



**INDIAN DIGGINGS  
SCHOOL DISTRICT**

**ANNUAL  
FINANCIAL  
REPORT**

**JUNE 30, 2015**





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INDIAN DIGGINGS SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2015

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FINANCIAL SECTION

Independent Auditor’s Report on the Financial Statements.....- 1 -  
Management’s Discussion and Analysis .....- 5 -  
Basic Financial Statements  
    Government – Wide Financial Statements  
        Statement of Net Position.....- 17 -  
        Statement of Activities .....- 18 -  
Fund Financial Statements  
    Governmental Funds – Balance Sheet.....- 19 -  
    Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....- 20 -  
    Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balance .....- 21 -  
    Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund  
        Balances to the Statement of Activities .....- 22 -  
Notes to Financial Statements.....- 23 -

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Budgetary Comparison Schedule .....- 43 -  
Schedule of Cost Sharing Pension Information .....- 44 -

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards.....- 47 -  
Schedule of Average Daily Attendance (ADA).....- 48 -  
Schedule of Instructional Time .....- 49 -  
Schedule of Financial Trends and Analysis .....- 50 -  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements .....- 51 -  
Schedule of Charter Schools.....- 52 -  
Combining Statements – Non-Major Governmental Funds  
    Combining Balance Sheet.....- 53 -  
    Combining Statement of Revenues, Expenditures, and Changes in Fund Balance .....- 54 -  
Notes to Supplementary Information .....- 55 -

INDIAN DIGGINGS SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2015

---

OTHER INDEPENDENT AUDITOR’S REPORTS

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 *Governmental Auditing Standards* ..... - 59 -

Independent Auditor’s Report on State Compliance..... - 63 -

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor’s Results ..... - 69 -

Financial Statement Findings ..... - 70 -

State Award Findings and Questioned Costs ..... - 71 -

Summary Schedule of Prior Audit Findings ..... - 72 -

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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*

I 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, 2015, 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**

Indian Diggings School District's 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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, § 19810 and following. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

RT DENNIS  
ACCOUNTANCY

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Diggings School District, as of June 30, 2015, 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 information, and schedule of cost sharing information on pension, on pages 5–16 and 43–44, respectively, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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**

My 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 consisting of the Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, § 19810 and following; and the Combining Statements of Non-Major Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information consisting of the Local Education Agency Organization Structure, Schedule of Average Daily Attendance, Schedule of Instructional Time, the Schedule of Financial Trends and Analysis, the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements, Schedule of Charter Schools, and Note to Supplementary Information, as prescribed in the *California Code of Regulations*, Title 5, § 19810 and following, the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, is 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 my opinion, the Local Education Agency Organization Structure, Schedule of Average Daily Attendance, Schedule of Instructional Time, Schedule of Financial Trends and Analysis, Reconciliation of Annual Financial and Budget Report with Audited Financial Statements, Schedule of Charter Schools, and Note to Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Combining Statements of Non-Major Governmental Funds have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated December 11, 2015 on my consideration of Indian Diggings School District's internal control over financial reporting and on my 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 my 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.

A handwritten signature in black ink that reads "R. J. Dennis" followed by a large, stylized flourish or underline.

December 11, 2015



## 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, 2015. It should be read in conjunction with the District's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- ▶ Total net position was \$292 thousand at June 30, 2015. This was a decrease over the prior year, as the expenses exceeded revenues.
- ▶ Overall revenues only slightly decreased, but expenses decreased mainly due to technology and facility maintenance outlays in the previous year.
- ▶ The net cost of the District's programs are higher due to less categorical and more LCFF.
- ▶ The resources available for appropriation were only slightly higher this year, about four percent.

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**

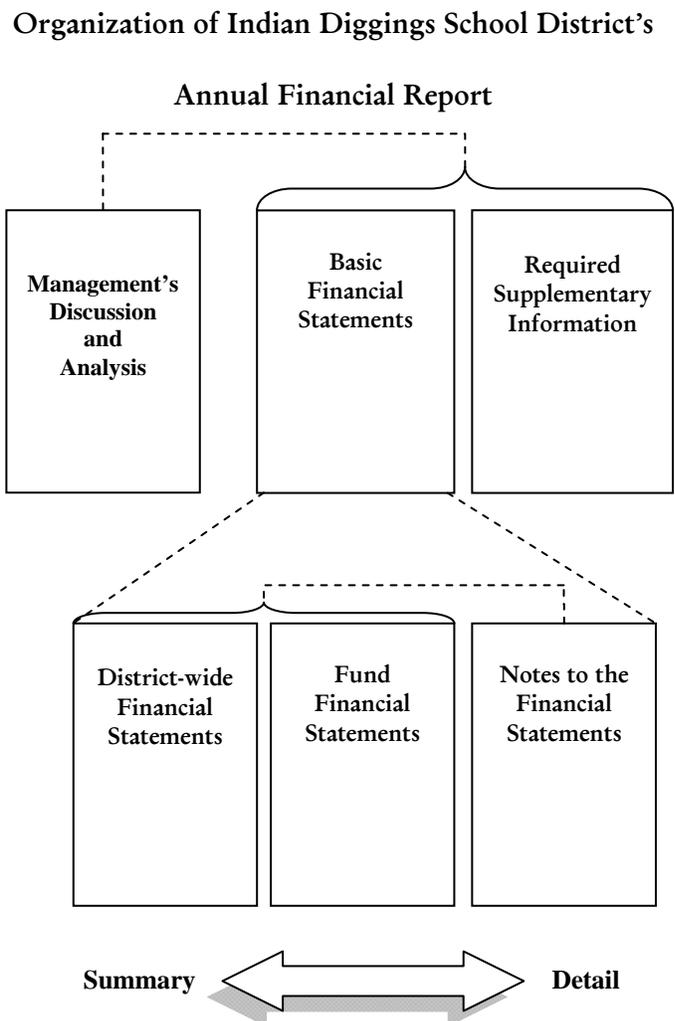
The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s *overall* financial status.

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.



INDIAN DIGGINGS SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2015

**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.

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

# INDIAN DIGGINGS SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2015

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### 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).

*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.

INDIAN DIGGINGS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2015

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was down between fiscal years 2014 and 2015—down to \$292,000. (See Table 1.)

Table 1 - Net Position

<i>(amounts in thousands)</i>	Restated			
	2015	2014	\$ Change	% Change
<b>ASSETS</b>				
Current assets	\$ 196	\$ 214	\$ (19)	-9%
Capital assets, net	303	313	(10)	-3%
<b>Total Assets</b>	<b>498</b>	<b>527</b>	<b>(29)</b>	<b>-5%</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	9	9	0	n/a
<b>LIABILITIES</b>				
Current liabilities	1	10	(9)	-88%
Non-current liabilities	150	215	(65)	-30%
<b>Total Liabilities</b>	<b>152</b>	<b>225</b>	<b>(74)</b>	<b>-33%</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	64	-	64	n/a
<b>NET POSITION</b>				
Net investment in capital assets	303	313	(10)	-3%
Restricted	0	3	(2)	-84%
Unrestricted - (Deficit)	(11)	(5)	(6)	-139%
<b>Total Net Position</b>	<b>\$ 292</b>	<b>\$ 311</b>	<b>\$ (19)</b>	<b>-6%</b>

The net position of the District's governmental activities decreased six percent to \$292,000. However, all 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 showed a net deficit of \$11,000 at the end of this year. This deficit does not mean that the District does not have resources available to pay its bills next year. Rather, it is the result of having *long-term* commitments (most notably the pension liability) that are greater than currently available resources. Specifically, the District did not include in past annual budgets the full amounts needed to finance future liabilities arising from the net pension liability. The District will include these amounts in future years' budgets as they come due.

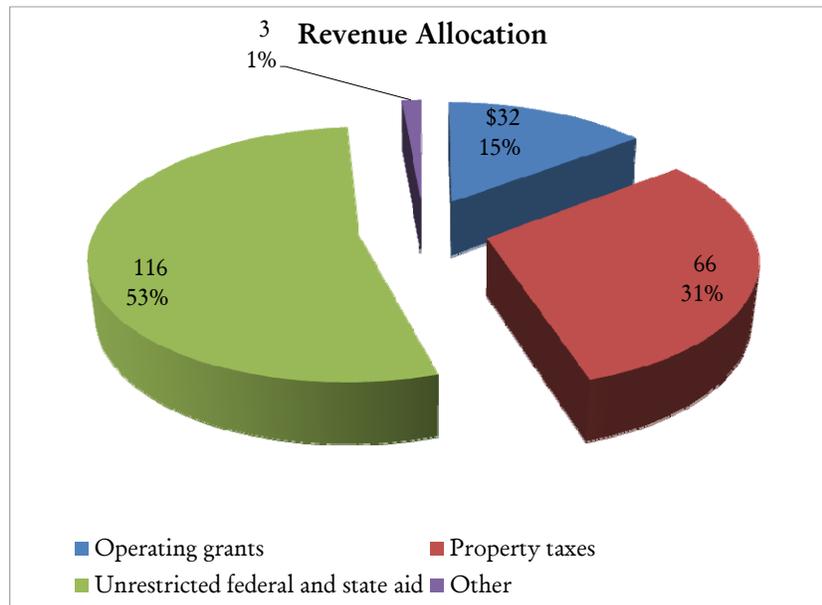
INDIAN DIGGINGS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
JUNE 30, 2015

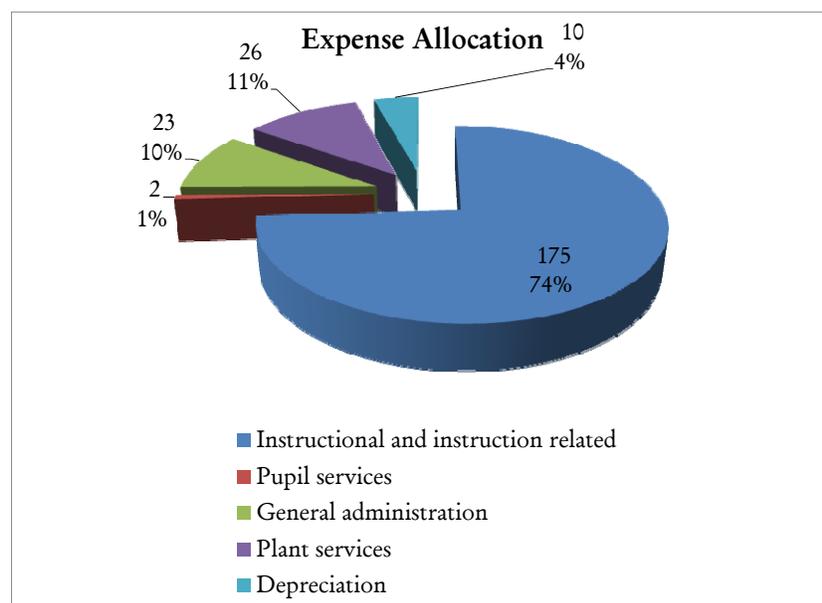
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**Changes in Net Position**

The District's total revenues decreased by almost four thousand dollars. (See Table 2.) Over half of the District's revenue comes from unrestricted state aid, and thirty-one cents of every dollar raised comes from property taxes. Fifteen percent of revenue comes from operating grants and the rest (about 1%) 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, 2015

Governmental Activities

Revenues for the District's governmental activities slightly decreased, while total expenses decreased twenty percent. The decrease was mainly the result of increased technology purchases in the previous year that more or less returned to normal this year.

**Table 2 - Changes in Net Position**

<i>(amounts in thousands)</i>	2015	2014	\$ Change	% Change
<b>REVENUES</b>				
Program revenues				
Operating grants	\$ 32	\$ 44	\$ (12)	-27%
General revenues				
Property taxes	66	65	1	2%
Unrestricted federal and state aid	116	103	13	13%
Other	3	9	(6)	-66%
<b>Total Revenues</b>	<b>218</b>	<b>221</b>	<b>(4)</b>	<b>-2%</b>
<b>EXPENSES</b>				
Instructional and instruction related	175	231	(55)	-24%
Pupil services	2	0	2	328%
General administration	23	26	(3)	-10%
Plant services	26	28	(2)	-6%
Depreciation	10	10	-	0%
<b>Total Expenses</b>	<b>237</b>	<b>295</b>	<b>(58)</b>	<b>-20%</b>
<b>Deficiency</b>	<b>\$ (19)</b>	<b>\$ (74)</b>	<b>\$ 55</b>	<b>74%</b>

INDIAN DIGGINGS SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2015

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 \$237,000.
- Some of the cost was paid by other governments and organizations that subsidized certain programs with grants and contributions (\$32,000).
- The District paid for the \$205,000 “public benefit” portion with \$66,000 in taxes, and with other revenues such as, interest, and unrestricted state aid.

Table 3 - Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services			
	2015	2014	2015	2014	\$ Change	% Change
<i>(amounts in thousands)</i>						
Instruction	\$ 157	\$ 211	\$ 134	\$ 173	(39)	-23%
Instruction related	18	20	15	17	(2)	-12%
Student services	2	0	0	0	0	33%
Plant services	26	28	23	28	(5)	-18%
Other	33	36	33	33	-	0%
<b>Total</b>	<b>\$ 237</b>	<b>\$ 295</b>	<b>\$ 205</b>	<b>\$ 251</b>	<b>(46)</b>	<b>-18%</b>

INDIAN DIGGINGS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Financial Statement

As the District completed the year, its funds reported a *combined* fund balance of \$194,000, slightly below last year. Included in this year's total change in fund balance is a loss of almost \$8,000 in the District's general fund. The primary reasons for the general fund's losses mirror those highlighted in the analysis of governmental activities.

Table 4 - Funds' Performance

	Governmental Funds						
	<i>(amounts in thousands)</i>		2015	2014	\$ Change	% Change	
<b>REVENUES</b>							
Local Control Funding Formula	\$	178	\$	165	\$	13	8%
Categorical		33		51		(18)	-35%
Local		13		6		7	117%
<b>Total Revenues</b>		224		222		2	1%
<b>EXPENDITURES</b>							
Certificated		102		101		1	1%
Classified		47		38		9	24%
Benefits		24		22		2	9%
Books and supplies		19		83		(64)	-77%
Services and other operating expenses		43		41		2	5%
<b>Total Expenditures</b>		235		285		(50)	-18%
<b>NET CHANGE IN FUND BALANCE</b>							
	\$	(11)	\$	(63)	\$	52	-83%

INDIAN DIGGINGS SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2015

**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 2014).
- Changes made in the 2<sup>nd</sup> Interim to account for various changes.
- Increases in appropriations to prevent budget overruns .

Even with these adjustments, actual expenditures were a little over \$18,000 below final budget amounts. The most significant positive variance (\$30,000) resulted from no capital outlay as planned.

On the other hand, resources available for appropriation were \$19,000 below the final budgeted amount. As noted earlier, reductions in state categorical funding also affected grant resources available for appropriation.

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

	General Fund Activity			General Fund Budget		
	2015	2014	% Difference	Original Budget	Final Budget	% Difference
<i>(amounts in thousands)</i>						
<b>REVENUES</b>						
Local Control Funding Formula	\$ 178	\$ 165	8%	\$ 177	\$ 178	1%
Categorical	33	51	-35%	57	58	2%
Local	13	6	117%	5	8	60%
<b>Total Revenues</b>	<b>224</b>	<b>222</b>	<b>1%</b>	<b>239</b>	<b>244</b>	<b>2%</b>
<b>EXPENDITURES</b>						
Certificated	102	101	1%	104	103	-1%
Classified	47	38	24%	41	48	17%
Benefits	24	22	9%	16	17	6%
Supplies and services	62	122	-49%	54	54	0%
Other	-	-	n/a	30	30	0%
<b>Total Expenditures</b>	<b>235</b>	<b>283</b>	<b>-17%</b>	<b>245</b>	<b>252</b>	<b>3%</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (9)</b>	<b>\$ (61)</b>	<b>-85%</b>	<b>\$ (4)</b>	<b>\$ (6)</b>	<b>50%</b>

INDIAN DIGGINGS SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2015

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$303,000 (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>	2015	2014	\$ Change	% Change
<b>CAPITAL ASSETS</b>				
Land and construction in progress	\$ 9	\$ 9	\$ -	0%
Buildings and equipment	625	625	-	0%
Accumulated depreciation	(331)	(321)	(10)	3%
<b>Total Capital Assets</b>	<b>\$ 303</b>	<b>\$ 313</b>	<b>\$ (10)</b>	<b>-3%</b>

Long-Term Liabilities

At year-end the District had \$150,000 in pension liability, a decrease of thirty percent over last year—as shown in Table 7. More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.

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

<i>(amounts in thousands)</i>	2015	Restated 2014	\$ Change	% Change
Net pension liability	\$ 150	\$ 215	\$ (65)	-30%

## INDIAN DIGGINGS SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2015

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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.

- We will select NSS funding for 2015-16, which is to provide \$20 k more revenue
- 1.02% COLA
- No Minimum State Aid, District already receives more than minimum

These indicators were taken into account when adopting the general fund budget for 2016. Amounts available for appropriation in the general fund budget are \$193 thousand in unrestricted and \$28 thousand in restricted resources, a total increase over the final 2015 budget of \$239 thousand.

Budgeted expenditures are expected to decrease to \$227 thousand. The District has added no major new programs or initiatives to the 2016 budget.

If these estimates are realized, the District's budgetary general fund balance is expected to decrease modestly by the close of 2016.

#### 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, 2015

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Deposits and investments	\$ 186,855
Accrued receivables	4,427
Prepaid expenses	4,242
Capital assets, not depreciable	8,744
Capital assets, depreciable, net	293,837
<b>Total Assets</b>	<b>498,105</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,051</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 507,156</b>
<b>LIABILITIES</b>	
Accrued liabilities	\$ 1,214
Pension liability	150,311
<b>Total Liabilities</b>	<b>151,525</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>63,515</b>
<b>NET POSITION</b>	
Net investment in capital assets	302,581
Restricted for	
Capital projects	18
Educational programs	428
Unrestricted - (Deficit)	(10,911)
<b>Total Net Position</b>	<b>292,116</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 507,156</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, 2015

Function/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position  Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>			
Instruction	\$ 157,332	\$ 22,954	\$ (134,378)
Instruction-related services			
School site administration	18,103	2,679	(15,424)
Pupil services			
All other pupil services	2,001	1,585	(416)
General administration			
Centralized data processing	2,403	-	(2,403)
All other general administration	20,974	877	(20,097)
Plant services	26,088	3,509	(22,579)
Depreciation (unallocated)	10,075	-	(10,075)
<b>Total Governmental Activities</b>	<b>\$ 236,976</b>	<b>\$ 31,604</b>	<b>(205,372)</b>
	General revenues		
	Taxes and subventions		
	Property taxes, levied for general purposes		66,499
	Federal and state aid not restricted for specific purposes		116,304
	Interest and investment earnings		490
	Miscellaneous		2,625
	<b>Subtotal, General Revenue</b>		<b>185,918</b>
	<b>CHANGE IN NET POSITION</b>		<b>(19,454)</b>
	<b>Net Position - Beginning (Restated)</b>		<b>311,570</b>
	<b>Net Position - Ending</b>		<b>\$ 292,116</b>

The accompanying notes are an integral part of these financial statements

INDIAN DIGGINGS SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Deposits and investments	\$ 186,825	\$ 30	\$ 186,855
Accrued receivables	4,427	-	4,427
Prepaid expenditures	4,242	-	4,242
<b>Total Assets</b>	<b>\$ 195,494</b>	<b>\$ 30</b>	<b>\$ 195,524</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 1,214	\$ -	\$ 1,214
<b>FUND BALANCES</b>			
Non-spendable	4,492	-	4,492
Spendable			
Restricted	416	30	446
Unassigned	189,372	-	189,372
<b>Total Fund Balances</b>	<b>194,280</b>	<b>30</b>	<b>194,310</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 195,494</b>	<b>\$ 30</b>	<b>\$ 195,524</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, 2015

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**Total Fund Balance - Governmental Funds** \$ 194,310

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	\$ 633,914	
Accumulated depreciation	(331,333)	302,581

---

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	(150,311)
------------------------	-----------

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	9,051
Deferred inflows of resources - pensions	(63,515)

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**Total Net Position - Governmental Activities** \$ 292,116

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The accompanying notes are an integral part of these financial statements

INDIAN DIGGINGS SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Local Control Funding Formula ("LCFF") Sources			
State aid	\$ 115,434	\$ -	\$ 115,434
Local sources	66,499	-	66,499
Transfers	(3,565)	-	(3,565)
Federal sources	21,128	-	21,128
Other State sources	12,121	-	12,121
Other local sources	13,193	7	13,200
<b>Total Revenues</b>	<b>224,810</b>	<b>7</b>	<b>224,817</b>
<b>EXPENDITURES</b>			
Current			
Instruction	163,627	-	163,627
Instruction-related services			
School site administration	18,848	-	18,848
Pupil services			
All other pupil services	2,001	-	2,001
General administration			
Centralized data processing	2,403	-	2,403
All other general administration	21,719	-	21,719
Plant services	26,088	-	26,088
<b>Total Expenditures</b>	<b>234,686</b>	<b>-</b>	<b>234,686</b>
<b>Excess (Deficiency) of Revenues</b>			
Over Expenditures	(9,876)	7	(9,869)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	2,314	-	2,314
Transfers Out	-	(2,314)	(2,314)
<b>Net Financing Sources (Uses)</b>	<b>2,314</b>	<b>(2,314)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(7,562)</b>	<b>(2,307)</b>	<b>(9,869)</b>
<b>Fund Balance - Beginning</b>	<b>201,842</b>	<b>2,337</b>	<b>204,179</b>
<b>Fund Balance - Ending</b>	<b>\$ 194,280</b>	<b>\$ 30</b>	<b>\$ 194,310</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, 2015

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Net Change in Fund Balances - Governmental Funds \$ (9,869)

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 difference between capital outlay expenditures and depreciation expense for the period is:

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Depreciation expense: (10,075)

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:

490

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Change in net position of Governmental Activities \$ (19,454)

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The accompanying notes are an integral part of these financial statements

# INDIAN DIGGINGS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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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 9 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.

# INDIAN DIGGINGS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2015

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*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.

### 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, 2015

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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, 2015

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### Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

### 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, 2015, 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.

#### 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

#### Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

# INDIAN DIGGINGS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2015

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### **Accrued Liabilities**

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 of both the CA State Teachers Retirement System ("STRS") and CA Public Employee Retirement System Pension Plan ("PERS") and additions to/deductions from the respective fiduciary net positions have been determined on the same basis as they are reported by STRS and PERS. 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.

### **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.

# INDIAN DIGGINGS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2015

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### **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, 2015. 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 \$446 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.

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**

In February of 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged.

INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2015

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In June of 2015, the GASB issued the following Statements:

- ❖ No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*
- ❖ No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*
- ❖ No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*
- ❖ No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

These have various effective dates, ranging from reporting periods beginning after June 15, 2015 to fiscal years beginning after June 15, 2017. Earlier application is encouraged for all the above listed statements.

**1 - G. Adoption of New GASB Accounting Standard in the Current Year**

GASB issued Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.*

The primary objective of Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

The primary objective of Statement No. 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

The effect of these changes restated beginning net position to include the new liabilities and deferred outflows of resources. See Note 10 for more detail.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

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

	<b>Governmental Activities</b>
Cash on hand	\$ 250
Cash in County	186,605
<b>Total</b>	<b>\$ 186,855</b>

# INDIAN DIGGINGS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2015

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### **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.

**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.

INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2015

**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.

INVESTMENT TYPE	MAXIMUM MATURITY	MAXIMUM SPECIFIED% OF PORTFOLIO	MINIMUM QUALITY REQUIREMENTS
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

**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."

INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2015

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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-1 - AA	306	\$ 186,605	\$ 186,802

*NOTE 3 - ACCRUED RECEIVABLES*

Receivables at June 30, 2015, 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	\$ 615
State Government	
LCFF	35
Categorical aid	
Lottery	1,277
Other local sources	2,500
<b>Total</b>	<b>\$ 4,427</b>

INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2015

*NOTE 4 - CAPITAL ASSETS*

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 01, 2014	Additions	Balance June 30, 2015
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	32,574	-	32,574
<b>Total Capital Assets Being Depreciated</b>	<b>625,170</b>	<b>-</b>	<b>625,170</b>
Less Accumulated Depreciation			
Land improvements	6,600	400	7,000
Buildings & improvements	283,096	9,000	292,096
Furniture & equipment	31,562	675	32,237
<b>Total Accumulated Depreciation</b>	<b>321,258</b>	<b>10,075</b>	<b>331,333</b>
<b>Depreciable Capital Assets, net</b>	<b>\$ 303,912</b>	<b>\$ (10,075)</b>	<b>\$ 293,837</b>
<b>Total Capital Assets, net</b>	<b>\$ 312,656</b>	<b>\$ (10,075)</b>	<b>\$ 302,581</b>

*NOTE 5 - INTERFUND TRANSACTIONS, TRANSFERS*

Transfer To Other Funds	Interfund Transfers In General Fund
<b>Non-Major Funds</b>	<b>\$ 2,314</b>

District no longer has any activity in the Cafeteria Fund. It was determined there was residual unrestricted money in the fund, which was transferred to the General Fund

	\$ 2,314
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INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2015

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*NOTE 6 – ACCRUED LIABILITIES*

Accrued liabilities at June 30, 2015, consisted of the following:

	<u>General Fund</u>	
Payroll	\$	311
El Dorado COE		650
Sales tax payable		253
<b>Total</b>	<b>\$</b>	<b>1,214</b>

*NOTE 7 – PENSION LIABILITY – CAL STRS*

**7 - A. Pension Liability Summary**

	<b>Balance</b>		<b>Balance</b>	
	<b>July 01, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2015</b>
Net pension liability, Cal STRS	\$ 214,668	\$ 90,997	\$ 155,354	\$ 150,311

**7 - B. Plan description**

Employees – with a credential, certificate or permit, or meet the minimum standards adopted by the Board of Governors of the California Community Colleges – of the California public school system (prekindergarten through community college) are provided pensions through the State Teachers’ Retirement Plan (“STRP”). STRP is a multiple-employer, cost-sharing defined benefit plan comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. In addition, the state is both an employer and nonemployer contributing entity to the STRP. STRP issues a publicly available financial report as a part of the Cal STRS CAFR, see 7 - E.IV.

**7 - C. Plan Benefits**

The STRP Defined Benefit Program has two benefit formulas:

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

INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2015

7 - D. Plan Contribution:

		FY 2014-15 Rate	Ultimate Rate	Equivalent Rate <sup>1</sup>
EC § 22901 & § 22901.7	Members	8.15% / 8.15%	10.25% / 9.205%	9.654%
EC §22950 & § 22951	Employers Employers -	8.25%	8.25%	8.250%
EC § 22950.5(a)	Supplemental <sup>2</sup>	0.63%	10.85%	8.662%
EC §22950(c)	Employers for THBF <sup>3</sup>	0.00%	<i>as needed</i>	0.000%
EC § 22955.1(a)	State <sup>4</sup>	2.017%	2.017%	1.868%
EC § 22955.1(b)	State - Supplemental	1.437%	4.311%	3.794%
<b>Equivalent Level Contribution Rate through June 30, 2046</b>				<b>32.228%</b>

<sup>1</sup> Equivalent level contribution rate payable through June 30, 2046.

<sup>2</sup> Graded increases per schedule defined in the Education Code. The ultimate contribution will vary depending on the funded status. For purposes of this exhibit, it is assumed the ultimate rate specified in the graded schedule will not change in the future.

<sup>3</sup> The Teachers' Health Benefit Fund is financed by a redirection of employer contributions. The Teachers' Retirement Board has set aside DB Program assets to finance these future costs. This is reflected in the valuation by adding the unfunded obligation for future THBF benefits to the Actuarial Obligation of the DB Program.

<sup>4</sup> The State's contribution of 2.017% is paid quarterly based on second prior fiscal year salaries.

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

At June 30, 2015, 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	\$ 150,311
State's proportionate share of the net pension liability associated with the District	56,885
<b>Total</b>	<b>\$ 207,196</b>

The net pension liability was measured as of June 30, 2014, 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 the District's proportionate share of total CalSTRS calculated employer contributions, including the State. At June 30, 2014, the District's proportion was 0.0003%.

INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2015

The components of the net pension liability of the STRP as of June 30, 2014 and 2013, are as follows (dollars in millions):

	2014	2013
Total pension liability	\$ 248,911	\$ 237,786
Less: STRP fiduciary net position	190,474	166,348
Net pension liability of employers and the state	<u>\$ 58,437</u>	<u>\$ 71,438</u>

For the year ended June 30, 2015, the District recognized pension expense of \$8,561 and revenue of \$7,295 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 37,014
Changes in proportion and differences between District contributions and proportionate share of contributions	-	26,501
District contributions subsequent to the measurement date	9,051	-
<b>Total</b>	<b>\$ 9,051</b>	<b>\$ 63,515</b>

\$9,051 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

Year ending June 30, 2016	\$ 9,253	\$ 4,417
2017	9,253	4,417
2018	9,254	4,417
2019	9,254	4,417
2020 - 2021	-	8,833
<b>Deferred Inflows of Resources Amortization</b>	<b>\$ 37,014</b>	<b>\$ 26,501</b>

INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2015

**7 - 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, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Discount rate	7.60 %
Investment rate of return	7.60 %, net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.50 % assumed investment rate of return for funding purposes, which is net of administrative expenses.
Consumer price inflation	3.00%
Wage growth	3.75%
Post-retirement benefit increases	2.00% simple for DB Not applicable for DBS/CBB

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. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are log normally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board.

**Time-Weighted Performance Returns**

Asset Class	Actual				
	Allocation as of June 30, 2014	1 Yr	3 Yr	5 Yr	10 Yr
Global Equity	57.3 %	24.73 %	13.0 %	16.8 %	8.3 %
Fixed Income	15.5 %	5.8 %	4.6 %	6.3 %	5.5 %
Real Estate	11.7 %	14.5 %	12.6 %	8.0 %	7.4 %
Private Equity	11.5 %	19.6 %	13.0 %	16.6 %	13.8 %
Cash/Liquidity	2.5 %	0.6 %	2.4 %	5.6 %	2.0 %
Inflation Sensitive	0.7 %	10.5 %	5.8 %	-	-
Absolute Return	0.8 %	0.1 %	0.3 %	0.0 %	-
Total	100.0 %	18.7 %	11.2 %	13.7 %	7.7%

INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2015

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

**7 - E.III Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50% percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	Discount Rates		
	-1% (6.50%)	(7.50%)	+1% (8.50%)
Plan's net pension liability	\$ 192,857	\$ 150,311	\$ 115,950

**7 - E.IV Pension Plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS CAFR at <http://www.calstrs.com/comprehensive-annual-financial-report>.

INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2015

*NOTE 8 - FUND BALANCES*

Fund balances are composed of the following elements:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Non-spendable</b>			
Reserve for revolving cash	\$ 250	\$ -	\$ 250
Reserve for prepaid expenditures(expenses)	4,242	-	4,242
<b>Total Nonspendable</b>	<b>4,492</b>	<b>-</b>	<b>4,492</b>
<b>Spendable</b>			
<b>Restricted</b>			
Educational programs			
Federal	-	12	12
State	416	-	416
Developer fees	-	18	18
<b>Total Restricted</b>	<b>416</b>	<b>30</b>	<b>446</b>
<b>Unassigned</b>			
Reserve for economic uncertainties	65,000	-	65,000
Unassigned	124,372	-	124,372
<b>Total Unassigned</b>	<b>189,372</b>	<b>-</b>	<b>189,372</b>
<b>Total</b>	<b>\$ 194,280</b>	<b>\$ 30</b>	<b>\$ 194,310</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 \$65,000.

INDIAN DIGGINGS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2015

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*NOTE 9 – 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, 2015, the District made payments of \$3,784.

*NOTE 10 – PRIOR PERIOD RESTATEMENTS*

Due to the implementation of GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, the prior period adjustments of net position consist of the following:

	<u>Net Position</u>
Net Position, June 30, 2014	
Increase in:	\$ 516,835
Deferred Outflows of Resources	9,403
Net Pension Liability, Cal STRS	(214,668)
<u>Restated Beginning Net Position</u>	<u>\$ 311,570</u>

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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, 2015

	Budgeted Amounts			Variances - Positive / (Negative) Final to Actual
	Original	Final	Actual	
<b>REVENUES</b>				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	\$ 111,532	\$ 115,777	\$ 115,434	\$ (343)
Local sources	65,714	65,928	66,499	571
Transfers	-	(3,562)	(3,565)	(3)
Federal sources	21,055	21,071	21,128	57
Other State sources	35,826	37,190	12,121	(25,069)
Other local sources	5,465	7,696	13,193	5,497
<b>Total Revenues</b>	<b>239,592</b>	<b>244,100</b>	<b>224,810</b>	<b>(19,290)</b>
<b>EXPENDITURES</b>				
Certificated salaries	104,087	103,110	101,926	1,184
Classified salaries	40,807	48,492	47,322	1,170
Employee benefits	15,748	16,969	23,845	(6,876)
Books and supplies	18,493	14,796	19,024	(4,228)
Services and other operating expenditures	35,074	39,414	42,569	(3,155)
Capital outlay	30,158	30,158	-	30,158
Other outgo				
Transfers of indirect costs	-	(1)	-	(1)
<b>Total Expenditures</b>	<b>244,367</b>	<b>252,938</b>	<b>234,686</b>	<b>18,252</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(4,775)</b>	<b>(8,838)</b>	<b>(9,876)</b>	<b>(1,038)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	2,314	2,314	2,314	-
Contributions	-	(1)	-	1
<b>Net Financing Sources (Uses)</b>	<b>2,314</b>	<b>2,313</b>	<b>2,314</b>	<b>1</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,461)</b>	<b>(6,525)</b>	<b>(7,562)</b>	<b>(1,037)</b>
<b>Fund Balance - Beginning</b>	<b>201,842</b>	<b>201,842</b>	<b>201,842</b>	
<b>Fund Balance - Ending</b>	<b>\$ 199,381</b>	<b>\$ 195,317</b>	<b>\$ 194,280</b>	<b>\$ (1,037)</b>

INDIAN DIGGINGS SCHOOL DISTRICT

SCHEDULE OF COST SHARING PENSION INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015

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<b>Cal STRS</b>	<b>June 30, 2014</b>
District's proportion of the net pension liability (asset)	0.0003%
District's proportionate share of the net pension liability (asset)	\$ 150,311
District's covered-employee payroll	\$ 101,402
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	148%
Plan fiduciary net position as a percentage of the total pension liability	77%

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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, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education (CDE):			
NCLB: Title II, Part A, Teacher Quality	84.367	14341	\$ 706
Special Ed: IDEA			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	
Small Rural School Grant			
Rural Education Achievement Program (REAP)	84.358A	*	20,000
<b>Total U. S. Department of Education</b>			<b>20,706</b>
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through CDE:			
Forest Reserve	10.665	10044	422
<b>Total Federal Expenditures</b>			<b>\$ 21,128</b>

\* - Direct payment

INDIAN DIGGINGS SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2015

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	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten through third	7	7
Fourth through sixth	6	6
Seventh through eighth	3	3
Average Daily Attendance Total	16	16

See accompanying note to supplementary information

INDIAN DIGGINGS SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2015

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Grade Level	1982 - 83		Education	Education	Current Year Minutes <sup>3</sup>	Current Year Days <sup>4</sup>	Status
	Actual Minutes <sup>1</sup>	Reduced	Code § 46207(a) Minutes'	Code § 46207(a) Minutes' Requirements (Reduced) <sup>2</sup>			
Kindergarten	31,500	30,625	36,000	35,000	51,710	178	Complied
Grade 1	42,000	40,833	50,400	49,000	51,710	178	Complied
Grade 2	42,000	40,833	50,400	49,000	51,710	178	Complied
Grade 3	42,000	40,833	50,400	49,000	51,710	178	Complied
Grade 4	42,000	40,833	54,000	52,500	54,260	178	Complied
Grade 5	42,000	40,833	54,000	52,500	54,260	178	Complied
Grade 6	42,000	40,833	54,000	52,500	54,260	178	Complied
Grade 7	42,000	40,833	54,000	52,500	54,260	178	Complied
Grade 8	42,000	40,833	54,000	52,500	54,260	178	Complied

<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, 2015

	2016 (Budget)	2015	2014	2013
<b>GENERAL FUND:</b>				
Revenues	\$ 221,383	\$ 224,810	\$ 221,097	\$ 214,507
Transfers in	-	2,314	-	-
<b>Total</b>	<b>221,383</b>	<b>227,124</b>	<b>221,097</b>	<b>214,507</b>
Expenditures	227,372	234,686	284,082	226,420
<b>INCREASE/(DECREASE) IN FUND BALANCE</b>	<b>\$ (5,989)</b>	<b>\$ (7,562)</b>	<b>\$ (62,985)</b>	<b>\$ (11,913)</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 188,291</b>	<b>\$ 194,280</b>	<b>\$ 201,842</b>	<b>\$ 264,827</b>
<b>AVAILABLE RESERVES<sup>1</sup></b>	<b>\$ 187,624</b>	<b>\$ 189,372</b>	<b>\$ 201,176</b>	<b>\$ 264,827</b>
<b>AVAILABLE RESERVES AS A PERCENTAGE OF OUTGO</b>	<b>83%</b>	<b>81%</b>	<b>71%</b>	<b>117%</b>
<b>LONG-TERM DEBT</b>	<b>n/a</b>	<b>\$ 150,311</b>	<b>\$ -</b>	<b>-</b>
<b>AVERAGE DAILY ATTENDANCE AT P-2</b>	<b>16</b>	<b>16</b>	<b>18</b>	<b>19</b>

The General Fund balance has decreased by \$70,547 over the past two years. The fiscal year 2015-16 budget projects a further decrease of \$5,989 (three percent). For a district this size, the State recommends available reserves of at least \$50,000 of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in each of the past three years and anticipates incurring an operating deficit during the 2015-16 fiscal year. Total long term obligations have increased by \$150,311 over the past two years.

Average daily attendance has decreased by three ADA over the past two years. No change in ADA is anticipated during fiscal year 2015-16.

<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, 2015

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There were no adjustments for the 2014/15 audit.

INDIAN DIGGINGS SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2015

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There are no charter schools sponsored by the District.

INDIAN DIGGINGS SCHOOL DISTRICT

COMBINING BALANCE SHEET

JUNE 30, 2015

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	<u>Cafeteria Fund</u>		<u>Capital Facilities Fund</u>		<u>Non-Major Governmental Funds</u>
<b>ASSETS</b>					
Deposits and investments	\$	12	\$	18	\$ 30
<b>FUND BALANCES</b>					
Spendable					
Restricted	\$	12	\$	18	\$ 30

See accompanying note to supplementary information

INDIAN DIGGINGS SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015

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	Cafeteria Fund	Capital Facilities Fund	Non-Major Governmental Funds
<b>REVENUES</b>			
Other local sources	\$ 7	\$ -	\$ 7
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(2,314)	-	(2,314)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,307)</b>	<b>-</b>	<b>(2,307)</b>
<b>Fund Balance - Beginning</b>	<b>2,319</b>	<b>18</b>	<b>2,337</b>
<b>Fund Balance - Ending</b>	<b>\$ 12</b>	<b>\$ 18</b>	<b>\$ 30</b>

See accompanying note to supplementary information

# INDIAN DIGGINGS SCHOOL DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

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### *NOTE 1 - PURPOSE OF SCHEDULES*

#### **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 the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

This schedule displays Average Daily Attendance 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 Average Daily Attendance and the Average Daily Attendance generated through classroom-based instruction by grade span, as appropriate; and if there are any Average Daily Attendance adjustments due to audit findings, displays additional columns for the Second Period and Annual reports reflecting the final Average Daily Attendance after audit finding adjustments.

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

This schedule displays, for school districts, including basic aid districts, data that show whether the district complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code; showing by grade level:

- (1) For districts that met or exceeded their local control funding formula 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 subparagraph (a)(6), (a)(7)(A)(1) or (a)(7)(B)(1) of Section 19824 as applicable;
- (2) For districts that did not meet or exceed their local control funding formula 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 subparagraph(a)(7)(C)(1) or subparagraph (a)(7)(D)(1) of Section 19824 as applicable;
- (3) 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;
- (4) 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 reduced instructional minutes and days provisions.

State in a note to the schedule whether the district participated in Longer Day incentives and whether the district met or exceeded its target funding.

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 charter school’s required number of instructional minutes as reduced by Education Code Section 46201.2; 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 reduced instructional minutes and days provisions.

# INDIAN DIGGINGS SCHOOL DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION, Continued JUNE 30, 2015

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

This schedule displays information regarding the District'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 Average Daily Attendance; and, when the District's percentage of available reserves to total General Fund outgo is below the state-recommended percentage, management's plans for increasing the District's available reserve percentage.

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

This schedule displays 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.

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

This schedule lists all charter schools chartered by the school district or county office of education, and displays information for each charter school on whether or not the charter school is included in the school district or county office of education audit.

### **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.

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

This schedule displays a description in the Supplementary Information section that sets forth the following information, at a minimum:

- (1) The date on which the local education agency was established, and for charter schools the date and granting authority of each charter;
- (2) The date and a general description of any change during the year audited in a school district's boundaries;
- (3) The numbers by type of schools in the local education agency;
- (4) The names, titles, terms, and term expiration dates of all members of the governing board;
- (5) 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

I 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, 2015, and the related notes to the financial statements, which collectively comprise Indian Diggings School District's basic financial statements, and have issued my report thereon dated December 11, 2015.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I 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 my 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, I 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.

My 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 my audit I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

RT DENNIS  
ACCOUNTANCY

## 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 my 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.

A handwritten signature in cursive script that reads "R. J. Dennis Accountancy". The signature is written in black ink and includes a large, decorative flourish at the end.

December 11, 2015

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## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees  
Indian Diggings School District  
Somerset, California

### *REPORT ON STATE COMPLIANCE*

I have audited Indian Diggings School District's compliance with the requirements as identified in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, § 19810 and following, applicable to Indian Diggings School District's state programs as listed on the next page for the year ended June 30, 2015.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on Indian Diggings School District's compliance based on my audit.

I conducted my 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, § 19810 and following. Those standards require that I 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 I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Indian Diggings School District's compliance with those requirements.

### **Opinion**

In my opinion, Indian Diggings School District complied, in all material respects, with the compliance requirements referred to on the next pages that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

RT DENNIS  
ACCOUNTANCY

In connection with the audit referred to previously, I 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	Yes
D. Independent Study	Not Applicable
E. Continuation Education	Not Applicable
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio Of Administrative Employees To Teachers	Not Applicable <sup>1</sup>
I. Classroom Teacher Salaries	Not Applicable <sup>2</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>3</sup>
P. Transportation Maintenance Of Effort	Not Applicable <sup>4</sup>
Q. Regional Occupational Centers Or Programs Maintenance Of Effort	Not Applicable
R. Adult Education Maintenance Of Effort	Not Applicable
<b>School Districts, County Offices Of Education, And Charter Schools</b>	
S. California Clean Energy Jobs Act	Not Applicable <sup>5</sup>
T. After School Education And Safety Program	Not Applicable
U. Proper Expenditure Of Education Protection Account Funds	Yes
V. Common Core Implementation Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control And Accountability Plan	Yes
<b>Charter Schools</b>	Not Applicable <sup>6</sup>

<sup>1</sup> The Ratios of Administrative Employees program is not applicable to the District per Ed. Code § 41402.

<sup>2</sup> The Classroom Teacher Salaries program is not applicable to the District per Ed. Code § 41372 paragraph (b), District ADA < 101.

<sup>3</sup> The District ADA is less than twenty four.

<sup>4</sup> The District did not receive Transportation funding in the 2012-13 fiscal year.

<sup>5</sup> The District has not receive any California Clean Energy Jobs Act funding.

<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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "R. J. Dennis Accountancy". The signature is written in a cursive style with a large, decorative flourish underneath the name.

December 11, 2015

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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, 2015

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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**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**INDIAN DIGGINGS SCHOOL DISTRICT**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

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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, 2015

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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, 2015

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There were no Findings in the prior year.