

**AMADOR COUNTY
OFFICE OF EDUCATION**

FINANCIAL STATEMENTS
June 30, 2018

AMADOR COUNTY OFFICE OF EDUCATION

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018
(Continued)

CONTENTS

INDEPENDENT AUDITOR'S REPORT.....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4
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 FUND.....	14
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION - TRUST FUND.....	15
NOTES TO FINANCIAL STATEMENTS.....	16
REQUIRED SUPPLEMENTARY INFORMATION:	
COUNTY SCHOOL SERVICE FUND BUDGETARY COMPARISON SCHEDULE.....	40
CHILD DEVELOPMENT FUND BUDGETARY COMPARISON SCHEDULE.....	41
SCHEDULE OF CHANGES IN THE COUNTY OFFICE'S TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY.....	42
SCHEDULE OF THE COUNTY OFFICE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY.....	43
SCHEDULE OF THE COUNTY OFFICE'S CONTRIBUTIONS.....	45
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION.....	47

AMADOR COUNTY OFFICE OF EDUCATION

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

CONTENTS

SUPPLEMENTARY INFORMATION:

ORGANIZATION.....	49
SCHEDULE OF AVERAGE DAILY ATTENDANCE.....	50
SCHEDULE OF INSTRUCTIONAL TIME - CHARTER SCHOOL.....	51
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS.....	52
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS.....	53
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS - UNAUDITED.....	54
SCHEDULE OF CHARTER SCHOOLS.....	55
NOTES TO SUPPLEMENTARY INFORMATION.....	56
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS.....	58
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 <i>GOVERNMENT AUDITING STANDARDS</i>	61
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE.....	63
FINDINGS AND RECOMMENDATIONS:	
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS.....	65
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS.....	70

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Amador County Office of Education
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 Office of Education, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Amador County Office of Education'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 Office of Education, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the County Office implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". This resulted in a restatement of the beginning net position of \$(72,221). Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

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 4 to 7 and the County School Service Fund Budgetary Comparison Schedule, the Child Development Fund Budgetary Comparison Schedule, the Schedule of Changes in the County Office's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the County Office's Proportionate Share of the Net Pension Liability, and the Schedule of the County Office's Contributions on pages 40 through 46 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 Office of Education'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.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018 on our consideration of Amador County Office of Education'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 Office of Education's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Sacramento, California
December 14, 2018

**AMADOR COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

(PREPARED BY COUNTY MANAGEMENT)

This section of Amador County Office of Education's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3, and the County'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, presented on pages 8 through 9, provide information about the activities of the County as a whole and present a longer-term view of the County's finances. The fund financial statements for governmental activities, presented on pages 10 through 13, provide information about how County services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the County.

FINANCIAL HIGHLIGHTS

The County's overall financial status declined over the course of the year, as total net position decreased by \$1,057,626.

On the Statement of Activities, total current year expenses exceeded total current year revenues by \$985,405.

During fiscal year 2017-18, the County's General Fund produced an operating deficit. This operating deficit was largely due to the increasing costs to adequately fund special education along with the fiscal strains place on the County Office.

The County does not have sufficient reserves for a County its size. It does not meet the state required minimum reserve for economic uncertainty of 4% of total General Fund expenditures, transfers out, and other uses (total outgo). The County has been in close communication with the California Department of Education regarding this matter. CDE approved the 2018-19 budget with conditions and expectations for the First Interim Report. The County is working on a plan to recuperate the needed reserves in the future.

Numerous actions have already been taken in the 2018-19 fiscal year to reduce spending and increase revenues to improve the County's financial position in the coming years. The County continues to remain reliant on the District for its financial needs. The District and County will continue to work closely together to resolve the fiscal concerns.

**AMADOR COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

(PREPARED BY COUNTY 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 County. 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 County's overall financial position.

Individual parts of the County, 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 County that operate like businesses are provided in the proprietary fund statements, when applicable.

Financial relationships, for which the County 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 County's budget for the year is included.

Reporting the County as a Whole

The County 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 County'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 County's financial health or position (net position) can be measured by the difference between the County's assets and liabilities.

Increases or decreases in the net position of the County 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 County need to be considered in assessing the overall health of the County.

**AMADOR COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

(PREPARED BY COUNTY MANAGEMENT)

THE FINANCIAL REPORT (CONCLUDED)

Reporting the County as a Whole (Concluded)

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

Governmental Activities:

The basic services provided by the County, 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 County does not provide any services that should be included in this category.

Reporting the County's Most Significant Funds

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

Governmental Funds:

The major governmental funds of Amador County Office of Education are the General Fund, Operating Grants and Contributions, and Charges for Services. 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 County's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the County's programs.

Proprietary Funds:

Services for which the County 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 County has no funds of this type.

Fiduciary Funds:

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

**AMADOR COUNTY OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(PREPARED BY COUNTY MANAGEMENT)**

FINANCIAL ANALYSIS OF THE SCHOOL COUNTY AS A WHOLE

GOVERNMENTAL ACTIVITIES

The County's total net position decreased from (\$3,688,715) to (\$4,746,341).

The Unrestricted deficit balances that are presented above, are due to a few factors including the County is now required to record a liability in the financial statements to reflect the County's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans. Also, the County has had challenges with rising costs in Special Education along with the fiscal stress placed upon Amador County Unified School District.

The County's total current year expenses exceeded total current year revenues by \$985,405.

The \$14,402,468 total governmental activities shows the financial burden that was placed on the County's general revenues for providing the services listed above.

The change in net position of governmental activities decreased by \$985,405 due to numerous financial strains placed on the County. There is a plan to improve the County's net position through stronger budget monitoring and execution of policies.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County'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 County revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revised figures and updated 45 days after the State approves its final budget. In addition, the County 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 COUNTY'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 continued to expand, lasting much 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 County's budget needs to be managed with a great degree of conservatism over the next few years. The County has a strong leadership team in place to overcome this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the County's finances and to show the County'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 Office of Education, 217 Rex Avenue, Jackson, California 95642

BASIC FINANCIAL STATEMENTS

AMADOR COUNTY OFFICE OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 1,229,365
Receivables	806,305
Prepaid expenses	78,493
Non-depreciable capital assets (Note 4)	683,499
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>2,522,189</u>
Total assets	<u>5,319,851</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 8 and 9)	4,339,024
Deferred outflows of resources - OPEB (Note 7)	<u>20,625</u>
Total deferred outflows of resources	<u>4,359,649</u>
LIABILITIES	
Accounts payable	386,781
Unearned revenue	104,422
Long-term liabilities:	
Due within one year (Note 5)	95,137
Due after one year (Note 5)	<u>13,330,501</u>
Total liabilities	<u>13,916,841</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 8 and 9)	<u>509,000</u>
NET POSITION	
Net investment in capital assets	2,623,222
Restricted:	
Legally restricted	749,791
Capital projects	793,738
Unrestricted	<u>(8,913,092)</u>
Total net position	<u>\$ (4,746,341)</u>

The accompanying notes are an integral
part of these financial statements.

AMADOR COUNTY OFFICE OF EDUCATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:					
Instruction	\$ 7,816,366	\$ 2,238,120	\$ 3,942,833	\$ 8,444	\$ (1,626,969)
Instruction-related services:					
Supervision of instruction	751,013	278,957	285,047	-	(187,009)
Instructional library, media and technology	1,532	-	27	-	(1,505)
School site administration	289,847	1,267	101,071	-	(187,509)
Pupil services:					
Home to school transportation	943,869	4,733	4,236	-	(934,900)
Food services	97,054	-	8,675	-	(88,379)
All other pupil services	2,749,588	880,541	1,334,532	-	(534,515)
General administration:					
Data processing	184,277	-	-	-	(184,277)
All other general administration	715,562	23,103	72,097	-	(620,362)
Plant services	229,001	22,931	20,249	-	(185,821)
Ancillary services	7,128	-	500	-	(6,628)
Community services	492,981	374,883	67,982	-	(50,116)
Interest on long-term debt	2,539	-	-	-	(2,539)
Other outgo	121,711	195	8	-	(121,508)
	<u>\$ 14,402,468</u>	<u>\$ 3,824,730</u>	<u>\$ 5,837,257</u>	<u>\$ 8,444</u>	<u>\$ (4,732,037)</u>
Total governmental activities					
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					1,171,369
Federal and state aid not restricted to specific purposes					1,850,789
Interest and investment earnings					499
Miscellaneous					723,975
					<u>3,746,632</u>
Total general revenues					<u>3,746,632</u>
Change in net position					(985,405)
Net position, July 1, 2017					(3,688,715)
Cumulative effect of GASB 75 implementation					<u>(72,221)</u>
Net position July 1, 2017, as restated					<u>(3,760,936)</u>
Net position, June 30, 2018					<u>\$ (4,746,341)</u>

The accompanying notes are an integral
part of these financial statements.

AMADOR COUNTY OFFICE OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	Major Funds			Non-Major Fund	Total Governmental Funds
	County School Service Fund	Child Development Fund	County School Facilities Fund	Forest Reserve Fund	
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 83,464	\$ 341,204	\$ 800,936	\$ 2,461	\$ 1,228,065
Cash in revolving fund	1,300	-	-	-	1,300
Receivables	782,493	21,348	2,395	69	806,305
Prepaid expenditures	77,629	864	-	-	78,493
Due from other funds	23,141	207	-	-	23,348
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 968,027</u>	<u>\$ 363,623</u>	<u>\$ 803,331</u>	<u>\$ 2,530</u>	<u>\$ 2,137,511</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 369,720	\$ 7,468	\$ 9,593	\$ -	\$ 386,781
Unearned revenue	64,814	39,608	-	-	104,422
Due to other funds	207	23,141	-	-	23,348
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>434,741</u>	<u>70,217</u>	<u>9,593</u>	<u>-</u>	<u>514,551</u>
Fund balances:					
Nonspendable	78,929	-	-	-	78,929
Restricted	453,855	292,542	793,738	2,530	1,542,665
Unassigned	502	864	-	-	1,366
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>533,286</u>	<u>293,406</u>	<u>793,738</u>	<u>2,530</u>	<u>1,622,960</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 968,027</u>	<u>\$ 363,623</u>	<u>\$ 803,331</u>	<u>\$ 2,530</u>	<u>\$ 2,137,511</u>

The accompanying notes are an integral part of these financial statements.

AMADOR COUNTY OFFICE OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances - Governmental Funds \$ 1,622,960

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 \$5,303,290 and the accumulated depreciation is \$2,097,602 (Note 4). 3,205,688

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, 2018 consisted of (Note 5):

Capitalized lease obligations	\$ (582,466)	
Compensated absences	(39,649)	
Total OPEB liability (Note 7)	(171,523)	
Net pension liability (Notes 8 and 9)	<u>(12,632,000)</u>	(13,425,638)

In government funds, deferred outflows and inflows of resources relating to pensions and OPEB 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 and OPEB are reported (Notes 7, 8 and 9).

Deferred outflows of resources relating to pensions	\$ 4,339,024	
Deferred outflows of resources relating to OPEB	20,625	
Deferred inflows of resources relating to pensions	<u>(509,000)</u>	<u>3,850,649</u>

Total net position - governmental activities \$ (4,746,341)

The accompanying notes are an integral part of these financial statements.

AMADOR COUNTY OFFICE OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Major Funds			Non-Major Fund	Total Governmental Funds
	County School Service Fund	Child Development Fund	County School Facilities Fund	Forest Reserve Fund	
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	\$ 1,618,501	\$ -	\$ -	\$ -	\$ 1,618,501
Local sources	<u>1,171,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,171,369</u>
Total LCFF	<u>2,789,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,789,870</u>
Federal sources	1,035,180	64,389	-	143,189	1,242,758
Other state sources	3,070,509	339,358	-	-	3,409,867
Other local sources	<u>5,093,315</u>	<u>415,130</u>	<u>9,260</u>	<u>114</u>	<u>5,517,819</u>
Total revenues	<u>11,988,874</u>	<u>818,877</u>	<u>9,260</u>	<u>143,303</u>	<u>12,960,314</u>
Expenditures:					
Current:					
Certificated salaries	5,108,591	98,921	-	-	5,207,512
Classified salaries	2,279,220	436,095	-	-	2,715,315
Employee benefits	2,684,220	183,570	-	-	2,867,790
Books and supplies	242,777	38,156	-	-	280,933
Contract services and operating expenditures	2,229,785	32,578	5,412	-	2,267,775
Other outgo	-	-	-	121,711	121,711
Capital outlay	247,877	-	106,353	-	354,230
Debt service:					
Interest	2,539	-	-	-	2,539
Principal	<u>74,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,923</u>
Total expenditures	<u>12,869,932</u>	<u>789,320</u>	<u>111,765</u>	<u>121,711</u>	<u>13,892,728</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(881,058)</u>	<u>29,557</u>	<u>(102,505)</u>	<u>21,592</u>	<u>(932,414)</u>
Other financing sources (uses):					
Transfers in	65,461	207	-	-	65,668
Transfers out	<u>(207)</u>	<u>(43,983)</u>	<u>-</u>	<u>(21,478)</u>	<u>(65,668)</u>
Total other financing sources (uses)	<u>65,254</u>	<u>(43,776)</u>	<u>-</u>	<u>(21,478)</u>	<u>-</u>
Net change in fund balances	(815,804)	(14,219)	(102,505)	114	(932,414)
Fund balances, July 1, 2017	<u>1,349,090</u>	<u>307,625</u>	<u>896,243</u>	<u>2,416</u>	<u>2,555,374</u>
Fund balances, June 30, 2018	<u>\$ 533,286</u>	<u>\$ 293,406</u>	<u>\$ 793,738</u>	<u>\$ 2,530</u>	<u>\$ 1,622,960</u>

The accompanying notes are an integral part of these financial statements.

AMADOR COUNTY OFFICE OF EDUCATION
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, 2018

Net change in fund balances - Total Governmental Funds	\$ (932,414)
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).	359,642
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(204,421)
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities (Note 4).	74,923
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statements of activities, compensated absences are measure by the amounts earned. The difference between amounts paid and amounts earned was (Note 5):	1,099
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs accrued and employer contributions was (Notes 5 and 7):	39,272
In government funds, pensions 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 :	<u>(323,506)</u>
Change in net position of governmental activities	<u>\$ (985,405)</u>

The accompanying notes are an integral part of these financial statements.

AMADOR COUNTY OFFICE OF EDUCATION
STATEMENT OF NET POSITION -
TRUST FUND
June 30, 2018

	<u>Trust Fund</u> <u>Scholarship</u> <u>Trust</u> <u>Fund</u>
ASSETS	
Current:	
Cash in county treasury	\$ 48,428
Receivables	<u>132</u>
Total assets	<u>\$ 48,560</u>
NET POSITION	
Restricted for scholarships	<u>\$ 48,560</u>

The accompanying notes are an integral
part of these financial statements.

AMADOR COUNTY OFFICE OF EDUCATION
STATEMENT OF CHANGES IN NET POSITION -
TRUST FUND
For the Year Ended June 30, 2018

	Trust Fund Scholarship Funds
Revenues:	
Interest	\$ <u>461</u>
Expenditures:	
Contract services and operating expenditures	<u>2,700</u>
Change in net position	(2,239)
Net position, July 1, 2017	<u>50,799</u>
Net position, June 30, 2018	<u><u>\$ 48,560</u></u>

The accompanying notes are an integral
part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Amador County Office of Education (the "County Office") 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 County Office 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 County Superintendent of Schools and Board of Trustees have governance responsibilities over the activities related to public school education conducted by the County Office, and are 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 County Office receives funding from local, state and federal governmental sources and must comply with all the requirements of these funding source entities.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the County Office's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the County Office'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 Statement of 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 County Office's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County Office's general revenues.

Allocation of indirect expenses: The County Office 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 long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting: The accounts of the County Office are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. County Office 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:

County School Service Fund:

The County School Service Fund is the general operating fund of the County Office and accounts for all revenues and expenditures of the County Office 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 expenditures that are not paid through other funds are paid from the County School Service Fund.

Child Development Fund:

The Child Development Fund is a special revenue fund used to account separately for Federal, state and local revenues to operate child development programs. All moneys received by the County Office for, or from the operation of, child development services covered under the Child Care and Development Services Act (Education Code Sections 8200 et seq.) are deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs.

County School Facilities Fund:

The County School Facilities Fund is a capital project fund used to account for revenue received from state allocations for construction projects and the expenditures made for those projects (Education Code Sections 17009.5 and 17070.10-17076.10).

B - Other Funds:

The Forest Reserve Fund is a special revenue fund used to account for revenue collected and paid by the Federal Government as a result of timber cutting within the boundaries of Amador County.

The Trust Fund is used to account for assets held by the County Office as trustee. The County Office maintains the Scholarship Fund to accumulate resources to provide higher learning scholarships to students.

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

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 when 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 County Office's governing board satisfied these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The County Office has determined that no allowance for doubtful accounts was needed as of June 30, 2018.

Capital Assets: Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported 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 2 - 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 County Office has recognized a deferred outflow of resources related to the recognition of the net pension liability and total OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report 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 County Office has recognized a deferred inflow of resources related to the recognition of the net pension liability reported which is in the Statement of Net Position.

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 the 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.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a summary of pension amounts in aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 2,775,819	\$ 1,563,205	\$ 4,339,024
Deferred inflows of resources	\$ 346,000	\$ 163,000	\$ 509,000
Net pension liability	\$ 7,769,000	\$ 4,863,000	\$ 12,632,000
Pension expense	\$ 1,280,885	\$ 854,396	\$ 2,135,281

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs at cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Compensated Absences: Compensated absences benefits totaling \$39,649 are recorded as a liability of the County Office. The liability is for earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the County Office since cash payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

Unearned Revenue: Revenue from federal, state and local special projects and programs is 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 appropriable 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 capital projects represents the portion of net position restricted for capital projects. The restriction for scholarships represents the portion of net position restricted for scholarships. It is the County Office's policy to use restricted net position first when allowable expenditures are incurred.
3. Unrestricted Net Position – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

(Continued)

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 and prepaid expenditures.

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 statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Superintendent of Schools. 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 Superintendent of Schools is required to remove any commitment from any fund balance. At June 30, 2018, the County Office had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the Superintendent of Schools has approved to be used for specific purposes, based on the County Office's intent related to those specific purposes. The Superintendent of Schools has designated the Associate Superintendent of Business Services to make ending fund balance assignments.

E - Unassigned Fund Balance:

In the County School Service 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 County School Service 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 County School Service Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policy: The County Office 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 County Offices 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. The County Office has not established a minimum fund balance policy as of June 30, 2018.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 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 County Office. Tax revenues are recognized by the County Office when received.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

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 and 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.

New Accounting Pronouncement: In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in GASB Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Based on the implementation of Statement No. 75, the County Office's July 1, 2017 net position was restated by decreasing net position by \$72,221 because of the recognition of the total OPEB liability.

NOTE 2 - CASH AND INVESTMENTS

Cash at June 30, 2018 consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Pooled funds:		
Cash in County Treasury	\$ 1,228,065	\$ 48,428
Deposits:		
Revolving cash fund	1,300	-
Total	\$ 1,229,365	\$ 48,428

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

Deposits - Custodial Credit Risk: The County Office 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, 2018, the carrying amount of the County Office's accounts was \$1,300 and the bank balance was \$1,300, all of which was insured.

Interest Rate Risk: The County Office has 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, 2018, the County Office had no significant interest rate risk related to cash and investments held.

Concentration of Credit Risk: The County Office does not place limits on the amount it may invest in any one issuer. At June 30, 2018, the County Office had no concentration of credit risk.

NOTE 3 - INTERFUND ACTIVITIES

Interfund Activity: Transactions between funds of the County Office are recorded as 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, 2018 were as follows:

<u>Funds</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
County School Service Fund	\$ 23,141	\$ 207
Child Development Fund	<u>207</u>	<u>23,141</u>
Total	<u>\$ 23,348</u>	<u>\$ 23,348</u>

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

Transfers for the 2017-18 fiscal year were as follows:

Transfer from the County School Service Fund to the Child Development Fund to cover funds spent in excess of grant.	\$ 207
Transfer from the Child Development Fund to the County School Service Fund for indirect costs.	43,983
Transfer from the Forest Reserve Fund to the County School Service Fund for indirect costs.	<u>21,478</u>
	<u>\$ 65,668</u>

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2018 is shown below:

	Balance July 1, <u>2017</u>	Transfers and <u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2018</u>
Non-depreciable:				
Work-in-progress	\$ 323,857	\$ 359,642	\$ -	\$ 683,499
Depreciable:				
Improvement of sites	71,608	-	-	71,608
Buildings	3,051,961	-	-	3,051,961
Furniture and equipment	<u>1,496,222</u>	<u>-</u>	<u>-</u>	<u>1,496,222</u>
Totals, at cost	<u>4,943,648</u>	<u>359,642</u>	<u>-</u>	<u>5,303,290</u>
Less accumulated depreciation:				
Improvement of sites	(28,585)	(3,310)	-	(31,895)
Buildings	(1,107,681)	(66,708)	-	(1,174,389)
Furniture and equipment	<u>(756,915)</u>	<u>(134,403)</u>	<u>-</u>	<u>(891,318)</u>
Total accumulated depreciation	<u>(1,893,181)</u>	<u>(204,421)</u>	<u>-</u>	<u>(2,097,602)</u>
Capital assets, net	<u>\$ 3,050,467</u>	<u>\$ 155,221</u>	<u>\$ -</u>	<u>\$ 3,205,688</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 82,037
Supervision of Instruction	7,045
Instructional Library, Media, and Technology	29
School Site Administration	2,976
Home-to-School Transportation	8,025
All Other Pupil Services	93,092
Data Processing Services	1,859
All Other General Administration	6,628
Plant Services	<u>2,730</u>
Total	<u>\$ 204,421</u>

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM LIABILITIES

Capitalized Lease Obligations: The County Office is leasing equipment under long-term lease purchase agreements with capitalized value of \$657,389 and accumulated depreciation of \$65,739. The following is a summary of future payments on the capital leases:

Year Ending <u>June 30,</u>	<u>Principal</u>
2019	\$ 77,630
2020	77,630
2021	77,630
2022	77,630
2023	77,630
2024-2027	<u>310,521</u>
Total payments	698,671
Less amount representing interest	<u>(116,205)</u>
Net present value of minimum payments	<u>\$ 582,466</u>

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2018, is shown below:

	Balance July 1, 2017 <u>As restated</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 2018	Amounts Due Within One Year
Capitalized lease obligations	\$ 657,389	\$ -	\$ 74,923	\$ 582,466	\$ 55,488
Compensated absences	40,748	-	1,099	39,649	39,649
Total OPEB liability (Note 7)	190,170	-	18,647	171,523	-
Net Pension liability (Notes 8 and 9)	<u>11,156,000</u>	<u>1,476,000</u>	<u>-</u>	<u>12,632,000</u>	<u>-</u>
Totals	<u>\$ 12,044,307</u>	<u>\$ 1,476,000</u>	<u>\$ 94,669</u>	<u>\$ 13,425,638</u>	<u>\$ 95,137</u>

Payments for capitalized lease obligations are made from the County School Service Fund. Payments for total other postemployment benefits, net pension liability and compensated absences are made from the fund for which the related employee worked.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2018 consisted of the following:

	General Fund	Child Development Fund	County School Facilities Fund	Forest Reserve Fund	Totals
Nonspendable:					
Revolving cash fund	\$ 1,300	\$ -	\$ -	\$ -	\$ 1,300
Prepaid expenditures	<u>77,629</u>	<u>864</u>	<u>-</u>	<u>-</u>	<u>78,493</u>
Subtotal nonspendable	<u>78,929</u>	<u>864</u>	<u>-</u>	<u>-</u>	<u>79,793</u>
Restricted:					
Legally restricted programs	453,855	292,542	-	2,530	748,927
Capital projects	<u>-</u>	<u>-</u>	<u>793,738</u>	<u>-</u>	<u>793,738</u>
Subtotal restricted	<u>453,855</u>	<u>292,542</u>	<u>793,738</u>	<u>2,530</u>	<u>1,542,665</u>
Unassigned:					
Designated for economic uncertainties	308,933	-	-	-	308,933
Undesignated	<u>(308,431)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(308,431)</u>
Subtotal unassigned	<u>502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>502</u>
Total fund balances	<u>\$ 533,286</u>	<u>\$ 293,406</u>	<u>\$ 793,738</u>	<u>\$ 2,530</u>	<u>\$ 1,622,960</u>

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information Other Postemployment Benefits Plan (OPEB)

Plan Description: In addition to the pension benefits described in Notes 8 and 9, the County Office provides post-employment health care benefits under a single employer defined benefit OPEB plan to eligible retirees. The plan does not issue separate financial statements.

The Plan, which is administered by the County Office, allows employees who retire and meet retirement eligibility requirements to continue medical as a participant in the County Office's plan. The County Office's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The County Office's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2018 the County has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the County Office's Total OPEB Liability.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2018:

	Number of <u>Participants</u>
Eligible Active Employees	10
Eligible Retirees	<u>8</u>
	<u><u>18</u></u>

Benefits Provided: The benefits provided are for eligible employees who have not reached the age of sixty-five and who retire from the Amador County Office of Education, are eligible for \$3,300 a year to age sixty-five for medical insurance premiums.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Contributions: California Government Code specifies that the County Office's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the County Office are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The County Office's premium rates being charged to these retirees are lower than the expected cost for a retiree population age 55 to 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the County Office were \$20,625 for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

The County Office's total OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Valuation Date</u>	June 30, 2017
<u>Fiscal Year End</u>	June 30, 2018
<u>Mortality Rate</u>	2009 CalSTRS Mortality
<u>Discount Rate</u>	3.50%. Based on the Bond Buyer 20-Bond Index
<u>Retirement Rate</u>	2009 CalSTRS Retirement Rates
<u>Inflation Rate</u>	2.75% per year
<u>Salary Increases</u>	2.75% per year
<u>Medicare Coverage</u>	All current and future participating retirees will qualify for Medicare coverage and enroll in Parts A and B upon age 65.
<u>Health Care Inflation</u>	4.0% per year
<u>Termination Rate</u>	2009 CalSTRS Termination Rates
<u>Funding Method</u> Pay).	Entry Age Cost Method (Level Percentage of

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ <u>190,170</u>
Changes for the year:	
Service cost	2,161
Interest	6,220
Changes in assumptions	-
Benefit payments	<u>(27,028)</u>
Net change	<u>(18,647)</u>
Balance at June 30, 2018	<u>\$ 171,523</u>

There were no changes between the measurement date and the year ended June 30, 2018 which had a significant effect on the County Office's total OPEB liability.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate: The following presents the Total OPEB Liability of the County Office, as well as what the County Office's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ <u>177,700</u>	\$ <u>171,523</u>	\$ <u>165,756</u>

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the County Office, as well as what the County Office's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.00%)	Healthcare Cost Trend Rates Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	\$ <u>171,523</u>	\$ <u>171,523</u>	\$ <u>171,523</u>

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County Office recognized OPEB expense of \$8,381. At June 30, 2018, the County Office 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	\$ -	\$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between County Office contributions and proportionate share of contributions	-	-
Benefits paid subsequent to measurement date	<u>20,625</u>	<u>-</u>
Total	<u>\$ 20,625</u>	<u>\$ -</u>

\$20,625 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019.

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the County Office 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.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The Defined Benefit (DB) 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% 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% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4% of final compensation.

CalSTRS calculates retirement benefits based on one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of service, or for classroom teachers with less than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One year final compensation means a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive months 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.

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 2017-18. 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 2017-18.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS’ RETIREMENT PLAN (Continued)

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.

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2017, valuation adopted by the board in May 2018, the increase in normal cost was greater than 1 percent. Therefore, contribution rates for CalSTRS 2% at 62 members will increase by 1 percent effective July 1, 2018.

Employers – 14.43 percent of applicable member earnings.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 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 CalSTRS 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 CalSTRS 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 2017-18 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, 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, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

* The Teachers' Retirement Board ("the board") cannot adjust the employer rate by more than 1 percent in a fiscal year, and the increase to the contribution rate above the 8.25 percent base contribution rate cannot exceed 12 percent for a maximum of 20.25 percent.

The County Office contributed \$946,819 to the plan for the fiscal year ended June 30, 2018.

State - 9.328 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 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2017-18 and beyond are summarized in the table below.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS’ RETIREMENT PLAN (Continued)

As shown in the subsequent table, the state rate will increase to 5.311 percent on July 1, 2018, 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, 2018	2.017%	5.311%(2)	2.50%	9.828%
July 01, 2019 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 1 2046 and thereafter	2.017%	(4)	2.50%	4.517%(3)

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

(2) In May 2018, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2018.

(3) The CalSTRS board has limited authority to adjust state contribution rates annually 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.

(4) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2018, the County Office reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the County Office. The amount recognized by the County Office 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 County Office were as follows:

County Office’s proportionate share of the net pension liability	\$ 7,769,000
State’s proportionate share of the net pension liability associated with the County Office	<u>4,596,000</u>
Total	<u><u>\$ 12,365,000</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The County Office’s proportion of the net pension liability was based on the County Office’s share of contributions to the pension plan relative to the contributions of all participating school districts, county offices and the State. At June 30, 2017, the County Office’s proportion was 0.008 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2016.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS’ RETIREMENT PLAN (Continued)

For the year ended June 30, 2018, the County Office recognized pension expense of \$1,280,885 and revenue of \$456,749 for support provided by the State. At June 30, 2018, the County Office 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	\$ 29,000	\$ 136,000
Changes of assumptions	1,439,000	-
Net differences between projected and actual earnings on investments	-	207,000
Changes in proportion and differences between County Office contributions and proportionate share of contributions	361,000	3,000
Contributions made subsequent to measurement date	<u>946,819</u>	<u>-</u>
Total	<u>\$ 2,775,819</u>	<u>\$ 346,000</u>

\$946,819 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, 2019. 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>	
2019	\$ 124,100
2020	\$ 427,100
2021	\$ 315,100
2022	\$ 112,767
2023	\$ 259,767
2024	\$ 244,166

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 7 years as of the June 30, 2017 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 OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 – 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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality improvement Scale (MP-2016) table, issued by the Society of Actuaries.

During the 2016-17 measurement period, CalSTRS completed an experience study for the period starting July 1, 2010, and ending June 30, 2015. The experience study was adopted by the board in February 2017. As a result of the study, certain assumptions used in determining the NPL of the STRP changed, including the price inflation, wage growth, discount rate and the mortality tables used in the actuarial valuation of the NPL. The changes to the assumptions as a result of the experience study follow.

<u>Assumption</u>	<u>Measurement Period</u>	
	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>
Consumer price inflation	2.75%	3.00%
Investment rate of return	7.10%	7.60%
Wage growth	3.50%	3.75%

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS’ RETIREMENT PLAN (Continued)

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 CalSTRS board in February 2017 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%
Fixed Income	12	0.30
Real Estate	13	5.20
Private Equity	13	9.30
Absolute Return / Risk Mitigating Strategies	9	2.90
Inflation Sensitive	4	3.80
Cash / Liquidity	2	(1.00)

* 20-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.10 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 AB1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 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 County Office’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the County Office’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the County Office’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
County Office’s proportionate share of the net pension liability	<u>\$ 11,407,000</u>	<u>\$ 7,769,000</u>	<u>\$ 4,816,000</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.

(Continued)

NOTE 9 – 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 County Offices, 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-2017.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.

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 B, 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, 2018 were as follows:

Members - The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2017-18.

Employers - The employer contribution rate was 15.531 percent of applicable member earnings.

The County Office contributed \$408,205 to the plan for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the County Office reported a liability of \$4,863,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The County Office’s proportion of the net pension liability was based on the County Office’s share of contributions to the pension plan relative to the contributions of all participating school districts and County Offices. At June 30, 2017, the County Office’s proportion was 0.020 percent, which was no change from its proportion measured as of June 30, 2016.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

For the year ended June 30, 2018, the County Office recognized pension expense of \$854,396. At June 30, 2018, the County Office 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	\$ 174,000	\$ -
Changes of assumptions	710,000	57,000
Net differences between projected and actual earnings on investments	168,000	-
Changes in proportion and differences between County Office contributions and proportionate share of contributions	103,000	106,000
Contributions made subsequent to measurement date	<u>408,205</u>	<u>-</u>
Total	<u>\$ 1,563,205</u>	<u>\$ 163,000</u>

\$408,205 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, 2019. 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>	
2019	\$ 288,083
2020	\$ 443,083
2021	\$ 353,083
2022	\$ (92,249)

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 the June 30, 2017 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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	June 30, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
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

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

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, 2016 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.

During the 2016-17 measurement period, the financial reporting discount rate for the Plan was lowered from 7.65 percent to 7.15 percent.

The table below reflects the 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 Years 1-10 (1)</u>	<u>Expected Real Rate of Return Years 11+</u>
Global Equity	47%	4.90%	5.38%
Fixed Income	19	0.80	2.27
Inflation Assets	6	0.60	1.39
Private Equity	12	6.60	6.63
Real Estate	11	2.80	5.21
Infrastructure & Forestland	3	3.90	5.36
Liquidity	2	(0.40)	(0.90)

* 10-year geometric average

(1) An expected inflation rate of 2.50% used for this period

(2) An expected inflation rate of 3.00% used for this period

Discount Rate: The discount rate used to measure the total pension liability was 7.15 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.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

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 pension fund cash flows. 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 funds’ 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 for each fund. The expected rate of return was set by calculating the rounded 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 adjusted to account for assumed administrative expenses.

Sensitivity of the County Office’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the County Office’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the County Office’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
County Office’s proportionate share of the net pension liability	<u>\$ 7,155,000</u>	<u>\$ 4,863,000</u>	<u>\$ 2,961,000</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 10 - RELATED PARTY TRANSACTIONS

The County Office is economically dependent on Amador County Unified School District and the financial statements may not necessarily be indicative of the conditions or results of operations which would have existed had the County Office been operated as an unaffiliated entity.

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

NOTE 11 - CONTINGENCIES

The County Office is subject to legal proceedings and claims which arise in 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 statements or results of operations of the County Office.

The County Office has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowance's under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the County Offices financial statements or results of operations.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 12 - JOINT POWERS AGREEMENTS

The County Office participates in two joint ventures under joint powers agreements (JPAs); the Tuolumne Joint Powers Authority (TJPA) for Property & Liability Insurance, and Workers' Compensation Insurance, and the Central Valley Schools Health and Welfare Trust (CVSHWT) for Medical, Dental and Vision Insurance for certificated and classified employees. The relationships between the County Office and the JPAs are such that the JPAs are not component units of the County Office for financial reporting purposes.

The JPAs arrange for and/or provide coverage for their members. Each JPA is governed by a board consisting of a representative from each of their member districts or county offices. Each board controls the operations of their JPA, including selection of management and approval of operating budgets independent of any influence by any members beyond their representation on the Board. Each member district and county office pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in each 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.

The following is a summary of financial information for TJPA at June 30, 2017 and CVSHWT at September 30, 2016 (the latest information available):

	<u>TJPA</u>	<u>CVSHWT</u>
Total assets	\$ 11,609,175	\$157,830,155
Total liabilities	\$ 5,326,749	\$ 15,052,040
Net position	\$ 6,282,426	\$142,778,115
Total revenues	\$ 4,350,456	\$769,754,615
Total expenses	\$ 3,779,501	\$736,671,559

REQUIRED SUPPLEMENTARY INFORMATION

AMADOR COUNTY OFFICE OF EDUCATION
COUNTY SCHOOL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	<u>Budget</u>		<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local Control Funding Formula:				
State apportionment	\$ 1,660,196	\$ 1,631,924	\$ 1,618,501	\$ (13,423)
Local sources	<u>1,109,450</u>	<u>1,090,556</u>	<u>1,171,369</u>	<u>80,813</u>
Total LCFF	<u>2,769,646</u>	<u>2,722,480</u>	<u>2,789,870</u>	<u>67,390</u>
Federal sources	983,195	1,018,361	1,035,180	16,819
Other state sources	2,973,693	3,375,665	3,070,509	(305,156)
Other local sources	<u>5,264,539</u>	<u>5,929,126</u>	<u>5,093,315</u>	<u>(835,811)</u>
Total revenues	<u>11,991,073</u>	<u>13,045,632</u>	<u>11,988,874</u>	<u>(1,056,758)</u>
Expenditures:				
Current:				
Certificated salaries	4,934,778	5,115,759	5,108,591	7,168
Classified salaries	2,370,551	2,300,837	2,279,220	21,617
Employee benefits	2,577,815	2,693,118	2,684,220	8,898
Books and supplies	206,430	398,115	242,777	155,338
Contract services and operating expenditures	1,669,409	-	2,229,785	(2,229,785)
Capital outlay	-	247,877	247,877	-
Debt Service:				
Principal	74,923	-	74,923	(74,923)
Interest	<u>43,579</u>	<u>-</u>	<u>2,539</u>	<u>(2,539)</u>
Total expenditures	<u>11,877,485</u>	<u>10,755,706</u>	<u>12,869,932</u>	<u>(2,114,226)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>113,588</u>	<u>2,289,926</u>	<u>(881,058)</u>	<u>(3,170,984)</u>
Other financing sources (uses):				
Transfers in	33,696	-	65,461	65,461
Transfers out	<u>-</u>	<u>-</u>	<u>(207)</u>	<u>(207)</u>
Total other financing sources (uses)	<u>33,696</u>	<u>-</u>	<u>65,254</u>	<u>65,254</u>
Net change in fund balance	147,284	2,289,926	(815,804)	(3,105,730)
Fund balance, July 1, 2017	<u>1,349,090</u>	<u>1,349,090</u>	<u>1,349,090</u>	<u>-</u>
Fund balance, June 30, 2018	<u>\$ 1,496,374</u>	<u>\$ 3,639,016</u>	<u>\$ 533,286</u>	<u>\$ (3,105,730)</u>

See note to required supplementary information.

AMADOR COUNTY OFFICE OF EDUCATION
CHILD DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 69,290	\$ 79,175	\$ 64,389	\$ (14,786)
Other state sources	457,265	383,394	339,358	(44,036)
Other local sources	<u>301,900</u>	<u>426,935</u>	<u>415,130</u>	<u>(11,805)</u>
Total revenues	<u>828,455</u>	<u>889,504</u>	<u>818,877</u>	<u>(70,627)</u>
Expenditures:				
Current:				
Certificated salaries	120,307	99,140	98,921	219
Classified salaries	403,688	461,585	436,095	25,490
Employee benefits	169,078	183,868	183,570	298
Books and supplies	60,769	221,255	38,156	183,099
Contract services and operating expenditures	<u>40,917</u>	<u>50,380</u>	<u>32,578</u>	<u>17,802</u>
Total expenditures	<u>794,759</u>	<u>1,016,228</u>	<u>789,320</u>	<u>226,908</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,696</u>	<u>(126,724)</u>	<u>29,557</u>	<u>156,281</u>
Other financing sources (uses):				
Transfers in	-	-	207	207
Transfers out	<u>(33,696)</u>	<u>(47,291)</u>	<u>(43,983)</u>	<u>3,308</u>
Total other financing sources (uses)	<u>(33,696)</u>	<u>(47,291)</u>	<u>(43,776)</u>	<u>3,515</u>
Net change in fund balance	-	(174,015)	(14,219)	159,796
Fund balance, July 1, 2017	<u>307,625</u>	<u>307,625</u>	<u>307,625</u>	<u>-</u>
Fund balance, June 30, 2018	<u>\$ 307,625</u>	<u>\$ 133,610</u>	<u>\$ 293,406</u>	<u>\$ 159,796</u>

See note to required supplementary information.

AMADOR COUNTY OFFICE OF EDUCATION
 SCHEDULE OF CHANGES IN THE COUNTY OFFICE'S TOTAL
 OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
 For the Year Ended June 30, 2018

Last 10 Fiscal Years

Total OPEB liability		
Service cost	\$	2,161
Interest		6,220
Change in assumptions		-
Benefit payments		<u>(27,028)</u>
Net change in total OPEB liability		(18,647)
Total OPEB liability, beginning of year		<u>190,170</u>
Total OPEB liability, end of year	\$	<u><u>171,523</u></u>
Covered employee payroll	\$	854,316
Total OPEB liability as a percentage of covered-employee payroll		17.89%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior. All years prior to 2018 are not available.

See note to required supplementary information.

AMADOR COUNTY OFFICE OF EDUCATION
 SCHEDULE OF THE COUNTY OFFICE'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2018

State Teachers' Retirement Plan
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
County Office's proportion of the net pension liability	0.008%	0.008%	0.009%	0.008%
County Office's proportionate share of the net pension liability	\$ 4,448,074	\$ 5,465,633	\$ 7,284,000	\$ 7,769,000
States's proportionate share of the net pension liability associated with the County Office	<u>105,306</u>	<u>2,882,000</u>	<u>4,147,000</u>	<u>4,596,000</u>
Total pension liability	<u>\$ 4,553,380</u>	<u>\$ 8,347,633</u>	<u>\$ 11,431,000</u>	<u>\$ 12,365,000</u>
County Office's covered payroll	\$ 3,990,000	\$ 3,757,000	\$ 4,488,000	\$ 4,452,000
County Office's proportionate share of the net pension liability as a percentage of its covered payroll	111.48%	145.48%	162.30%	174.51%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

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 OFFICE OF EDUCATION
SCHEDULE OF THE COUNTY OFFICE'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2018

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
County Office's proportion of the net pension liability	0.020%	0.022%	0.020%	0.020%
County Office's proportionate share of the net pension liability	\$ 2,276,944	\$ 3,146,230	\$ 3,872,000	\$ 4,863,000
County Office's covered payroll	\$ 2,105,471	\$ 2,445,000	\$ 2,352,000	\$ 2,597,000
County Office's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	128.68%	164.63%	187.25%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%

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 note to required supplementary information.

AMADOR COUNTY OFFICE OF EDUCATION
SCHEDULE OF THE COUNTY OFFICE'S CONTRIBUTIONS
For the Year Ended June 30, 2018

State Teachers' Retirement Plan
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 338,647	\$ 481,612	\$ 578,135	\$ 946,819
Contributions in relation to the contractually required contribution	<u>(338,647)</u>	<u>(481,612)</u>	<u>(578,135)</u>	<u>(946,819)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office's covered payroll	\$ 3,757,000	\$ 4,488,000	\$ 4,452,000	\$ 6,561,000
Contributions as a percentage of covered payroll	9.01%	10.73%	12.99%	14.43%

All years prior to 2015 are not available.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
 SCHEDULE OF THE COUNTY OFFICE'S CONTRIBUTIONS
 For the Year Ended June 30, 2018

Public Employer's Retirement Fund B
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 287,775	\$ 278,674	\$ 364,395	\$ 408,205
Contributions in relation to the contractually required contribution	<u>(287,775)</u>	<u>(278,674)</u>	<u>(364,395)</u>	<u>(408,205)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County Office's covered payroll	\$ 2,444,500	\$ 2,352,000	\$ 2,597,000	\$ 2,628,000
Contributions as a percentage of covered payroll	11.77%	11.85%	14.03%	15.53%

All years prior to 2015 are not available.

See note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

The County Office 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 County School Service Fund and Child Development Fund is presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability

The Schedule of Changes in Total OPEB liability is presented to illustrate the elements of the County Office's Total OPEB 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. The County Office has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the County Office's Total OPEB Liability.

C - Schedule of the County Office's Proportionate Share of the Net Pension Liability

The Schedule of the County Office's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the County Office'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.

D - Schedule of the County Office's Contributions

The Schedule of the County Office's Contributions is presented to illustrate the County Office'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.

E - Changes of Benefit Terms

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

AMADOR COUNTY OFFICE OF EDUCATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

F - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, and 7.15 percent in the June 30, 2013, 2014, 2015, and 2016 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumption</u>	<u>As of June 30, 2017</u>	<u>As of June 30, 2016</u>	<u>As of June 30, 2015</u>
Consumer price inflation	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.60%	7.60%
Wage growth	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

AMADOR COUNTY OFFICE OF EDUCATION
ORGANIZATION
June 30, 2018

Amador County Office of Education is a political subdivision of California. Territory covered by the County Office includes the one District within Amador County, the Amador County Unified School District. The County Office was organized in 1856 and provides education services to grades K-12 as mandated by the State and/or Federal Agencies.

The Board of Trustees of Amador County Office of Education is composed of five members, with one member elected from each supervisorial district within the boundaries of the County Office. The Board and the administrative staff manage and control the affairs of the County Office.

BOARD OF TRUSTEES

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

ADMINISTRATION

Amy Slavensky
Superintendent

Jared Critchfield
Assistant Superintendent of
Business Services

Mitzi Faulkner
Assistant Superintendent of
Special Education

David Vicari
Assistant Superintendent of
HR Labor Relations

Scott Nolan
Chief Technology Officer

Vacant
Assistant Superintendent of
Educational Services

AMADOR COUNTY OFFICE OF EDUCATION
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 For the Year Ended June 30, 2018

	<u>Second Period Report</u>	<u>Annual Report</u>
COUNTY OFFICE OF EDUCATION		
Certificate Numbers	141A6597	9CD73DB1
Secondary:		
Probation, Probation Referred, Expelled	<u>1</u>	<u>1</u>
Total County Office	<u><u>1</u></u>	<u><u>1</u></u>
 CHARTER SCHOOL		
Certificate Numbers	CF3215F9	9DEE076E
Shenandoah Valley (Classroom Based):		
Seventh and Eighth	<u>43</u>	<u>42</u>
Total Charter School	<u><u>43</u></u>	<u><u>42</u></u>

See accompanying notes to supplementary information.

AMADOR COUNTY OFFICE OF EDUCATION
SCHEDULE OF INSTRUCTIONAL TIME
CHARTER SCHOOL
For the Year Ended June 30, 2018

<u>Grade Level</u>	<u>Statutory Minutes Requirement</u>	<u>2017-18 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Grade 7	52,457	55,065	180	In Compliance
Grade 8	52,457	55,065	180	In Compliance

See accompanying notes to supplementary information.

AMADOR COUNTY OFFICE OF EDUCATION
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the Year Ended June 30, 2018

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
10.558	Child Nutrition: CACFP Claims - Centers and Family Day Care	13393	\$ 4,169
10.665	Forest Reserve Funds - Forest Service Schools and Roads Cluster	10044	<u>143,189</u>
	Total U.S. Department of Agriculture		<u>147,358</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Special Education Cluster:		
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	702,297
84.173A	Special Education: IDEA Preschool Staff Development, Part B, Sec 619	13431	727
84.027A	Special Ed: IDEA Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)	13682	88,601
84.027A	Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	15197	44,376
84.173A	Special Ed: Alternative Dispute Resolution, Part B, Sec 611	13007	755
84.173	Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	13430	<u>37,054</u>
	Subtotal Special Education Cluster		873,810
84.181	Special Ed: IDEA Early Intervention Grants, Part C	23761	<u>11,256</u>
	Total U.S. Department of Education		<u>885,066</u>
<u>U.S. Department of Health & Human Services</u>			
	<i>Passed through California Department of Education</i>		
	Child Development Cluster:		
93.575	Child Development: Federal Local Planning Councils	13946	47,160
93.575	Child Development: Quality Improvement - Child Care Staff Retention Program	14990	<u>8,101</u>
	Total Child Development Cluster		<u>55,261</u>
	<i>Passed through Stanislaus County Office of Education</i>		
	Medicaid Cluster:		
93.778	Dept of Health Care Services: Medi-Cal Billing Option	10013	128,158
93.778	Medi-Cal Administrative Activities (MAA)	10060	<u>434</u>
	Total Medicaid Cluster		<u>128,592</u>
	Total U.S. Department of Health & Human Services		<u>183,853</u>
	Total Federal Programs		<u>\$ 1,216,277</u>

See accompanying notes to supplementary information.

AMADOR COUNTY OFFICE OF EDUCATION
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

There were no audit adjustments proposed to any funds of the County Office.

See accompanying notes to supplementary information.

AMADOR COUNTY OFFICE OF EDUCATION
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 For the Year Ended June 30, 2018
 (UNAUDITED)

	(Budgeted) <u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>County School Service Fund</u>				
Revenues and other financing sources	\$ 11,991,073	\$ 12,054,335	\$ 12,858,489	\$ 11,507,790
Expenditures	11,758,983	12,869,932	12,870,276	11,419,091
Other uses and transfers out	<u>84,806</u>	<u>207</u>	<u>-</u>	<u>-</u>
Total outgo	<u>11,843,789</u>	<u>12,870,139</u>	<u>12,870,276</u>	<u>11,419,091</u>
Change in fund balance	<u>\$ 147,284</u>	<u>\$ (815,804)</u>	<u>\$ (11,787)</u>	<u>\$ 88,699</u>
Ending fund balance	<u>\$ 680,570</u>	<u>\$ 533,286</u>	<u>\$ 1,349,090</u>	<u>\$ 1,360,877</u>
Available reserves	<u>\$ 99,871</u>	<u>\$ 502</u>	<u>\$ 561,277</u>	<u>\$ 702,870</u>
Designated for economic uncertainties	<u>\$ 342,787</u>	<u>\$ 308,933</u>	<u>\$ 503,851</u>	<u>\$ 456,764</u>
Undesignated fund balance	<u>\$ (242,916)</u>	<u>\$ (308,431)</u>	<u>\$ 57,426</u>	<u>\$ 246,106</u>
Available reserves as a percentage of total outgo	<u>(2.1%)</u>	<u>(2.3%)</u>	<u>4.4%</u>	<u>6.2%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 13,330,501</u>	<u>\$ 13,425,638</u>	<u>\$ 11,972,086</u>	<u>\$ 8,777,418</u>
Average daily attendance at P-2 (excluding Charter School)	<u>1</u>	<u>1</u>	<u>2</u>	<u>4</u>

The fund balance of the County School Service Fund has decreased \$738,892 over the past three years. The fiscal year 2018-2019 budget projects a surplus of \$147,284. For a County Office this size, the state recommends available reserves of at least 4 percent of total County School Service Fund expenditures, transfers out, and other uses (total outgo). The County Office has not met this requirement at June 30, 2018.

The County Office has incurred operating deficits in two of the past three years and anticipates incurring an operating surplus during the 2018-2019 fiscal year.

Total long-term liabilities have increased by \$4,648,220 over the past two years.

Average daily attendance has decreased by 3 over the past two years. No change in ADA is projected for the 2018-2019 fiscal year.

See accompanying notes to supplementary information.

AMADOR COUNTY OFFICE OF EDUCATION
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2018

<u>Charter #</u>	<u>Charter Schools Chartered by County Office</u>	<u>Included in County Office Financial Statements, or Separate Report</u>
1662	Shenandoah Valley Charter School	Included

See accompanying notes to supplementary information.

AMADOR COUNTY OFFICE OF EDUCATION
 NOTES TO SUPPLEMENTARY INFORMATION
 June 30, 2018

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 County Office. 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 and county offices. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B - Schedule of Instructional Time - Charter Schools

Education Code Section 47612.5 requires classroom-based charter schools to offer a minimum number of minutes of instruction. The schedule presents information on the amount of instructional time offered by the County Office's charter schools and whether they complied with the provisions of Education Code Section 47612.5(a)(1).

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Amador County Office of Education, 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 County Office has elected not to use the 10-percent de minimis indirect cost rate allowed under 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 represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2018.

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 1,242,758
Medi-Cal Administrative Activities funds received in excess of expenditures	93.778	(11,256)
Child Nutrition CACFP funds received in excess of expenditures	10.558	(4,958)
Dept of Health Care Services: Medi-Cal Billing Option funds received in excess of expenditures	93.778	<u>(10,267)</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 1,216,277</u>

(Continued)

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

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 information on the County Office's financial condition over the past three years and its anticipated condition for the 2018-2019 fiscal year, as required by the State Controller's Office.

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 14502 requires certain disclosure in the financial statements of county offices of education which adopt Early Retirement Incentive Programs pursuant to Education Code Section 22714 and 44929. For the fiscal year ended June 30, 2017, the County Office did not adopt such a program.

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

Board of Trustees
Amador County Office of Education
Jackson, California

Report on Compliance with State Laws and Regulations

We have audited Amador County Office of Education's compliance with the types of compliance requirements described in the State of California's *2017-18 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, 2018.

<u>Description</u>	<u>Procedures Performed</u>
Attendance	No, see below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	No, see below
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	No, see below
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before 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
Attendance, for charter schools	Yes
Mode of Instruction, for charter schools	Yes
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	Yes
Charter School Facility Grant Program	No, see below

(Continued)

We did not perform any procedures related to Attendance Reporting as the County Office does not claim ADA for Attendance at regular school sites.

We did not perform any procedures related to Teacher Certification and Misassignments as the County Office does not claim ADA for Attendance at regular school sites.

We did not perform any procedures related to Kindergarten Continuance as the County Office does not offer Kindergarten.

The County Office's reported ADA for Independent Study was below the materiality level that requires testing; therefore, we did not perform any testing of Independent Study ADA.

We did not perform any procedures related to Continuation Education as the County Office does not offer Continuation Education.

The County Office is not a school district, therefore we did not perform any procedures related to Instructional Time.

We did not perform any procedures related to Ratio of Administrative Employees to Teachers as the ratio does not apply to County Offices.

We did not perform any procedures related to Classroom Teacher Salaries as the ratio does not apply to County Offices.

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

The County Office is not a school district; therefore we did not perform any procedures related to School Accountability Report Card.

The County Office does not operate a Juvenile Court School therefore we did not perform any procedures related to Juvenile Court Schools.

The County Office does not operate a Middle or Early College High School; therefore, we did not perform any testing related to Middle or Early College High Schools.

We did not perform any procedures related to K-3 Grade Span Adjustment as this does not apply to County Offices.

The County Office did not offer Apprenticeship: Related and Supplemental Instruction, therefore we did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction.

The County Office does not operate an After School Education and Safety Program; therefore, we did not perform any procedures related to the After School Education and Safety Program.

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

The County Office 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 County Office does not operate any Nonclassroom-Based Charter Schools; therefore, we did not perform any of the testing related to Nonclassroom-Based Instruction/Independent Study or Determination of Funding for Nonclassroom-Based Instruction for Charter Schools..

The County Office did not receive Charter School Facility Grant funding in the current year; therefore, we did not perform any procedures relating to the Charter School Facility Grant.

(Continued)

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 Office of Education'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 State of California's *2017-18 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 Office of Education's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Amador County Office of Education'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 Office of Education's compliance.

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Findings 2018-001 and 2018-002 in the accompanying Schedule of Audit Findings and Questioned Costs, Amador County Office of Education did not comply with requirements regarding Instructional Materials and Local Control Accountability Plan. Compliance with such requirements is necessary, in our opinion, for Amador County Office of Education to comply with the requirements applicable to the state laws and regulations referred to above.

Qualified Opinion on State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Amador County Office of Education 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, 2018.

Other Matter

Amador County Office of Education's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Audit Findings and Questioned Costs. Amador County Office of Education's responses were not subjected to the auditing procedures applied in our audit of compliance and, accordingly, we express no opinion on them.

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 *2017-18 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 LLP

Sacramento, California
December 14, 2018

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 Office of Education
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 Office of Education as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Amador County Office of Education's basic financial statements, and have issued our report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Amador County Office of Education'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 Office of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Amador County Office of Education'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amador County Office of Education'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*.

(Continued)

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 LLP
Crowe LLP

Sacramento, California
December 14, 2018

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

Board of Trustees
Amador County Office of Education
Jackson, California

Report on Compliance for Each Major Federal Program

We have audited Amador County Office of Education'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 Office of Education's major federal programs for the year ended June 30, 2018. Amador County Office of Education'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 Office of Education'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 Office of Education'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 Office of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, Amador County Office of Education 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, 2018.

(Continued)

Report on Internal Control Over Compliance

Management of Amador County Office of Education 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 Office of Education'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 Office of Education'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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Crowe LLP

Sacramento, California
December 14, 2018

FINDINGS AND RECOMMENDATIONS

AMADOR COUNTY OFFICE OF EDUCATION
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2018

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>
84.027, 84.173	Special Education 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 OFFICE OF EDUCATION
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-001 DEFICIENCY - STATE COMPLIANCE - INSTRUCTIONAL MATERIALS (70000)

Criteria

Per Education Code section 60119 the County Office is required to post a notice of the public hearing for the sufficiency of instructional materials ten days prior to the hearing.

Condition

The County Office did not post the notice ten days prior to the hearing.

Effect

The County Office is not in compliance with state requirements regarding Instructional Materials.

Cause

The County Office did not ensure compliance with the requirement.

Fiscal Impact

Not determinable.

Recommendation

The County Office should implement and establish controls around Instructional Materials requirements.

Views of Responsible Officials and Planned Corrective Actions

The Assistant Superintendent of Educational Services position was vacant at the time of the public hearing and this posting was overlooked. The position is now filled and all required postings and timelines were met for the 2018-19 year.

(Continued)

AMADOR COUNTY OFFICE OF EDUCATION
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-002 DEFICIENCY - STATE COMPLIANCE - LOCAL CONTROL AND ACCOUNTABILITY PLAN (62000)

Criteria

Per Education Code section 52068(a)(1) the County Office is required to present the local control and accountability plan to the parent advisory committee and the English learner parent advisory committee.

Condition

The County Office did not present the plan to the parent advisory committee or the English learner parent advisory committee.

Effect

The County Office is not in compliance with state requirements regarding Local Control and Accountability Plan.

Cause

The County Office did not ensure compliance with the requirement.

Fiscal Impact

Not determinable.

Recommendation

The County Office should present the Local Control and Accountability Plan to the committees as required.

Views of Responsible Officials and Planned Corrective Actions

At the time the LCAP was being developed for the 2017-18 school year, Amador County Unified School District and Amador County Office of Education were transitioning from an interim Superintendent and Assistant Superintendent of Educational Services to permanent people filling these positions. This transition occurred in April, just as the LCAP was being developed. Due to this, the LCAP was not presented to the parent advisory committee or District English Learner Advisory Committee (DELAC). The LCAP was presented to the Amador Parent Advisory Committee (APAC) and the District English Learner Advisory Committee (DELAC) in May 2018.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

AMADOR COUNTY OFFICE OF EDUCATION
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2018

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>County Office Explanation If Not Implemented</u>
2017-001 <u>Condition:</u> The County Office did not hold a public hearing for instructional materials in the 2016-17 fiscal year. <u>Recommendation:</u> The County Office should establish an annual board meeting date in which the board will hold a public hearing for instructional materials before the eighth week of school.	Partially implemented.	See current year finding 2018-001.