



DIXON PUBLIC LIBRARY

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VIA EMAIL (cdclower@solano.courts.ca.gov)
& U.S. MAIL

August 31, 2012

Solano County Grand Jury
Hall of Justice
600 Union Avenue
Fairfield, CA 94533

RE: 2011-2012 SOLANO COUNTY GRAND JURY REPORT
Dixon Public Library District Financial Analysis Response

Dear Grand Jury Representatives:

The Board of Trustees ("Board") of the Dixon Public Library District ("District" or "Respondent") appreciates the time and effort taken by the Solano County Grand Jury ("Grand Jury") to conduct its financial analysis of the District. The District has given the Grand Jury's findings serious consideration and this response will identify several actions recently approved and implemented by the Board consistent with the Grand Jury's recommendations.

The District's responses to the Grand Jury's findings and recommendations are set forth below in accordance with the format required by Penal Code section 933.05.

Please do not hesitate to contact me if you require further information.

Sincerely,

Irina Okhremtchouk
Board President
Dixon Public Library District

cc: Paul L. Beeman, Presiding Judge

FINDINGS AND RECOMMENDATIONS

Finding 1:

Audits are not timely. Specifically, the last audit was completed more than a year after the end of the fiscal period. Timely completion of an audit allows the governing body to view current financial information and provides an opportunity to correct small deficiencies before they become large problems.

Recommendation 1:

Governing Board of Library Trustees require that future audits be completed no less than 180 days following the end of the fiscal period.

District Response:

The Respondent agrees with Finding 1 and Recommendation 1 is being implemented. The District was previously managed and operated by a Library Commission ("Commission") during the years in question pursuant to Education Code section 18440. The Board's powers were limited during the Commission's management of the District. Accordingly, the Board took action in January 2012 to dissolve the Commission effective June 30, 2012, pursuant to Education Code section 18452. Immediately thereafter, the Board took action in July, 2012 to commence an audit of the fiscal years ending June 30, 2011 and June 30, 2012. The District signed an agreement with an independent auditor which was approved by the Board on August 22, 2012. The District will also revise its Board Policies to clarify that future audits are to be completed no less than 180 days following the end of the fiscal period.

Finding 2:

The financial stability of the Dixon Public Library District may be in jeopardy. District spending and shrinking revenues between 2008 and 2011 resulted in the following:

- A decrease in net assets of approximately \$100,000
- A decrease in General Fund cash of more than \$960,000
- A decrease in Building Fund cash from \$1,133,715 to \$43

Recommendation 2a:

Governing Board of Library Trustees develop a financial plan to address the decline in net assets and cash.

Recommendation 2b:

Governing Board of Library Trustees coordinate with the County Director of Library Services to determine the economic benefit and viability of joining the Solano County Library System.

District Response:

The Respondent agrees with Finding 2 to the extent that "spending and shrinking revenues" during the Commission's management of the District between 2008 and 2011 resulted in a decrease in net assets, and General and Building Funds. However, the Respondent is unable to confirm the Grand Jury's proposed figures until such time that the District's independent audit is completed.

Recommendation 2a: The Board will develop a financial plan to address the decline in net assets and cuts in the 2012-13 fiscal year. The District Librarian hired by the Commission to administer the District during the years in question is no longer employed by the District. As part of the Board's plan to address the decline in net assets and cash, the District's vacant chief executive "Librarian" position was downgraded to "Library Director" and the administrator compensation previously authorized by the Commission was significantly cut resulting in tens of thousands of dollars in reduced personnel costs. The Board hired a temporary Acting Library Director on July 14, 2012 and is in the process of hiring a permanent Library Director to be seated in September, 2012. The Board will work with the new Library Director to further develop a financial plan to preserve the fiscal integrity of the District.

Recommendation 2b: This recommendation requires further analysis and discussion with the County Director of Library Services to determine the economic benefit and viability of joining the Solano County Library System. The District will conclude that analysis and discussion, which will include opportunities for public comment and

community engagement to analyze and discuss various options within six months of the date of this response.

Finding 3:

The Dixon Public Library District is in danger of losing the 1/8 cent library sales tax which is due to expire on October 1, 2014. This funding source accounts for more than 50 percent of the District's revenues.

Recommendation 3:

Governing Board of Library Trustees develop a plan of action to deal with the possibility that the 1/8 cent library sales tax will not be extended.

District Response:

Finding 3 and Recommendation 3 are inapplicable because Measure L was approved by the voters on June 5, 2012.