

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 2017

AMADOR COUNTY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017
(Continued)

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION.....	8
STATEMENT OF ACTIVITIES.....	9
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUNDS.....	10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION.....	11
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS.....	12
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.....	13
STATEMENT OF FIDUCIARY NET POSITION - TRUST AND AGENCY FUNDS.....	15
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION - TRUST FUNDS.....	16
NOTES TO FINANCIAL STATEMENTS.....	17
REQUIRED SUPPLEMENTARY INFORMATION:	
GENERAL FUND BUDGETARY COMPARISON SCHEDULE.....	40
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY.....	41
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS.....	43
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION.....	45

AMADOR COUNTY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

CONTENTS

SUPPLEMENTARY INFORMATION:

COMBINING BALANCE SHEET - ALL NON-MAJOR FUNDS.....	46
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - ALL NON-MAJOR FUNDS.....	47
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS.....	48
ORGANIZATION.....	50
SCHEDULE OF AVERAGE DAILY ATTENDANCE.....	51
SCHEDULE OF INSTRUCTIONAL TIME.....	52
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS.....	53
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS.....	54
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS - UNAUDITED.....	55
SCHEDULE OF CHARTER SCHOOLS.....	56
NOTES TO SUPPLEMENTARY INFORMATION.....	57
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS.....	59
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.....	62
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE.....	64
FINDINGS AND RECOMMENDATIONS:	
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS.....	66
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS.....	70

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Amador County Unified School District
Jackson, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amador County Unified School District, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise Amador County Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair 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 opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Amador County Unified School District, as of June 30, 2017, and the respective changes in financial position and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 3 to 7 and the General Fund Budgetary Comparison Schedule, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 40 to 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Amador County Unified School District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditure of Federal Awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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 Amador County Unified School 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 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 Amador County Unified School District's internal control over financial reporting and compliance.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 12, 2017

**AMADOR COUNTY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

(PREPARED BY DISTRICT MANAGEMENT)

This section of Amador County Unified School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 2, and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

FINANCIAL HIGHLIGHTS

The District's overall financial status slightly declined over the course of the year, as total net position decreased by less than 1%.

On the Statement of Activities, total current year expenses exceeded total current year revenues by \$22,599.

Net capital assets increased \$689,661, due to the current year addition of \$2,501,437 of new capital assets and improvements and the current year recognition of \$1,811,776 of depreciation expense.

Total long-term liabilities increased \$11,055,392, due to the current year increase of the District's proportionate share of net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans along with Clean Energy projects and bonds.

Average daily attendance (ADA) increased from 3,626 ADA in fiscal year 2015-16 to 3,634 ADA in fiscal year 2016-17, an increase of 8 ADA.

During fiscal year 2016-17, the District's General Fund produced an operating deficit of \$1,806,311.

During fiscal year 2016-17, General Fund expenditures and other financing uses totaled \$38,851,153. At June 30, 2017, the District had available reserves of \$1,046,943 which represents a reserve of 2.7%. Budgetary adjustments have been made to remedy this issue so that the reserves will be above 3%.

**AMADOR COUNTY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and Management's Discussion and Analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.

Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.

Short and long-term financial information about the activities of the District that operate like businesses are provided in the proprietary fund statements, when applicable.

Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary funds statements.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

Reporting the District as a Whole

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health or position (net position) can be measured by the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources.

Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.

Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

**AMADOR COUNTY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District as a Whole (Concluded)

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

Governmental Activities:

The basic services provided by the District, such as regular, adult education, administration, and transportation are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition are included here, but are financed by a combination of local cafeteria sales and state and federal program revenues.

Business-type Activities:

The District does not provide any services that should be included in this category.

Reporting the District's Most Significant Funds

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

Governmental Funds:

The major governmental funds of Amador County Unified School District are the General Fund, Capital Facilities Fund and Special Reserve for Capital Outlay Projects Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

Proprietary Funds:

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. These include both Enterprise funds and Internal Service funds. Enterprise funds are considered business-type activities and are also reported under a full accrual method. This is the same basis as business-type activities; therefore, no reconciling entries are required. Internal service funds are reported with the Governmental Funds. The District has no funds of this type.

Fiduciary Funds:

The District is the trustee, or fiduciary, for its student activity funds and Retiree Benefits Fund. All of the District's fiduciary activities are reported in separate fiduciary statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance their operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**AMADOR COUNTY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

GOVERNMENTAL ACTIVITIES

The District's total net position decreased from \$5,919,291 at June 30, 2016, to \$5,896,692 at June 30, 2017, a decrease of less than 1%.

The Unrestricted deficit balances that are presented above are due primarily to the fact that the District is now required to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

The District's total current year expenses exceeded total current year revenues by \$22,599.

The \$35,582,141 net cost shows the financial burden that was placed on the District's general revenues for providing the services listed above.

For fiscal year 2016-17, program revenues financed 13% of the total cost of providing the services listed above, while the remaining 87% was financed by the general revenues of the District.

Net capital assets increased \$689,661, due to the current year addition of \$2,501,437 of new capital assets and improvements, and the current year recognition of \$1,811,776 of depreciation expense.

Total long-term liabilities increased \$11,055,392 due primarily to the current year increase of the District's proportionate share of net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans along with clean energy projects and bonds.

The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates..

**AMADOR COUNTY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

(PREPARED BY DISTRICT MANAGEMENT)

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim to reflect the most current financial information available at that point in time.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The employer contribution rates for CalSTRS and CalPERS will continue to increase on an annual basis for the foreseeable future. In addition, the economy has finished its seventh year of expansion, lasting two years longer than the average recovery. The Governor and Department of Finance continue to urge the Legislature and local governments, including local education agencies, to plan for the next recession.

Accordingly, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the business office, Amador County Unified School District, 217 Rex Avenue, Jackson, California 95642.

BASIC FINANCIAL STATEMENTS

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 15,737,602
Receivables	843,540
Prepaid expenses	34,831
Stores inventory	32,103
Non-depreciable capital assets (Note 4)	5,992,744
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>27,280,264</u>
Total assets	<u>49,921,084</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss from refunding of debt	126,832
Deferred outflows of resources - pensions (Notes 9 and 10)	<u>6,564,179</u>
Total deferred outflows of resources	<u>6,691,011</u>
LIABILITIES	
Accounts payable	4,157,511
Unearned revenue	205,682
Long-term liabilities (Note 5):	
Due within one year	833,366
Due after one year	<u>44,242,008</u>
Total liabilities	<u>49,438,567</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 9 and 10)	<u>1,276,836</u>
NET POSITION	
Net investment in capital assets	16,666,748
Restricted:	
Legally restricted programs	2,432,907
Capital projects	8,371,248
Debt service	675,312
Unrestricted	<u>(22,249,523)</u>
Total net position	<u>\$ 5,896,692</u>

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenues and Changes in Net Position</u>
					<u>Governmental Activities</u>
Governmental activities:					
Instruction	\$ 18,906,277	\$ 5,207	\$ 2,741,981	\$ -	\$ (16,159,089)
Instruction-related services:					
Supervision of instruction and administration	285,983	-	56,067	-	(229,916)
Instructional library, media and technology	641,787	1,031	16,805	-	(623,951)
School site administration	3,612,228	246	512,124	-	(3,099,858)
Pupil services:					
Home-to-school transportation	1,339,882	-	-	-	(1,339,882)
Food services	1,462,504	406,833	1,017,397	-	(38,274)
All other pupil services	765,958	-	51,275	-	(714,683)
General administration:					
Data processing	263,605	-	17	-	(263,588)
All other general administration	2,441,401	19,951	212,387	-	(2,209,063)
Plant services	4,634,633	-	-	-	(4,634,633)
Ancillary services	527,380	7,320	115,109	-	(404,951)
Community services	26,032	-	-	-	(26,032)
Interest on long-term liabilities	478,619	-	-	-	(478,619)
Other outgo	5,359,602	-	-	-	(5,359,602)
	<u>\$ 40,745,891</u>	<u>\$ 440,588</u>	<u>\$ 4,723,162</u>	<u>\$ -</u>	<u>(35,582,141)</u>
Total governmental activities					
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					24,186,780
Taxes levied for debt service					745,931
Federal and state aid not restricted to specific purposes					10,065,827
Interest and investment earnings					109,811
Interagency revenues					30,178
Miscellaneous					421,015
					<u>35,559,542</u>
Total general revenues					<u>35,559,542</u>
Change in net position					(22,599)
Net position, July 1, 2016					<u>5,919,291</u>
Net position, June 30, 2017					<u>\$ 5,896,692</u>

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	<u>General Fund</u>	<u>Capital Facilities Fund</u>	<u>Special Reserve for Capital Outlay Projects Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 5,554,854	\$ 1,708,746	\$ 6,366,901	\$ 2,093,501	\$ 15,724,002
Cash in revolving fund	11,300	-	-	2,300	13,600
Receivables	635,450	37,941	10,539	159,610	843,540
Prepaid expenditures	34,831	-	-	-	34,831
Due from other funds	84,483	-	-	300,000	384,483
Stores inventory	<u>18,738</u>	<u>-</u>	<u>-</u>	<u>13,365</u>	<u>32,103</u>
Total assets	<u>\$ 6,339,656</u>	<u>\$ 1,746,687</u>	<u>\$ 6,377,440</u>	<u>\$ 2,568,776</u>	<u>\$ 17,032,559</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,652,133	\$ 188,037	\$ -	\$ 10,945	\$ 3,851,115
Unearned revenue	205,682	-	-	-	205,682
Due to other funds	<u>300,000</u>	<u>16,011</u>	<u>-</u>	<u>68,472</u>	<u>384,483</u>
Total liabilities	<u>4,157,815</u>	<u>204,048</u>	<u>-</u>	<u>79,417</u>	<u>4,441,280</u>
Fund balances:					
Nonspendable	64,869	-	-	15,665	80,534
Restricted	1,070,029	1,542,639	6,377,440	2,473,694	11,463,802
Unassigned	<u>1,046,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,046,943</u>
Total fund balances	<u>2,181,841</u>	<u>1,542,639</u>	<u>6,377,440</u>	<u>2,489,359</u>	<u>12,591,279</u>
Total liabilities and fund balances	<u>\$ 6,339,656</u>	<u>\$ 1,746,687</u>	<u>\$ 6,377,440</u>	<u>\$ 2,568,776</u>	<u>\$ 17,032,559</u>

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2017

Total fund balances - Governmental Funds \$ 12,591,279

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$65,144,475 and the accumulated depreciation is \$31,871,467 (Note 4). 33,273,008

Losses on the refunding of debt are recognized as expenditure in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the shorter life of the refunded or refunding debt. 126,832

Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds. (306,396)

In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 9 and 10).

Deferred outflows of resources relating to pensions	\$ 6,564,179	
Deferred inflows of resources relating to pensions	<u>(1,276,836)</u>	5,287,343

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2017 consisted of (Note 5):

General Obligation Bonds	\$ (8,645,000)	
Clean Renewable Energy Bond	(3,964,000)	
Unamortized bond premiums	(4,903)	
Capitalized lease obligation	(4,119,189)	
Termination benefits (Note 7)	(358,054)	
Net pension liability (Notes 9 and 10)	(27,788,000)	
Compensated absences	<u>(196,228)</u>	<u>(45,075,374)</u>

Total net position - governmental activities	\$	<u>5,896,692</u>
--	----	------------------

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	General Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula:					
State apportionment	\$ 8,561,496	\$ -	\$ -	\$ -	\$ 8,561,496
Local sources	<u>23,857,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,857,930</u>
Total local control funding formula	<u>32,419,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,419,426</u>
Federal sources	946,420	-	-	962,663	1,909,083
Other state sources	3,121,112	-	-	1,319,846	4,440,958
Other local sources	<u>451,828</u>	<u>545,990</u>	<u>18,165</u>	<u>1,183,827</u>	<u>2,199,810</u>
Total revenues	<u>36,938,786</u>	<u>545,990</u>	<u>18,165</u>	<u>3,466,336</u>	<u>40,969,277</u>
Expenditures:					
Current:					
Certificated salaries	14,720,916	-	-	213,836	14,934,752
Classified salaries	4,770,507	-	-	533,574	5,304,081
Employee benefits	7,355,712	-	-	247,914	7,603,626
Books and supplies	1,888,210	111,297	-	745,816	2,745,323
Contract services and operating expenditures	4,062,626	392,385	210,770	95,436	4,761,217
Other outgo	5,283,098	-	-	-	5,283,098
Capital outlay	436,309	567,623	770,490	261,320	2,035,742
Debt service:					
Principal retirement	143,139	-	-	410,000	553,139
Interest	<u>36,781</u>	<u>-</u>	<u>52,492</u>	<u>325,000</u>	<u>414,273</u>
Total expenditures	<u>38,697,298</u>	<u>1,071,305</u>	<u>1,033,752</u>	<u>2,832,896</u>	<u>43,635,251</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(1,758,512)</u>	<u>(525,315)</u>	<u>(1,015,587)</u>	<u>633,440</u>	<u>(2,665,974)</u>
Other financing sources (uses):					
Transfers in	106,056	-	-	153,855	259,911
Transfers out	(153,855)	-	-	(106,056)	(259,911)
Proceeds from issuance of debt	<u>-</u>	<u>-</u>	<u>6,958,000</u>	<u>-</u>	<u>6,958,000</u>
Total other financing sources (uses)	<u>(47,799)</u>	<u>-</u>	<u>6,958,000</u>	<u>47,799</u>	<u>6,958,000</u>
Net change in fund balances	(1,806,311)	(525,315)	5,942,413	681,239	4,292,026
Fund balances, July 1, 2016	<u>3,988,152</u>	<u>2,067,954</u>	<u>435,027</u>	<u>1,808,120</u>	<u>8,299,253</u>
Fund balances, June 30, 2017	<u>\$ 2,181,841</u>	<u>\$ 1,542,639</u>	<u>\$ 6,377,440</u>	<u>\$ 2,489,359</u>	<u>\$ 12,591,279</u>

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

Net change in fund balances - Total Governmental Funds \$ 4,292,026

Amounts reported for governmental activities in the statement of activities are different because:

Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4). 2,501,437

Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4). (1,811,776)

Proceeds from debt are recognized as other financing source in the governmental funds, but increases to long-term liabilities in the statement of net position (Note 5). (6,958,000)

Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5). 553,139

Debt issue premiums and discounts are recognized as revenues in the period they are incurred. In government-wide statements, issue premiums are amortized over the life of the debt (Note 5). 2,105

In governmental funds, any gain or loss resulting from debt refunding activities is recognized in the current year. In the government-wide statements, the gain or loss is deferred and amortized as interest over the life of the new or refunded debt, whichever period is shorter. Current year amortization of deferred amounts from debt refunding was: (10,374)

In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5). (15,130)

In governmental funds, termination benefits and early retirement incentives costs are recognized when employer contributions are made. In the statement of activities, termination benefits and early retirement incentives costs are recognized on the accrual basis. (Notes 5, 6 and 7) (40,567)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 1,620,495

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

Interest on long-term debt is recognized in the period incurred, in governmental funds it is recognized when due.	\$ (155,954)	<u>(4,314,625)</u>
Change in net position of governmental activities		<u>\$ (22,599)</u>

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2017

	Trust Funds		Agency Fund
	Retiree Benefits Funds	Scholarship Funds	Student Body Fund
ASSETS			
Cash in County Treasury (Note 2)	\$ 4,302	\$ 217,803	\$ -
Cash on hand and in banks (Note 2)	-	-	502,162
Receivables	11	358	-
Total assets	4,313	218,161	\$ 502,162
LIABILITIES			
Due to students/student groups	-	-	\$ 502,162
NET POSITION			
Restricted for Trust Funds	\$ 4,313	\$ 218,161	

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
SCHOLARSHIP FUNDS
For the Year Ended June 30, 2017

	Trust Funds		
	Retiree Benefits Funds	Scholarship Funds	Total
Additions:			
Interest	\$ 80	\$ 1,295	\$ 1,375
Deductions:			
Contract services and operating expenditures	13,855	-	13,855
Change in net position	(13,775)	1,295	(12,480)
Restricted net position, July 1, 2016	18,088	216,866	234,954
Restricted net position, June 30, 2017	<u>\$ 4,313</u>	<u>\$ 218,161</u>	<u>\$ 222,474</u>

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Amador County Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Trustees is the level of government which has governance responsibilities over all activities related to public school education in the Amador County Unified School District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity under Governmental Accounting Standards Board (GASB) Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*. The criteria include, but are not limited to, whether the entity 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 there are no organizations, with financial activities that benefit the District, which should be included within its financial reporting entity under GASB 61.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations; financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Revenues, Expenditures and Change in Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - 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 balances, revenues and expenditures. 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.

A - Major Funds

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The Capital Facilities Fund is a capital projects fund used to account separately for moneys received from fees levied on development projects as a condition of approval.

The Special Reserve for Capital Outlay Projects Fund is a capital projects fund used to provide for the accumulation of general fund moneys for capital outlay purposes.

B - Other Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This includes the Adult Education, Cafeteria and Deferred Maintenance Funds.

Capital Projects Funds are used to account for resources used for the acquisition of capital facilities by the District. This includes the Building and County School Facilities Funds.

The Bond Interest and Redemption Fund is a debt service fund used to account for the payment of principal, interest, and related costs on general long-term debt.

The Trust Funds are used to account for assets held by the District as Trustee. The District maintains trust funds which are used to provide financial assistance to students of the District and retiree benefits.

The Student Body Fund is an agency fund for which the District acts as an agent for all the cash activity of the various student body organizations. Individual totals by school and club are maintained within the District's accounting system.

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

Accrual: Governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Trustees must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Trustees satisfied these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2017.

Stores Inventory: Inventories are valued at cost. Inventory recorded in the General Fund and the Cafeteria Fund consists of mainly of consumable supplies. Inventories are recorded as an expenditure at the time individual inventory items are consumed.

Capital Assets: Furniture and equipment purchased or acquired, with an original cost of \$5,000 or more, are recorded at acquisition value for the contributed asset. Capital improvements, acquisitions and construction with an original cost of \$75,000 or more, are recorded at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the pension liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported in the Statement of Net Position.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The following is a summary of pension amounts in aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 4,333,871	\$ 2,230,308	\$ 6,564,179
Deferred inflows of resources	<u>\$ 867,836</u>	<u>\$ 409,000</u>	<u>\$ 1,276,836</u>
Net pension liability	<u>\$ 20,944,000</u>	<u>\$ 6,844,000</u>	<u>\$ 27,788,000</u>
Pension expense	<u>\$ 1,427,466</u>	<u>\$ 543,068</u>	<u>\$ 1,970,534</u>

Compensated Absences: Compensated absences in the amount of \$196,228 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave: Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRP and PERF B employees when the employee retires.

Unearned Revenues: Revenues from federal, state and local special projects and programs are recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Net Position: Net position is displayed in three components:

1 - Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2- Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for trust funds represents the portion of net position restricted for retiree benefits and scholarships. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3 - Unrestricted Net Position - All other net position that does not meet the definitions of "restricted" or "net investment in capital assets".

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, Fund Balance Reporting and Governmental Fund Type Definitions (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A -Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B -Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide and fiduciary trust fund statements.

C -Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2017, the District had no committed fund balances.

D -Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances. The Board or Trustees delegated authority to the Superintendent or Assistant Superintendent of Business Services to identify intended uses of assigned funds.

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. At June 30, 2017, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Amador bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

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. These estimates and assumptions 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 during the reporting period. Accordingly, actual results may differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

Cash at June 30, 2017 consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Pooled Funds:		
Cash in County Treasury	\$ 15,724,002	\$ 222,105
Deposits:		
Cash on hand and in banks	-	502,162
Cash in revolving fund	13,600	-
Total	\$ 15,737,602	\$ 724,267

Pooled Funds - Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Amador County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements 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.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 2 - CASH AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2017, the carrying amount of the District's accounts were \$515,762 and the bank balances were \$522,515. The total uninsured bank balances at June 30, 2017 was \$198,418.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2017, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2017, the District had no concentration of credit risk.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Interfund receivable and payable balances at June 30, 2017 were as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 84,483	\$ 300,000
Capital Facilities	-	16,011
Non-Major Funds:		
Cafeteria	-	68,472
Deferred Maintenance	<u>300,000</u>	<u>-</u>
Totals	<u>\$ 384,483</u>	<u>\$ 384,483</u>

Transfers: Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the 2016-2017 fiscal year were as follows:

Transfer from the General Fund to the Building fund to complete paving project at Plymouth Elementary.	\$ 153,855
Transfer from the Adult Education Fund to the General Fund for indirect costs.	37,584
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	<u>68,472</u>
	<u>\$ 259,911</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2017 is shown below:

	Balance July 1, <u>2016</u>	Transfers and <u>Additions</u>	Transfers and <u>Deductions</u>	Balance June 30, <u>2017</u>
Non-depreciable:				
Land	\$ 4,409,034	\$ -	\$ -	\$ 4,409,034
Work-in-process	126,235	2,501,437	(1,043,962)	1,583,710
Depreciable:				
Improvement of sites	7,216,743	799,141	-	8,015,884
Buildings	45,382,359	214,538	-	45,596,897
Furniture and Equipment	<u>5,508,667</u>	<u>30,283</u>	<u>-</u>	<u>5,538,950</u>
Totals, at cost	<u>62,643,038</u>	<u>3,545,399</u>	<u>(1,043,962)</u>	<u>65,144,475</u>
Less accumulated depreciation:				
Improvement of sites	4,269,458	320,965	-	4,590,423
Buildings	22,057,997	1,200,520	-	23,258,517
Furniture and Equipment	<u>3,732,236</u>	<u>290,291</u>	<u>-</u>	<u>4,022,527</u>
Total accumulated depreciation	<u>30,059,691</u>	<u>1,811,776</u>	<u>-</u>	<u>31,871,467</u>
Capital assets, net	<u>\$ 32,583,347</u>	<u>\$ 5,357,175</u>	<u>\$ (1,043,962)</u>	<u>\$ 33,273,008</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 1,019,109
Supervision of instruction	16,901
Instructional library, media and technology	31,087
School site administration	173,176
Home-to-school transportation	75,412
Food services	80,162
All other pupil services	39,709
Data processing	15,419
All other general administration	133,260
Plant services	<u>227,541</u>
Total depreciation expense	<u>\$ 1,811,776</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - LONG-TERM LIABILITIES

General Obligation Bonds

The outstanding general obligation debt of the District as of June 30, 2017 is as follows:

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2016</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2017</u>
2005	4.50%-5.00%	2029	\$ 4,500,000	\$ 1,120,000	\$ -	\$ 50,000	\$ 1,070,000
2011	2.00%-4.00%	2027	4,800,000	4,655,000	-	340,000	4,315,000
2013	2.00%-3.50%	2029	<u>3,350,000</u>	<u>3,280,000</u>	<u>-</u>	<u>20,000</u>	<u>3,260,000</u>
Total			<u>\$ 12,650,000</u>	<u>\$ 9,055,000</u>	<u>\$ -</u>	<u>\$ 410,000</u>	<u>\$ 8,645,000</u>

The annual requirements to amortize the bonds payable, outstanding as of June 30, 2017, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 445,000	\$ 466,800	\$ 911,800
2019	475,000	448,825	923,825
2020	505,000	429,375	934,375
2021	540,000	408,425	948,425
2022	575,000	385,800	960,800
2023-2027	3,460,000	1,218,925	4,678,925
2028-2030	<u>2,645,000</u>	<u>188,900</u>	<u>2,833,900</u>
Totals	<u>\$ 8,645,000</u>	<u>\$ 3,547,050</u>	<u>\$ 12,192,050</u>

Capitalized Lease Obligations

On December 11, 2014, the District entered into a lease-purchase agreement to purchase ten (10) school buses at an original cost of \$1,583,453 and accumulated depreciation at June 30, 2017 totaled \$475,026. The agreement provides for title to pass upon expiration of the lease period.

Future minimum lease payments under this agreement are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>
2018	\$ 179,920
2019	179,920
2020	179,920
2021	179,920
2022	179,920
2023-2027	<u>359,879</u>
Total payments	1,259,479
Less amounts representing interest	<u>(134,290)</u>
Present value of net minimum lease payments	<u>\$ 1,125,189</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - LONG-TERM LIABILITIES (Continued)

In December 2016, the District entered into a tax exempt lease financing arrangement to finance the costs of energy savings projects. The District is required to make principal and interest payments, on December 1 of each year, through December 2025, with interest rate of 2.32%.

Future minimum lease payments under this agreement are as follows:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 69,461	\$ 69,461
2019	368,000	65,192	433,192
2020	269,000	57,803	326,803
2021	320,000	50,970	370,970
2022	374,000	42,920	416,920
2023-2026	<u>1,663,000</u>	<u>69,124</u>	<u>1,732,124</u>
Totals	<u>\$ 2,994,000</u>	<u>\$ 355,470</u>	<u>\$ 3,349,470</u>

Clean Renewable Energy Bonds

In December 2016, the District issued \$3,964,000 of Clean Renewable Energy Bonds (CREBs) to finance the cost of clean renewable energy projects. The District is required to make principal and interest payments, due December 1 of each year, through December 2031, with interest rate of 4.42%.

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 175,209	\$ 175,209
2019	-	175,209	175,209
2020	-	175,209	175,209
2021	-	175,209	175,209
2022	-	175,209	175,209
2023-2027	1,148,000	830,783	1,978,783
2028-2032	<u>2,816,000</u>	<u>300,825</u>	<u>3,116,825</u>
Totals	<u>\$ 3,964,000</u>	<u>\$ 2,007,653</u>	<u>\$ 5,971,653</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Amounts Due Within One Year
General Obligation Bonds	\$ 9,055,000	\$ -	\$ 410,000	\$ 8,645,000	\$ 445,000
Clean Renewable Energy Bond	-	3,964,000	-	3,964,000	-
Unamortized bond premium	7,008	-	2,105	4,903	-
Capitalized lease obligations	1,268,328	2,994,000	143,139	4,119,189	147,290
Early retirement incentive (Note 6)	152,500	-	152,500	-	-
Termination benefits (Note 7)	164,987	236,480	43,413	358,054	44,848
Net pension liability (Notes 9 and 10)	23,191,061	4,596,939	-	27,788,000	-
Compensated absences	181,098	15,130	-	196,228	196,228
	<u>\$ 34,019,982</u>	<u>\$ 11,806,549</u>	<u>\$ 751,157</u>	<u>\$ 45,075,374</u>	<u>\$ 833,366</u>

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on capitalized lease obligations are made from the General Fund. Payments on the early retirement incentive, termination benefits and compensated absences are made from the fund for which the related employee worked.

NOTE 6 - EARLY RETIREMENT INCENTIVES

In addition to the post-employment benefits described in Notes 9 and 10, the District has adopted various early retirement incentive programs for qualified employees. To be eligible, employees must be age 55 or older by June 30, 2017 (or date of retirement if sooner), and have at least 10 to 15 years of service with the District, as appropriate. Eligible retirees will receive varying benefits valued between \$2,500 and \$10,000, which are to be paid over a period of three years. The final payment for these benefit was made in June 2017.

NOTE 7 - TERMINATION BENEFITS

The District provides termination benefits for life for certain administrators, hired prior to 1984, who retired from the District on or after attaining age 55, with at least 15 years of District service immediately prior to retirement. On June 30, 2017, 4 retirees met the eligibility requirements. The District pays the insurance premiums to maintain the level of coverage provided to current staff. During the fiscal year, expenditures of \$28,623 were incurred to provide this benefit. The benefits for future years are an estimate, based on projected premium costs.

The District also provides termination benefits for life for eight (8) retired teachers, capped at \$1,868 per year. During the fiscal year, expenditures of \$14,790 were incurred to provide to provide this benefit. This benefit option ended in the 1995-96 fiscal year.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 - TERMINATION BENEFITS (Continued)

At June 30, 2017, the estimated future payments required to provide these termination benefits are as follows:

Year Ended <u>June 30</u>	Early Retirement <u>Incentives</u>
2018	44,848
2019	38,046
2020	32,615
2021	26,822
2022	24,431
2023-2028	112,734
2029-2033	73,795
2034-2038	<u>4,763</u>
Total	<u><u>\$ 358,054</u></u>

NOTE 8 - FUND BALANCES

Fund balances, by category, at June 30, 2017 consisted of the following:

	<u>General Fund</u>	<u>Capital Facilities Fund</u>	<u>Special Reserve for Capital Outlay Projects Fund</u>	<u>All Non-Major Funds</u>	<u>Total</u>
Nonspendable:					
Revolving cash fund	\$ 11,300	\$ -	\$ -	\$ 2,300	\$ 13,600
Prepaid expenditures	34,831	-	-	-	34,831
Stores inventory	<u>18,738</u>	<u>-</u>	<u>-</u>	<u>13,365</u>	<u>32,103</u>
Subtotal nonspendable	<u>64,869</u>	<u>-</u>	<u>-</u>	<u>15,665</u>	<u>80,534</u>
Restricted:					
Legally restricted	1,070,029	-	-	1,347,213	2,417,242
Capital projects	-	1,542,639	6,377,440	451,169	8,371,248
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>675,312</u>	<u>675,312</u>
Subtotal restricted	<u>1,070,029</u>	<u>1,542,639</u>	<u>6,377,440</u>	<u>2,473,694</u>	<u>11,463,802</u>
Unassigned:					
Designated for economic uncertainty	<u>1,046,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,046,943</u>
Total fund balances	<u><u>\$ 2,181,841</u></u>	<u><u>\$ 1,542,639</u></u>	<u><u>\$ 6,377,440</u></u>	<u><u>\$ 2,489,359</u></u>	<u><u>\$12,591,279</u></u>

(Continued)

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com/comprehensive-annual-financial-report>.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years of credited service.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2016-17. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 9.205 percent of applicable member earnings for fiscal year 2016-17.

In general, member contributions cannot increase unless members are provided with some type of “comparable advantage” in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this “comparable advantage,” the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Effective July 1, 2014, with the passage of AB 1469, member contributions for those under the 2% at 60 benefit structure increase from 8.0 percent to a total of 10.25 percent of applicable member earnings, phased in over the next three years. For members under the 2% at 62 benefit structure, contributions will increase from 8.0 percent to 9.205 percent of applicable member earnings, again phased in over three years, if there is no change to normal cost.

Employers – 12.58 percent of applicable member earnings.

In accordance with AB 1469, employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The new legislation also gives the board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rate increases effective for fiscal year 2016-17 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2016	8.25%	4.33%	12.58%
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

The District contributed \$1,793,871 to the plan for the fiscal year ended June 30, 2017.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

State - 12.58 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2046-2047. The CalSTRS state contribution rates effective for fiscal year 2016-17 and beyond are summarized in the table below.

As shown in the subsequent table, the state rate will increase to 4.811 percent on July 1, 2017, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding(1)</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2016	2.017%	4.311%	2.50%	8.828%
July 01, 2017	2.017%	4.811%(2)	2.50%	9.328%
July 01, 2017 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 01, 2046 and thereafter	2.017%	(3)	2.50%	4.517%(3)

(1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.

(2) During its April 2017 meeting, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2017.

(3) The CalSTRS board has limited authority to adjust state contribution rates from July 1, 2017, through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 20,944,000
State's proportionate share of the net pension liability associated with the District	<u>11,924,000</u>
Total	<u>\$ 32,868,000</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2016, the District's proportion was 0.026 percent, which was an decrease of 0.001 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,427,466 and revenue of \$1,104,848 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 511,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	1,665,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	875,000	356,836
Contributions made subsequent to measurement date	<u>1,793,871</u>	<u>-</u>
Total	<u>\$ 4,333,871</u>	<u>\$ 867,836</u>

\$1,793,871 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended <u>June 30,</u>	
2018	\$ 14,139
2019	\$ 14,139
2020	\$ 955,819
2021	\$ 605,698
2022	\$ (18,801)
2023	\$ 101,170

Differences between expected and actual experience, change in proportion and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2016 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2015
Experience Study	July 1, 2006 through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 experience analysis for more information.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in 2012 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	6.30%
Private Equity	13	9.30
Real Estate	13	5.20
Inflation Sensitive	4	3.80
Fixed Income	12	0.30
Absolute Return/Risk Mitigating Strategies	9	2.90
Cash / Liquidity	2	(1.00)

* 20-year geometric average

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease <u>(6.60%)</u>	Current Discount Rate <u>(7.60%)</u>	1% Increase <u>(8.60%)</u>
District's proportionate share of the net pension liability	<u>\$ 30,143,000</u>	<u>\$ 20,944,000</u>	<u>\$ 13,304,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2016.pdf>.

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2017 were as follows:

Members - The member contribution rate was 6.0 or 7.0 percent of applicable member earnings for fiscal year 2016-17.

Employers - The employer contribution rate was 13.888 percent of applicable member earnings.

The District contributed \$692,308 to the plan for the fiscal year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability of \$6,844,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2016, the District’s proportion was 0.035 percent, which was an increase of zero percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the District recognized pension expense of \$543,068. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 294,000	\$ -
Changes of assumptions	-	206,000
Net differences between projected and actual earnings on investments	1,062,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	182,000	203,000
Contributions made subsequent to measurement date	<u>692,308</u>	<u>-</u>
Total	<u>\$ 2,230,308</u>	<u>\$ 409,000</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

\$692,308 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended <u>June 30,</u>	
2018	\$ 137,907
2019	\$ 137,907
2020	\$ 575,986
2021	\$ 277,200

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of June 30, 2016 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2015
Experience Study	June 30, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.65%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return</u>
Global Equity	51%	5.25%
Global Fixed Income	20	0.99
Inflation Sensitive	6	0.45
Private Equity	10	6.83
Real Estate	10	4.50
Infrastructure & Forestland	2	4.50
Liquidity	1	(0.55)

* 10-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.65 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS’ website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease <u>(6.65%)</u>	Current Discount Rate <u>(7.65%)</u>	1% Increase <u>(8.65%)</u>
District’s proportionate share of the net pension liability	<u>\$ 10,211,000</u>	<u>\$ 6,844,000</u>	<u>\$ 4,040,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 11 - JOINT POWERS AGREEMENTS

The District is a member of the joint powers agreements (JPA), Tuolumne Joint Powers Authority (TJPA) for Property & Liability Insurance and Workers’ Compensation Insurance. The relationships between the District and the JPA is such that the JPA is not component unit of the District for financial reporting purposes.

The JPA arranges for and/or provide coverage for their members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage in the prior year.

Condensed financial information for the year ended June 30, 2017 is as follows:

		<u>TJPA</u>
Total assets	\$	11,609,175
Total liabilities	\$	5,412,473
Net position	\$	6,196,702
Total revenue	\$	4,350,455
Total expenses	\$	3,865,225

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 12 - RELATED PARTY TRANSACTIONS

Amador County Unified School District and the Amador County Office of Education (County Office) are housed in the same building and the District absorbs the majority of the expenditures related to accounting and the management support, comprehensive insurance, office space and other miscellaneous internal services. The valuation of such services and facilities have not been allocated to the County Office by the District.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

Also, the District has received federal and state funds for specific purposes that are subject to review or 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.

REQUIRED SUPPLEMENTARY INFORMATION

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local Control Funding Formula:				
State apportionment	\$ 9,780,089	\$ 9,780,089	\$ 8,561,496	\$ (1,218,593)
Local sources	<u>22,951,410</u>	<u>22,875,918</u>	<u>23,857,930</u>	<u>982,012</u>
Total LCFF	<u>32,731,499</u>	<u>32,656,007</u>	<u>32,419,426</u>	<u>(236,581)</u>
Federal sources	775,271	920,617	946,420	25,803
Other state sources	1,492,151	2,912,918	3,121,112	208,194
Other local sources	<u>135,000</u>	<u>647,604</u>	<u>451,828</u>	<u>(195,776)</u>
Total revenues	<u>35,133,921</u>	<u>37,137,146</u>	<u>36,938,786</u>	<u>(198,360)</u>
Expenditures:				
Current:				
Certificated salaries	14,111,372	14,704,200	14,720,916	(16,716)
Classified salaries	4,636,688	4,610,943	4,770,507	(159,564)
Employee benefits	6,424,482	7,312,902	7,355,712	(42,810)
Books and supplies	1,769,000	2,349,380	1,888,210	461,170
Contract services and operating expenditures	3,375,260	3,823,263	4,062,626	(239,363)
Other outgo	4,859,102	5,012,957	5,283,098	(270,141)
Capital outlay	7,100	560,455	436,309	124,146
Debt service:				
Principal retirement	223,071	223,071	143,139	79,932
Interest	<u>40,151</u>	<u>40,151</u>	<u>36,781</u>	<u>-</u>
Total expenditures	<u>30,546,973</u>	<u>33,584,214</u>	<u>38,697,298</u>	<u>206,795</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,586,948</u>	<u>3,552,932</u>	<u>(1,758,512)</u>	<u>8,435</u>
Other financing sources (uses):				
Transfers in	-	-	106,056	106,056
Transfers out	<u>-</u>	<u>-</u>	<u>(153,855)</u>	<u>(153,855)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(47,799)</u>	<u>(47,799)</u>
Net change in fund balance	4,586,948	3,552,932	(1,806,311)	(39,364)
Fund balance, July 1, 2016	<u>3,988,152</u>	<u>3,988,152</u>	<u>3,988,152</u>	<u>-</u>
Fund balance, June 30, 2017	<u>\$ 8,575,100</u>	<u>\$ 7,541,084</u>	<u>\$ 2,181,841</u>	<u>\$ (39,364)</u>

See accompanying note to required supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2017

State Teachers' Retirement Plan
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.028%	0.027%	0.026%
District's proportionate share of the net pension liability	\$ 16,068,464	\$ 18,060,684	\$ 20,944,000
State's proportionate share of the net pension liability associated with the District	<u>380,413</u>	<u>382,491</u>	<u>11,924,000</u>
Total net pension liability	<u>\$ 16,448,877</u>	<u>\$ 18,443,175</u>	<u>\$ 32,868,000</u>
District's covered payroll	\$ 12,247,273	\$ 12,451,441	\$ 12,905,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2017

Public Employer's Retirement Fund B
 Last 10 Fiscal Years

	<u>2015</u>		<u>2016</u>		<u>2017</u>
District's proportion of the net pension liability	0.036%		0.035%		0.035%
District's proportionate share of the net pension liability	\$ 4,072,266	\$	5,130,377	\$	6,844,000
District's covered payroll	\$ 3,765,592	\$	3,853,309	\$	4,157,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%		133.14%		164.64%
Plan fiduciary net position as a percentage of the total pension liability	83.38%		79.43%		73.89%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the Year Ended June 30, 2017

State Teachers' Retirement Plan
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 1,095,958	\$ 1,384,728	\$ 1,793,871
Contributions in relation to the contractually required contribution	<u>(1,095,958)</u>	<u>(1,384,728)</u>	<u>(1,793,871)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,451,441	\$ 12,905,000	\$ 14,260,000
Contributions as a percentage of covered payroll	9.00%	10.73%	12.58%

All years prior to 2015 are not available.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the Year Ended June 30, 2017

Public Employer's Retirement Fund B
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 449,991	\$ 492,507	\$ 692,308
Contributions in relation to the contractually required contribution	<u>(449,991)</u>	<u>(492,507)</u>	<u>(692,308)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,853,309	\$ 4,157,000	\$ 4,985,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund is presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

The excess of expenditures over appropriations in the General Fund were as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
Certificated salaries	\$ 16,716
Classified salaries	\$ 159,564
Employee benefits	\$ 42,810
Contract services and operating expenditures	\$ 197,909

B - Schedule of the District's Proportionate Share of the Net Pension Liability

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

C - Schedule of the District's Contributions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D - Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

E - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund B was 7.50, 7.65 and 7.65 percent in the June 30, 2014, 2015 and 2016 actuarial reports, respectively. There are no changes in assumptions reported for the State Teachers' Retirement Plan.

SUPPLEMENTARY INFORMATION

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2017

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total
ASSETS							
Cash and investments:							
Cash in County Treasury	\$ 439,098	\$ 529,570	\$ -	\$ -	\$ 450,429	\$ 674,404	\$ 2,093,501
Cash in revolving fund	-	2,300	-	-	-	-	2,300
Receivables	144,464	13,498	-	-	740	908	159,610
Due from other funds	-	-	300,000	-	-	-	300,000
Stores Inventory	-	13,365	-	-	-	-	13,365
Total assets	<u>\$ 583,562</u>	<u>\$ 558,733</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 451,169</u>	<u>\$ 675,312</u>	<u>\$ 2,568,776</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 8,141	\$ 2,804	\$ -	\$ -	\$ -	\$ -	\$ 10,945
Due to other funds	-	68,472	-	-	-	-	68,472
Total liabilities	<u>8,141</u>	<u>71,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,417</u>
Fund balances:							
Nonspendable	-	15,665	-	-	-	-	15,665
Restricted	575,421	471,792	300,000	-	451,169	675,312	2,473,694
Total fund balances	<u>575,421</u>	<u>487,457</u>	<u>300,000</u>	<u>-</u>	<u>451,169</u>	<u>675,312</u>	<u>2,489,359</u>
Total liabilities and fund balances	<u>\$ 583,562</u>	<u>\$ 558,733</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 451,169</u>	<u>\$ 675,312</u>	<u>\$ 2,568,776</u>

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
 ALL NON-MAJOR FUNDS
 For the Year Ended June 30, 2017

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total
Revenues:							
Federal sources	\$ -	\$ 962,663	\$ -	\$ -	\$ -	\$ -	\$ 962,663
Other state sources	919,938	90,829	300,000	-	-	9,079	1,319,846
Other local Sources	<u>1,774</u>	<u>440,438</u>	<u>-</u>	<u>60</u>	<u>2,677</u>	<u>738,878</u>	<u>1,183,827</u>
Total revenues	<u>921,712</u>	<u>1,493,930</u>	<u>300,000</u>	<u>60</u>	<u>2,677</u>	<u>747,957</u>	<u>3,466,336</u>
Expenditures:							
Current:							
Certificated salaries	213,836	-	-	-	-	-	213,836
Classified salaries	15,049	518,525	-	-	-	-	533,574
Employee benefits	64,572	183,342	-	-	-	-	247,914
Books and supplies	106,569	639,247	-	-	-	-	745,816
Contract services and operating expenditures	43,381	48,695	-	3,360	-	-	95,436
Capital outlay	-	6,378	-	254,942	-	-	261,320
Debt service:							
Principal retirement	-	-	-	-	-	410,000	410,000
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,000</u>	<u>325,000</u>
Total expenditures	<u>443,407</u>	<u>1,396,187</u>	<u>-</u>	<u>258,302</u>	<u>-</u>	<u>735,000</u>	<u>735,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>478,305</u>	<u>97,743</u>	<u>300,000</u>	<u>(258,242)</u>	<u>2,677</u>	<u>12,957</u>	<u>2,731,336</u>
Other financing sources (uses):							
Transfers in	-	-	-	153,855	-	-	153,855
Transfers out	<u>(37,584)</u>	<u>(68,472)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,056)</u>
Total other financing sources (uses)	<u>(37,584)</u>	<u>(68,472)</u>	<u>-</u>	<u>153,855</u>	<u>-</u>	<u>-</u>	<u>47,799</u>
Net change in fund balances	<u>440,721</u>	<u>29,271</u>	<u>300,000</u>	<u>(104,387)</u>	<u>2,677</u>	<u>12,957</u>	<u>681,239</u>
Fund balances July 1, 2016	<u>134,700</u>	<u>458,186</u>	<u>-</u>	<u>104,387</u>	<u>448,492</u>	<u>662,355</u>	<u>1,808,120</u>
Fund balances June 30, 2017	<u>\$ 575,421</u>	<u>\$ 487,457</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 451,169</u>	<u>\$ 675,312</u>	<u>\$ 2,489,359</u>

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2017

	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2017</u>
Student Body				
<u>Sutter Creek Elementary</u>				
Assets:				
Cash on hand and in banks	\$ <u>27,980</u>	\$ <u>47,443</u>	\$ <u>44,574</u>	\$ <u>30,849</u>
Liabilities:				
Due to student groups	\$ <u>27,980</u>	\$ <u>47,443</u>	\$ <u>44,574</u>	\$ <u>30,849</u>
<u>Pine Grove Elementary</u>				
Assets:				
Cash on hand and in banks	\$ <u>21,803</u>	\$ <u>55,058</u>	\$ <u>48,688</u>	\$ <u>28,173</u>
Liabilities:				
Due to student groups	\$ <u>21,803</u>	\$ <u>55,058</u>	\$ <u>48,688</u>	\$ <u>28,173</u>
<u>Ione Junior High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>10,580</u>	\$ <u>13,371</u>	\$ <u>14,807</u>	\$ <u>9,144</u>
Liabilities:				
Due to student group	\$ <u>10,580</u>	\$ <u>13,371</u>	\$ <u>14,807</u>	\$ <u>9,144</u>
<u>Jackson Junior High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>25,243</u>	\$ <u>36,869</u>	\$ <u>28,609</u>	\$ <u>33,503</u>
Liabilities:				
Due to student groups	\$ <u>25,243</u>	\$ <u>36,869</u>	\$ <u>28,609</u>	\$ <u>33,503</u>
<u>Amador High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>110,072</u>	\$ <u>465,959</u>	\$ <u>479,717</u>	\$ <u>96,314</u>
Liabilities:				
Due to student groups	\$ <u>110,072</u>	\$ <u>465,959</u>	\$ <u>479,717</u>	\$ <u>96,314</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2017

	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2017</u>
Student Body (Continued)				
<u>Argonaut High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>139,739</u>	\$ <u>386,756</u>	\$ <u>360,474</u>	\$ <u>166,021</u>
Liabilities:				
Due to student groups	\$ <u>139,739</u>	\$ <u>386,756</u>	\$ <u>360,474</u>	\$ <u>166,021</u>
<u>Independence High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>1,200</u>	\$ <u>2,490</u>	\$ <u>3,043</u>	\$ <u>647</u>
Liabilities:				
Due to student groups	\$ <u>1,200</u>	\$ <u>2,490</u>	\$ <u>3,043</u>	\$ <u>647</u>
<u>Scholarships</u>				
Assets:				
Cash on hand and in banks	\$ <u>162,312</u>	\$ <u>209</u>	\$ <u>25,010</u>	\$ <u>137,511</u>
Liabilities:				
Due to student groups	\$ <u>162,312</u>	\$ <u>209</u>	\$ <u>25,010</u>	\$ <u>137,511</u>
<u>Total Student Body Funds</u>				
Assets:				
Cash on hand and in banks	\$ <u>498,929</u>	\$ <u>1,008,155</u>	\$ <u>1,004,922</u>	\$ <u>502,162</u>
Liabilities:				
Due to student groups	\$ <u>498,929</u>	\$ <u>1,008,155</u>	\$ <u>1,004,922</u>	\$ <u>502,162</u>

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2017

Amador County Unified School District was established July 1, 1983. There was no change in District boundaries during the year. The District operates seven elementary schools, two middle schools, and two high schools.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Bob Laurent	President	November 2018
Kandi Thompson	Clerk	November 2018
Rose Andrew-Oneto	Member	November 2018
Susan Ross	Member	November 2020
Janet White	Member	November 2020

ADMINISTRATION

Amy Slavensky
Superintendent

Tim Zearley*
Assistant Superintendent of Business Services

Sabrina Greiten
Superintendent of
Curriculum and Instruction

David Vicari
Executive Director of Personnel

Scott Nolan
Chief Technology Officer

* Tim Zearley left the District as of July 1, 2017

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2017

	Second Period <u>Report</u>	Annual <u>Report</u>
Certificate numbers	6C7D3BF6	3C568D6C
Elementary:		
Transitional Kindergarten through Third	1,070	1,077
Fourth through Sixth	855	859
Seventh and Eighth	<u>565</u>	<u>526</u>
Subtotal Elementary	<u>2,490</u>	<u>2,462</u>
Secondary:		
Ninth through Twelfth	<u>1,144</u>	<u>1,186</u>
Total District	<u><u>3,634</u></u>	<u><u>3,648</u></u>

See accompanying notes to supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 For the Year Ended June 30, 2017

<u>Grade Level</u>	<u>Statutory Minutes Require- ment</u>	<u>2016-17 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
<u>DISTRICT</u>				
Kindergarten	36,000	36,360	180	In Compliance
Grade 1	50,400	53,145	180	In Compliance
Grade 2	50,400	53,145	180	In Compliance
Grade 3	50,400	53,145	180	In Compliance
Grade 4	54,000	54,171	180	In Compliance
Grade 5	54,000	54,171	180	In Compliance
Grade 6	54,000	54,171	180	In Compliance
Grade 7	54,000	55,965	180	In Compliance
Grade 8	54,000	55,965	180	In Compliance
Grade 9	64,800	64,860	180	In Compliance
Grade 10	64,800	64,860	180	In Compliance
Grade 11	64,800	64,860	180	In Compliance
Grade 12	64,800	64,860	180	In Compliance

See accompanying notes to supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2017

<u>Federal Catalog Number</u>	<u>Entity Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Federal Identifying Number</u>	<u>Expend itures</u>
<u>United States Department of Agriculture</u>			
<i>Passed through California Department of Education</i>			
10.555	Child Nutrition: National School Lunch - Child Nutrition Cluster	13524	\$ 962,663
<i>Passed through Amador County Office of Education:</i>			
10.665	Forest Reserve - Forest Service Schools and Roads Cluster	10044	<u>57,166</u>
Total United States Department of Agriculture			<u>1,019,829</u>
<u>United States Department of Education - Passed through California Department of Education</u>			
84.010	ESEA: Title I, Basic Grants, Low Income and Neglected	14329	661,961
84.367	ESEA: Title II, Improving Teacher Quality	14341	175,700
84.048	Carl D. Perkins Career and Technical Education	14894	26,967
84.027	Special Ed: Quality Assurance and Focused Monitoring - Special Education Cluster	13693	<u>18,364</u>
Total United States Department of Education			<u>882,992</u>
<u>United States Department of Health and Human Services - Passed through Stanislaus County Office of Education</u>			
93.778	Medi-Cal Administrative Activities (MAA) - Medicaid Cluster	10060	<u>62,170</u>
Total United States Department of Health and Human Services			<u>62,170</u>
Total Federal Programs			<u>\$ 1,964,991</u>

See accompanying notes to supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

There were no adjustments made to any funds of the District.

See accompanying notes to supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2017
(UNAUDITED)

	(Budgeted) <u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 37,341,476	\$ 37,044,842	\$ 36,735,177	\$ 32,123,701
Expenditures	37,288,018	38,697,298	35,194,966	33,522,044
Other uses and transfers out	<u>200,000</u>	<u>153,855</u>	<u>-</u>	<u>-</u>
Total outgo	<u>37,488,018</u>	<u>38,851,153</u>	<u>35,194,966</u>	<u>33,522,044</u>
Change in fund balance	<u>\$ (146,542)</u>	<u>\$ (1,806,311)</u>	<u>\$ 1,540,211</u>	<u>\$ (1,398,343)</u>
Ending fund balance	<u>\$ 2,035,299</u>	<u>\$ 2,181,841</u>	<u>\$ 3,988,152</u>	<u>\$ 2,447,941</u>
Available reserves	<u>\$ 1,113,918</u>	<u>\$ 1,046,943</u>	<u>\$ 1,055,849</u>	<u>\$ 1,005,661</u>
Designated for economic uncertainties	<u>\$ 1,113,918</u>	<u>\$ 1,046,943</u>	<u>\$ 1,055,849</u>	<u>\$ 1,005,661</u>
Undesignated fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Available reserves as a percentage of total outgo	<u>3.0%</u>	<u>2.7%</u>	<u>3.0%</u>	<u>3.0%</u>
Total long-term liabilities	<u>\$ 44,242,008</u>	<u>\$ 45,075,374</u>	<u>\$ 34,019,982</u>	<u>\$ 31,782,369</u>
Average daily attendance at P-2	<u>3,648</u>	<u>3,634</u>	<u>3,626</u>	<u>3,627</u>

The General Fund fund balance has decreased by \$1,664,443 over the past three years. The District projects a decrease of \$146,542 for the fiscal year ending 2017-2018. For a district this size, the State of California recommends available reserves of at least three percent of total General Fund expenditures, transfers out and other uses be maintained. The District has not met this requirement.

The District has incurred operating deficits in two of the past three years, and anticipates incurring an operating deficit during the 2017-2018 fiscal year.

Total long-term liabilities have increased by \$13,293,005 over the past two years.

Average daily attendance has increased by 7 over the past two years. The District anticipates an increase of 14 ADA for the fiscal year ended 2017-2018.

See accompanying notes to supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL
For the Year Ended June 30, 2017

There are currently no charter schools in the District.

See accompanying notes to supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2017

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of the District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed on the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts as of June 30, 2017 are as follows:

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 1,909,083
Add: Medi-Cal Administrative Activity funds spent from prior year awards	93.778	<u>55,908</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 1,964,991</u>

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides trend information on District's financial condition over the past three years and its anticipated condition for the 2017-2018 fiscal year.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2017

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

F - Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14503 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2017, the District did not adopt this program.

INDEPENDENT AUDITOR'S REPORT
 ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Trustees
 Amador County Unified School District
 Jackson, California

Report on Compliance with State Laws and Regulations

We have audited Amador County Unified School District's compliance with the types of compliance requirements described in the State of California's 2016-17 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2017.

<u>Description</u>	<u>Procedures Performed</u>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Mental Health Related Services	No, see below
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General requirements	No, see below
After school	No, see below
Before school	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	No, see below
Immunizations	No, see below
Attendance, for charter schools	No, see below
Mode of Instruction, for charter schools	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	No, see below
Determination of Funding for Nonclassroom- Based Instruction, for charter schools	No, see below
Annual Instructional Minutes Classroom Based, for charter schools	No, see below
Charter School Facility Grant Program	No, see below

(Continued)

The District's reported ADA for Continuation Education was below the materiality level that requires testing; therefore, we did not perform any testing of Continuation Education ADA.

The District does not offer an Early Retirement Incentive Program; therefore, we did not perform any procedures related to this program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have Middle or Early College High School; therefore, we did not perform any procedures related to this program.

The District did not expend any Mental Health Related Services funds; therefore, we did not perform any procedures related to this program.

The District did not receive any funds from the After School Education and Safety Program; therefore, we did not perform any procedures related to the After School Education and Safety Program.

The District did not offer an Independent Study – Course Based program; therefore, we did not perform any procedures related to this program.

The District submitted all required immunization assessment reports to the California Department of Public Health; therefore, we did not perform any procedures related to this requirement.

The District does not have any Charter Schools; therefore, we did not perform any of the testing required for Charter Schools.

The District did not receive any Charter School Facility Grant funds in the current year; therefore, we did not perform any procedures related to Charter School Facility Grant.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on Amador County Unified School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Amador County Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Amador County Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of Amador County Unified School District's compliance.

(Continued)

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Finding 2017-002 in the accompanying Schedule of Audit Findings and Questioned Costs, Amador County Unified School District did not comply with requirements regarding Independent Study. Compliance with such requirements is necessary, in our opinion, for Amador County Unified School District to comply with the requirements applicable to the state laws and regulations applicable to Independent Study.

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Amador County Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2017.

Other Matter

Amador County Unified School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. Amador County Unified School District's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 12, 2017

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
Amador County Unified School District
Jackson, 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amador County Unified School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Amador County Unified School District's basic 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 Amador County Unified School 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 Amador County Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Amador County Unified School District's 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

We identified a deficiency involving internal control that we communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2017-001.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amador County Unified School 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*.

Amador County Unified School District's Response to Finding

Amador County Unified School District's response to the finding identified in our audit is described in the accompanying Schedule of Audit Findings and Questioned Costs. Amador County Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely 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 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.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 12, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Amador County Unified School District
Jackson, California

Report on Compliance for Each Major Federal Program

We have audited Amador County Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Amador County Unified School District's major federal programs for the year ended June 30, 2017. Amador County Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Amador County Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Amador County Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Amador County Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Amador County Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

(Continued)

Report on Internal Control Over Compliance

Management of Amador County Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Amador County Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Amador County Unified School District's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 12, 2017

FINDINGS AND RECOMMENDATIONS

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	___X___ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	___X___ None reported

Noncompliance material to financial statements noted?

	_____ Yes	___X___ No
--	-----------	------------

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	___X___ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	___X___ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	_____ Yes	___X___ No
--	-----------	------------

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	Child Nutrition: National School Lunch Program - Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? ___X___ Yes _____ No

STATE AWARDS

Type of auditor's report issued on compliance for state programs: Qualified

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

2017-001 DEFICIENCY - STUDENT BODY ACCOUNTING (30000)

Criteria

Education Code Section 4890 (and California Department of Education's "Accounting Procedures for Student Organizations Handbook") requires student body organizations to follow the regulation set by the Governing Board of the school district.

Condition

At Jackson Junior High School:

Fundraiser forms were not approved by the site Principal.

At Argonaut High School:

- Student body expenditures were not pre-approved by the student body.
- Coaching stipends were paid out of ASB funds which is inconsistent with District practices.
- ASB funds were used to benefit individuals rather than the student body as a whole.
- Equipment was purchased with ASB funds which should have been paid for with School District funds.

Effect

ASB funds could potentially be misappropriated.

Cause

Adequate internal control procedures surrounding ASB accounts have not been implemented and enforced.

Fiscal Impact

Not determinable.

Recommendation

School sites should implement the proper control procedures in order to protect ASB funds from misappropriation. Sites should ensure there is a separation of duties for all transactions and that all transactions are reviewed by the ASB and approved by the students.

Views of Responsible Officials and Planned Corrective Action

ASB Secretaries are sent FCMATS' Legal Aspect of ASB. District staff continue to have meetings and conversations to provide guidance to the ASB secretaries and site principals and encourage phone calls to answer any questions regarding purchases of items with ASB funds. In addition, the separation of Athletic and ASB duties is being made to the Argonaut Administrative Staff.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2017-002 STATE COMPLIANCE - INDEPENDENT STUDY RATIO (40000)

Criteria

The District is required to maintain a ratio of independent study teachers to ADA that is consistent with the ratio of non-independent study teachers to ADA pursuant to subdivision (a) of Education Code section 51745.6.

Condition

The District's Independent Study Ratio calculation results in Independent Study Teacher Ratio exceeding Full Time Direct Instruction Teacher Ratio by 4.

Effect

Excess of 4 ADA/Teacher resulting in 14 ADA in the 9-12 grade span.

Cause

The District did not ensure compliance with the requirement.

Fiscal Impact

Excess of 4 ADA/Teacher resulting in 14 ADA in the 9-12 grade span or approximately \$123,000 in funding.

Recommendation

The District should ensure that a they are in compliance with the Independent Study and Direct Instruction Teacher ratio.

Views of Responsible Officials and Planned Corrective Actions

The staff to student ratio at the High School level is low, which resulted in this finding. For 2017-18 District Administration has revamped the Independent Study Program making service available with Independent Study teachers at each High School site.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2017

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
2016-001	Implemented.	
<p><u>Condition:</u> Although the District currently maintains an available reserve that exceeds the state recommended minimum, the District incurred operating deficits of \$1,870,633 and \$1,398,343, during fiscal years 2012-13 and 2014-15, respectively, and produced an operating surplus of \$568,953 during fiscal year 2013-14, due only to a funding anomaly created by the first-year implementation of the local control funding formula. In addition, although the District recognized an operating surplus of \$1,540,211, during fiscal year 2015-16, the operating surplus was due entirely to the current year receipt of one-time funds for outstanding mandate claims totaling \$1,983,714. As a result, over the past four years, absent the effects of the funding anomalies experienced in fiscal years 2013-14 and 2015-16, the District's available reserves as a percentage of total outgo would likely have dropped below the state recommended minimum, unless the District had taken action to significantly reduce program expenditures.</p>		
<p><u>Recommendation:</u> The District should take appropriate action to reduce its program spending down to a level, which can be supported by the amount of revenue typically received by the District.</p>		

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2017

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
<p>2016-002</p> <p><u>Condition:</u> We noted three instances where teachers were assigned to teach classes that were not consistent with their certification documents, or otherwise authorized by law, as follows:</p> <ul style="list-style-type: none">• A teacher who was authorized to teach science under a Limited Assignment Single Subject Teaching Permit, was assigned to teach 8th grade English at Lone Junior High.• A teacher with a Multiple Subject teaching credential, was assigned to teach 7th grade math at Lone Junior High.• A teacher who was authorized to teach English under a Single Subject teaching credential, was assigned to teach AP Human Geography at Argonaut High School. <p><u>Recommendation:</u> The District should establish procedures to review all teaching assignments on an annual basis to ensure that all teachers are properly authorized by law to teach the classes for which they were assigned. In addition, the District should report each of the teacher misassignments in the appropriate school accountability report card.</p>	Implemented.	

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2017

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
<p>2016-003</p> <p><u>Condition:</u> The enrollment and unduplicated pupil count information of the District, did not properly upload into CALPADS by the required due date, and the error was not detected until after the District could no longer submit changes to the State. As a result, the total enrollment reported by District schools was overstated by 127 pupils, and the total unduplicated pupil counts reported was overstated by 278 pupils.</p> <p><u>Recommendation:</u> The District should establish procedures to ensure that all of the pupil information reported on the CALPADS "1.18 - FRPM / English Learner / Foster Youth - Student List" report is properly uploaded to CALPADS by the required due date, and verified for accuracy and completeness while corrections may still be uploaded to CALPADS. In addition, the District should post the audit adjustments contained in the following schedule into the apportionment software to ensure that the audit determined enrollment and unduplicated pupil counts are properly reflected.</p>	Implemented.	