



**INDIAN DIGGINGS  
SCHOOL DISTRICT**

**ANNUAL  
FINANCIAL  
REPORT**

**JUNE 30, 2017**





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**INDIAN DIGGINGS SCHOOL DISTRICT**

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**JUNE 30, 2017**

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**INDIAN DIGGINGS SCHOOL DISTRICT**

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Trustees  
Indian Diggings School District  
Somerset, 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 Indian Diggings School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Indian Diggings 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, and the 2016-17 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (2016-17 K-12 Audit Guide), prescribed in the *California Code of Regulations*, Title 5, § 19810, et seq. 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, the business-type activities, each major fund, and the aggregate remaining fund information of Indian Diggings School District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison, and pension schedules on pages 5 through 15 and 39 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Indian Diggings School District's basic financial statements. The accompanying supplementary information; the Schedule of Expenditures of Federal Awards, as required by Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Local Education Agency Organization Structure, the Schedule of Average Daily Attendance, the Schedule of Instructional Time, the Schedule of Financial Trends and Analysis, the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements, the Schedule of Charter Schools, and the Note to Supplementary Information, as required by the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (2016-17 K-12 Audit Guide)*, prescribed in the California Code of Regulations, Title 5, § 19810, et seq; and the Combining Statements of Non-Major Governmental Funds are all presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Local Education Agency Organization Structure, the Schedule of Average Daily Attendance, the Schedule of Instructional Time, the Schedule of Financial Trends and Analysis, the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements, the Schedule of Charter Schools, and the Note to Supplementary Information are all the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 Local Education Agency Organization Structure, the Schedule of Average Daily Attendance, the Schedule of Instructional Time, the Schedule of Financial Trends and Analysis, the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements, the Schedule of Charter Schools, and the Note to Supplementary Information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Expenditures of Federal Awards and the Combining Statements of Non-Major Governmental Funds 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 11, 2017 on our consideration of Indian Diggings 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 Indian Diggings School District's internal control over financial reporting and compliance.

*Dennis Cooper and Associates, CPAs*

December 11, 2017



## **Indian Diggings School District**

6020 Omo Ranch Road • Somerset, CA 95684

530.620.6546

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **INTRODUCTION**

Our discussion and analysis of Indian Diggings School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. It should be read in conjunction with the District's financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- Total net position was \$382,000 at June 30, 2017. This was an increase over the prior year, as the revenues exceeded expenses.
- Overall revenues increased and expenses decreased mainly due to one-time monies received by the District in the 2016-17 year. The one-time monies are about \$60,000 from the State Clean Energy Job Act (Prop 39). The money was received during 2016-17 but will be spent in 2017-18.
- The net cost of the District's programs are lower due to increases in grant revenue from the State grant mentioned above. Without this grant revenue the cost of the District programs would be very comparable to 2015-16.
- The resources available for appropriation were higher this year, about twenty-four percent.

INDIAN DIGGINGS SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
JUNE 30, 2017

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of four parts—*management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *supplementary information*, which presents federal awards, state required schedules, and combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

Figure A-1  
Required Components of Indian Diggings School District’s Annual Financial Report

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s *overall* financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the District government, reporting the District’s operations in *more detail* than the government-wide statements.

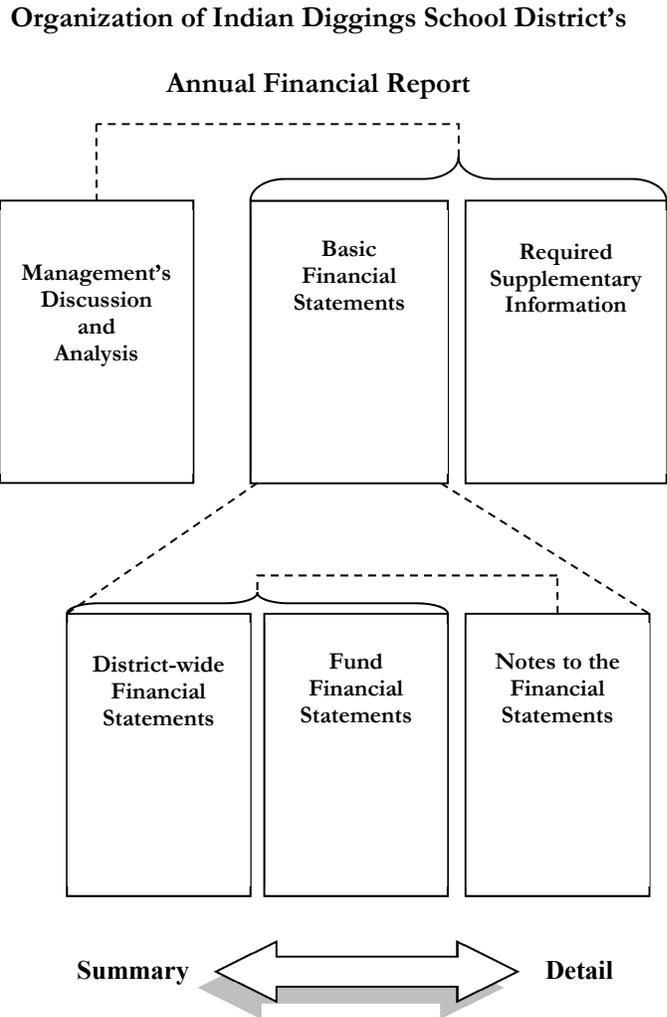
The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short term* as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

**District-wide Statements**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.



**INDIAN DIGGINGS SCHOOL DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued**  
**JUNE 30, 2017**

The two district-wide statements report the District’s *net position* and how they have changed. Net position—the difference between the District’s assets and liabilities—are one way to measure the District’s financial health or *position*.

- ❖ Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- ❖ To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities. In the district-wide financial statements, the District’s activities are *Governmental activities*—The District’s basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

**Figure A-2**  
**Major Features of Indian Diggings School District’s District-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements
		Governmental Funds
Scope	Entire District government (except fiduciary funds) and the District’s component units	The activities of the District that are not proprietary or fiduciary.
Required financial statements	<ul style="list-style-type: none"> <li>➤ Statement of net position</li> <li>➤ Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>➤ Balance sheet</li> <li>➤ Statement of revenues, expenditures, and changes in fund balances</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District’s *funds*, focusing on its most significant or “major” funds—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- ❖ Some funds are required by State law and by bond covenants.
- ❖ The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

**INDIAN DIGGINGS SCHOOL DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued**  
**JUNE 30, 2017**

*Governmental funds*—Most of the District’s basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at yearend that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences) between them.

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The District’s net position increased between fiscal years 2016 and 2017—to a net position of \$382,000. (See Table 1.)

**Table 1 - Net Position**

<i>(amounts in thousands)</i>	<b>2017</b>	<b>2016</b>	<b>\$ Change</b>	<b>% Change</b>
<b>ASSETS</b>				
Current assets	\$ 273	\$ 209	\$ 64	31%
Capital assets, net	283	293	(9)	-3%
<b>Total Assets</b>	<b>556</b>	<b>502</b>	<b>55</b>	<b>11%</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	53	11	42	385%
<b>LIABILITIES</b>				
Current liabilities	4	7	(2)	-37%
Non-current liabilities	197	138	59	43%
<b>Total Liabilities</b>	<b>201</b>	<b>145</b>	<b>57</b>	<b>39%</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	27	62	(35)	-56%
<b>NET POSITION</b>				
Net investment in capital assets	283	293	(9)	-3%
Restricted	59	3	56	1727%
Unrestricted - (Deficit)	39	10	29	-291%
<b>Total Net Position</b>	<b>\$ 382</b>	<b>\$ 306</b>	<b>\$ 76</b>	<b>25%</b>

The net position of the District’s governmental activities increased twenty five percent to \$306,000. However, most of the components either are restricted as to the purposes they can be used for or are invested in capital assets (buildings, equipment, and so on). Consequently, the *unrestricted* component of net position ended with a net excess of \$39,000 at the end of this year.

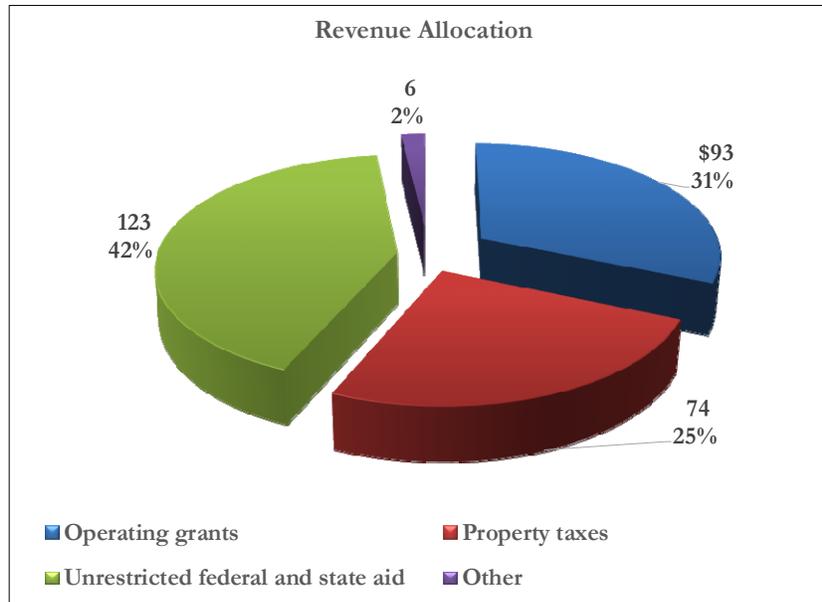
# INDIAN DIGGINGS SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2017

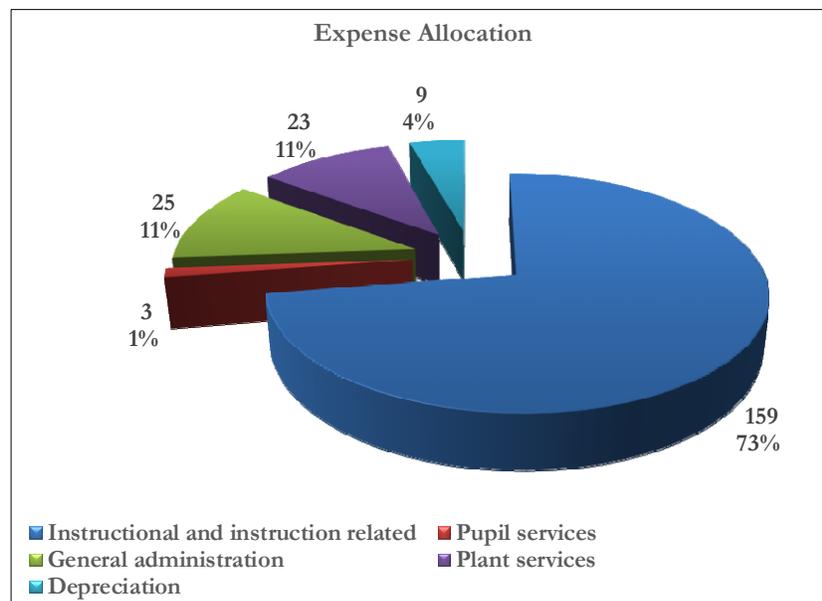
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### Changes in Net Position

The District's total revenues increased by fifty-seven thousand dollars. (See Table 2.) Under half of the District's revenue comes from unrestricted state aid, and twenty-five cents of every dollar raised comes from property taxes. Thirty-one percent of revenue comes from operating grants and the rest (about 2%) comes from some miscellaneous sources. (See Revenue Allocation.)



The total cost of all programs and services decreased. (See Expense Allocation.)



INDIAN DIGGINGS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2017

Governmental Activities

Revenues for the District's governmental activities increased ten percent, while total expenses decreased five percent. The increase in revenue was mainly the result of an increase in ADA and a one-time mandated cost grant that was received during the year.

Table 2 - Changes in Net Position

<i>(amounts in thousands)</i>	2017	2016	\$ Change	% Change
<b>REVENUES</b>				
Program revenues				
Operating grants	\$ 93	\$ 33	\$ 60	182%
General revenues				
Property taxes	74	69	5	7%
Unrestricted federal and state aid	123	129	(6)	-5%
Other	6	7	(2)	-26%
<b>Total Revenues</b>	<b>296</b>	<b>239</b>	<b>57</b>	<b>24%</b>
<b>EXPENSES</b>				
Instructional and instruction related	159	165	(6)	-3%
Pupil services	3	6	(3)	-55%
General administration	25	22	3	11%
Plant services	23	22	1	5%
Depreciation	9	10	(0)	-3%
<b>Total Expenses</b>	<b>220</b>	<b>225</b>	<b>(5)</b>	<b>-2%</b>
<b>Excess/(Deficiency)</b>	<b>\$ 76</b>	<b>\$ 14</b>	<b>\$ 62</b>	<b>444%</b>

INDIAN DIGGINGS SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2017

Table 3 presents the cost of each of the District’s four largest programs—instruction and instruction related, student services, plant services—and all others, as well as each program’s *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District’s taxpayers by each of these functions.

- The cost of all *governmental* activities this year was \$220,000.
- Some of the cost was paid by other governments and organizations that subsidized certain programs with grants and contributions (\$93,000). Of which \$60,000 is from the State Clean Energy Job Act (Prop 39) which was received during the audited year and will be spent next year.
- The District paid for the \$126,000 “public benefit” portion with \$74,000 in taxes, and with other revenues such as, interest, and unrestricted state aid.
- Plant Services had more revenue than cost this year due to the receipt of the Prop 39 funding.

**Table 3 - Net Cost of Governmental Activities**

<i>(amounts in thousands)</i>	Total Cost of Services		Net Cost of Services			
	2017	2016	2017	2016	\$ Change	% Change
Instruction	\$ 142	\$ 149	\$ 118	\$ 126	(8)	-6%
Instruction related	17	16	14	13	1	8%
Student services	3	6	(2)	1	(3)	-300%
Plant services	23	22	(35)	22	(57)	-259%
Other	35	32	31	30	1	3%
<b>Total</b>	\$ 220	\$ 225	\$ 126	\$ 192	\$ (66)	-34%

INDIAN DIGGINGS SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Fund Financial Statement

As the District completed the year, its funds reported a *combined* fund balance of \$269,000, an increase from prior year of \$8,000 directly from an increase of \$67,000 in the District’s general fund. The primary reasons for the general fund’s increase is highlighted in the analysis of governmental activities.

Table 4 - Funds' Performance

	Governmental Funds			
	<i>(amounts in thousands)</i>			
	2017	2016	\$ Change	% Change
<b>REVENUES</b>				
Local Control Funding Formula	\$ 195	\$ 187	\$ 8	4%
Categorical	96	42	54	129%
Local	11	17	(6)	-35%
<b>Total Revenues</b>	<b>302</b>	<b>246</b>	<b>56</b>	<b>23%</b>
<b>EXPENDITURES</b>				
Certificated	107	103	4	4%
Classified	50	53	(3)	-6%
Benefits	30	26	4	15%
Books and supplies	11	15	(4)	-27%
Services and other operating expenses	37	41	(4)	-10%
<b>Total Expenditures</b>	<b>235</b>	<b>238</b>	<b>(3)</b>	<b>-1%</b>
<b>NET CHANGE IN</b>				
<b>FUND BALANCE</b>	<b>\$ 67</b>	<b>\$ 8</b>	<b>\$ 59</b>	<b>738%</b>

INDIAN DIGGINGS SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2017

**General Fund Budgetary Highlights**

Over the course of the year, the School Board revised the District budget several times. These budget amendments fall into three categories:

- Amendments and supplemental appropriations approved in December (1<sup>st</sup> Interim) to reflect the actual beginning account balances (correcting the estimated amounts in the budget adopted in June 2016).
- Changes made in the 2<sup>nd</sup> Interim to account for various changes.
- Increases in appropriations to prevent budget overruns.

With these adjustments, actual revenue was \$77,000 more than expected while expenditures were only \$10,000 less than final budget amounts.

**Table 5 - General Fund and Budget Performance**

	General Fund Activity			General Fund Budget		
	2017	2016	% Difference	Original Budget	Final Budget	% Difference
<i>(amounts in thousands)</i>						
<b>REVENUES</b>						
Local Control Funding Formula	\$ 195	\$ 187	4%	\$ 178	\$ 196	10%
Categorical	96	42	129%	34	96	182%
Local	11	17	-35%	13	14	8%
<b>Total Revenues</b>	<b>302</b>	<b>246</b>	<b>23%</b>	<b>225</b>	<b>306</b>	<b>36%</b>
<b>EXPENDITURES</b>						
Certificated	107	103	4%	105	106	1%
Classified	50	53	-6%	58	56	-3%
Benefits	30	26	15%	29	28	-3%
Supplies and services	48	56	-14%	53	58	9%
<b>Total Expenditures</b>	<b>235</b>	<b>238</b>	<b>-1%</b>	<b>245</b>	<b>316</b>	<b>29%</b>
<b>NET CHANGE IN</b>						
<b>FUND BALANCE</b>	<b>\$ 67</b>	<b>\$ 8</b>	<b>738%</b>	<b>\$ (20)</b>	<b>\$ (10)</b>	<b>-50%</b>

# INDIAN DIGGINGS SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2017

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### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2017, the District had invested \$283,000 (net of depreciation) in a broad range of capital assets, including buildings, building improvements, and equipment. (See Table 6.) This amount represents a net decrease from depreciation.

**Table 6 - District's Capital Assets**

<i>(amounts in thousands)</i>	<b>2017</b>	<b>2016</b>	<b>\$ Change</b>	<b>% Change</b>
Land and construction in progress	\$ 9	\$ 9	\$ -	0%
Buildings and equipment	611	618	(7)	-1%
Accumulated depreciation	(337)	(334)	(3)	1%
<b>Total Capital Assets</b>	<b>\$ 283</b>	<b>\$ 293</b>	<b>\$ (10)</b>	<b>-3%</b>

#### Long-Term Liabilities

At year-end the District had \$197,000 in pension liability, a decrease of forty-three percent over last year—as shown in Table 7. More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

**Table 7 - District's Long Term Liabilities**

<i>(amounts in thousands)</i>	<b>2017</b>	<b>2016</b>	<b>\$ Change</b>	<b>% Change</b>
Net pension liability	\$ 197	\$ 138	\$ 59	43%

## INDIAN DIGGINGS SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2017

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#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

- District selected NSS funding for 2016-17
- 0.00% COLA
- Unduplicated enrollment (NSLP) at 18.87%
- No Minimum State Aid, District already receives more than minimum

These indicators were taken into account when adopting the general fund budget for 2018. Amounts available for appropriation in the general fund budget are \$203,000 in unrestricted and \$59,000 in restricted resources, a total increase above the 2017 June budget of \$72,000.

Budgeted expenditures are expected to increase to \$305,000. The District has added no major new programs or initiatives to the 2018 budget.

If these estimates are realized, the District's budgetary general fund balance is expected to decrease (\$176.00) by the close of 2018.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for money it receives. If you have any questions about this report, or need additional financial information, contact Grant Coffin, Superintendent, Indian Diggings School District, Somerset, El Dorado County, California, 95684.

INDIAN DIGGINGS SCHOOL DISTRICT

STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Deposits and investments	\$ 254,513
Accrued receivables	18,041
Prepaid expenses	457
Capital assets, not depreciable	8,744
Capital assets, depreciable, net	274,700
<b>Total Assets</b>	<b>556,455</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
	53,361
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 609,816</b>
<b>LIABILITIES</b>	
Accrued liabilities	\$ 4,220
Net pension liability	197,000
<b>Total Liabilities</b>	<b>201,220</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
	27,000
<b>NET POSITION</b>	
Net investment in capital assets	283,444
Restricted for	
Capital projects	19
Educational programs	59,055
Unrestricted	39,078
<b>Total Net Position</b>	<b>381,596</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 609,816</b>

The accompanying notes are an integral part of these financial statements

INDIAN DIGGINGS SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

Function/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position  Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>			
Instruction	\$ 141,944	\$ 24,325	\$ (117,619)
Instruction-related services			
School site administration	17,281	3,014	(14,267)
Pupil services			
All other pupil services	2,687	4,320	1,633
General administration			
Centralized data processing	2,072	-	(2,072)
All other general administration	22,914	3,248	(19,666)
Plant services	23,059	58,272	35,213
Transfer to other agencies	225	225	-
Depreciation (unallocated)	9,400	-	(9,400)
<b>Total Governmental Activities</b>	<b>\$ 219,582</b>	<b>\$ 93,404</b>	<b>(126,178)</b>
	General revenues		
	Taxes and subventions		
	Property taxes, levied for general purposes		73,594
	Federal and state aid not restricted for specific purposes		122,731
	Interest and investment earnings		1,277
	Miscellaneous		4,098
	<b>Subtotal, General Revenue</b>		<b>201,700</b>
	<b>CHANGE IN NET POSITION</b>		<b>75,522</b>
	<b>Net Position - Beginning</b>		<b>306,074</b>
	<b>Net Position - Ending</b>		<b>\$ 381,596</b>

The accompanying notes are an integral part of these financial statements

INDIAN DIGGINGS SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Deposits and investments	\$ 254,481	\$ 32	\$ 254,513
Accrued receivables	18,041	-	18,041
Prepaid expenditures	457	-	457
<b>Total Assets</b>	<b>\$ 272,979</b>	<b>\$ 32</b>	<b>\$ 273,011</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 4,220	\$ -	\$ 4,220
<b>FUND BALANCES</b>			
Non-spendable	707	-	707
Spendable			
Restricted	59,042	32	59,074
Unassigned	209,010	-	209,010
<b>Total Fund Balances</b>	<b>268,759</b>	<b>32</b>	<b>268,791</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 272,979</b>	<b>\$ 32</b>	<b>\$ 273,011</b>

The accompanying notes are an integral part of these financial statements

**INDIAN DIGGINGS SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

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**Total Fund Balance - Governmental Funds** \$ 268,791

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

	Capital assets	\$ 620,121	
	Accumulated depreciation	(336,677)	283,444

---

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

	Net pension obligation	(197,000)
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Deferred outflows and inflows of resources relating to pensions:

In governmental 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.

	Deferred outflows of resources - pensions	53,361
	Deferred inflows of resources - pensions	(27,000)

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**Total Net Position - Governmental Activities** \$ 381,596

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INDIAN DIGGINGS SCHOOL DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Local Control Funding Formula ("LCFF") Sources			
State aid	\$ 121,746	\$ -	\$ 121,746
Local sources	73,594	-	73,594
Federal sources	20,528	-	20,528
Other State sources	74,857	-	74,857
Other local sources	10,950	-	10,950
<b>Total Revenues</b>	<b>301,675</b>	<b>-</b>	<b>301,675</b>
<b>EXPENDITURES</b>			
Current			
Instruction	161,893	-	161,893
Instruction-related services			
School site administration	19,657	-	19,657
Pupil services			
All other pupil services	2,687	-	2,687
General administration			
Centralized data processing	2,072	-	2,072
All other general administration	25,291	-	25,291
Plant services	23,059	-	23,059
Transfers to other agencies	225	-	225
<b>Total Expenditures</b>	<b>234,884</b>	<b>-</b>	<b>234,884</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>66,791</b>	<b>-</b>	<b>66,791</b>
<b>Fund Balance - Beginning</b>	<b>201,968</b>	<b>32</b>	<b>202,000</b>
<b>Fund Balance - Ending</b>	<b>\$ 268,759</b>	<b>\$ 32</b>	<b>\$ 268,791</b>

The accompanying notes are an integral part of these financial statements

**INDIAN DIGGINGS SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

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**Net Change in Fund Balances - Governmental Funds** \$ 66,791

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

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The depreciation expense for the period is: (9,400)

Pensions:

In government 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: 18,131

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**Change in net position of Governmental Activities** \$ 75,522

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INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

**1 - A. Financial Reporting Entity**

The School District was established in 1867, under the laws of the State of California. The District operates under a locally elected three-member Board form of government and provides educational services to grades K – 8 as mandated by the State and/or Federal agencies. The District operates one K through eighth grade school site.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Indian Diggings School District, this includes general operations related activities of the District.

**1 - B. Other Related Entities**

Joint Powers Authority (JPA). The District is associated with one JPA. This organization does not meet the criteria for inclusion as a component unit of the District. Additional information is presented in Note 8 to the financial statements. This organization is School Insurance Authority (“SIA”).

**1 - C. Basis of Presentation**

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

**Fund Financial Statements.** The fund financial statements provide information about the District’s funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

*Governmental funds* are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

# INDIAN DIGGINGS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2017

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### Major Governmental Funds

**General Fund.** The general fund is the main operating fund of the LEA. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of an LEA's activities are reported in the general fund unless there is a compelling reason to account for an activity in another fund. An LEA may have only one general fund.

### Non-Major Governmental Funds

**Special Revenue Funds** are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund:

**Cafeteria Special Revenue Fund.** This fund is used to account separately for federal, state, and local resources to operate the food service program (Education Code sections 38090–38093). The Cafeteria Special Revenue Fund (Fund 13) shall be used only for those expenditures authorized by the governing board as necessary for the operation of the LEA's food service program (Education Code sections 38091 and 38100).

**Capital Project Funds.** Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Capital Facilities Fund.** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (Education Code sections 17620–17626). The authority for these levies may be county/city ordinances (Government Code sections 65970–65981) or private agreements between the LEA and the developer. Interest earned in the Capital Facilities Fund (Fund 25) is restricted to that fund (Government Code Section 66006).

### **1 - D. Basis of Accounting**

#### **Government-Wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net asset use.

## INDIAN DIGGINGS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2017

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#### **Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. All other revenue items are considered to be measurable and available only when the District receives cash. Revenue limits, property taxes, and grant awards are recorded the same as what is described for Government-Wide Statements. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and postemployment healthcare benefits and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

#### **Revenues – Exchange and Non-Exchange Transactions**

The Local Control Funding Formula (“LCFF”) and other state apportionments are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. When the annual calculation of the LCFF is made and the District's actual tax receipts, as reported by the county auditor, is subtracted the result determines the annual state aid to which the LEA is entitled. If the difference between the calculated annual state aid and the state aid received on the second principal apportionment is positive a receivable is recorded, and if it is negative a payable is recorded.

The District recognizes property tax revenues actually received as reported on California Department of Education (“CDE”)’s Principal Apportionment Data Collection Software, used by county offices of education and county auditors to report school district and county taxes. The District makes no accrual for property taxes receivable as of June 30.

The District receives grant awards that are "reimbursement type" or "expenditure driven." The eligibility requirements of these awards have not been met until the LEA has made the required expenditures of the grant within the time period specified by the grantor. Revenue is recognized in the period in which the qualifying expenditures are made. Cash received but unspent at the end of the fiscal period is booked as a liability, and revenue is reduced to the amount that has been expended.

The District also receives funds for which they have fulfilled specific eligibility requirements or have provided a particular service. Once the LEAs have provided these services, they have earned the revenue provided. Any unspent money may be carried to the next year to be expended for the same restricted purposes. Revenue is recognized in the period that the service is provided, and any carryover becomes a part of the LEA's ending fund balance.

#### **Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

# INDIAN DIGGINGS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2017

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### 1 - E. Assets, Liabilities, and Net Position

#### **Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the county treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2017, based on market process. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund. The District considers these balances to be cash on hand and demand deposits. In addition, because the Cash in County is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

**Fair Value.** The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2017:

- ❖ Cash in county of \$254,263 was valued using quoted market prices (Level 1 inputs)

#### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### **Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	50
Site Improvements	7 – 30
Equipment	5 – 20

#### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

#### **Pensions**

For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position for the CA State Teachers Retirement System ("STRS") and additions to/deductions from the respective fiduciary net positions have been determined on the same basis as they are reported by STRS. 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.

## INDIAN DIGGINGS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2017

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#### **Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

*Restricted* - 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, proprietary fund, and fiduciary trust fund statements.

*Unassigned* - 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. 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.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

#### **Net Position**

Net Position represents the difference of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The District has related debt outstanding as of June 30, 2017. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The district-wide financial statements report \$59,074 of restricted net position.

#### **Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### **Budgetary Data**

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2017

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The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have been included as revenue and expenditures as required under generally accepted accounting principles.

**1 - F. New Accounting Pronouncements**

The Governmental Accounting Standards Board (“GASB”) has issued the following standards:

- ❖ Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.
- ❖ GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.
- ❖ GASB Statement No. 84, *Fiduciary Activities*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
- ❖ GASB Statement No. 85, *Omnibus 2017*. The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged.
- ❖ GASB Statement No. 87, *Leases*. Effective Date: For reporting periods beginning after December 15, 2019.

For specific details about the standards, please see [www.gasb.org](http://www.gasb.org).

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**2 - A. Summary of Deposits and Investments**

	<b>Governmental Activities</b>
Cash on hand	\$ 250
Cash in County	254,263
<b>Total</b>	<b>\$ 254,513</b>

**2 - B. Policies and Practices**

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations; the El Dorado County Investment Pool.

**INDIAN DIGGINGS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2017**

**Investment in County Treasury** – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting 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.

**2 - C. General Authorizations**

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the El Dorado County Treasurer and Tax Collector. Additional information about the investment policy of the El Dorado County Treasurer and Tax Collector may be obtained from its website.

<b>INVESTMENT TYPE</b>	<b>MAXIMUM MATURITY</b>	<b>MAXIMUM SPECIFIED% OF PORTFOLIO</b>	<b>MINIMUM QUALITY REQUIREMENTS</b>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations— CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40%E	None
Commercial Paper— Select Agencies	270 days	25% of the agency's money	"A-1" to "A"
Commercial Paper— Other Agencies	270 days	40% of the agency's money	"A-1" to "A"
Negotiable Certificates of Deposit	5 years	30%	None
Placement Service Deposits	5 years	30%	None
Placement Service Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	"A"
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"A"
Bank/Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None

**INDIAN DIGGINGS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2017**

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**2 - D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool. See “Specific Identification” for various maturities of the District’s investments.

**2 - E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The underlying investments owned by the district are listed in “Specific Identification.”

**2 - F. Specific Identification**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investments:

<u>Investment Type</u>	<u>S &amp; P Rating</u>	<u>Maturity (Days)</u>	<u>Reported Value</u>	<u>Fair Market Value</u>
Cash in county	A	184	\$ 254,263	\$ 254,132

***NOTE 3 – ACCRUED RECEIVABLES***

Receivables at June 30, 2017, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	<u>General Fund</u>
Federal Government	
Categorical aid	\$ 12,965
State Government	
Lottery	576
Other local sources	4,500
<b>Total</b>	<b>\$ 18,041</b>

INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2017

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<b>Balance</b>				<b>Balance</b>
	<b>July 01, 2016</b>	<b>Additions</b>	<b>Deductions</b>		<b>June 30, 2017</b>
Capital assets not being depreciated					
Land	\$ 8,744	\$ -	\$ -		\$ 8,744
Capital assets being depreciated					
Land improvements	\$ 8,000	\$ -	\$ -		\$ 8,000
Buildings & improvements	584,596	-	-		584,596
Furniture & equipment	25,074	-	6,293		18,781
<b>Total Capital Assets Being Depreciated</b>	<b>617,670</b>	<b>-</b>	<b>6,293</b>		<b>611,377</b>
Less Accumulated Depreciation					
Land improvements	7,400	400	-		7,800
Buildings & improvements	301,096	9,000	-		310,096
Furniture & equipment	25,074	-	6,293		18,781
<b>Total Accumulated Depreciation</b>	<b>333,570</b>	<b>9,400</b>	<b>6,293</b>		<b>336,677</b>
<b>Depreciable Capital Assets, net</b>	<b>\$ 284,100</b>	<b>\$ (9,400)</b>	<b>\$ -</b>		<b>\$ 274,700</b>
<b>Total Capital Assets, net</b>	<b>\$ 292,844</b>	<b>\$ (9,400)</b>	<b>\$ -</b>		<b>\$ 283,444</b>

**NOTE 5 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2017, consisted of the following:

	<b>General Fund</b>
Payroll	\$ 734
LCFF	757
Worker's compensation	2,372
Other liabilities	357
<b>Total</b>	<b>\$ 4,220</b>

INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2017

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**NOTE 6 – NET PENSION LIABILITY – CAL STRS**

**6 - A. Pension Liability Summary**

	<b>Balance</b>		<b>Balance</b>
	<b>July 01, 2016</b>	<b>Net Additions</b>	<b>June 30, 2017</b>
Net pension liability, Cal STRS	\$ 138,188	\$ 58,812	\$ 197,000

**6 - B. Plan description**

CalSTRS administers a hybrid retirement system consisting of a defined benefit plan, two defined contribution plans, a postemployment benefit plan, and a fund used to account for ancillary activities associated with various deferred compensation plans and programs:

- ❖ State Teachers' Retirement Plan ("STRP")
- ❖ CalSTRS Pension 2® Program (Internal Revenue Code 403(b) and 457(b) plans)
- ❖ Teachers' Health Benefits Fund ("THBF")
- ❖ Teachers' Deferred Compensation Fund ("TDCF")

CalSTRS provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established these plans and CalSTRS as the administrator. The terms of the plans may be amended through legislation.

The STRP is a multiple employer, cost-sharing defined benefit plan comprised of four programs: Defined Benefit ("DB") Program, Defined Benefit Supplement ("DBS") Program, Cash Balance Benefit ("CBB") Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP. CalSTRS issues a publicly available financial report that can be obtained at <https://www.calstrs.com/comprehensive-annual-financial-report>.

**6 - C. Plan Benefits**

The STRP DB 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

**INDIAN DIGGINGS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2017**

**6 - D. Plan Contribution:**

<b>Contributions:</b>	<b>Effective Date</b>	<b>2% at 60 Members</b>	<b>2 % at 62 Members</b>
Members:	July 1, 2016	9.20%	8.56%
Employers:	July 1, 2016		12.58%
	July 1, 2017		14.43%
	July 1, 2018		16.28%
	July 1, 2019		18.13%
	July 1, 2020		19.10%
	July 1, 2021 – June 30, 2046	The board cannot adjust the employer rate by more than 1% in a fiscal year, and the increase to the contribution rate above the 8.25% base contribution rate cannot exceed 12% for a maximum of 20.25 percent.	
State:	July 1, 2014		Increase from prior rate ceases in 2046-47
	July 1, 2016		8.828%
	July 1, 2017 – June 30, 2046	8.828%, The board has limited authority to adjust state contribution rates from July 1, 2017, through June 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% 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%. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.	
	July 1, 2046 and thereafter	4.517%, and same explanation as above	

**6 - E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalSTRS**

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

District's proportionate share of the net pension liability	\$ 197,000
State's proportionate share of the net pension liability associated with the district	71,000
<b>Total</b>	<b>\$ 268,000</b>

**INDIAN DIGGINGS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2017**

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The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on employer contributions to the STRP are calculated by CalSTRS based on creditable compensation for active members reported by employers to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2016, the District's proportion was as follows:

	<u>Jun. 30, 2016</u>	<u>Jun. 30, 2015</u>	<u>Difference</u>
Net Pension Liability Allocation Basis	0.0000024	0.0000021	0.0000004

For the year ended June 30, 2017, the District recognized pension expense of \$18,131 and revenue of \$6,571 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 7,000
Net difference between projected and actual earnings on pension plan investments	15,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	25,000	20,000
District contributions subsequent to the measurement date	13,361	-
<b>Total</b>	<b>\$ 53,361</b>	<b>\$ 27,000</b>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>				
2018	\$	20,504	\$	5,000
2019		7,143		5,000
2020		7,143		5,000
2021		7,143		5,000
2022 - 2023		11,428		7,000
<b>Total</b>	<b>\$</b>	<b>53,361</b>	<b>\$</b>	<b>27,000</b>

**INDIAN DIGGINGS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2017**

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**6 - E.I Actuarial assumptions.**

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

Valuation Date	June 30, 2015
Experience Study	July 1, 2006 – June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return <sup>1</sup>	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75
Post-retirement Benefit Increases	2% simple for DB (Annually) Maintain 85% purchasing power level for DB Not applicable for DBS/CBB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables 2 adjusted to fit CalSTRS specific experience through June 30, 2015. See CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis and June 30, 2015 Actuarial Program Valuations for more information.

<sup>1</sup> Net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.5% assumed investment rate of return for funding purposes which is net of administrative expenses.

<sup>2</sup> RP2000 series tables are an industry standard set of mortality rates published in 2000 by the Society of Actuaries.

**6 - E.I(1) Discount rate.**

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 (Pension Consulting Alliance - PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in 2012 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) 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 for the year ended June 30, 2016, are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Rate of Return <sup>3</sup></b>
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

**INDIAN DIGGINGS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2017**

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The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates disclosed in Note 1 to the Basic Financial Statements in CalSTRS Comprehensive Annual Financial Report (“CAFR”) as of and for the fiscal year ended June 30, 2016. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear.

Based on those assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

<sup>3</sup> 20-years geometric average

**6 - E.I(2) Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.**

Presented below is the net pension liability of employers and the state using the current discount rate of 7.60%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(6.60%)</b>	<b>Discount Rate</b>	<b>(8.60%)</b>
	<b>(6.60%)</b>	<b>(7.60%)</b>	<b>(8.60%)</b>
District's proportionate share of the net pension liability	\$ 285,000	\$ 197,000	\$ 126,000

**6 - E.I(3) Pension plan fiduciary net position.**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

**INDIAN DIGGINGS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2017**

**NOTE 7 – FUND BALANCES**

Fund balances are composed of the following elements:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable			
Reserve for revolving cash	\$ 250	\$ -	\$ 250
Reserve for prepaid expenditures	457	-	457
<b>Total Nonspendable</b>	<b>707</b>	<b>-</b>	<b>707</b>
Spendable			
Restricted			
Educational programs			
Federal	-	13	13
State	59,042	-	59,042
Developer fees	-	19	19
<b>Total Restricted</b>	<b>59,042</b>	<b>32</b>	<b>59,074</b>
Unassigned	209,010	-	-
<b>Total</b>	<b>\$ 268,759</b>	<b>\$ 32</b>	<b>\$ 258,016</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District’s Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than \$66,000.

**NOTE 8 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The District is a member of one joint power authority (JPA). The School Insurance Authority (SIA) which provides property and liability as well as workers’ compensation insurance to the District. The relationship is such that the JPA is not a component unit of the District for financial reporting purposes.

This entity has budget and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from the JPA.

During the year ended June 30, 2017, the District made payments of \$2,201.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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INDIAN DIGGINGS SCHOOL DISTRICT

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>			Variances - Positive / (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	\$ 109,574	\$ 122,855	\$ 121,746	\$ (1,109)
Local sources	68,834	73,025	73,594	569
Federal sources	20,336	20,031	20,528	497
Other State sources	13,665	76,323	74,857	(1,466)
Other local sources	13,257	13,575	10,950	(2,625)
<b>Total Revenues</b>	<b>225,666</b>	<b>305,809</b>	<b>301,675</b>	<b>(4,134)</b>
<b>EXPENDITURES</b>				
Certificated salaries	105,492	105,907	106,203	(296)
Classified salaries	57,832	55,842	50,389	5,453
Employee benefits	28,904	27,833	30,207	(2,374)
Books and supplies	10,349	9,576	11,466	(1,890)
Services and other operating expenditures	42,619	48,603	36,394	12,209
Capital outlay	-	68,272	-	68,272
Other outgo				
Excluding transfers of indirect costs	-	-	225	(225)
<b>Total Expenditures</b>	<b>245,196</b>	<b>316,033</b>	<b>234,884</b>	<b>81,149</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(19,530)</b>	<b>(10,224)</b>	<b>66,791</b>	<b>77,015</b>
<b>Fund Balance - Beginning</b>	<b>201,968</b>	<b>201,968</b>	<b>201,968</b>	
<b>Fund Balance - Ending</b>	<b>\$ 182,438</b>	<b>\$ 191,744</b>	<b>\$ 268,759</b>	<b>\$ 77,015</b>

INDIAN DIGGINGS SCHOOL DISTRICT

SCHEDULE OF COST SHARING PENSION INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017

**Cal STRS Schedule of the Net Pension Liability**

<i>(Amounts in thousands)</i>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability (asset)	0.0002%	0.0002%	0.0003%
District's proportionate share of the net pension liability (asset)	\$ 197	\$ 138	\$ 150
State's proportionate share of the net pension liability (asset) associated with the District	71	48	\$ 58
<b>Total</b>	<b>\$ 268</b>	<b>\$ 186</b>	<b>\$ 208</b>
District's covered payroll	\$ 103	\$ 102	\$ 101
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	191%	135%	149%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%

*The amounts presented above for each fiscal year were determined as of June 30 of the prior fiscal year.*

**Cal STRS Schedule of District Contributions**

<i>(Amounts in thousands)</i>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 13	\$ 11	\$ 9
Contributions in relation to the contractually required contribution	(13)	(11)	(9)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered payroll	\$ 106	\$ 103	\$ 102
Contributions as a percentage of covered payroll	12%	11%	9%

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**SUPPLEMENTARY INFORMATION**

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INDIAN DIGGINGS SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education (CDE):			
NCLB: Title II, Part A, Teacher Quality	84.367	14341	\$ 973
Small Rural School Grant			
Rural Education Achievement Program (REAP)	84.358A	*	19,308
<b>Total U. S. Department of Education</b>			<b>20,281</b>
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through CDE:			
Forest Reserve	10.665	10044	247
<b>Total Federal Expenditures</b>			<b>\$ 20,528</b>

\* - Direct payment

No subrecipients

INDIAN DIGGINGS SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2017

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	<b>Second Period Report</b>	<b>Annual Report</b>
ELEMENTARY		
Kindergarten through third	7	7
Fourth through sixth	7	8
Seventh through eighth	1	1
Average Daily Attendance Total	15	16

See accompanying note to supplementary information

INDIAN DIGGINGS SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2017

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Grade Level	1982 - 83	Education Code	Current Year	Current Year	Status
	Actual	§ 46207(a)			
	Minutes <sup>1</sup>	Minutes'	Minutes <sup>3</sup>	Days <sup>4</sup>	
		Requirements <sup>2</sup>			
Kindergarten	31,500	36,000	52,200	180	Complied
Grade 1	42,000	50,400	52,200	180	Complied
Grade 2	42,000	50,400	52,200	180	Complied
Grade 3	42,000	50,400	52,200	180	Complied
Grade 4	42,000	54,000	54,765	180	Complied
Grade 5	42,000	54,000	54,765	180	Complied
Grade 6	42,000	54,000	54,765	180	Complied
Grade 7	42,000	54,000	54,765	180	Complied
Grade 8	42,000	54,000	54,765	180	Complied

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<sup>1</sup> Shown for historical purposes

<sup>2</sup> District EXCEEDED its LCFF funding target

<sup>3</sup> District participated in Longer Instructional Day

<sup>4</sup> District participated in Longer Instructional Year

**INDIAN DIGGINGS SCHOOL DISTRICT**

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>2018 (Budget)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>GENERAL FUND:</b>				
Revenues	\$ 304,695	\$ 301,675	\$ 246,136	\$ 224,810
Transfers in	-	-	-	2,314
<b>Total</b>	<b>304,695</b>	<b>301,675</b>	<b>246,136</b>	<b>227,124</b>
Expenditures	304,871	234,884	238,448	234,686
<b>INCREASE/(DECREASE)</b>				
<b>IN FUND BALANCE</b>	<b>\$ (176)</b>	<b>\$ 66,791</b>	<b>\$ 7,688</b>	<b>\$ (7,562)</b>
<b>ENDING FUND BALANCE</b>				
	\$ 268,583	\$ 268,759	\$ 201,968	\$ 194,280
<b>AVAILABLE RESERVES <sup>1</sup></b>				
	\$ 209,540	\$ 209,010	\$ 198,235	\$ 189,372
<b>AVAILABLE RESERVES AS A</b>				
<b>PERCENTAGE OF OUTGO</b>	<b>69%</b>	<b>89%</b>	<b>83%</b>	<b>81%</b>
<b>LONG-TERM DEBT</b>				
	n/a	\$ 197,000	\$ 138,188	\$ 150,311
<b>AVERAGE DAILY</b>				
<b>ATTENDANCE AT P-2</b>	<b>15</b>	<b>15</b>	<b>18</b>	<b>16</b>

The General Fund balance has increased by \$74,479 over the past two years. In 2016-17 the District received one-time state grant money that is included in the increase in fund balance of \$60,000. The District will be spending it in 2017-18 contributing to the increase in 2017-18 expenditures budgeted for 2017-18. For a district this size, the State recommends available reserves of at least \$66,000 of General Fund expenditures, transfers out, and other uses (total outgo).

The District anticipates incurring an operating deficit during the 2017-18 fiscal year. Total long term obligations have increased by \$46,689 over the past two years.

Average daily attendance has decreased by one over the past two years. No change in ADA is anticipated during fiscal year 2017-18.

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<sup>1</sup> Available reserves consist of all unassigned fund balance within the General Fund

INDIAN DIGGINGS SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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	<u>General Fund</u>
<b>FUND BALANCE</b>	
Balance, June 30, 2017, Unaudited Actuals:	\$ 262,356
Decrease in:	
Accrued payables	6,403
<hr/>	
Audited financial statement	\$ 268,759
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See accompanying note to supplementary information

**INDIAN DIGGINGS SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2017**

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There are no charter schools sponsored by the District.



INDIAN DIGGINGS SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE  
FOR THE YEAR ENDED JUNE 30, 2017

	Cafeteria Fund	Capital Facilities Fund	Non-Major Governmental Funds
<b>REVENUES</b>			
Other local sources	\$ -	\$ -	\$ -
<b>NET CHANGE IN FUND BALANCE</b>			
Fund Balance - Beginning	13	19	32
Fund Balance - Ending	\$ 13	\$ 19	\$ 32

See accompanying note to supplementary information

# INDIAN DIGGINGS SCHOOL DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2017

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### ***NOTE 1 – PURPOSE OF SCHEDULES***

#### **1 - A. Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as applicable.

There are no balances of loan or loan guarantee programs (“loans”) outstanding at the end of the audit period. The District has not elected to use the 10% de minimis cost rate.

#### **1 - B. Schedule of Average Daily Attendance (“ADA”)**

Displaying ADA data for both the Second Period and Annual reports, by grade span and program as appropriate; and separately for each charter school, shows the total ADA and the ADA generated through classroom-based instruction by grade span, as appropriate; and if there are any ADA adjustments due to audit findings, displays additional columns for the Second Period and Annual reports reflecting the final ADA after audit finding adjustments, shown by grade span.

#### **1 - C. Schedule of Instructional Time**

Displaying, for school districts, including basic aid districts, data that show whether the district complied with article 8 (commencing with § 46200) of chapter 2 of part 26 of the Education Code; showing by grade level:

**1 - C.I** For districts that met or exceeded their LCFF target or districts that participated in longer day funding, the number(s) of instructional minutes specified in Education Code section 46207(a) or 46201(b) as applicable, and the district's required instructional minutes set forth in Audit Guide Part F, Instructional Time, as applicable;

**1 - C.II** For districts that did not meet or exceed their LCFF target and did not participate in longer day funding, the number(s) of instructional minutes the district offered in the 1982-83 year, and the district's required instructional minutes as calculated in Audit Guide Part F, Instructional Time, as applicable;

**1 - C.III** For all districts, the instructional minutes offered during the year audited showing the school with the lowest number of minutes offered at each grade level;

**1 - C.IV** For all districts, the number of instructional days offered during the year audited on the traditional calendar and on any multitrack year-round calendars; and whether the district complied with the instructional minutes and day's provisions. State in a note to the schedule whether the district participated in longer day incentives and whether the district met or exceeded its LCFF target funding.

**1 - C.V** For charter schools, data that show whether the charter school complied with Education Code sections 47612 and 47612.5; showing by grade level the number(s) of instructional minutes specified in Education Code section 47612.5; the instructional minutes offered during the year audited showing the school location with the lowest number of minutes offered at each grade level; the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; and whether the charter school complied with the instructional minutes and days provisions.

# INDIAN DIGGINGS SCHOOL DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION, Continued JUNE 30, 2017

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### **1 - D. Schedule of Financial Trends and Analysis**

Displaying information regarding the auditee's financial position and going concern status, in the form of actual financial and attendance figures for at least the most recent three-year period (ending with the audit year), plus the current year's budget, for the following items: general fund financial activity, including total revenue, expenditures, and other sources and uses; general fund balance; available reserve balances (funds designated for economic uncertainty, and any other remaining undesignated fund balance) within the general fund or special reserve fund; available reserve balances expressed as a percentage of total general fund outgo (expenditures, transfers out, and other uses), including a comparison to the applicable state-recommended available reserve percentage; total long-term debt; and elementary and secondary second principal ADA; and, when the auditee's percentage of available reserves to total general fund outgo is below the state-recommended percentage, management's plans for increasing the auditee's available reserve percentage.

### **1 - E. Reconciliation of Annual Financial and Budget Report With Audited Financial Statements**

Displaying the differences between the ending fund balance(s) from the audited financial statements and the unaudited ending fund balance(s) from the annual financial and budget report for each fund in which a variance occurred.

### **1 - F. Schedule of Charter Schools**

Listing all charter schools chartered by the school district or county office of education, and indicating for each charter school whether or not the charter school is included in the school district or county office of education audit.

### **1 - G. Combining Statements – Non-Major Governmental Funds**

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

### **1 - H. Local Education Agency Organization Structure**

*LEA Organization Structure*, setting forth the following information, at a minimum:

- 1 - **H.I** The date on which the LEA was established, and for charter schools the date and granting authority of each charter;
- 1 - **H.II** The date and a general description of any change during the year audited in a school district's boundaries;
- 1 - **H.III** The numbers by type of schools in the LEA;
- 1 - **H.IV** The names, titles, terms, and term expiration dates of all members of the governing board;
- 1 - **H.V** The names, with their titles, of the superintendent, chief business official, and deputy / associate / assistant superintendents.

This schedule is located in the front of the report.

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**OTHER INDEPENDENT AUDITOR'S REPORTS**

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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  
Indian Diggings School District  
Somerset, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Diggings School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Indian Diggings School District's basic financial statements, and have issued our report thereon dated December 11, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Indian Diggings 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 Indian Diggings School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Indian Diggings 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Indian Diggings School District's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control 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.

*Dennis Cooper and Associates, CPA's*

December 11, 2017

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees  
Indian Diggings School District  
Somerset, California

***REPORT ON STATE COMPLIANCE***

We have audited Indian Diggings School District's compliance with the requirements as identified in the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (2016-17 K-12 Audit Guide), prescribed in the *California Code of Regulations*, Title 5, § 19810, et seq., applicable to Indian Diggings School District's state programs as listed on the next page for the year ended June 30, 2017.

**Management's Responsibility**

Compliance with the requirements referred to above is the responsibility of Indian Diggings School District's management.

**Auditor's Responsibility**

Our responsibility is to express an opinion on Indian Diggings School District's compliance 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; and the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (2016-17 K-12 Audit Guide), prescribed in the *California Code of Regulations*, Title 5, § 19810, et seq. ("the current State Audit Guide"). Those standards 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 the applicable government programs listed on the next page. An audit includes examining, on a test basis, evidence about Indian Diggings 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. Our audit does not provide a legal determination of Indian Diggings School District's compliance with those requirements.

**Opinion**

In our opinion, Indian Diggings School District complied, in all material respects, with the compliance requirements referred to previously that are applicable to the programs listed on the next page for the year ended June 30, 2017.



In connection with the audit referred to previously, we selected and tested transactions and records to determine the Indian Diggings School District's compliance with the State laws and regulations applicable to the following items:

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>Local Education Agencies Other Than Charter Schools</b>	
A. Attendance	Yes
B. Teacher Certification And Misassignments	Yes
C. Kindergarten Continuance	Not Applicable
D. Independent Study	Not Applicable <sup>1</sup>
E. Continuation Education	Not Applicable
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio Of Administrative Employees To Teachers	Not Applicable <sup>2</sup>
I. Classroom Teacher Salaries	Not Applicable <sup>3</sup>
J. Early Retirement Incentive	Not Applicable
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	Not Applicable
N. Middle Or Early College High Schools	Not Applicable
O. K-3 Grade Span Adjustment	Not Applicable <sup>4</sup>
P. Transportation Maintenance Of Effort	Not Applicable <sup>5</sup>
Q. Mental Health Expenditures	Yes
<b>School Districts, County Offices Of Education, And Charter Schools</b>	
R. Educator Effectiveness	Yes
S. California Clean Energy Jobs Act	Yes
T. After School Education And Safety Program	Not Applicable
U. Proper Expenditure Of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control And Accountability Plan	Yes
Y. Independent Study Course Based	Not Applicable
Z. Immunizations	Not Applicable
<b>Charter Schools</b>	Not Applicable <sup>6</sup>

<sup>1</sup>The District had no Independent study ADA.

<sup>2</sup>The Ratios of Administrative Employees program is not applicable to the District per Ed. Code § 41402.

<sup>3</sup> The Classroom Teacher Salaries program is not applicable to the District per Ed. Code § 41372 paragraph (b), District ADA < 101.

<sup>4</sup> The District ADA is less than twenty four.

<sup>5</sup> The District did not receive Transportation funding in the 2012-13 fiscal year.

<sup>6</sup> There are no charter schools to test

**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 audit requirements of the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (2016-17 K-12 Audit Guide). Accordingly, this report is not suitable for any other purpose.

*Dennis Cooper and Associates, CPAs*

December 11, 2017

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**INDIAN DIGGINGS SCHOOL DISTRICT**

**SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>Yes</u>

**STATE AWARDS**

Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>
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**INDIAN DIGGINGS SCHOOL DISTRICT**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

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There are no Financial Statement Findings this year

**INDIAN DIGGINGS SCHOOL DISTRICT**

**STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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There are no State Award Findings or Questioned Costs this year.

**INDIAN DIGGINGS SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

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There were no Findings in the prior year.