 Series A Building Fund of the Dixon Unified School District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



Melissa Mercado, Chief Business Officer



DIXON UNIFIED SCHOOL DISTRICT

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

**COUNTY OF SOLANO
DIXON, CALIFORNIA**

FINANCIAL AND PERFORMANCE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

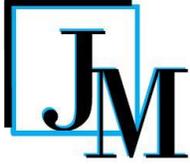
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DIXON UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A
BUILDING FUND
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James Marta & Company LLP

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), Measure Q General Obligation Bonds 2016 Series A 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, 2017, 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 Measure Q General Obligation Bonds 2016 Series A Building Fund as of June 30, 2017 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 Measure Q General Obligation Bonds 2016 Series A 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 December 12, 2017 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.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2017

BASIC FINANCIAL STATEMENTS

DIXON UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A
BUILDING FUND
BALANCE SHEET
JUNE 30, 2017

ASSETS

Cash and Cash Equivalents	\$ 18,991,971
Due from other funds	<u>14,344</u>
Total Assets	<u><u>\$ 19,006,315</u></u>

**LIABILITIES AND
FUND BALANCES**

Liabilities	
Accounts payable	<u>\$ 105,009</u>
Total Liabilities	<u>105,009</u>
Fund balances	
Restricted for bond projects	<u>18,901,306</u>
Total Fund Balances	<u>18,901,306</u>
Total liabilities and fund balances	<u><u>\$ 19,006,315</u></u>

DIXON UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A
BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

REVENUES	
Other local revenues	\$ 45,689
Total revenues	45,689
EXPENDITURES	
Services and other operating expenditures	374,383
Total expenditures	374,383
Excess(deficiency) of revenues over expenditures	(328,694)
OTHER FINANCING SOURCES (USES)	
Proceeds from issuance of bonds	19,230,000
Total other financing sources (uses)	19,230,000
Net change in fund balances	18,901,306
Fund balances, July 1, 2016	-
Fund balances, June 30, 2017	\$ 18,901,306

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The accounting policies of the Measure Q General Obligation Bonds 2016 Series A 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.

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.

The fund financial statements presented are for the Measure Q General Obligation Bonds 2016 Series A 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.

DIXON UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

B. FUND ACCOUNTING

The audited financial statements of Dixon Unified School District include the Measure Q General Obligation Bonds 2016 Series A 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.

C. 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*.

D. 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.

DIXON UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

E. 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.

F. 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.

G. 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.

H. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

H. CAPITAL AND LONG-TERM DEBT (CONTINUED)

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.

I. FUND BALANCE – GOVERNMENTAL FUNDS

As of June 30, 2017, 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.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2017 consist of cash in the county treasury in the amount of \$18,991,971.

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).

DIXON UNIFIED SCHOOL DISTRICT

MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A

BUILDING FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2. CASH AND CASH EQUIVALENTS (CONTINUED)

The weighted average maturity of the pool is 365 days. The pool is rated AAA by Standard and Poor's.

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2017:

Description	Level 1	Level 2	Level 3	N/A	Total
US Agency, Treasury & Municipal Notes (USATM):					
US Agency Notes:					
Notes/Discount Notes FFCB	\$ 289,794	\$ -	\$ -	\$ -	\$ 289,794
Notes/Discount Notes FHLB	1,861,150	-	-	-	1,861,150
Notes/Discount Notes FNMA	2,099,125	-	-	-	2,099,125
Notes/Discount Notes FHLMC	3,113,626	-	-	-	3,113,626
US Treasury Notes:	5,683,672	-	-	-	5,683,672
Municipal Notes:	1,320,788	-	-	-	1,320,788
Supranationals	19,218	-	-	-	19,218
Asset Backed Securities	-	-	-	-	-
Corporate Bonds	722,440	-	-	-	722,440
Corporate Stocks	966,590	-	-	-	966,590
Commercial Paper	-	144,054	-	-	144,054
Certificates of Deposit	-	69,950	-	-	69,950
LAIF	-	-	-	679,788	679,788
CALTrust Short Term	253,819	27,265	-	-	281,084
CALTrust Short Term	127,160	13,659	-	-	140,819
EBRCS Bond	-	-	-	-	-
Money Market Accounts	-	968,571	-	-	968,571
Cash Held in Bank	631,301	-	-	-	631,301
Total	<u>\$ 17,088,683</u>	<u>\$ 1,223,499</u>	<u>\$ -</u>	<u>\$ 679,788</u>	<u>\$ 18,991,971</u>

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
MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A
BUILDING FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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
MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A
BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

4. COMMITMENTS AND CONTINGENCIES

There were no commitments for unfinished projects as of June 30, 2017.

5. SUBSEQUENT EVENTS

District management evaluated its June 30, 2017 financial statements for subsequent events through December 12, 2017, 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

MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A

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

MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A

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

MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A

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

MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A

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

MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A

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.

DIXON UNIFIED SCHOOL DISTRICT

MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A

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

MEASURE Q GENERAL OBLIGATION BONDS 2016 SERIES A

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 Measure Q General Obligation Bonds 2016 Series A Building Fund of Dixon Unified School District (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Measure Q General Obligation Bonds 2016 Series A Building Fund financial statements, and have issued our report thereon dated December 12, 2017.

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 Measure Q General Obligation Bonds 2016 Series A Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Measure Q General Obligation Bonds 2016 Series A 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.

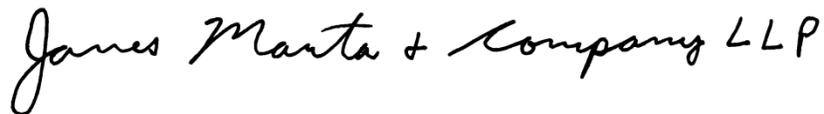
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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 Measure Q General Obligation Bonds 2016 Series A 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.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2017



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 Measure Q
General Obligation Bonds 2016 Series A Building Fund
Dixon Unified School District
Dixon, California

We have audited the financial statements of the Measure Q General Obligation Bonds 2016 Series A Building Fund of the Dixon Unified School District (the "District") as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated December 12, 2017. 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.

In connection with our audit, we also performed an audit for compliance as required in the performance requirements for the District's 2016 Measure Q general obligation bonds for the fiscal year ended June 30, 2017. We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion.

Accordingly, we do not express an opinion on the effectiveness of the District's Measure Q Building Fund internal control.

The objective of the examination of compliance applicable to the District is to determine with reasonable assurance that:

- The proceeds of the sale of the 2016 Measure Q bonds were only used for the purposes set forth in the ballot language and not for any other purpose.

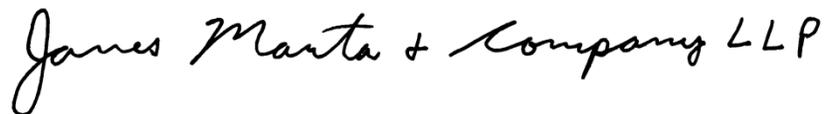
To meet our objectives, audit tests were performed and included, but were not limited to, the following:

1. We reviewed the bond sale transactions and determined all bond proceeds were deposited into the appropriate District funds and/or bond trustee accounts.
2. We reviewed expenditures made from the bond proceeds and determined that the bond funds were spent only on projects identified in the ballot measure.
3. We reviewed expenditures made from the bond proceeds and determined that the bond funds were used only for purposes to repair, modernize, replace, renovate, expand, construct, acquire, equip, furnish and otherwise improve the classrooms and school facilities of the District.
4. We reviewed the accounting system and account codes used by the District, and determined that they provided an adequate system for tracking bond fund expenditures by project.

Our audit of compliance was made for the purposes set forth in the preceding paragraph and would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied with the requirements of the Measure Q General Obligation Bonds 2016 Series A Building Fund proceeds listed and tested above.

This report is intended solely for the information and use of the Governing Board, the Citizen's Oversight Committee, and management of the District, and is not intended to be and should not be used by anyone other than these specified users.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 12, 2017