

Dixon Unified School District

ROGER A. HALBERG
SUPERINTENDENT OF SCHOOLS

GOVERNING BOARD
JIM ERNST
JOHN GABBY
ALAN HODGE
SHANA LEVINE
AMY PROCTOR

180 SOUTH FIRST STREET SUITE #6
DIXON, CALIFORNIA
95620
(707) 693-6300
FAX (707) 678-0726

September 4, 2008

Ramona Garrett
Presiding Judge of the Superior Court
Solano Superior Court
600 Union Ave
Fairfield, CA 94533

Re: 2007-2008 Solano County Grand Jury Report Entitled:
Dixon Unified School District
Report Date: June 25, 2008

Dear Judge Garrett:

Following are the responses of the Dixon Unified School District to your findings and recommendation contained in the Grand Jury Report dated June 25, 2008.

Finding 1: The Dixon Unified School District has shown a lack of control in oversight of the school budget.

Response to Finding 1: Respondent partially agrees with the finding. The Dixon Unified School District Governing Board exercised as much control as they could, based on the information they were provided by the former Superintendent and former Chief Business Official. The organization of the labor force in meeting the needs of the district is a responsibility of the Superintendent.

Recommendation 1: The District should continue identifying and implementing strict internal controls to avoid mismanagement of the budget.

Response to Recommendation 1: The recommendation has been implemented. The Solano County Office of Education began a reorganization of the business department and that has continued with the newly hired Dixon Unified School District Superintendent and Chief Business Official. Financial technicians have been cross trained in the duties of the department and will perform check and balances to the duties being performed. Position Control software, a part of the Solano County Office of Education financial software package has been implemented tying together the personnel and business departments.

Finding 2: Members of the Dixon Unified School District Governing Board appear to have an inadequate knowledge and understanding of financial statements pertaining to the budget.

A Shared Commitment

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Response to Finding 2: Respondent partially agrees with the finding. A few of the Board members have completed or are in the process of completing the California School Boards Association training in school board governance which includes a finance workshop. The budget will be the focus of the September Dixon Unified School District Board workshop. It will be led by the Superintendent and new Chief Business Official. With each budget revision will come more training on how to read and understand the budget and financial statements. Board members will also learn what questions to ask.

Recommendation 2: The Governing Board members should be trained or re-trained to understand financial statements and budgets. Training should be mandatory for all School Board members.

Response to Recommendation 2: The recommendation for training is being implemented, but is not mandatory to being a Board member. The only requirements in California to being a School Board member are to be 18 years old or older, live within the school district boundary area, and be a registered voter. Training for Board members was an issue raised by the School Board and the new Superintendent during the hiring process. Training will not be limited to the budget, but will extend to a more comprehensive program. The monthly board workshop schedule calendar includes: July - Best Practices of High Performing School Boards, August - Good Beginnings Workshop on Board and Superintendent Relations, September - School District Budget, October - Student Achievement Accountability, November - Brown Act, December - California School Boards Association Annual Conference for School Board Members.

Finding 3: Members of the Dixon Unified School District Governing Board did not exercise sufficient oversight and control of the Superintendent and Chief Business Official in their budget activities.

Response to Finding 3: Respondent disagrees with the finding. The Dixon Unified School District Governing Board exercised oversight and control based on the information they were provided.

Recommendation 3: The Governing Board should be more proactive in ensuring that the internal mechanisms within its financial operations are accurate.

Response to Recommendation 3: Per Board Policy 3000(a) the Board expects sound fiscal management from the administration. The Superintendent or designee shall prepare and present annually detailed responsible budget documents for the Board's adoption tied to the District's vision and goals. Ensuring the internal mechanisms and accuracy within a district's financial operations is a challenge for those who are closely connected to the daily operations. Expecting a Board to know if the data is accurate and reliable is unreasonable. To expect the Board to determine if the data is reasonable is within the realm of what should be expected. Expecting the Board to know what questions to ask to determine the reasonableness of the data is expected. The Board does this by requiring written and oral reports from the district management team that demonstrate the financial health of the district. These reports typically would be made with each budget revision. This happens at the 1st Interim, 2nd Interim, and Annual Budget Adoptions. The Board can only make decisions that are as good as the data they are provided in those reports. Hiring competent, skilled, and knowledgeable leadership of integrity in the Superintendent and Chief Business Official is critical to the board getting accurate and reliable information.

Finding 4: The Dixon Unified School District Human Resource Director and Facilities Manager appeared to have had separate budgets or spending allowances outside the control of the Superintendent and Chief Business Official.

Response to Finding 4: Respondent disagrees with the finding. These departments had budgets that by board policy are under the direct supervision of the Superintendent and/or his designee.

Recommendation 4: The Governing Board should place all budgets and spending under the authority of the Superintendent and Chief Business Official with appropriate oversight to strengthen internal controls.

Response to Recommendation 4: Board Policy 2000 and 2110(a) E2122(a) clearly places all operational aspects of the district under the direct supervision of the Superintendent and/or his/hcr designee. Any thing short of that was a lack of leadership in the previous administration to take charge of that responsibility and carry it out. It is not unusual for departments to have budgets that they manage, but those budgets are under the supervision and guidance of the Chief Business Official and the Superintendent.

Finding 5: The Governing Board appears to have approved teacher salary increases beyond budget capabilities and against the advice of the Superintendent and Chief Business Official.

Response to Finding 5: Respondent disagrees with the finding. The Board relied upon the Superintendent and Chief Business Official in guiding the Board in its budget oversight responsibilities. The Superintendent and Chief Business Official recommended against a budget increase of the size and nature that the Board originally considered. The Board followed the advice of the Superintendent and Chief Business Official by suggesting a lesser amount that the Superintendent and Chief Business Official would approve. The Superintendent and Chief Business Official in their oversight responsibilities both signed the AB1200 documents certifying that the district could afford the salary increase eventually granted.

Recommendation 5: The Governing Board should follow the advice and recommendations of its Superintendent and Chief Business Official in budgetary matters to avoid future shortfalls.

Response to Recommendation 5: We agree with the recommendation knowing it is the Board's responsibility to request and get the reports that support the recommendation.

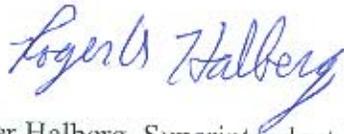
Finding 6: The Governing Board's policy for management and other unrepresented employees is to match the salary increase percentages given to the bargaining units.

Response to Find 6: Respondent disagrees with the finding. There is no board policy that calls for or requires the Board to give management and confidential employees the same salary increase that is negotiated by the bargaining units for union members.

Recommendation 6: Management negotiators should not benefit from negotiated salary increases. The Governing Board should change this policy to the extent that it applies to management employees. The salary increases for management employees should be merit and performance based.

Response to Recommendation 6: It is an industry practice to have a uniform salary schedule that includes annual step increases for experience for all employees. As school districts project receiving Cost Of Living Adjustment funds they negotiate what, if any, of that funding will be passed along to employees. These funds are not typically in education used for merit or performance pay. Instead, the funds are used to adjust the existing salary schedules to keep pace with the consumer price index increase. The district also seeks to raise

salaries for employees in a manner that keeps the district's salaries competitive with neighboring school districts. Thus it is not wise to have all groups (management, confidential, certificated, and classified) always receiving the exact same percentage salary increases. In order to stay competitive with neighboring school districts, the district needs to adjust the salary schedules in some positions rather than all positions. In the end, the Superintendent makes the recommendation to the Board for salary increases for management positions.

A handwritten signature in blue ink that reads "Roger Halberg". The signature is written in a cursive style with a large, stylized initial "R".

Roger Halberg, Superintendent
Dixon Unified School District