

**DIXON PUBLIC LIBRARY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Years Ended June 30, 2012 and 2013

**NOTE 5: LONG-TERM LIABILITIES (continued)**

A schedule of changes in long-term liabilities for the year ended June 30, 2013, is shown below:

	<u>Balances July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2013</u>	<u>Due Within One Year</u>
Compensated absences	\$10,714	-	\$10,714	-	-
Pension obligation	42,137	-	42,137	-	-
<b>Totals</b>	<b>\$52,851</b>		<b>\$52,851</b>	<b>-</b>	<b>-</b>

**NOTE 6: FUND BALANCES**

The District's fund balances at June 30, 2013 consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Totals</u>
Unassigned:			
Operating reserve	\$ -	\$ -	\$ -
Other	634,327	133,645	767,972
<b>Totals</b>	<b>\$ 634,327</b>	<b>\$ 133,645</b>	<b>\$ 767,972</b>

The District's fund balances at June 30, 2012 consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Totals</u>
Unassigned:			
Operating reserve	\$ -	\$ -	\$ -
Other	548,559	9,548	558,107
<b>Totals</b>	<b>\$ 548,559</b>	<b>\$ 9,548</b>	<b>\$ 558,107</b>

**NOTE 7: PRIOR PERIOD ADJUSTMENT**

The District had recorded a pension liability related to difference between the actuarial cost and the required contribution. Management has determined that this was an incorrect methodology.

## DIXON PUBLIC LIBRARY DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Years Ended June 30, 2012 and 2013

### NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District, as a member of the Special District Risk Management Authority (SDRMA), has purchased various insurance policies for property and liability. SDRMA's purpose is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

The District maintains workers' compensation coverage and employer's liability coverage in accordance with the statutory requirements of the State of California.

### NOTE 9: CONTINGENCIES

#### A. State Awards and Grants

The District has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

#### B. Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

### NOTE 10: ECONOMIC DEPENDENCY

During the 2012 and 2013 fiscal years, the District received \$573,481 and \$506,860 of Measure B sales tax revenue that is subject to voter approval. Measure B was approved on June 2, 1998, and imposed a transactions and use tax at a rate of one-eighth of one percent (0.125%) for a maximum of 16 years, to provide funding for public library operations, programs and acquisitions. Measure B expires on October 1, 2014.

On June 5, 2012, the qualified voters of Solano County voted to approve Measure L to extend Measure B. Measure L extends the current transactions and use tax at a rate of one-eighth of one percent (0.125%) for a maximum of 16 years, to provide funding for public library operations, programs and acquisitions through 2030.

### NOTE 11: SUBSEQUENT EVENTS

A. In January 2012, the Board of Trustees took action to dissolve the Library Commission effective June 30, 2012, pursuant to Education Code Section 18452.

**SUPPLEMENTARY INFORMATION SECTION**

## DIXON PUBLIC LIBRARY DISTRICT

Board of Trustees/Library Commission  
For the Fiscal Years Ended June 30, 2013 and 2012

### BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
John Gabby	President	December, 2011
Herb Cross	Vice President	December, 2013
Gildardo Piñon	Secretary	December, 2013
Irina Okhremtchouk	Member	December, 2013
Jim Ernst	Member	December, 2011

### LIBRARY COMMISSION

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Greta Galindo	President	2012/13
Susan Ostergard	Vice President	2012/13
Shane Taber	Secretary	2010/11
Marjorie Rothrock	Member	2010/11
Olivia Stringer	Member	2011/12
Herb Cross	Board of Trustees Liaison	

**DIXON PUBLIC LIBRARY DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b><u>Revenues</u></b>				
Property taxes	\$ 318,833	\$ 318,833	\$ 357,071	\$ 38,238
Sales and use taxes	559,440	559,440	506,860	(52,580)
State revenue	-	-	-	-
Other local revenue	69,900	69,900	57,742	(12,158)
Total Revenues	<u>948,173</u>	<u>948,173</u>	<u>921,673</u>	<u>(26,500)</u>
<b><u>Expenditures</u></b>				
Salary and benefits	603,373	603,373	510,361	(93,012)
Library related materials and supplies	77,450	77,450	52,793	(24,657)
Utilities	31,750	31,750	31,831	81
Insurance	12,740	12,740	12,740	-
Maintenance and supplies	18,900	18,900	16,693	(2,207)
Memberships	6,000	6,000	4,320	(1,680)
Office related	22,450	22,450	3,561	(18,889)
Professional and specialized services	161,000	161,000	178,053	17,053
Facilities acquisition and construction	-	-	-	-
Rents and leases	4,500	4,500	5,318	818
Other outgo	10,010	10,010	20,235	10,225
Total Expenditures	<u>948,173</u>	<u>948,173</u>	<u>835,905</u>	<u>(112,268)</u>
Net Change in Fund Balances	-	-	<u>85,768</u>	85,768
Fund balances - June 30, 2012	<u>558,107</u>	<u>558,107</u>	<u>558,107</u>	
Fund balances - June 30, 2013	<u>\$ 558,107</u>	<u>\$ 558,107</u>	<u>\$ 643,875</u>	

View accompanying footnote

**DIXON PUBLIC LIBRARY DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - SPECIAL FUND  
For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Other local revenue		-	124,097	124,097
Total Revenues	-	-	124,097	124,097
<b><u>Expenditures</u></b>				
Professional and specialized services		-	-	-
Facilities acquisition and construction		-	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	124,097	124,097
Fund balances - June 30, 2012	9,548	9,548	9,548	
Fund balances - June 30, 2013	<u>\$ 9,548</u>	<u>\$ 9,548</u>	<u>\$ 133,645</u>	

**DIXON PUBLIC LIBRARY DISTRICT**

Notes to the Supplementary Information  
For the Years Ended June 30, 2012 and 2013

**NOTE 1: PURPOSE OF STATEMENTS AND SCHEDULES**

**A. Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object.

**OTHER INDEPENDENT AUDITOR'S REPORTS SECTION**





**FECHTER  
& COMPANY**  
Certified Public Accountants

Craig R. Fechter, CPA, MST  
Scott A. German, CPA

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

Board of Trustees  
Dixon Public Library District  
Dixon, California

We have audited the financial statements of the governmental activities and each major fund of the Dixon Public Library District, as of and for the years ended June 30, 2013, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 18, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, and other deficiencies that we consider to be significant deficiencies.

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 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses, as noted on pages 34-38.

Board of Trustees  
Dixon Public Library District

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies, as noted on pages 34-38

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's 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*.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the District's Board of Trustees, management, California State Controller's Office, and Solano County Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Fechter & Company,  
Certified Public Accountants



Sacramento, California  
February 18, 2016

**FINDINGS AND QUESTIONED COSTS SECTION**

**DIXON PUBLIC LIBRARY DISTRICT**

Schedule of Findings and Questioned Costs  
For the Years Ended June 30, 2013 and 2012

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:	Qualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered To be material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

## DIXON PUBLIC LIBRARY DISTRICT

Schedule of Findings and Questioned Costs  
For the Years Ended June 30, 2013 and 2012

### SECTION II – FINANCIAL STATEMENT FINDINGS

#### MATERIAL WEAKNESS

##### AVAILABLE RESERVES

###### Criteria:

All districts should maintain an adequate reserve to provide the necessary resources that are occasionally needed to cope with unforeseen events or emergencies.

###### Condition:

From 2011 through 2009 the District incurred deficits of \$322,699, \$114,169, and \$538,595 during fiscal years 2010-11, 2009-10, and 2008-09, respectively. In 2012 and 2013 the District implemented cost controls and stopped development of the library construction. As a result, the fund balance of the District's General Fund decreased from \$1,469,789 at June 30, 2008 to \$634,326 at June 30, 2013 or a 56.8% decrease.

###### Questioned Costs:

None.

###### Context:

The District has implemented cost controls and changes that have resulted in a reversal of previously noted trends.

###### Cause:

The District expended \$938,669 in previous fiscal year for construction related expenditures related to the new library facility. Subsequent to June 30, 2013 The District has decided that the development of a new library facility will cease until adequate reserves can be accumulated: as a result these costs accumulated have been written off of the government-wide statements, this adjustment has no effect on the fund statements.

###### Recommendation:

The District should continue the program reductions and cost saving plans to ensure that the District maintains adequate reserves to cope with unforeseen events or emergencies.

###### District Response:

The District suspended plans to develop a new facility in 2012 following the departure of the previous District Librarian. Reserves have been built up since that time after reaching a low of \$42 in 2011.

**DIXON PUBLIC LIBRARY DISTRICT**

Schedule of Findings and Questioned Costs  
For the Years Ended June 30, 2013 and 2012

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**MATERIAL WEAKNESS**

**FINANCIAL REPORTING**

**Criteria:**

The District Librarian is responsible for reporting complete and accurate financial information to the Board of Trustees on an annual basis. Accordingly, the District should have an effective system of internal control over financial reporting that will ensure that the information contained in the financial report is free of material misstatement.

**Condition:**

For the periods under audit, the District Librarian was not available during the audit. For these periods, the District's financial reports included misstatements that we consider to be material to the District's annual financial statements. Accordingly, it appears that internal control over financial reporting was inadequate in the areas where the audit adjustments were required.

**Questioned Costs:**

None.

**Context:**

During 2014, the District hired a new management team and charged them with improving the District's overall operations including the financial reporting. However, many source documents, corporate memory and accounting records were either poorly maintained or completely unavailable.

**Effect:**

When an effective system of internal control over financial reporting is not in place, there is a reasonable possibility that material misstatements of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

**Cause:**

The District did not appear to have the necessary records to base a formal comprehensive financial reporting review of the information that is presented in the financial reports.

**DIXON PUBLIC LIBRARY DISTRICT**

Schedule of Findings and Questioned Costs  
For the Years Ended June 30, 2013 and 2012

Recommendation:

The District should develop a comprehensive financial reporting checklist, which can be used by staff during the year-end closing process, to prevent material misstatements from occurring in the future.

District Response:

District's current management has implemented a complete review of all aspects of the District's operations including a financial close process.

# DIXON PUBLIC LIBRARY SYTEM

Status of Prior Year Recommendations  
For the Years Ended June 30, 2013 and 2012

## SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

### SIGNIFICANT DEFICIENCY

#### CASH DISBURSEMENTS

##### Criteria:

Internal control procedures over cash disbursements should ensure that authorization for payment is obtained, documented, and maintained prior to forwarding the invoices to the Solano County Auditor for processing.

##### Condition:

The District is required to prepare and submit an authorization sheet along with the related invoices to the Solano County Auditor as authorization to process the invoices for payment. The authorization sheet is used to document that the Librarian reviewed and approved the invoices for payment. The District however, did not maintain any copies of the authorization sheets used during fiscal year 2010-11 and from 2012 through 2013 many transactions were not substantiated.

##### Questioned Cost:

None. It does not appear that this internal control weakness resulted in any improper use of District funds.

##### Context:

The condition was first noted during the fiscal year 2010-11 audit. It appears that this condition continued through June 30, 2013.

##### Effect:

Employees may commit the District to paying for goods or services that have not been properly approved.

##### Cause:

The significant turnover in the District's management may be the prime cause of this situation.

##### Recommendation:

The District should maintain copies of all authorization sheets submitted to the Solano County Auditor.

##### District Response:

During the 2012 and 13 years addressed by this audit, there was a series of District Librarians and no accounting staff. The District maintained all authorization sheets submitted to Solano County. The vast majority of authorization sheets were found for the auditors; however, some were not. Since 2014, significant changes have been made in library administrative procedures, resulting in improved documentation and recordkeeping.



**DIXON PUBLIC LIBRARY DISTRICT**  
**FINANCIAL REPORT**  
**With Independent Auditor's Report Thereon**

**JUNE 30, 2014**

**DIXON PUBLIC LIBRARY DISTRICT**

Financial Report  
June 30, 2014

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**DIXON PUBLIC LIBRARY DISTRICT**

Financial Report  
June 30, 2014

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**FINDINGS AND QUESTIONED COSTS SECTION**

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Craig R. Fechter, CPA, MST  
Scott A. German, CPA

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Dixon Public Library District  
Dixon, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Dixon Public Library District (The District) as of and for the year ended June 30, 2014, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Dixon Public Library District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 3 to the financial statements, management has not maintained an accurate accounting of the District's assets. Accounting principles generally accepted in the United States of America require that those assets be capitalized and depreciated, which would change the amount of reported assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

In our opinion, because of the significance of the matter discussed above, the financial statements referred to above do not present fairly the financial position the respective financial position of the governmental activities and each major fund of the Dixon Public Library District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2017 on our consideration of the Dixon Public Library District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be considered in assessing the results of our audit.

DIXON PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION  
JUNE 30, 2014

The Dixon Public Library District would like to make some comments to clarify its stance on the report submitted by the independent auditor Fechter & Company. The report states that "management has not maintained an accurate accounting of the District's assets" and that "the financial statements...do not present fairly the financial position of...the Dixon Public Library District." The management referred to in this report is the management that was in place leading to the fiscal year ended June 30, 2014, not the current management, which was being constituted starting in April 2014. As such, management was not able to begin making meaningful operational changes to create an accounting structure in line with Government Accounting Standards that would stabilize the finances of the library and carry on into future years until late 2014 into 2015.

The Dixon Public Library hired an accounting/payroll technician in February, 2014. Previously, no such position existed. An interim director saw the need for accurate accounting and planning where none existed and hired the person to establish procedural guidelines to ensure that established standards were followed. The Dixon Public Library Board of Trustees hired a permanent Library Director in April 2014 to bring continuity to the institution following several years of interim directors and large gaps of time with no one in an administrative capacity. These two new positions gave the library stability and continuity where none had existed. The new administrative staff inherited a situation where a \$2.5 million-dollar reserve had dwindled to \$43 according to a Solano County Grand Jury report of 2011-12 and made significant changes to institute proper accounting standards.

A report from an independent auditor in 2013 pointed out many internal control deficiencies that existed before the new director and accounting/payroll technician started in 2014. Those deficiencies have been addressed as follows:

- The Library provides periodic financial reports to the Board of Trustees. These reports are reviewed by the Director prior to their presentation to the Board. Formerly, the reports were annual, and were not always available to, or reviewed by the Director. Correcting journal entries are made as needed and review of the financial state of the budget is done on a monthly basis and sometimes more frequently.
- The Library Director is currently under a contract which is subject to renewal by the Board in October, 2017.
- Personnel action forms are reviewed and signed by the Director and are submitted to Solano County in advance. All employees are current with their raises, longevity pay and leave accruals. At the time of the 2013 report, not all employees who deserved longevity pay had received it, and some were receiving the wrong rate of pay.
- Financial records in 2013 were not filed in an auditable manner. Since 2014, the records have been organized and filed in an easily retrievable manner.
- The District has established procedures to ensure that proper balances are accurately reflected at the end of the fiscal year. This had not formerly been the case.
- The Director approves all paying for goods and services, including those purchased from new vendors. I-9s are kept on file for all vendors and no purchases are made without retention of the form.
- All cash is counted by two employees and counted and summarized on a cash deposit summary sheet. The summary sheet is signed by both employees as support for the deposit. This recommendation by the former auditor went into effect in 2014.
- The District reconciles the revolving bank accounts on a quarterly basis. Prior to 2014, the cash was not reconciled in a regular manner.
- In addition, based on Management's review of detail asset records that were received from their

Board of Trustees  
Dixon Public Library District

The budgetary comparison information, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Fechter & Company,  
Certified Public Accountants



Sacramento, California  
August 4, 2017

DIXON PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION  
JUNE 30, 2014

predecessors, it was determined that the District does not have an accurate accounting of the assets owned and in possession of the District for the periods being audited. As a result, the capital asset information was estimated based on the available information but may not provide an accurate representation of the available assets. The District anticipates performing a detailed inventory for future year's financial reporting purposes.

In summary, the Dixon Public Library District instituted a series of internal controls based on recommendations from a prior auditor that gives the institution verifiable financial reporting. These controls were instituted in 2014 by new permanent financial managers and have been maintained since that time.

Steve Arozena  
Library Director  
Dixon Public Library  
230 N. First Street  
Dixon, California 95620

**Government-Wide Financial Statements**



**DIXON PUBLIC LIBRARY DISTRICT  
STATEMENT OF NET ASSETS**

**June 30, 2014**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Deposits and investments	\$ 1,091,532
Receivables	
Miscellaneous	1,623
Capital assets, net of accumulated depreciation	1,786,786
	<hr/>
Total Assets	<u>\$ 2,879,941</u>
<b><u>Liabilities</u></b>	
Accounts payable and other current liabilities	\$ 49,591
Total Liabilities	<u>49,591</u>
<b><u>Net Assets</u></b>	
Invested in capital assets	1,786,786
Restricted:	
For capital projects	
For other purposes	
Unrestricted	<u>1,043,564</u>
Total Net Assets	<u>\$ 2,830,350</u>

The accompanying notes are an integral part of these financial statements

**DIXON PUBLIC LIBRARY DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended  
**June 30, 2014**

**Expenses**

Salary and benefits	\$	468,830
Library related materials and supplies		65,404
Utilities		33,830
Insurance		25,912
Maintenance and supplies		33,835
Memberships		4,991
Office related		21,892
Professional and specialized services		179,939
Depreciation		25,362
Rents and leases		4,995
Other outgo		5,314
		870,304
Total Expenses		870,304

**Program Revenues**

Charges for services		9,000
State operating grants		-
Operating grants and contributions		608,279
		617,279
Total Program Revenues		617,279
Net Expense		253,025

**General Revenues**

Property taxes		367,045
Interest		3,912
Miscellaneous		153,495
		524,452
Total General Revenues		524,452
Changes in Net Position		271,427
Net Position - July 1, 2013		2,547,604
Prior period adjustment for adjustments posted by the county		11,319
		2,558,923
Net Position - Restated - July 1, 2013		2,558,923
Net Position - June 30, 2014		\$ 2,830,350

The accompanying notes are an integral part of these financial statements

**Fund Financial Statements**

**DIXON PUBLIC LIBRARY DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Deposits and investments	\$ 828,552	\$ 262,980	\$ 1,091,532
Receivables			
Measure B sales tax	1,622	-	1,622
Miscellaneous	-	-	-
Prepaid expenses	-	-	-
	<u>830,174</u>	<u>262,980</u>	<u>1,093,154</u>
<b><u>Liabilities</u></b>			
Accounts payable	<u>49,590</u>		<u>49,590</u>
<b><u>Fund Balances</u></b>			
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	-	-	-
Unassigned	<u>780,584</u>	<u>262,980</u>	<u>1,043,564</u>
Total Fund Balances	<u>780,584</u>	<u>262,980</u>	<u>1,043,564</u>
Total Liabilities and Fund Balances	<u>\$ 830,174</u>	<u>\$ 262,980</u>	<u>\$ 1,093,154</u>

The accompanying notes are an integral part of these financial statements

**DIXON PUBLIC LIBRARY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended  
June 30, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>			
Property taxes	\$ 367,045	\$ -	\$ 367,045
Sales and use taxes	562,430		562,430
State revenue	-	-	-
Other local revenue	94,240	129,335	223,575
<b>Total Revenues</b>	<b>1,023,715</b>	<b>129,335</b>	<b>1,153,050</b>
<b><u>Expenditures</u></b>			
Salary and benefits	468,830	-	468,830
Library related materials and supplies	65,404	-	65,404
Utilities	33,830	-	33,830
Insurance	25,912	-	25,912
Maintenance and supplies	33,835	-	33,835
Memberships	4,991	-	4,991
Office related	17,172	-	17,172
Professional and specialized services	179,939	-	179,939
Facilities acquisition and construction	6,491	-	6,491
Rents and leases	4,995	-	4,995
Other outgo	36,059	-	36,059
<b>Total Expenditures</b>	<b>877,458</b>	<b>-</b>	<b>877,458</b>
<b>Net Change in Fund Balances</b>	<b>146,257</b>	<b>129,335</b>	<b>275,592</b>
<b>Fund Balances - July 1, 2013</b>	<b>634,327</b>	<b>133,645</b>	<b>767,972</b>
<b>Fund Balances - June 30, 2014</b>	<b>\$ 780,584</b>	<b>\$ 262,980</b>	<b>\$ 1,043,564</b>

The accompanying notes are an integral part of these financial statements

**DIXON PUBLIC LIBRARY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
June 30, 2014**

Total fund balances - governmental funds	\$ 1,043,564
<p>In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets and accumulated depreciation.</p>	
Capital assets at historical cost, net	1,786,786
Net assets of governmental activities	<u>\$ 2,830,350</u>

The accompanying notes are an integral part of these financial statements

**DIXON PUBLIC LIBRARY DISTRICT  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended  
June 30, 2014**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net Change in in Fund Balance	\$	275,592
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense not reported in governmental funds		(18,068)
Fixed asset purchases		-
Remove prior period liability incorrectly recorded		18,068
Change in net assets	<u>\$</u>	<u>275,592</u>

The accompanying notes are an integral part of these financial statements

**DIXON PUBLIC LIBRARY DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended  
June 30, 2014

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Dixon Public Library District in Solano County was established in 1911 to serve as the community's library. The District operates under California Education Code Sections 18300 et seq., and Sections 18440-18452, and the general provisions of Library Code governing the Unified School Districts and Union High School Districts Public Libraries. The District is governed by a five-members Board of Trustees who, as provided for in section 18300 and Section 18310 of the Education Code, the Governing Board of Library Trustees consists of those individuals who have been elected or appointed as trustees of the Dixon Unified School District. The Board members generally serve a four-year term, but in 2014 the existing Board extended its term by one year each at the suggestion/request of the Solano Registrar of Voters to create an even-year election in the future as a cost-saving measure.

The District has reviewed criteria to determine whether other organizations with activities that benefit the District should be included within its financial reporting entity under GASB Statement No. 14 (GASB 14), *The Financial Reporting Entity*. The criteria include, but are not limited to, whether the organization exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), the scope of public service, and a special financing relationship. The District has determined that the Dixon Public Library District and the Dixon Unified School District have a financial and operational relationship that meets the criteria of GASB 14. The Dixon Public Library District, a component unit of the Dixon Unified School District, elected to have a separate audit of its financial statements performed.

The District prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the uniform accounting system for districts prescribed by the State Controller in compliance with the Government Code of the State of California.

The District is also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements.

**B. Implementation of New Accounting Pronouncements**

In March of 2009, the GASB issued GASB Statement No. 54 (GASB 54) *Fund Balance Reporting and Governmental Fund Type Definition*, with required implementation for the District during the year ended June 30, 2011. The objective of GASB 54 is to enhance the usefulness of fund balance information by providing



**DIXON PUBLIC LIBRARY DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended  
June 30, 2014

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**B. Implementation of New Accounting Pronouncements - continued**

clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. GASB 54 provides for fund balance classifications such as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

**C. Basis of Presentation**

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the District. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**DIXON PUBLIC LIBRARY DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended  
June 30, 2014

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place.

Under the 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 90 days after year-end, depending on the revenue source.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

**DIXON PUBLIC LIBRARY DISTRICT**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended  
June 30, 2014

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**E. Fund Accounting**

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, revenues, and expenditure, 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 District maintains the following major governmental fund types:

The General Fund is the general operating fund of the District. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

The Special Revenue Fund is used to account for the public facilities fees that are legally restricted to expenditure for specified purposes.

**F. Budgets and Budgetary Accounting**

Pursuant to Education Code Section 18451, on or before June 1 of each year, the Library Commission shall submit or cause to be submitted to the Board of Trustees its proposed budget for operating and maintaining the library for the upcoming fiscal year. Pursuant to Education Code Section 18480, on or before September 1 of each year, the Board of Trustees shall furnish to the County Board of Supervisors an estimate of costs involved in conducting and maintaining the library for the ensuing fiscal year, procuring plans and specifications for erecting a building, and furnishing and equipping the building.

An operating budget prepared on a modified accrual basis is adopted each fiscal year for the General Fund. The original and final revised budget is presented for the General Fund, as required supplementary information on page 27. The final budget shall conform to the accounting and budgeting procedures for Special Districts contained in the California Code of Regulations. The final budget shall establish its appropriations limit pursuant to Division 9 of the Government Code. All annual appropriations lapse at fiscal year-end.

**G. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.