

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 2018

AMADOR COUNTY UNIFIED SCHOOL DISTRICT

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

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION.....	7
STATEMENT OF ACTIVITIES.....	8
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUNDS.....	9
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION.....	10
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS.....	11
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.....	12
STATEMENT OF FIDUCIARY NET POSITION - TRUST AND AGENCY FUNDS.....	13
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION - TRUST FUNDS.....	14
NOTES TO FINANCIAL STATEMENTS.....	15
REQUIRED SUPPLEMENTARY INFORMATION:	
GENERAL FUND BUDGETARY COMPARISON SCHEDULE.....	39
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY.....	40
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS.....	42
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION.....	44

AMADOR COUNTY UNIFIED SCHOOL DISTRICT

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

CONTENTS

SUPPLEMENTARY INFORMATION:

COMBINING BALANCE SHEET - ALL NON-MAJOR FUNDS.....	45
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - ALL NON-MAJOR FUNDS.....	46
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS.....	47
ORGANIZATION.....	49
SCHEDULE OF AVERAGE DAILY ATTENDANCE.....	50
SCHEDULE OF INSTRUCTIONAL TIME.....	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 GOVERNMENT AUDITING STANDARDS.....	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.....	74

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Amador County Unified School District
Jackson, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amador County Unified School District, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise Amador County Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Amador County Unified School District, as of June 30, 2018, and the respective changes in financial position and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 3 to 6 and the General Fund Budgetary Comparison Schedule, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 39 to 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018 on our consideration of Amador County Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Amador County Unified School District's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Sacramento, California
December 14, 2018

**AMADOR COUNTY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

(PREPARED BY DISTRICT MANAGEMENT)

This section of Amador County Unified School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 2, and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 16 through 17, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 18 through 21, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

FINANCIAL HIGHLIGHTS

The District's overall financial status changed over the course of the year, as total net position decreased from \$5,896,692 to \$3,626,283.

On the Statement of Activities, total current year expenses exceeded total current year revenues by \$2,270,409.

Average daily attendance (ADA) increased in fiscal year 2017-18 to 3,733, an increase of 107 over the past two years.

During fiscal year 2017-18, the District's General Fund produced an operating deficit of \$1,146,985. This operating deficit was largely due to the district's energy conservation project that ended more than one year behind schedule.

The District does not have sufficient reserves for a district its size. It does not meet the state required minimum reserve for economic uncertainty of 3% of total General Fund expenditures, transfers out, and other uses (total outgo). The District 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 District 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 District's financial position in the coming years.

**AMADOR COUNTY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT

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

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

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

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

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

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

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

Reporting the District as a Whole

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

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

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

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

**AMADOR COUNTY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District as a Whole (Concluded)

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

Governmental Activities:

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

Business-type Activities:

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

Reporting the District's Most Significant Funds

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

Governmental Funds:

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

Proprietary Funds:

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

Fiduciary Funds:

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

**AMADOR COUNTY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

GOVERNMENTAL ACTIVITIES

The District's total net position decreased from \$5,896,692 to \$3,626,283.

The Unrestricted deficit balances that are presented above, are due to a few factors including the District is now required to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans. Also, the district has had challenges with a large energy conservation project and being overcharged for telecommunications.

The District's total current year expenses exceeded total current year revenues by \$2,270,409.

The \$47,417,876 total expenditures shows the financial burden that was placed on the District's general revenues for providing the services listed above.

The change in net position of governmental activities decreased by \$2,270,409 due to numerous financial strains placed on the district. There is a plan to improve the district's net position through stronger budget monitoring and execution of policies.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The employer contribution rates for CalSTRS and CalPERS will continue to increase on an annual basis for the foreseeable future. In addition, the economy has 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 District's budget needs to be managed with a great degree of conservatism over the next few years. The District 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 DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 8,408,061
Receivables	900,157
Prepaid expenses	20,748
Stores inventory	56,236
Non-depreciable capital assets (Note 4)	13,188,725
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>26,546,427</u>
Total assets	<u>49,120,354</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss from refunding of debt	116,458
Deferred outflows of resources - pensions (Notes 8 and 9)	<u>11,117,882</u>
Total deferred outflows of resources	<u>11,234,340</u>
LIABILITIES	
Accounts payable	4,489,280
Unearned revenue	92,084
Long-term liabilities (Note 5):	
Due within one year	1,263,344
Due after one year	<u>48,871,703</u>
Total liabilities	<u>54,716,411</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 8 and 9)	<u>2,012,000</u>
NET POSITION	
Net investment in capital assets	23,747,903
Restricted:	
Legally restricted programs	2,528,822
Capital projects	2,496,565
Debt service	702,324
Unrestricted	<u>(25,849,331)</u>
Total net position	<u><u>\$ 3,626,283</u></u>

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:					
Instruction	\$ 23,019,787	\$ 8,413	\$ 4,023,140	\$ -	\$ (18,988,234)
Instruction-related services:					
Supervision of instruction and administration	553,861	-	62,977	-	(490,884)
Instructional library, media and technology	646,710	447	11,114	-	(635,149)
School site administration	4,142,934	74	305,505	-	(3,837,355)
Pupil services:					
Home-to-school transportation	1,759,708	1	98	-	(1,759,609)
Food services	1,595,308	399,400	1,101,461	-	(94,447)
All other pupil services	1,215,419	-	56,128	-	(1,159,291)
General administration:					
Data processing	307,451	-	-	-	(307,451)
All other general administration	3,174,182	20,814	388,685	-	(2,764,683)
Plant services	4,653,061	159	3,435	-	(4,649,467)
Ancillary services	480,009	4,680	108,961	-	(366,368)
Community services	159,222	-	-	-	(159,222)
Interest on long-term liabilities	489,031	-	-	-	(489,031)
Other outgo	5,221,193	-	-	-	(5,221,193)
	<u>\$ 47,417,876</u>	<u>\$ 433,988</u>	<u>\$ 6,061,504</u>	<u>\$ -</u>	<u>(40,922,384)</u>
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					24,758,719
Taxes levied for debt service					776,772
Federal and state aid not restricted to specific purposes					10,785,109
Interest and investment earnings					209,202
Interagency revenues					25,209
Miscellaneous					2,096,964
Total general revenues					38,651,975
Change in net position					(2,270,409)
Net position, July 1, 2017					5,896,692
Net position, June 30, 2018					\$ 3,626,283

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	<u>General Fund</u>	<u>Capital Facilities Fund</u>	<u>Special Reserve for Capital Outlay Projects Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 1,795,532	\$ 1,497,751	\$ 3,259,533	\$ 1,841,645	\$ 8,394,461
Cash in revolving fund	11,300	-	-	2,300	13,600
Receivables	573,211	98,365	9,078	219,503	900,157
Prepaid expenditures	20,748	-	-	-	20,748
Due from other funds	136,374	-	-	31,198	167,572
Stores inventory	<u>33,127</u>	<u>-</u>	<u>-</u>	<u>23,109</u>	<u>56,236</u>
Total assets	<u>\$ 2,570,292</u>	<u>\$ 1,596,116</u>	<u>\$ 3,268,611</u>	<u>\$ 2,117,755</u>	<u>\$ 9,552,774</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,412,154	\$ 34,100	\$ 2,735,189	\$ 14,920	\$ 4,196,363
Unearned revenue	92,084	-	-	-	92,084
Due to other funds	<u>31,198</u>	<u>54,309</u>	<u>-</u>	<u>82,065</u>	<u>167,572</u>
Total liabilities	<u>1,535,436</u>	<u>88,409</u>	<u>2,735,189</u>	<u>96,985</u>	<u>4,456,019</u>
Fund balances:					
Nonspendable	65,175	-	-	25,409	90,584
Restricted	828,211	1,507,707	533,422	1,995,361	4,864,701
Unassigned	<u>141,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,470</u>
Total fund balances	<u>1,034,856</u>	<u>1,507,707</u>	<u>533,422</u>	<u>2,020,770</u>	<u>5,096,755</u>
Total liabilities and fund balances	<u>\$ 2,570,292</u>	<u>\$ 1,596,116</u>	<u>\$ 3,268,611</u>	<u>\$ 2,117,755</u>	<u>\$ 9,552,774</u>

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances - Governmental Funds \$ 5,096,755

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 \$73,461,985 and the accumulated depreciation is \$33,726,833 (Note 4). 39,735,152

Losses on the refunding of debt are recognized as expenditure in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the shorter life of the refunded or refunding debt. 116,458

Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds. (292,917)

In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 8 and 9).

Deferred outflows of resources relating to pensions	\$ 11,117,882	
Deferred inflows of resources relating to pensions	<u>(2,012,000)</u>	9,105,882

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):

General Obligation Bonds	\$ (8,200,000)	
Clean Renewable Energy Bond	(3,964,000)	
Unamortized bond premiums	(2,629)	
Capitalized lease obligation	(3,937,078)	
Termination benefits (Note 6)	(321,945)	
Net pension liability (Notes 8 and 9)	(33,523,000)	
Compensated absences	<u>(186,395)</u>	<u>(50,135,047)</u>

Total net position - governmental activities		<u>\$ 3,626,283</u>
--	--	---------------------

See accompanying notes to financial statements.

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

	General Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula:					
State apportionment	\$ 9,372,891	\$ -	\$ -	\$ -	\$ 9,372,891
Local sources	<u>24,719,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,719,536</u>
Total local control funding formula	<u>34,092,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,092,427</u>
Federal sources	1,018,714	-	-	1,061,752	2,080,466
Other state sources	2,920,284	-	-	755,457	3,675,741
Other local sources	<u>754,694</u>	<u>1,827,105</u>	<u>47,304</u>	<u>1,212,537</u>	<u>3,841,640</u>
Total revenues	<u>38,786,119</u>	<u>1,827,105</u>	<u>47,304</u>	<u>3,029,746</u>	<u>43,690,274</u>
Expenditures:					
Current:					
Certificated salaries	14,820,423	-	-	255,925	15,076,348
Classified salaries	4,954,676	-	-	564,316	5,518,992
Employee benefits	7,738,396	-	-	275,666	8,014,062
Books and supplies	2,137,673	70,499	57,976	754,411	3,020,559
Contract services and operating expenditures	4,484,359	270,987	42,405	494,699	5,292,450
Other outgo	5,065,495	-	-	-	5,065,495
Capital outlay	561,120	1,679,140	5,790,025	362	8,030,647
Debt service:					
Principal retirement	182,111	-	-	445,000	627,111
Interest	<u>221,603</u>	<u>-</u>	<u>916</u>	<u>308,000</u>	<u>530,519</u>
Total expenditures	<u>40,165,856</u>	<u>2,020,626</u>	<u>5,891,322</u>	<u>3,098,379</u>	<u>51,176,183</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(1,379,737)</u>	<u>(193,521)</u>	<u>(5,844,018)</u>	<u>(68,633)</u>	<u>(7,485,909)</u>
Other financing sources (uses):					
Transfers in	400,050	158,589	-	94	558,733
Transfers out	<u>(167,298)</u>	<u>-</u>	<u>-</u>	<u>(400,050)</u>	<u>(567,348)</u>
Total other financing sources (uses)	<u>232,752</u>	<u>158,589</u>	<u>-</u>	<u>(399,956)</u>	<u>(8,615)</u>
Net change in fund balances	(1,146,985)	(34,932)	(5,844,018)	(468,589)	(7,494,524)
Fund balances, July 1, 2017	<u>2,181,841</u>	<u>1,542,639</u>	<u>6,377,440</u>	<u>2,489,359</u>	<u>12,591,279</u>
Fund balances, June 30, 2018	<u>\$ 1,034,856</u>	<u>\$ 1,507,707</u>	<u>\$ 533,422</u>	<u>\$ 2,020,770</u>	<u>\$ 5,096,755</u>

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Net change in fund balances - Total Governmental Funds		\$ (7,494,524)
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).	8,317,510	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(1,855,366)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	627,111	
Debt issue premiums and discounts are recognized as revenues in the period they are incurred. In government-wide statements, issue premiums are amortized over the life of the debt (Note 5).	2,274	
In governmental funds, any gain or loss resulting from debt refunding activities is recognized in the current year. In the government-wide statements, the gain or loss is deferred and amortized as interest over the life of the new or refunded debt, whichever period is shorter. Current year amortization of deferred amounts from debt refunding was:	(10,374)	
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	9,833	
In governmental funds, termination benefits are recognized when employer contributions are made. In the statement of activities, termination benefits are recognized on the accrual basis. (Notes 5 and 6)	36,109	
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	(1,916,461)	
Interest on long-term debt is recognized in the period incurred, in governmental funds it is recognized when due.	13,479	
		<u>5,224,115</u>
Change in net position of governmental activities		<u>\$ (2,270,409)</u>

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2018

	Trust Funds		Agency Fund
	Retiree Benefits Funds	Scholarship Funds	Student Body Fund
ASSETS			
Cash in County Treasury (Note 2)	\$ 344	\$ 219,634	\$ -
Cash on hand and in banks (Note 2)	-	-	466,468
Receivables	6	599	-
Total assets	350	220,233	\$ 466,468
LIABILITIES			
Due to students/student groups	-	-	\$ 466,468
NET POSITION			
Restricted for Trust Funds	\$ 350	\$ 220,233	

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
SCHOLARSHIP FUNDS
For the Year Ended June 30, 2018

	Trust Funds		
	Retiree Benefits Funds	Scholarship Funds	Total
Additions:			
Interest	\$ 32	\$ 2,072	\$ 2,104
Interfund transfer in	<u>8,615</u>	<u>-</u>	<u>8,615</u>
Total Additions	<u>8,647</u>	<u>2,072</u>	<u>10,719</u>
Deductions:			
Contract services and operating expenditures	<u>12,610</u>	<u>-</u>	<u>12,610</u>
Change in net position	(3,963)	2,072	(1,891)
Restricted net position, July 1, 2017	<u>4,313</u>	<u>218,161</u>	<u>222,474</u>
Restricted net position, June 30, 2018	<u>\$ 350</u>	<u>\$ 220,233</u>	<u>\$ 220,583</u>

See accompanying notes to financial statements.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity under Governmental Accounting Standards Board (GASB) Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), the scope of public service, and a special financing relationship. The District has determined that there are no organizations, with financial activities that benefit the District, which should be included within its financial reporting entity under GASB 61.

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

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

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

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

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

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A - Major Funds

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

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

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

B - Other Funds

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

The County School Facilities Funds is an capital projects fund used to account for resources used for the acquisition of capital facilities by the District.

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

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

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

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

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

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	<u>\$ 8,157,094</u>	<u>\$ 2,960,788</u>	<u>\$ 11,117,882</u>
Deferred inflows of resources	<u>\$ 1,836,000</u>	<u>\$ 176,000</u>	<u>\$ 2,012,000</u>
Net pension liability	<u>\$ 24,781,000</u>	<u>\$ 8,742,000</u>	<u>\$ 33,523,000</u>
Pension expense	<u>\$ 5,355,227</u>	<u>\$ 1,729,309</u>	<u>\$ 7,084,536</u>

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 a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Compensated Absences: Compensated absences in the amount of \$186,395 are recorded as a liability of the District. The liability is for the earned but unused benefits.

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

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

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: Net position is displayed in three components:

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

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

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

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

A -Nonspendable Fund Balance:

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

B -Restricted Fund Balance:

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

C -Committed Fund Balance:

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

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D -Assigned Fund Balance:

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

E - Unassigned Fund Balance:

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

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

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

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. At June 30, 2018, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

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

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

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

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	\$ 8,394,461	\$ 219,978
Deposits:		
Cash on hand and in banks	-	466,468
Cash in revolving fund	13,600	-
Total	\$ 8,408,061	\$ 686,446

Pooled Funds - Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Amador County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2018, the carrying amount of the District's accounts were \$480,068 and the bank balances were \$485,628. The total uninsured bank balance at June 30, 2018 was \$159,490.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2018, the District had no significant interest rate risk related to cash and investments held.

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

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

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 3 - INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables: Interfund receivable and payable balances at June 30, 2018 were as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 136,374	\$ 31,198
Capital Facilities	-	54,309
Non-Major Funds:		
Adult Education	-	8,181
Cafeteria	<u>31,198</u>	<u>73,884</u>
Totals	<u>\$ 167,572</u>	<u>\$ 167,572</u>

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

Interfund transfers for the 2017-2018 fiscal year were as follows:

Transfer from the General Fund to the Capital Facilities Fund to for funds received from FEMA for repair of facilities.	\$ 158,589
Transfer from the General Fund to the Cafeteria Fund for overcharging of indirect costs.	94
Transfer from the General Fund to the Retiree Benefits Fund to cover retiree benefits.	8,615
Transfer from the Adult Education Fund to the General Fund for indirect costs.	26,408
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	73,642
Transfer from the Deferred Maintenance Fund to the General Fund due to the Board rescinding the Deferred Maintenance resolution to cover general fund expenditures.	<u>300,000</u>
	<u>\$ 567,348</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
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>Deductions</u>	Balance June 30, <u>2018</u>
Non-depreciable:				
Land	\$ 4,409,034	\$ 201,545	\$ -	\$ 4,610,579
Work-in-process	1,583,710	8,317,510	(1,323,074)	8,578,146
Depreciable:				
Improvement of sites	8,015,884	172,570	-	8,188,454
Buildings	45,596,897	712,954	-	46,309,851
Furniture and Equipment	<u>5,538,950</u>	<u>236,005</u>	<u>-</u>	<u>5,774,955</u>
Totals, at cost	<u>65,144,475</u>	<u>9,640,584</u>	<u>(1,323,074)</u>	<u>73,461,985</u>
Less accumulated depreciation:				
Improvement of sites	4,590,423	344,075	-	4,934,498
Buildings	23,258,517	1,227,916	-	24,486,433
Furniture and Equipment	<u>4,022,527</u>	<u>283,375</u>	<u>-</u>	<u>4,305,902</u>
Total accumulated depreciation	<u>31,871,467</u>	<u>1,855,366</u>	<u>-</u>	<u>33,726,833</u>
Capital assets, net	<u>\$ 33,273,008</u>	<u>\$ 7,785,218</u>	<u>\$ (1,323,074)</u>	<u>\$ 39,735,152</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 1,043,628
Supervision of instruction	17,308
Instructional library, media and technology	31,835
School site administration	177,342
Home-to-school transportation	77,226
Food services	82,091
All other pupil services	40,664
Data processing	15,790
All other general administration	136,466
Plant services	<u>233,016</u>
Total depreciation expense	<u>\$ 1,855,366</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM LIABILITIES

General Obligation Bonds

The outstanding general obligation debt of the District as of June 30, 2018 is as follows:

Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding July 1, 2017	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2018
2005	4.50%-5.00%	2029	\$ 4,500,000	\$ 1,070,000	\$ -	\$ 70,000	\$ 1,000,000
2011	2.00%-4.00%	2027	4,800,000	4,315,000	-	355,000	3,960,000
2013	2.00%-3.50%	2029	<u>3,350,000</u>	<u>3,260,000</u>	<u>-</u>	<u>20,000</u>	<u>3,240,000</u>
Total			<u>\$ 12,650,000</u>	<u>\$ 8,645,000</u>	<u>\$ -</u>	<u>\$ 445,000</u>	<u>\$ 8,200,000</u>

The annual requirements to amortize the bonds payable, outstanding as of June 30, 2018, are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 475,000	\$ 448,825	\$ 923,825
2020	505,000	429,375	934,375
2021	540,000	408,425	948,425
2022	575,000	385,800	960,800
2023	610,000	365,625	975,625
2024-2028	3,675,000	946,125	4,621,125
2029-2030	<u>1,820,000</u>	<u>96,075</u>	<u>1,916,075</u>
Totals	<u>\$ 8,200,000</u>	<u>\$ 3,080,250</u>	<u>\$ 11,280,250</u>

The District refunded bonds resulting in deferred outflow of resources with a balance as of \$116,458 as of June 30, 2018.

Capitalized Lease Obligations

On December 11, 2014, the District entered into a lease-purchase agreement to purchase ten (10) school buses at an original cost of \$1,583,453 and accumulated depreciation at June 30, 2018 totaled \$487,216. The agreement provides for title to pass upon expiration of the lease period.

Future minimum lease payments under this agreement are as follows:

Year Ended June 30,	Principal
2019	\$ 179,919
2020	179,919
2021	179,919
2022	179,919
2023	179,919
2024-2028	<u>179,960</u>
Total payments	1,079,555
Less amounts representing interest	<u>(101,656)</u>
Present value of net minimum lease payments	<u>\$ 977,899</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM LIABILITIES (Continued)

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

Future minimum lease payments under this agreement are as follows:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 368,000	\$ 65,192	\$ 433,192
2020	269,000	57,803	326,803
2021	320,000	50,970	370,970
2022	374,000	42,920	416,920
2023	432,000	33,570	465,570
2024-2026	<u>1,231,000</u>	<u>35,554</u>	<u>1,266,554</u>
Totals	<u>\$ 2,994,000</u>	<u>\$ 286,009</u>	<u>\$ 3,280,009</u>

Clean Renewable Energy Bonds

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

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 175,209	\$ 175,209
2020	-	175,209	175,209
2021	-	175,209	175,209
2022	-	175,209	175,209
2023	-	175,209	175,209
2024-2028	1,918,000	763,025	2,681,025
2029-2032	<u>2,046,000</u>	<u>193,375</u>	<u>2,239,375</u>
Totals	<u>\$ 3,964,000</u>	<u>\$ 1,832,445</u>	<u>\$ 5,796,445</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM LIABILITIES (Continued)

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

	Balance July 1, 2017	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 2018	Amounts Due Within One Year
General Obligation Bonds	\$ 8,645,000	\$ -	\$ 445,000	\$ 8,200,000	\$ 475,000
Clean Renewable Energy Bond	3,964,000	-	-	3,964,000	-
Unamortized bond premium	4,903	-	2,274	2,629	2,454
Capitalized lease obligations	4,119,189	-	182,111	3,937,078	555,792
Termination benefits (Note 6)	358,054	-	36,109	321,945	43,703
Net pension liability (Notes 8 and 9)	27,788,000	5,735,000	-	33,523,000	-
Compensated absences	196,228	-	9,833	186,395	186,395
	<u>\$ 45,075,374</u>	<u>\$ 5,735,000</u>	<u>\$ 675,327</u>	<u>\$ 50,135,047</u>	<u>\$ 1,263,344</u>

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on Clean Energy Renewable Bond and capitalized lease obligations are made from the General Fund. Payments on termination benefits, net pension liability and compensated absences are made from the fund for which the related employee worked.

NOTE 6 - TERMINATION BENEFITS

The District provides termination benefits for life for certain administrators, hired prior to 1984, who retired from the District on or after attaining age 55, with at least 15 years of District service immediately prior to retirement. On June 30, 2018, 4 retirees met the eligibility requirements. The District pays the insurance premiums to maintain the level of coverage provided to current staff. During the fiscal year, expenditures of \$30,328 were incurred to provide this benefit. The benefits for future years are an estimate, based on projected premium costs.

The District also provides termination benefits for certain retired teachers, capped at \$1,868 per year. On June 30, 2018, 7 retirees met the eligibility requirements. During the fiscal year, expenditures of \$5,781 were incurred to provide to provide this benefit. This benefit option ended in the 1995-96 fiscal year.

At June 30, 2018, the estimated future payments required to provide these termination benefits are as follows:

Year Ended <u>June 30</u>	<u>Early Retirement Incentives</u>
2019	43,703
2020	34,418
2021	24,954
2022	23,864
2023	23,086
2024-2029	111,018
2030-2034	<u>60,902</u>
Total	<u>\$ 892,900</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 - FUND BALANCES

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

	General Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	\$ 11,300	\$ -	\$ -	\$ 2,300	\$ 13,600
Prepaid expenditures	20,748	-	-	-	20,748
Stores inventory	<u>33,127</u>	<u>-</u>	<u>-</u>	<u>23,109</u>	<u>56,236</u>
Subtotal nonspendable	<u>65,175</u>	<u>-</u>	<u>-</u>	<u>25,409</u>	<u>90,584</u>
Restricted:					
Legally restricted	828,211	-	-	837,601	1,665,812
Capital projects	-	1,507,707	533,422	455,436	2,496,565
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>702,324</u>	<u>702,324</u>
Subtotal restricted	<u>828,211</u>	<u>1,507,707</u>	<u>533,422</u>	<u>1,995,361</u>	<u>4,864,701</u>
Unassigned:					
Designated for economic uncertainty	551,170	-	-	-	551,170
Unassigned	<u>(409,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(409,700)</u>
Subtotal unassigned	<u>141,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,470</u>
Total fund balances	<u>\$ 1,034,856</u>	<u>\$ 1,507,707</u>	<u>\$ 533,422</u>	<u>\$ 2,020,770</u>	<u>\$ 5,096,755</u>

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

General Information about the State Teachers' Retirement Plan

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

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

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

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

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

CalSTRS 2% at 62

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

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

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 UNIFIED SCHOOL DISTRICT
 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, 2020	8.25%	10.85%	19.10%
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 District contributed \$2,916,094 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.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

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

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.

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

District's proportionate share of the net pension liability	\$ 24,781,000
State's proportionate share of the net pension liability associated with the District	<u>14,660,000</u>
Total	<u><u>\$ 39,441,000</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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2017, the District's proportion was 0.027 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2016.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
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 District recognized pension expense of \$5,355,227 and revenue of \$1,457,193 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 92,000	\$ 432,000
Changes of assumptions	4,591,000	-
Net differences between projected and actual earnings on investments	-	660,000
Changes in proportion and differences between District contributions and proportionate share of contributions	558,000	744,000
Contributions made subsequent to measurement date	<u>2,916,094</u>	<u>-</u>
Total	<u>\$ 8,157,094</u>	<u>\$ 1,836,000</u>

\$2,916,094 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	\$ 65,183
2020	\$ 1,030,183
2021	\$ 674,184
2022	\$ 27,850
2023	\$ 734,100
2024	\$ 873,500

Differences between expected and actual experience, change in proportion and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 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 UNIFIED SCHOOL DISTRICT
 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 or 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 UNIFIED SCHOOL DISTRICT
 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 AB 1469. 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	<u>\$ 36,386,000</u>	<u>\$ 24,781,000</u>	<u>\$ 15,362,000</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

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

NOTE 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 districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at <https://www.calpers.ca.gov/docs/forms-publications/cafr-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 districts first join 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 District contributed \$794,788 to the plan for the fiscal year ended June 30, 2018.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

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

At June 30, 2018, the District reported a liability of \$8,742,000 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 District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2017, the District’s proportion was 0.037 percent, which was an increase of 0.002 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$1,729,309. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 313,000	\$ -
Changes of assumptions	1,277,000	103,000
Net differences between projected and actual earnings on investments	302,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	274,000	73,000
Contributions made subsequent to measurement date	<u>794,788</u>	<u>-</u>
Total	<u>\$ 2,960,788</u>	<u>\$ 176,000</u>

\$794,788 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	\$ 529,000
2020	\$ 934,000
2021	\$ 692,500
2022	\$ (165,500)

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

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

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

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 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>	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Years 1-10 (1)	Expected Real Rate of Return Years 11+
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

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

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

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the 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 District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 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>
District’s proportionate share of the net pension liability	<u>\$ 12,863,000</u>	<u>\$ 8,742,000</u>	<u>\$ 5,324,000</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.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 - JOINT POWERS AGREEMENTS

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

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

Condensed financial information for the year ended June 30, 2017 (the most recent information available) is as follows:

	<u>TJPA</u>
Total assets	\$ 11,609,175
Total liabilities	\$ 5,326,749
Net position	\$ 6,282,426
Total revenue	\$ 4,350,456
Total expenses	\$ 3,779,501
Change in net position	\$ 570,955

NOTE 11 - RELATED PARTY TRANSACTIONS

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

NOTE 12 - COMMITMENTS AND CONTINGENCIES

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

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

REQUIRED SUPPLEMENTARY INFORMATION

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local Control Funding Formula:				
State apportionment	\$ 10,226,448	\$ 10,480,052	\$ 9,372,891	\$ (1,107,161)
Local sources	<u>23,428,988</u>	<u>24,115,245</u>	<u>24,719,536</u>	<u>604,291</u>
Total LCFF	<u>33,655,436</u>	<u>34,595,297</u>	<u>34,092,427</u>	<u>(502,870)</u>
Federal sources	897,546	1,323,115	1,018,714	(304,401)
Other state sources	2,511,581	3,015,869	2,920,284	(95,585)
Other local sources	<u>193,000</u>	<u>547,009</u>	<u>754,694</u>	<u>207,685</u>
Total revenues	<u>37,257,563</u>	<u>39,481,290</u>	<u>38,786,119</u>	<u>(695,171)</u>
Expenditures:				
Current:				
Certificated salaries	14,276,009	14,654,838	14,820,423	(165,585)
Classified salaries	4,949,344	4,954,390	4,954,676	(286)
Employee benefits	7,423,960	7,756,756	7,738,396	18,360
Books and supplies	1,777,728	2,621,714	2,137,673	484,041
Contract services and operating expenditures	3,252,529	4,353,978	4,484,359	(130,381)
Other outgo	5,111,239	5,638,340	5,065,495	572,845
Capital outlay	-	600,302	561,120	39,182
Debt service:				
Principal retirement	219,909	219,909	182,111	37,798
Interest	<u>277,300</u>	<u>277,300</u>	<u>221,603</u>	<u>55,697</u>
Total expenditures	<u>37,288,018</u>	<u>41,077,527</u>	<u>40,165,856</u>	<u>911,671</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,455)</u>	<u>(1,596,237)</u>	<u>(1,379,737)</u>	<u>216,500</u>
Other financing sources (uses):				
Transfers in	83,913	300,000	400,050	100,050
Transfers out	<u>(200,000)</u>	<u>(172,204)</u>	<u>(167,298)</u>	<u>4,906</u>
Total other financing sources (uses)	<u>(116,087)</u>	<u>127,796</u>	<u>232,752</u>	<u>104,956</u>
Net change in fund balance	(146,542)	(1,468,441)	(1,146,985)	321,456
Fund balance, July 1, 2017	<u>2,181,841</u>	<u>2,181,841</u>	<u>2,181,841</u>	<u>-</u>
Fund balance, June 30, 2018	<u>\$ 2,035,299</u>	<u>\$ 713,400</u>	<u>\$ 1,034,856</u>	<u>\$ 321,456</u>

See accompanying note to required supplementary information.

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

State Teachers' Retirement Plan
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability	0.028%	0.027%	0.026%	0.027%
District's proportionate share of the net pension liability	\$ 16,068,464	\$ 18,060,684	\$ 20,944,000	\$ 24,781,000
State's proportionate share of the net pension liability associated with the District	<u>380,413</u>	<u>382,491</u>	<u>11,924,000</u>	<u>14,660,000</u>
Total net pension liability	<u>\$ 16,448,877</u>	<u>\$ 18,443,175</u>	<u>\$ 32,868,000</u>	<u>\$ 39,441,000</u>
District's covered payroll	\$ 12,247,273	\$ 12,451,441	\$ 12,905,000	\$ 14,202,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	174.49%
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 UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'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>
District's proportion of the net pension liability	0.036%	0.035%	0.035%	0.037%
District's proportionate share of the net pension liability	\$ 4,072,266	\$ 5,130,377	\$ 6,844,000	\$ 8,742,000
District's covered payroll	\$ 3,765,592	\$ 3,853,309	\$ 4,157,000	\$ 4,669,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.64%	187.23%
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 accompanying note to required supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'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	\$ 1,095,958	\$ 1,384,728	\$ 1,793,871	\$ 2,916,094
Contributions in relation to the contractually required contribution	<u>(1,095,958)</u>	<u>(1,384,728)</u>	<u>(1,793,871)</u>	<u>(2,916,094)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,451,441	\$ 12,905,000	\$ 14,202,000	20,209,000
Contributions as a percentage of covered payroll	9.00%	10.73%	12.58%	14.43%

All years prior to 2015 are not available.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 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	\$ 449,991	\$ 492,507	\$ 692,308	\$ 794,788
Contributions in relation to the contractually required contribution	<u>(449,991)</u>	<u>(492,507)</u>	<u>(692,308)</u>	<u>(794,788)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,853,309	\$ 4,157,000	\$ 4,669,000	\$ 5,117,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

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

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

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

C - Schedule of the District's Contributions

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

D - Changes of Benefit Terms

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

E - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund B (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 UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2018

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total
ASSETS						
Cash and investments:						
Cash in County Treasury	\$ 246,984	\$ 439,680	\$ -	\$ 454,215	\$ 700,766	\$ 1,841,645
Cash in revolving fund	-	2,300	-	-	-	2,300
Receivables	53,711	163,013	-	1,221	1,558	219,503
Due from other funds	-	31,198	-	-	-	31,198
Stores Inventory	-	23,109	-	-	-	23,109
	<u>-</u>	<u>23,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,109</u>
Total assets	<u>\$ 300,695</u>	<u>\$ 659,300</u>	<u>\$ -</u>	<u>\$ 455,436</u>	<u>\$ 702,324</u>	<u>\$ 2,117,755</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 6,680	\$ 8,240	\$ -	\$ -	\$ -	\$ 14,920
Due to other funds	8,181	73,884	-	-	-	82,065
	<u>8,181</u>	<u>73,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,065</u>
Total liabilities	<u>14,861</u>	<u>82,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,985</u>
Fund balances:						
Nonspendable	-	25,409	-	-	-	25,409
Restricted	285,834	551,767	-	455,436	702,324	1,995,361
	<u>285,834</u>	<u>551,767</u>	<u>-</u>	<u>455,436</u>	<u>702,324</u>	<u>1,995,361</u>
Total fund balances	<u>285,834</u>	<u>577,176</u>	<u>-</u>	<u>455,436</u>	<u>702,324</u>	<u>2,020,770</u>
Total liabilities and fund balances	<u>\$ 300,695</u>	<u>\$ 659,300</u>	<u>\$ -</u>	<u>\$ 455,436</u>	<u>\$ 702,324</u>	<u>\$ 2,117,755</u>

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
 ALL NON-MAJOR FUNDS
 For the Year Ended June 30, 2018

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total
Revenues:						
Federal sources	\$ -	\$ 1,061,752	\$ -	\$ -	\$ -	\$ 1,061,752
Other state sources	662,046	84,414	-	-	8,997	755,457
Other local Sources	<u>4,486</u>	<u>432,769</u>	<u>-</u>	<u>4,267</u>	<u>771,015</u>	<u>1,212,537</u>
Total revenues	<u>666,532</u>	<u>1,578,935</u>	<u>-</u>	<u>4,267</u>	<u>780,012</u>	<u>3,029,746</u>
Expenditures:						
Current:						
Certificated salaries	255,925	-	-	-	-	255,925
Classified salaries	23,853	540,463	-	-	-	564,316
Employee benefits	77,321	198,345	-	-	-	275,666
Books and supplies	105,021	649,390	-	-	-	754,411
Contract services and operating expenditures	467,591	27,108	-	-	-	494,699
Capital outlay	-	362	-	-	-	362
Debt service:						
Principal retirement	-	-	-	-	445,000	445,000
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,000</u>	<u>308,000</u>
Total expenditures	<u>929,711</u>	<u>1,415,668</u>	<u>-</u>	<u>-</u>	<u>753,000</u>	<u>3,098,379</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(263,179)</u>	<u>163,267</u>	<u>-</u>	<u>4,267</u>	<u>27,012</u>	<u>(68,633)</u>
Other financing sources (uses):						
Transfers in	-	94	-	-	-	94
Transfers out	<u>(26,408)</u>	<u>(73,642)</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>(400,050)</u>
Total other financing sources (uses)	<u>(26,408)</u>	<u>(73,548)</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>(399,956)</u>
Net change in fund balances	<u>(289,587)</u>	<u>89,719</u>	<u>(300,000)</u>	<u>4,267</u>	<u>27,012</u>	<u>(468,589)</u>
Fund balances July 1, 2017	<u>575,421</u>	<u>487,457</u>	<u>300,000</u>	<u>451,169</u>	<u>675,312</u>	<u>2,489,359</u>
Fund balances June 30, 2018	<u>\$ 285,834</u>	<u>\$ 577,176</u>	<u>\$ -</u>	<u>\$ 455,436</u>	<u>\$ 702,324</u>	<u>\$ 2,020,770</u>

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2018

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2018</u>
Student Body				
<u>Sutter Creek Elementary</u>				
Assets:				
Cash on hand and in banks	\$ <u>30,849</u>	\$ <u>37,824</u>	\$ <u>44,947</u>	\$ <u>23,726</u>
Liabilities:				
Due to student groups	\$ <u>30,849</u>	\$ <u>37,824</u>	\$ <u>44,947</u>	\$ <u>23,726</u>
<u>Pine Grove Elementary</u>				
Assets:				
Cash on hand and in banks	\$ <u>28,173</u>	\$ <u>42,362</u>	\$ <u>45,213</u>	\$ <u>25,322</u>
Liabilities:				
Due to student groups	\$ <u>28,173</u>	\$ <u>42,362</u>	\$ <u>45,213</u>	\$ <u>25,322</u>
<u>Ione Junior High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>9,144</u>	\$ <u>11,612</u>	\$ <u>7,861</u>	\$ <u>12,895</u>
Liabilities:				
Due to student group	\$ <u>9,144</u>	\$ <u>11,612</u>	\$ <u>7,861</u>	\$ <u>12,895</u>
<u>Jackson Junior High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>33,503</u>	\$ <u>30,331</u>	\$ <u>26,375</u>	\$ <u>37,459</u>
Liabilities:				
Due to student groups	\$ <u>33,503</u>	\$ <u>30,331</u>	\$ <u>26,375</u>	\$ <u>37,459</u>
<u>Amador High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>96,314</u>	\$ <u>394,189</u>	\$ <u>424,292</u>	\$ <u>66,211</u>
Liabilities:				
Due to student groups	\$ <u>96,314</u>	\$ <u>394,189</u>	\$ <u>424,292</u>	\$ <u>66,211</u>

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2018

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2018</u>
Student Body (Continued)				
<u>Argonaut High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>166,021</u>	\$ <u>312,680</u>	\$ <u>316,633</u>	\$ <u>162,068</u>
Liabilities:				
Due to student groups	\$ <u>166,021</u>	\$ <u>312,680</u>	\$ <u>316,633</u>	\$ <u>162,068</u>
<u>Independence High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>647</u>	\$ <u>2,233</u>	\$ <u>1,777</u>	\$ <u>1,103</u>
Liabilities:				
Due to student groups	\$ <u>647</u>	\$ <u>2,233</u>	\$ <u>1,777</u>	\$ <u>1,103</u>
<u>Scholarships</u>				
Assets:				
Cash on hand and in banks	\$ <u>137,511</u>	\$ <u>173</u>	\$ <u>-</u>	\$ <u>137,684</u>
Liabilities:				
Due to student groups	\$ <u>137,511</u>	\$ <u>173</u>	\$ <u>-</u>	\$ <u>137,684</u>
<u>Total Student Body Funds</u>				
Assets:				
Cash on hand and in banks	\$ <u>502,162</u>	\$ <u>831,404</u>	\$ <u>867,098</u>	\$ <u>466,468</u>
Liabilities:				
Due to student groups	\$ <u>502,162</u>	\$ <u>831,404</u>	\$ <u>867,098</u>	\$ <u>466,468</u>

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2018

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

GOVERNING BOARD

<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
Superintendent of
Special Education

David Vicari
Assistant Superintendent of HR Labor Relations

Scott Nolan
Chief Technology Officer

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2018

	<u>Second Period Report</u>	<u>Annual Report</u>
Certificate numbers	A9136204	7F49C31C
Elementary:		
Transitional Kindergarten through Third	1,139	1,112
Fourth through Sixth	839	838
Seventh and Eighth	<u>534</u>	<u>613</u>
Subtotal Elementary	<u>2,512</u>	<u>2,563</u>
Secondary:		
Ninth through Twelfth	<u>1,221</u>	<u>1,169</u>
Total District	<u><u>3,733</u></u>	<u><u>3,732</u></u>

See accompanying notes to supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 For the Year Ended June 30, 2018

<u>Grade Level</u>	<u>Statutory Minutes Require- ment</u>	<u>2017-18 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
<u>DISTRICT</u>				
Kindergarten	36,000	53,145	180	In Compliance
Grade 1	50,400	53,145	180	In Compliance
Grade 2	50,400	53,145	180	In Compliance
Grade 3	50,400	53,145	180	In Compliance
Grade 4	54,000	54,171	180	In Compliance
Grade 5	54,000	54,171	180	In Compliance
Grade 6	54,000	54,141	180	In Compliance
Grade 7	54,000	56,657	180	In Compliance
Grade 8	54,000	56,657	180	In Compliance
Grade 9	64,800	64,860	180	In Compliance
Grade 10	64,800	64,860	180	In Compliance
Grade 11	64,800	64,860	180	In Compliance
Grade 12	64,800	64,860	180	In Compliance

See accompanying notes to supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Catalog Number	Entity Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Federal Identifying Number	Expend itures
<u>United States Department of Agriculture</u>			
<i>Passed through California Department of Education</i>			
10.555	Child Nutrition: National School Lunch - Child Nutrition Cluster	13524	\$ 1,061,752
<i>Passed through Amador County Office of Education:</i>			
10.665	Forest Reserve - Forest Service Schools and Roads Cluster	10044	<u>121,711</u>
Total United States Department of Agriculture			<u>1,183,463</u>
<u>United States Department of Education - Passed through California Department of Education</u>			
84.010	ESEA: Title I, Basic Grants, Low Income and Neglected	14329	619,339
84.367	ESEA: Title II, Improving Teacher Quality	14341	70,611
84.330	ESEA: Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	*	610
84.048	Carl D. Perkins Career and Technical Education	14894	<u>26,828</u>
Total United States Department of Education			<u>717,388</u>
<u>United States Department of Health and Human Services - Passed through Stanislaus County Office of Education</u>			
93.778	Medi-Cal Administrative Activities (MAA) - Medicaid Cluster	10060	<u>11,364</u>
Total United States Department of Health and Human Services			<u>11,364</u>
<u>United States Department of Homeland Security - Passed through</u>			
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	*	<u>129,411</u>
Total United States Department of Homeland Security			<u>129,411</u>
Total Federal Programs			<u><u>\$ 2,041,626</u></u>

* District is unable to provide PCA numbers.

See accompanying notes to supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

See accompanying notes to supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2018
(UNAUDITED)

	(Budgeted) <u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 40,901,421	\$ 39,186,169	\$ 37,044,842	\$ 36,735,177
Expenditures	40,668,970	40,165,856	38,697,298	35,194,966
Other uses and transfers out	-	167,298	153,855	-
Total outgo	<u>40,668,970</u>	<u>40,333,154</u>	<u>38,851,153</u>	<u>35,194,966</u>
Change in fund balance	<u>\$ 232,451</u>	<u>\$ (1,146,985)</u>	<u>\$ (1,806,311)</u>	<u>\$ 1,540,211</u>
Ending fund balance	<u>\$ 1,267,307</u>	<u>\$ 1,034,856</u>	<u>\$ 2,181,841</u>	<u>\$ 3,988,152</u>
Available reserves	<u>\$ 422,614</u>	<u>\$ 141,470</u>	<u>\$ 1,046,943</u>	<u>\$ 1,055,849</u>
Designated for economic uncertainties	<u>\$ 738,768</u>	<u>\$ 551,170</u>	<u>\$ 1,046,943</u>	<u>\$ 1,055,849</u>
Undesignated fund balance	<u>\$ (316,154)</u>	<u>\$ (409,700)</u>	<u>\$ -</u>	<u>\$ -</u>
Available reserves as a percentage of total outgo	<u>1.0%</u>	<u>1.4%</u>	<u>2.7%</u>	<u>3.0%</u>
Total long-term liabilities	<u>\$ 48,871,703</u>	<u>\$ 50,135,047</u>	<u>\$ 45,075,374</u>	<u>\$ 34,019,982</u>
Average daily attendance at P-2	<u>3,753</u>	<u>3,733</u>	<u>3,634</u>	<u>3,626</u>

The General Fund fund balance has decreased by \$1,413,085 over the past three years. The District projects a increase of \$232,451 for the fiscal year ending 2018-2019. For a district this size, the State of California recommends available reserves of at least three percent of total General Fund expenditures, transfers out and other uses be maintained. The District has not met this requirement.

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

Total long-term liabilities have increased by \$16,115,065 over the past two years.

Average daily attendance has increased by 107 over the past two years. The District anticipates an increase of 20 ADA for the fiscal year ended 2018-2019.

See accompanying notes to supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL
For the Year Ended June 30, 2018

There are currently no charter schools in the District.

See accompanying notes to supplementary information.

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 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 District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B - Schedule of Instructional Time

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

C - Schedule of Expenditure of Federal Awards

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts as of June 30, 2018 are as follows:

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 2,080,466
Less: Medi-Cal Administrative Activity funds not spent in current year.	93.778	<u>(38,840)</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 2,041,626</u>

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

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

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides trend information on District's financial condition over the past three years and its anticipated condition for the 2018-2019 fiscal year.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

F - Schedule of Charter Schools

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

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14503 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2018, the District did not adopt this program.

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

Board of Trustees
Amador County Unified School District
Jackson, California

Report on Compliance with State Laws and Regulations

We have audited Amador County Unified School District's compliance with the types of compliance requirements described in the State of California's *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	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
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	No, see below
Mode of Instruction, for charter schools	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	No, see below
Determination of Funding for Nonclassroom- Based Instruction, for charter schools	No, see below
Annual Instructional Minutes Classroom Based, for charter schools	No, see below
Charter School Facility Grant Program	No, see below

(Continued)

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

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

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

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

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

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

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

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

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Amador County Unified School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *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 Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Amador County Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Findings 2018-002, 2018-003, 2018-004, and 2018-005 in the accompanying Schedule of Audit Findings and Questioned Costs, Amador County Unified School District did not comply with requirements regarding Instructional Materials, Classroom Teacher Salaries, Local Control Accountability Plan and Unduplicated Pupil Counts. Compliance with such requirements is necessary, in our opinion, for Amador County Unified School District to comply with the requirements applicable to the state laws and regulations applicable to Instructional Materials, Classroom Teacher Salaries, Local Control Accountability Plan and Unduplicated Pupil Counts.

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Amador County Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2018.

Other Matter

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

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *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

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 Unified School District
Jackson, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amador County Unified School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Amador County Unified School District's basic financial statements, and have issued our report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Amador County Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Amador County Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Amador County Unified School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We identified a deficiency involving internal control that we communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2018-001.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amador County Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Amador County Unified School District's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe 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 Unified School District
Jackson, California

Report on Compliance for Each Major Federal Program

We have audited Amador County Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Amador County Unified School District's major federal programs for the year ended June 30, 2018. Amador County Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Amador County Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

(Continued)

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Crowe LLP

Crowe LLP

Sacramento, California
December 14, 2018

FINDINGS AND RECOMMENDATIONS

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 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>
10.555	Child Nutrition Cluster

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

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

STATE AWARDS

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

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

2018-001 DEFICIENCY - INTERNAL CONTROLS - STUDENT BODY ACCOUNTING (30000)

Criteria

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

Condition

At Sutter Creek Elementary School:

- Cash receipts are not supported by detailed schedules noting the quantity and unit price of items sold.
- Receipts are not issued for all ASB transactions.
- A dual count is not being documented when funds are turned into the office.
- Fundraising forms are not kept as evidence of approval.

At Amador High School:

- Student store inventory count sheets are not maintained.
- Student store daily sales records are not reconciled to the cash received.
- Profit and loss statements for the student store are not prepared or approved.
- Monthly financial statements and bank reconciliations are not reviewed by the site principal or vice principal.

At Lone Jr. High School:

- Fundraising forms are not kept as evidence of approval.
- Monthly financial statements and bank reconciliations are not reviewed by the site principal or vice principal.

Effect

ASB funds could potentially be misappropriated.

Cause

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

Fiscal Impact

Not determinable.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

2018-001 DEFICIENCY - INTERNAL CONTROLS - STUDENT BODY ACCOUNTING (30000)
(Continued)

Recommendation

- Cash receipts should be supported by detailed schedules noting the quantity and unit price of items sold.
- Receipts should be issued for all ASB transactions.
- Dual cash counts should be performed and documented when funds are turned in.
- All revenue generating activities should be approved and formally documented by the site principal.
- Inventory counts should be performed periodically, and evidence of the counts should be kept for review.
- Student store daily sales records should be reconciled to the cash received.
- Profit and loss statements for the student store should be prepared and approved on a periodic basis.
- Monthly Financial Statements and Bank Reconciliations should be reviewed by the site principal or vice principal.

Views of Responsible Officials and Planned Corrective Action

Each site had a one on one training/review of the proper procedure(s) related to their findings. In addition, the District provided a training in August 2018. It was a mandatory meeting for all ASB secretaries, Advisors, Principal and Vice Principals. All aspects of ASB accounting was covered.

The Student Store at Amador is no longer in operation.

ASB Funds are reviewed monthly by the Business Office checking all activity that occurred in that month. Back up for any questionable activity is requested and reviewed. Site principal's signatures are also being checked. Any inappropriate transaction are corrected is possible. Each ASB had one site visit during the fall of 2018. Site visits to the High Schools and Jr. Highs are scheduled in December 2018 and January 2019.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
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 UNIFIED SCHOOL DISTRICT
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 - INSTRUCTIONAL MATERIALS (70000)

Criteria

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

Condition

The District did not post the notice ten days in advance of the hearing.

Effect

The District is not in compliance with the state requirements regarding Instructional Materials.

Cause

The District did not ensure compliance with the requirement.

Fiscal Impact

Not determinable.

Recommendation

The District should implement and establish controls around Instructional Materials requirements.

Views of Responsible Officials and Planned Corrective Action

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 UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY - STATE COMPLIANCE - CLASSROOM TEACHERS SALARIES (61000)

Criteria

The District is required to meet minimum expenditure requirements for Classroom Teachers Salaries per Education Code 41372.

Condition

The District is required to pay a minimum of 55 percent of current general fund expenses for salaries of classroom teachers, of which the District only paid 53 percent or \$16,869,705, which is two percent below the minimum requirement.

Effect

The District is not in compliance with the Classroom Teachers Salaries requirement.

Cause

The District did not ensure compliance with the requirement.

Fiscal Impact

The District is deficient by \$633,389 in Classroom Teachers Salaries expense.

Recommendation

The District should ensure that they are in compliance with the Classroom Teachers Salaries requirement.

Views of Responsible Officials and Planned Corrective Action

Due the current encroachment of Special Education costs, the amount of funds being allocated to Amador County Office of Education does not allow for the District to meet the 55%. The funds that are being allocated to ACOE are used to pay teachers. A waiver has been completed.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-004 DEFICIENCY - STATE COMPLIANCE - LOCAL CONTROL ACCOUNTABILITY PLAN (62000)

Criteria

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

Condition

The District did not present the plan to the parent advisory committee or the English Learner parent advisory committee.

Effect

The District is not in compliance with the Local Control Accountability Plan requirements.

Cause

The District did not ensure compliance with the requirement.

Fiscal Impact

Not determinable.

Recommendation

The District should present the Local Control Accountability Plan to the committees as required.

Views of Responsible Officials and Planned Corrective Action

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.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-005 DEFICIENCY – STATE COMPLIANCE - UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria

Education Code Section 42238.02 (b)(3)(B) - "...determine if the English learner, foster youth, and free or reduced-price meal eligible pupil counts [in CalPADS] are consistent with the school district's or charter school's English learner, foster youth, and free or reduced-price meal eligible pupil records".

Condition

For the one student selected for English Learner testing (as listed on the 1.17 Report as English Learner), the District could not provide documentation to support the classification of English Learner.

Effect

The effect of this finding is an extrapolated 9 students overreported for CalPADS.

	<u>Enrollment</u>	Free & Reduced Price Meal (FRPM)	English Learners (ELAS)	Both FRPM & ELAS
<u>Ione Junior High School</u>				
As certified on CalPADS	336	150	1	3
Audit Adjustments	-	(9)	-	-
Adjusted counts	<u>336</u>	<u>141</u>	<u>1</u>	<u>3</u>
<u>District Wide</u>				
As certified on CalPADS	3,916	1,755	21	79
Audit Adjustments	-	(9)	-	-
Adjusted counts	<u>3,916</u>	<u>1,746</u>	<u>21</u>	<u>79</u>

Cause

The error was the result of clerical error in accounting for unduplicated pupil counts.

Fiscal Impact

The effect of the error is a reduction on the District's unduplicated Pupil Percentage from 45.49% to 45.42%, representing a reduction in Local Control Funding Formula funding of approximately \$1,900.

Recommendation

The District should ensure that all students are properly reflected in the CalPADS reporting under the appropriate English learner status.

(Continued)

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2018-005 DEFICIENCY – STATE COMPLIANCE - UNDUPLICATED LOCAL CONTROL FUNDING
FORMULA PUPIL COUNTS (40000) (Continued)**

Views of Responsible Officials and Planned Corrective Action

The District was without an Assistant Superintendent of Educational Services during the 2017-2018 year. Employees lacking full knowledge of the English Learning testing process and the repercussions of the funding consequences were assisting the District. For 2018-19, employees are well versed in their rolls and audits are taking place of test scores and the information being entered into CalPads.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

AMADOR COUNTY UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2018

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
<p>2017-001</p> <p><u>Condition:</u></p> <p>At Jackson Junior High School:</p> <ul style="list-style-type: none"> • Fundraiser forms were not approved by the site Principal. <p>At Argonaut High School:</p> <ul style="list-style-type: none"> • Student body expenditures were not pre-approved by the student body. • Coaching stipends were paid out of ASB funds which is inconsistent with District practices. • ASB funds were used to benefit individuals rather than the student body as a whole. • Equipment was purchased with ASB funds which should have been paid for with School District funds. <p><u>Recommendation:</u> School sites should implement the proper control procedures in order to protect ASB funds from misappropriation. Sites should ensure there is a separation of duties for all transactions and that all transactions are reviewed by the ASB and approved by the students.</p>	<p>Partially implemented.</p>	<p>See current year finding 2018-001.</p>
<p>2017-002</p> <p><u>Condition:</u> The District's Independent Study Ratio calculation results in Independent Study Teacher Ratio exceeding Full Time Direct Instruction Teacher Ratio by 4.</p> <p><u>Recommendation:</u> The District should ensure that they are in compliance with the Independent Study and Direct Instruction Teacher ratio.</p>	<p>Implemented.</p>	
