

**Twin Hills Union School District
Board of Trustees Regular Meeting
January 12, 2023
Agenda**

January 12, 2023 @ Apple Blossom Room #2 and on Zoom

OPEN SESSION 4:30pm **CLOSED SESSION 5:30-6:00pm-start time is approximate

ADA Compliance

In compliance with Government Code § 54954.2(a), the Twin Hills Union School District, will, on request, make this agenda available in appropriate alternative formats to persons with a disability, as required by Section 202 of the American with Disabilities Acts of 1990 (42 U.S.C. § 12132), and the federal rules and regulations adopted in implementation thereof.

Individuals who need this agenda in an alternative format or who need a disability-related modification or accommodation in order to participate in the meeting should contact Laurie Brown, Administrative Assistant, Twin Hills Union School District, 700 Watertrough Rd, Sebastopol, CA 95472 Telephone (707) 823-0871.

All open session documents that are distributed to the Board of Trustees are available for public review in the Twin Hills Union School District Office. The agenda is available at www.thusd.k12.ca.us.

- | | |
|---------------------------------------|------|
| 1. Call to Order | 4:30 |
| A. Roll Call/ Establishment of Quorum | |

- | | | |
|-----------------------|--------|------|
| 2. Approval of Agenda | Action | 4:32 |
|-----------------------|--------|------|

- | | | |
|-------------------------------------|--------|------|
| 3. Approval of Minutes: | Action | 4:34 |
| A. Regular Meeting December 8, 2022 | | |

- | | |
|----------------------------------|------|
| 4. Open Session - Public Comment | 4:35 |
|----------------------------------|------|

Members of the Public are entitled to speak on matters not on the agenda at this time. Please state your name and school, and keep your comments concise, brief, and limited to two minutes or less. There is a ten minute limit on any one topic. The Brown Act restricts the Board from considering any item not appearing on the posted agenda.

Members of the public are entitled to speak to any item on the agenda immediately after the item is called by the Board President. Each person is entitled to speak on any agenda item only once at any meeting. Participation in debate on any item before the board shall be limited to members of the Board. Comments are limited to two minutes per individual and ten minutes per agenda item.

- | | | |
|------------|--------|------|
| 5. Consent | Action | 4:40 |
|------------|--------|------|

The following items are presented for overall approval:

- A. Donation Report
- B. Payroll and Expenditures
- C. Purchase Order Report
- D. Employment: See attached exhibit for details
- E. Williams Settlement Quarterly Report October – December 2022

- | | |
|---------------------------|------|
| 6. Administrative Reports | 4:45 |
|---------------------------|------|

- A. Twin Hills School District, Anna-Maria Guzman, Ed.D., Superintendent
- B. Liz Schott, Principal, Apple Blossom Elementary
- C. Shawna Whitestine, Principal, Twin Hills CMS
- D. Monthly Financial Report, Patty Nosecchi, Business Manager

**Twin Hills Union School District
Board of Trustees Regular Meeting
January 12, 2023
Agenda**

- | | |
|---|-----------------|
| 7. Board Member Reports | 4:55 |
| 8. Request Approval of Overnight field trips: | Action 5:05 |
| A. Apple Blossom, Jeanne Guerinoni, Grade 5, Pacific Environmental Education, MacKerricher State Park, May 2023 | |
| B. SunRidge, Swift/Prosser, Grade 4, Fort Ross, March 2023 | |
| 9. Request Approval of 2021-22 Audit Report | Action 5:10 |
| 10. Acknowledgement of Receipt of Initial THTA Proposal to the District for 2023-24 | 5:15 |
| 11. Information regarding Virtual Meeting Requirements | Discussion 5:20 |
| 12. Request Approval of Resolution 2022-561: Annual Developer Fee Report 2021-22 | Action 5:25 |
| 13. Closed Session | 5:30 |
| A. Public Comment: At this time members of the public may express opinions or make statements regarding items in the Closed Session. Action may not be taken on statements or testimony made regarding any item not on the Agenda. In the interest of time, there will be a limit of two minutes placed on each individual making a statement. Comments for closed session are limited to ten minutes per item. | |
| Public Zoom Meeting will be closed | |
| B. Closed Session to Consider and/or take action upon the following items: | |
| a. Personnel | |
| C. Return to Open Session and report on any action in Closed Session | |
| 14. Adjournment | 6:00 |

Dr. Anna-Maria Guzman is inviting you to a scheduled Zoom meeting.

Join Zoom Meeting: Topic January 12, 2023 Board Meeting

<https://twinhillsusd-org.zoom.us/j/85165020022>

Meeting ID: 851 6502 0022

One tap mobile: +16699006833,,85165020022# US (San Jose), +14086380968,,85165020022# US (San Jose)

Dial by your location

+1 669 900 6833 US (San Jose), +1 408 638 0968 US (San Jose), +1 669 444 9171 US, +1 346 248 7799 US

(Houston), +1 719 359 4580 US, +1 253 205 0468 US, +1 253 215 8782 US (Tacoma), +1 507 473 4847 US, +1

564 217 2000 US, +1 646 876 9923 US (New York), +1 646 931 3860 US, +1 689 278 1000 US, +1 301 715 8592 US (Washington DC), +1 305 224 1968 US

+1 309 205 3325 US, +1 312 626 6799 US (Chicago), +1 360 209 5623 US, +1 386 347 5053 US,

Find your local number: <https://twinhillsusd-org.zoom.us/j/85165020022>

**TWIN HILLS UNION SCHOOL DISTRICT
BOARD OF TRUSTEES REGULAR MEETING
December 8, 2022
MINUTES**

1. The Board Meeting was called to order at 4:45 pm by President Beck.
 - A. Oath of Office by Trustees John Moise, Melissa Bechtel, Jeff Harding
 - B. All present
2. Motion to approve agenda by Trustee Ost and Second by Trustee Bechtel. Approved 5-0.
3. Motion to approve the minutes of the Regular meeting of November 17, 2022, by Trustee Moise and Second by Trustee Ost. Approved 5-0.
4. Open Session.
5. Motion to approve consent items including continuance of conducting public meetings virtually for the month of January by Trustee Moise and Second by Trustee Harding. Approved 5-0.
6. Administrative Reports including LCAP information by Maura DuVall, Principal, Orchard View, test scores and school culture and by Karen Ertel, Principal, SunRidge, student achievement in math and reading.
7. Board Member Reports.
8. Motion to approve 1st Interim Report with Positive Certification and budget updates by Trustee Ost and Second by Trustee Moise. Approved 5-0.
9. Motion to approve increase of daily substitute teacher rate to \$200 and long term substitute daily rate to \$225 effective 1/1/23 by Trustee Moise and Second by Trustee Bechtel. Approved 5-0.
10. Motion to approve Art, Music, Instructional Materials Discretionary Block Grant plans for all 4 district schools by Trustee Moise and Second by Trustee Ost. Approved 5-0.
11. Annual Reorganization:
 - A. President Beck nominated Trustee Ost for President, seconded by Trustee Moise, approved 4-0. Trustee Ost accepted.
 - B. Trustee Bechtel nominated Trustee Moise for Clerk, seconded by Trustee Harding, approved 4-0. Trustee Moise accepted.
 - C. Trustee Harding nominated Trustee Moise for Board Representative, seconded by Trustee Bechtel, approved 4-0. Trustee Moise accepted.
 - D. Regular monthly board meetings set for the second Thursday except for June and November with meeting starting at 4:30pm.
12. Closed session. Returned from closed session with no report.
13. Adjournment 6:31 pm.

Respectfully submitted,

Anna-Maria Guzman, Ed.D.
Recording Secretary to the Board of Trustees

Approved:

John Moise, Board Clerk

Michael Ost, Board President

TWIN HILLS UNION SCHOOL DISTRICT

Consent Calendar: Acceptance of Donations

DECEMBER 1 THROUGH DECEMBER 31, 2022

| Date Received | Donor | Amount | Purpose |
|---------------|-------|--------|---------|
|---------------|-------|--------|---------|

District 53, Fund 01: Apple Blossom Elementary School /General District

| | | | |
|--------------|------------------|-----------------|---|
| 12/09/22 | Various Families | \$174.00 | Walk-Jog Athon: Instructional Assist wages and benefits |
| <u>Total</u> | | <u>\$174.00</u> | |

District 53, Fund 03: Twin Hills Charter Middle School

| | | | |
|--------------|--|---------------|--|
| <u>Total</u> | | <u>\$0.00</u> | |
|--------------|--|---------------|--|

District 53, Fund 09: Orchard View Charter School

| | | | |
|--------------|---------------------|-----------------|-------------------------|
| 12/16/22 | Go Green Initiative | \$100.00 | Grant: Galbraith, Sunny |
| <u>Total</u> | | <u>\$100.00</u> | |

District 53, Fund 12: Apple Blossom After School Program

| | | | |
|--------------|--|---------------|--|
| <u>Total</u> | | <u>\$0.00</u> | |
|--------------|--|---------------|--|

District 21, Fund 09: SunRidge Charter School

| | | | |
|--------------|------------------|-------------------|-------------------------------|
| 12/01-31/22 | Various families | \$8,995.00 | Pledges/specialty pgm 2022-23 |
| <u>Total</u> | | <u>\$8,995.00</u> | |

Other Donations: Thank you to the following parents for donating their fingerprinting fee -
THCMS: Lauren Spieler, Jon Daley.

Thank you to all our donors, your support is greatly appreciated.

Note: Generally, donations are recorded here when funds are deposited to SCOE account.

Donations marked * have not yet been deposited to SCOE.

{Date Received may actually be date deposited to bank or SCOE}

For the January 12, 2023 board meeting.

Checks Dated 12/01/2022 through 12/31/2022

Board Meeting Date January 12, 2023

| Check Number | Check Date | Pay to the Order of | Check Amount |
|-----------------|------------|---|--------------|
| 1932543 | 12/02/2022 | ACSA | 800.00 |
| 1932544 | 12/02/2022 | Jacobsen-McCarthy, Michelle | 12,300.00 |
| 1932545 | 12/02/2022 | DocuSign, Inc. Lockbox | 5,464.98 |
| 1932546 | 12/02/2022 | Alhambra | 157.37 |
| 1932547 | 12/02/2022 | Alhambra | 63.90 |
| 1932548 | 12/02/2022 | DuVall, Maura | 851.54 |
| 1932549 | 12/02/2022 | School Nurse Supply Inc. | 104.10 |
| 1932550 | 12/02/2022 | Greene, Janet | 750.00 |
| 1932551 | 12/02/2022 | T-Mobile | 2,100.00 |
| 1932552 | 12/02/2022 | Juniper, Meryl | 450.00 |
| 1932553 | 12/02/2022 | ODP Business Solutions, LLC | 731.35 |
| 1932554 | 12/02/2022 | Pacific Gas & Electric | 1,535.83 |
| 1932555 | 12/02/2022 | NCS Pearson Inc. | 70.00 |
| 1932556 | 12/02/2022 | Precision Wireless Service | 1,728.88 |
| 1932557 | 12/02/2022 | Stehling, Stefan | 1,080.00 |
| 1932558 | 12/02/2022 | THTR Productions LLC | 3,240.00 |
| 1932559 | 12/02/2022 | Vann Gardner, Alan | 73.04 |
| 1934194 | 12/09/2022 | Amplify Education, Inc. | 485.14 |
| Unpaid Tax | | | 2.98 |
| Expensed Amount | | | 488.12 |
| 1934195 | 12/09/2022 | ATT | 314.15 |
| 1934196 | 12/09/2022 | ATT | 25.07 |
| 1934197 | 12/09/2022 | ATT | 110.89 |
| 1934198 | 12/09/2022 | ATT | 157.30 |
| 1934199 | 12/09/2022 | ATT | 26.22 |
| 1934200 | 12/09/2022 | ATT | 26.22 |
| 1934201 | 12/09/2022 | Conversa Speech & Lang Therapy | 4,200.00 |
| 1934202 | 12/09/2022 | Fritsch, Tosh | 2,595.88 |
| 1934203 | 12/09/2022 | Creative Ceramics | 43.31 |
| 1934204 | 12/09/2022 | Diedrich, Courtney | 99.38 |
| 1934205 | 12/09/2022 | Recology Sonoma Marin | 943.08 |
| 1934206 | 12/09/2022 | Recology Sonoma Marin | 473.71 |
| 1934207 | 12/09/2022 | Douglas, Liat | 133.25 |
| 1934208 | 12/09/2022 | Shura, Samantha | 2,599.20 |
| 1934209 | 12/09/2022 | Friedman's Home Improvement | 694.30 |
| 1934210 | 12/09/2022 | Farthing, Jason | 73.92 |
| 1934211 | 12/09/2022 | Harmony Farm Supply | 116.97 |
| 1934212 | 12/09/2022 | T-Mobile | 83.31 |
| 1934213 | 12/09/2022 | School & College Legal Services of Calif. | 60.00 |
| 1934214 | 12/09/2022 | Math-U-See Inc. DBA Demme Learning | 62.08 |
| 1934215 | 12/09/2022 | New AnswerNet, Inc. | 22.00 |
| 1934216 | 12/09/2022 | Hendrix Chainsaw | 27.12 |
| 1934217 | 12/09/2022 | Nosecchi, Patty | 233.44 |
| 1934218 | 12/09/2022 | Stripe 'N' Seal, Inc. | 3,750.00 |
| 1934219 | 12/09/2022 | Riley Street Art Supply | 74.54 |
| 1934220 | 12/09/2022 | Sebastopol Hardware Center | 96.45 |
| 1935629 | 12/16/2022 | Jim Nevill Productions | 1,000.00 |
| 1935630 | 12/16/2022 | Brown, Laurie | 381.04 |
| 1935631 | 12/16/2022 | Revolution Foods PBC | 19,177.04 |

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

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Checks Dated 12/01/2022 through 12/31/2022

Board Meeting Date January 12, 2023

| Check Number | Check Date | Pay to the Order of | Check Amount |
|--------------|------------|---|--------------|
| 1935632 | 12/16/2022 | TIAA, FSB | 114.78 |
| 1935633 | 12/16/2022 | LIFEmaps LLC | 2,050.00 |
| 1935634 | 12/16/2022 | Diedrich, Courtney | 123.95 |
| 1935635 | 12/16/2022 | Sonoma County Office Of Educ. | 81.38 |
| 1935636 | 12/16/2022 | Alhambra | 37.95 |
| 1935637 | 12/16/2022 | Alhambra | 62.85 |
| 1935638 | 12/16/2022 | Alhambra | 65.93 |
| 1935639 | 12/16/2022 | Flyers Energy LLC | 115.86 |
| 1935640 | 12/16/2022 | Galbraith, Sunshine | 492.09 |
| 1935641 | 12/16/2022 | Goodman, Tabatha | 57.00 |
| 1935642 | 12/16/2022 | Guerinoni, Jeanne | 81.97 |
| 1935643 | 12/16/2022 | Guzman, Anna | 47.47 |
| 1935644 | 12/16/2022 | Harmony Farm Supply | 6.46 |
| 1935645 | 12/16/2022 | Juniper, Meryl | 450.00 |
| 1935646 | 12/16/2022 | Mobile Modular Mgmt Corp. | 1,770.00 |
| 1935647 | 12/16/2022 | ODP Business Solutions, LLC | 264.07 |
| 1935648 | 12/16/2022 | Perma-Bound | 659.00 |
| 1935649 | 12/16/2022 | Terminix Processing Center | 72.00 |
| 1935650 | 12/16/2022 | Redwood Pediatric Therapy Associates Inc. | 1,183.19 |
| 1935651 | 12/16/2022 | Riley Street Art Supply | 75.86 |
| 1935652 | 12/16/2022 | Stanley Convergent Security | 1,620.02 |
| 1935653 | 12/16/2022 | Stanley Convergent Security | 200.64 |
| 1935654 | 12/16/2022 | Sill, Kathy | 9.69 |
| 1935655 | 12/16/2022 | Stehling, Stefan | 1,080.00 |
| 1935656 | 12/16/2022 | THTR Productions LLC | 2,200.00 |
| 1935657 | 12/16/2022 | Collin, Mark | 175.00 |
| 1935658 | 12/16/2022 | Weeks Drilling & Pump Co. | 861.42 |
| 1935659 | 12/16/2022 | Wills, Cheryl | 25.98 |
| 1936355 | 12/21/2022 | SYNCB/Amazon | 1,429.27 |
| 1936356 | 12/21/2022 | Conversa Speech & Lang Therapy | 2,550.55 |
| 1936357 | 12/21/2022 | Kyocera Document Solutions Northern CA , Inc. | 432.92 |
| 1936358 | 12/21/2022 | Kyocera Document Solutions Northern CA | 70.61 |
| 1936359 | 12/21/2022 | Alpha Analytical Laboratories | 172.00 |
| 1936360 | 12/21/2022 | Alhambra | 94.92 |
| 1936361 | 12/21/2022 | Major Alarm, Inc. | 447.85 |
| 1936362 | 12/21/2022 | Greene, Janet | 900.00 |
| 1936363 | 12/21/2022 | Guzman, Anna | 263.24 |
| 1936364 | 12/21/2022 | Young, Minney & Corr, LLP | 3,500.00 |
| 1936365 | 12/21/2022 | School & College Legal Services of Calif. | 45.00 |
| 1936366 | 12/21/2022 | Manzone, Liliana | 20.00 |
| 1936367 | 12/21/2022 | O'Kane, Kari | 62.25 |
| 1936368 | 12/21/2022 | ODP Business Solutions, LLC | 155.07 |
| 1936369 | 12/21/2022 | NCS Pearson Inc. | 681.00 |
| 1936370 | 12/21/2022 | Salas, Dawn | 490.82 |
| 1936371 | 12/21/2022 | Sill, Kathy | 27.25 |
| 1936372 | 12/21/2022 | Steinberg, Korin | 450.27 |
| 1936373 | 12/21/2022 | Szmidt-Yaconelli, Ondrejka | 284.58 |
| 1936374 | 12/21/2022 | Vann Gardner, Alan | 500.00 |
| 1936375 | 12/21/2022 | Weber, Colette | 22.88 |

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Checks Dated 12/01/2022 through 12/31/2022

Board Meeting Date January 12, 2023

| Check Number | Check Date | Pay to the Order of | Check Amount |
|------------------------|------------|---|-------------------|
| 1937000 | 12/28/2022 | Center for the Collab Classrm | 2,000.00 |
| 1937001 | 12/28/2022 | TIAA, FSB | 332.01 |
| 1937002 | 12/28/2022 | Kyocera Document Solutions Northern CA , Inc. | 631.48 |
| 1937003 | 12/28/2022 | Jacobsen-McCarthy, Michelle | 8,600.00 |
| 1937004 | 12/28/2022 | Sonoma County Office Of Educ. | 57.72 |
| 1937005 | 12/28/2022 | Flinn Scientific Inc. | 408.83 |
| 1937006 | 12/28/2022 | Hernandez, Jose | 38.88 |
| 1937007 | 12/28/2022 | ODP Business Solutions, LLC | 2,267.86 |
| 1937008 | 12/28/2022 | Pacific Gas & Electric | 3,909.91 |
| Total Number of Checks | | | 105 |
| | | | <u>114,417.73</u> |

Fund Recap

| Fund | Description | Check Count | Expensed Amount |
|---------------------------|---------------------------------|-------------|-------------------|
| 01 | General Fund | 61 | 67,388.35 |
| 03 | Charter School: Twin Hills | 23 | 13,000.31 |
| 09 | Charter School Fund: Orchrdr Vw | 26 | 10,745.10 |
| 12 | Child Development Fund | 4 | 145.32 |
| 13 | Cafeteria Fund | 2 | 19,391.63 |
| 14 | Deferred Maintenance Fund | 1 | 3,750.00 |
| Total Number of Checks | | 105 | 114,420.71 |
| Less Unpaid Tax Liability | | | 2.98 |
| Net (Check Amount) | | | <u>114,417.73</u> |

Total Expenditures December 2022

| | | |
|--|----|-------------------|
| Total Vendor Warrants, December 31, 2022 | \$ | 114,417.73 |
| Payroll: December 10, 2022 Supplemental | | 13,024.88 |
| Payroll: December 31, 2022 Regular | | 612,596.09 |
| Total PR & Expenditures | \$ | <u>740,038.70</u> |

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

ESCAPE ONLINE

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Checks Dated 12/01/2022 through 12/31/2022

Board Meeting Date January 12, 2023

| Check Number | Check Date | Pay to the Order of | Check Amount |
|------------------------|------------|--|--------------|
| 1932238 | 12/02/2022 | Art and Soul of Sebastopol | 179.80 |
| 1932239 | 12/02/2022 | Bay Area Center for Waldorf Teacher Training | 125.00 |
| 1932240 | 12/02/2022 | Beeswax Candle Works, Inc. | 104.11 |
| | | Unpaid Tax | 8.56 |
| | | Expensed Amount | 112.67 |
| 1932241 | 12/02/2022 | ESP & Alarms, Inc dba Edison Security Protection | 103.29 |
| 1932242 | 12/02/2022 | Cascade Yarns, Inc. | 207.00 |
| | | Unpaid Tax | 19.15 |
| | | Expensed Amount | 226.15 |
| 1932243 | 12/02/2022 | Dellaria, Lyndsie | 344.62 |
| 1932244 | 12/02/2022 | Mercurius USA | 566.84 |
| 1932245 | 12/02/2022 | ODP Business Solutions, LLC | 120.99 |
| 1932246 | 12/02/2022 | PG&E | 2,156.08 |
| 1932247 | 12/02/2022 | T-Mobile | 400.00 |
| 1932248 | 12/02/2022 | Thomasson, Theresa | 195.75 |
| 1934033 | 12/09/2022 | Andy's Produce Market | 210.88 |
| 1934034 | 12/09/2022 | ATT | 233.90 |
| 1934035 | 12/09/2022 | Blick Art Materials | 104.55 |
| 1934036 | 12/09/2022 | Fritsch, Tosh | 1,946.91 |
| 1934037 | 12/09/2022 | Recology Sonoma Marin | 602.21 |
| 1934038 | 12/09/2022 | Fishman Supply Company | 500.57 |
| 1934039 | 12/09/2022 | Nosecchi, Patty | 114.70 |
| 1934040 | 12/09/2022 | Sebastopol City of | 8,915.02 |
| 1934041 | 12/09/2022 | Wells Fargo Vendor Fin Serv | 393.30 |
| 1935468 | 12/16/2022 | Allen, Trisha | 19.23 |
| 1935469 | 12/16/2022 | Revolution Foods PBC | 9,317.05 |
| 1935470 | 12/16/2022 | Department Of Justice | 98.00 |
| 1935471 | 12/16/2022 | Fircrest Market | 286.67 |
| 1935472 | 12/16/2022 | All-American Printing Services | 382.81 |
| 1935473 | 12/16/2022 | Schott, Elizabeth | 255.57 |
| 1935474 | 12/16/2022 | Sebastopol City of | 2,024.06 |
| 1935475 | 12/16/2022 | Sebastopol City of | 245.25 |
| 1935476 | 12/16/2022 | Thomasson, Theresa | 242.53 |
| 1935477 | 12/16/2022 | Pellascini, Richard L. | 17,864.88 |
| 1936139 | 12/21/2022 | SYNOB/Amazon | 316.12 |
| 1936140 | 12/21/2022 | Mercurius USA | 204.52 |
| 1936141 | 12/21/2022 | Oberti-Rinn, Beatrice | 62.54 |
| 1936142 | 12/21/2022 | Prosser, Sasha | 127.96 |
| 1936143 | 12/21/2022 | Thomasson, Theresa | 54.61 |
| 1936144 | 12/21/2022 | Kyocera Document Solutions | 204.30 |
| 1936856 | 12/28/2022 | PG&E | 3,263.92 |
| Total Number of Checks | | | 37 |
| | | | 52,495.54 |

Fund Recap

| Fund | Description | Check Count | Expensed Amount |
|------|--------------------------------|-------------|-----------------|
| 09 | General Fund (charter Schools) | 37 | 52,523.25 |

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

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Checks Dated 12/01/2022 through 12/31/2022

Board Meeting Date January 12, 2023

| Check Number | Check Date | Pay to the Order of | Check Amount |
|--------------|------------|---------------------------|--------------|
| | | Total Number of Checks | 37 |
| | | | 52,523.25 |
| | | Less Unpaid Tax Liability | 27.71 |
| | | Net (Check Amount) | 52,495.54 |

Total Expenditures December 2022

| | | |
|--|----|------------|
| Total Vendor Warrants, December 31, 2022 | \$ | 52,495.54 |
| Payroll: December 10, 2022 Supplemental | | 6,037.97 |
| Payroll: December 31, 2022 Regular | | 154,356.00 |
| Total PR & Expenditures | \$ | 212,889.51 |

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

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| Includes Purchase Orders dated 12/01/2022 - 12/31/2022 *** | | | | | Board Meeting Date January 12, 2023 | |
|--|---------------|------|----------------------------|-------------|-------------------------------------|--|
| PO Number | Vendor Name | Loc | Description | Fund Object | Account Amount | |
| P23-00300 | Fritsch, Tosh | 9DSO | PO #7096 - INDV COUNSELING | 01-5800 | 8,300.00 | |
| Total Number of POs | | | 1 | Total | 8,300.00 | |

Fund Recap

| Fund | Description | PO Count | Amount |
|------|--------------|----------|----------|
| 01 | General Fund | 1 | 8,300.00 |

Information is further limited to: (Minimum Amount = 5,000.00)

The preceding Purchase Orders have been issued in accordance with the District's Purchasing Policy and authorization of the Board of Trustees. It is recommended that the preceding Purchase Orders be approved and that payment be authorized upon delivery and acceptance of the items ordered.

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| Includes Purchase Orders dated 12/01/2022 - 12/31/2022 *** | | | | | Board Meeting Date January 12, 2023 |
|--|--------------------|------|--------------------------------------|-------------|-------------------------------------|
| PO Number | Vendor Name | Loc | Description | Fund Object | Account Amount |
| P23-00110 | Fritsch, Tosh | 4HAY | PO #7097 - INDV COUNSELING | 09-5830 | 5,000.00 |
| P23-00112 | Sebastopol City of | 4HAY | PO #7123 - SR WATER METER CORRECTION | 09-5530 | 8,915.02 |
| Total Number of POs | | | 2 | Total | 13,915.02 |

Fund Recap

| Fund | Description | PO Count | Amount |
|------|--------------------------------|----------|-----------|
| 09 | General Fund (charter Schools) | 2 | 13,915.02 |

Information is further limited to: (Minimum Amount = 5,000.00)

| | | | |
|---|--|-------------|--------|
| The preceding Purchase Orders have been issued in accordance with the District's Purchasing Policy and authorization of the Board of Trustees. It is recommended that the preceding Purchase Orders be approved and that payment be authorized upon delivery and acceptance of the items ordered. | | ESCAPE | ONLINE |
| | | Page 1 of 1 | |

Twin Hills USD

Monthly Personnel Report

January 12, 2023

Certificated

Additions:

Changes:

Terminations:

Classified

Additions:

Changes:

- Higgins, Brian – Promoted to District Maintenance Director 1/1/2023
- Onofre Leon, Saul – Promoted to Site Coordinator Grounds & Maintenance THCMS 1/1/2023

Terminations:

Twin Hills Union School District
Williams Settlement
Quarterly Uniform Complaint Report Summary

Education Code §35186(d): A school district shall report summarized data on the nature and resolution of all complaints on a quarterly basis to the county superintendent of schools and the governing board of the school district. The summaries shall be publicly reported on a quarterly basis at a regularly scheduled meeting of the governing board of the school district. The report shall include the number of complaints by general subject area with the number of resolved and unresolved complaints. The complaints and written responses shall be available as public records.

Reporting Period:

☐ January 1 – March 31, 2023

☐ July 1 – September 30, 2022

☐ April 1 – June 30, 2023

☒ October 1 – December 31, 2022

No complaints were received during the above time period. ☒

If you received any complaints during the above time period, please complete the following table. Enter "0" in any cell that does not apply.

| General Subject Area | Complaints Received | Complaints Resolved | Unresolved Complaints |
|---|---------------------|---------------------|-----------------------|
| Instructional Materials | 0 | 0 | 0 |
| Facilities | 0 | 0 | 0 |
| Teacher Vacancy and/or Mis-assignment | 0 | 0 | 0 |
| CAHSEE Intensive Instruction and Services | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |

Board meeting date: 01/12/2023

Date reported to County Superintendent of Schools via website: 01/13/2023

Scoe.org: Sonoma County Office of Education

5340 Skylane Blvd., Santa Rosa, CA 95403

TWIN HILLS UNION SCHOOL DISTRICT

SUPERINTENDENT'S MONTHLY ENROLLMENT REPORT 2022-23

For the January 12, 2023 board meeting

| ENROLLMENT MO/YR | 2015-16 | | 2016-17 | | 2017-18 | | 2018-19 | | 2019-20 | | | | 2020-21 | | | |
|---------------------|---------|-------|---------|--------|---------|-------|---------|-------|---------|-------|-------|-------|---------|--------|-------|-------|
| | Sep15 | Jun16 | Sep 16 | Jun 17 | Sep 17 | Jun18 | Sep18 | Jun19 | Sep19 | Jan20 | Apr20 | Jun20 | Sep20 | Jan 21 | Apr21 | 2021 |
| Apple Blossom | 434 | 439 | 431 | 423 | 406 | 399 | 416 | 404 | 396 | 405 | 409 | 408 | 355 | 348 | 344 | 343 |
| Twin Hills CMS | 326 | 324 | 330 | 309 | 269 | 262 | 281 | 267 | 246 | 245 | 240 | 240 | 225 | 219 | 220 | 219 |
| Sub Total | 760 | 763 | 761 | 732 | 675 | 661 | 697 | 671 | 642 | 650 | 649 | 648 | 580 | 567 | 564 | 562 |
| Orchard View | 222 | 222 | 234 | 228 | 236 | 237 | 236 | 226 | 228 | 226 | 234 | 233 | 247 | 245 | 229 | 227 |
| SunRidge | 271 | 267 | 276 | 279 | 283 | 281 | 275 | 276 | 282 | 279 | 278 | 279 | 272 | 268 | 263 | 261 |
| Total | 1,253 | 1,252 | 1,271 | 1,239 | 1,194 | 1,179 | 1,208 | 1,173 | 1,152 | 1,155 | 1,161 | 1,160 | 1,099 | 1,080 | 1,056 | 1,050 |

| ENROLLMENT MO/YR | 2021-22 | | | | | | | | | | 2022-23 | | | | | Estimate @ AB |
|---------------------|---------|-------|-------|-------|-------|-------|-------|-------|--------|--------|---------|--------|--------|--------|-------|------------------|
| | Aug 21 | Sep21 | Oct21 | Nov21 | Dec21 | Jan22 | Feb22 | Mar22 | Apr 22 | May 22 | Aug 22 | Sep 22 | Oct 22 | Nov 22 | Dec22 | |
| Apple Blossom | 327 | 322 | 318 | 321 | 321 | 319 | 320 | 319 | 317 | 317 | 295 | 295 | 298 | 299 | 299 | 320 |
| Twin Hills CMS | 204 | 207 | 207 | 208 | 208 | 210 | 212 | 210 | 210 | 206 | 204 | 204 | 203 | 201 | 201 | 205 |
| Sub Total | 531 | 529 | 525 | 529 | 529 | 529 | 532 | 529 | 527 | 523 | 499 | 499 | 501 | 500 | 500 | 525 |
| Orchard View | 217 | 222 | 225 | 221 | 217 | 224 | 217 | 219 | 219 | 219 | 216 | 216 | 216 | 215 | 212 | 222 |
| SunRidge | 213 | 213 | 212 | 213 | 213 | 220 | 223 | 219 | 221 | 221 | 241 | 242 | 239 | 238 | 238 | 259 |
| Total | 961 | 964 | 962 | 963 | 959 | 973 | 972 | 967 | 967 | 963 | 956 | 957 | 956 | 953 | 950 | 1006 |

AB = Adopted Budget

TWIN HILLS UNION SCHOOL DISTRICT
FIELD TRIP CHECKLIST*

TEACHER TO COMPLETE:

1. TEACHER'S NAME Jeanne Gervinsie CLASSES INVOLVED 2 1/2
DATE OF FIELD TRIP May 2-May 5 ALTERNATE DATE X # OF STUDENTS 71-65
DESCRIPTION/DESTINATION Pacific Environmental Education Center at MacKerricher State Park
CORRELATION WITH SUBJECT MATTER BEING STUDIED (ATTACH A COPY OF YOUR LESSON PLAN DETAILING ACTIVITIES TO BE PRESENTED BEFORE AND AFTER THE FIELD TRIP):
Ecology Science Standards

DEPARTURE TIME: 5/2 10:00 AM RETURN TIME: 5/5 2:00 PM

2. INFORMATIONAL LETTER/PERMISSION NOTE: DEVELOP AN INFORMATIONAL LETTER USING DISTRICT FORM E 6153(2) AS A GUIDELINE. OBTAIN APPROVAL FROM THE SCHOOL PRINCIPAL AND ATTACH COMPLETED DISTRICT PROVIDED PERMISSION FORM E 6153(3) AND SEND HOME.
- COLLECT ALL PERMISSION NOTES (KEEP ON FILE UNTIL JUNE).
 - I HAVE ENCOURAGED PARENTS OF CHILDREN WHO ARE ALLERGIC TO BEE STINGS OR INSECT BITES OR ON MEDICATION TO ATTEND THE FIELD TRIP Not yet - but will have prior to 5/2
YES/NO NO
 - I KNOW WHERE THE FIELD TRIP FIRST AID KIT AND MY STUDENT HEALTH PROBLEMS SUMMARY ARE LOCATED AND WILL TAKE EACH ALONG ON THE FIELD TRIP YES/NO
YES/NO NO

3. TRANSPORTATION WILL BE BY: (CHECK MODE BELOW)

 DISTRICT SCHOOL BUS (THIS DATE HAS BEEN CLEARED WITH BUS SUPERVISOR YES/NO)
 OTHER SCHOOL BUS
 PRIVATE VEHICLE
✓ CHARTER BUS (I HAVE COMPLETED THE CHARTER BUS CHECKLIST E 6153(5) YES/NO NO)

4. NAME(S) OF CHAPERONE(S): To be announced.
5. COST OF TRANSPORTATION: To be determined COST TO STUDENTS: \$240 + transportation
6. DATE SUBMITTED TO PRINCIPAL: 12/5
7. CALENDAR: AFTER ADMINISTRATIVE APPROVAL, I WILL WRITE THE DATE, TIME, AND DESTINATION ON THE OFFICE SCHOOL CALENDAR.

PRINCIPAL TO COMPLETE:

PRINCIPAL'S RECOMMENDATION: APPROVE ☒ DENY ☐ DATE 12/5/22
REMARKS: Def

- * TO BE COMPLETED AND RETURNED TO THE PRINCIPAL AT LEAST TWO (2) WEEKS PRIOR TO THE PROPOSED FIELD TRIP.

CC: Bus Supervisor
School Secretary
District Office

* Cost of trip
will be reduced
by fund raising.
TBD.

TWIN HILLS UNION SCHOOL DISTRICT
FIELD TRIP CHECKLIST

To be completed and returned to the Principal/Director at least two (2) weeks prior to the proposed field trip

TEACHER TO COMPLETE AND RETURN:

1. TEACHER'S NAME Swift / Prosser CLASSES INVOLVED 4th
DATE OF FIELD TRIP 03/30/2023 ALTERNATE DATE _____ # OF STUDENTS 26
DESCRIPTION/DESTINATION Fort Ross

CORRELATION WITH SUBJECT MATTER BEING STUDIED (Attach a copy of your lesson plan detailing activities to be presented before and after the field trip):

Aligns with study of California history as per state standards.

DEPARTURE TIME: 8:00 am (Thurs) RETURN TIME: 12:30 (Fri)

2. INFORMATIONAL LETTER/PERMISSION NOTE: Develop an informational letter using District form E 6153 (2) as a guideline. Obtain approval from the school principal and attach completed District provided permission form E 6153 (3) and send home.

-COLLECT ALL PERMISSION NOTES (Keep on file until June).

-I HAVE ENCOURAGED PARENTS OF CHILDREN WHO ARE ALLERGIC TO BEE STINGS OR INSECT BITES OR ON MEDICATION TO ATTEND THE FIELD TRIP YES/NO

-I KNOW WHERE THE FIELD TRIP FIRST AID KIT AND MY STUDENT HEALTH PROBLEMS SUMMARY ARE LOCATED AND WILL TAKE EACH ALONG ON THE FIELD TRIP YES/NO

3. TRANSPORTATION WILL BE BY: (check mode below)
☐ DISTRICT SCHOOL BUS (THIS DATE HAS BEEN CLEARED WITH BUS SUPERVISOR YES/NO)
☐ OTHER SCHOOL BUS
☒ PRIVATE VEHICLE
☐ CHARTER BUS (I HAVE COMPLETED THE CHARTER BUS CHECKLIST E 6153 (5) YES/NO)
☐ WALKING

4. NAME(S) OF CHAPERONE(S) Kathryn Godfrey / Lexi Pence / John Pence / Jillian Horton + 8 more TBD

5. COST OF TRANSPORTATION: _____ COST TO STUDENTS: \$120

6. DATE SUBMITTED TO PRINCIPAL/DIRECTOR: Jan. 04. 2023

7. CALENDAR: AFTER ADMINISTRATIVE APPROVAL, I WILL WRITE THE DATE, TIME, AND DESTINATION ON THE OFFICE SCHOOL CALENDAR.

8. INFORM ALL AFFECTED SPECIALTY TEACHERS (Gardening, Games, Choir, Music, RSP, Handwork, Woodwork and Exploratory Classes) of date and time.

9. INFORM ALL AFFECTED DISTRICT PERSONNEL (SP.ED, Adaptive P.E., Speech, O.T.) of date and time.

PRINCIPAL/DIRECTOR TO COMPLETE:

PRINCIPAL/DIRECTOR'S RECOMMENDATION: APPROVE/DENY
SIGNATURE: [Signature]

DATE: 1/4/23

TWIN HILLS UNION SCHOOL DISTRICT
FIELD TRIP INFORMATION LETTER

Dear Parents,

On Friday, March 30, 2023 our class, along with
 (day & date)

_____ will visit Fort Ross
 (other classes) (destination)

In Fort Ross by Private Vehicle
 (city) (transportation)

Our class will depart from SunRidge at 8:00 am
 (time)

This visit is in conjunction with our class study of California history.

 (describe curricular area being studied)

Special items for the field trip:

- Your child (will/will not) need a sack lunch from home including something to drink (no glass please).
- Warm clothing, coat, extra socks, hat.

The permission form attached must be completed, signed, and returned to school prior to the field trip. Students without written permission will not be allowed to attend the activity. Supervision and class work will be provided at school.

Environmental Living Program



This website serves as the ELP Program Manual. The FRC team works hard to keep this online manual up to date and we want you to rely on it as your go-to resource!

The Environmental Living Program provides hands-on learning which allows students to experience the joys of history as active participants, exploring the interaction between people and their environment. Immersed for a brief time in the past, students learn about the many cultures and lifestyles present at Settlement Ross. Through performing tasks that were a part of daily life at Fort Ross, such as cooking meals in an outdoor kitchen, fishing and 'hunting' for food, gardening, making candles, collecting and stacking firewood, guarding the perimeter, processing natural materials that have been gathered according to season, trading, practicing artisanal crafts, dancing, and generally working hard for the company, students gain a better understanding of history and their relationship to it. During an overnight Fort Ross ELP, students, parents, and teachers sleep inside the historic fort compound buildings.

Role-play and costumes are a big part of the ELP experience. All students, parents, and teachers choose a person from Fort Ross' history to research, role-play and dress up as during their time at Fort Ross. Students become Employees, parents become Officers, and teachers become Managers. This website provides all participants with appropriate historic people to choose from. Every role-play name and biography provided belongs to a person who truly lived and worked at Fort Ross for the Russian American Company.

It is important to remember that it's you, the teacher and parents, who make the ELP work. Your enthusiasm, creative interest, and pre-site planning will inspire the students' interest and give them the unforgettable learning experience the Fort Ross ELP can provide. The purpose of this website is to help you plan for your onsite program. Planning a big trip like this may seem a bit daunting, but take heart, read on. It will work out.

Fort Ross Conservancy's ELP Manager will work with the teacher from registration until the day of their ELP session. Your group will be assigned an ELP Instructor who will send you a welcome letter via email with important information and some questions in order to



prepare for your onsite program. During the day you are here at Fort Ross, your ELP Instructor will work alongside you and your group, offering guidance and support.

Teachers Get Ready! – What is the ELP, how do I create a successful program? This website is chock-full of information to help teachers and parents prepare for the Fort Ross Environmental Living Program. To help you get off on the right foot, use the information and links on the Teachers Get Ready! webpage.

ELP (Overnight) or ELDP (Day-Only) – We offer an ELP overnight program on Monday-Tuesday or Thursday-Friday, and a single day ELDP program on Wednesdays. Contact us if you're interested in weekends.

Family Summer Camp – Would you like to experience a day in the life of Colony Ross with friends and family? This program offers you the chance to experience daily life at Fort Ross with a trained instructor as your guide.

Homeschool/Other Groups – Our ELP program is available year-round, and is great fun for homeschooling families, older students, and even adults! Who wouldn't want to spend time on this beautiful stretch of California coastline, spending a starry night sleeping in a historic Russian blockhouse and making borscht or acorn pancakes on an open fire?

Teacher Training – Teacher training is critical to a successful program. Every new teacher must attend a Teacher Training workshop before their onsite program. Returning teachers must attend a refresher training every four years. These trainings are held at various times during the school year — specific dates to be announced each year. Please note: Every class that comes to Fort Ross for an ELP or ELDP must have a teacher who has completed this training, and **the teacher on the reservation form MUST be the teacher who attends the training.** Absolutely no substitutions are allowed.

ELP Program Fees – \$40/participant (including chaperones), there is no fee for teachers. Once you have received your ELP Date Confirmation letter, you are expected to send in your \$100 Commitment Fee within 2 weeks. If we do not receive your commitment fee we will assume you are no longer interested and assign your date to others on the waiting list. **The commitment fee is non refundable but is applied toward the total session fees.** Once your group numbers are confirmed, the ELP Manager will send you an invoice for the remainder of the ELP session fees.



... Program Fee – For participants (including chaperones), there is no fee for teachers. Once you have received your ELP Date Confirmation letter, you are expected to send in your \$100 Commitment Fee within 2 weeks. If we do not receive your commitment fee we will assume you are no longer interested and assign your date to others on the waiting list. **The commitment fee is non refundable but is applied toward the total session fees.** Once your group numbers are confirmed, the ELP Manager will send you an invoice for the remainder of the ELP session fees.

Forms – Liability Release forms for all program participants (teachers, parents, and students) MUST be completed and submitted to the ELP Instructor upon your arrival. The media waivers are optional. All participants must read and agree to the rules outlined in their appropriate contract; there is a contract for teachers, one for parents, and one for students. These contracts are required, but you do not need to submit them to your ELP Instructor.

How to Apply – Open Enrollment for the Fort Ross Environmental Living Program (ELP/ELDP) starts April 15th. Applications submitted before April 15th for the following school year will not be considered. All applications are accepted on a first come first served basis, and according to space availability.

Cancellations – The following is Fort Ross Conservancy's ELP/ELDP cancellation policy.

Your commitment fee of \$100 is non-refundable but is transferable. This fee covers our time leading up to your program date and is credited to your final ELP invoice

If either Fort Ross Conservancy or California State Parks choose to cancel a program due to unsafe conditions (weather, road conditions, or operational issues), your commitment fee will be transferred to a later date of your choice

If the Applicant School requests to reschedule the program date, FRC will also transfer your commitment fee towards a later date of your choice

Please make checks payable to FRC-ELP. We also accept credit card payments.

Fee Waivers Available! – Public lands and outdoor learning experiences should be available to all, irrespective of the cost, and FRC aims to minimize the financial challenges that keep kids from taking important field trips. Thanks to the generous support from our donors we have created the Fort Ross Education Fund to offer program fee waivers and/or transportation subsidies to schools that would otherwise be unable to participate. We welcome teachers of all schools to apply!





AUDIT CERTIFICATION

2021-22 FINANCIAL REPORT/AUDIT

District/Charter Name Twin Hills USD Sonoma County, California

In accordance with Education Code section 41020.3, the Governing Board must review and accept the prior year's Financial Report/Audit, at a public meeting, on or before January 31st (or for charter schools pursuant to Education Code section 47605) and

THEREBY, as written verification of said review, the Governing Board reviewed and accepted

on January 12, 2023 the Annual Financial Report as of June 30, 2022.

(Signature) District Superintendent/Charter School Official

01/12/2023
Date

Anna-Maria Guzman, Ed.D.
Printed name

Submit the original signature copy of the Audit Certification by **February 15, 2023** to your **SCOE Advisor** at:
Business Services
Sonoma County Office of Education
5340 Skylane Boulevard
Santa Rosa, CA 95403

SCOE Use only: reviewed by: _____ date reviewed: _____

**TWIN HILLS UNION SCHOOL DISTRICT
SONOMA COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2022**

TWIN HILLS UNION SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2022

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TWIN HILLS UNION SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2022

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Twin Hills Union School District
Sebastopol, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Twin Hills Union School District, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Twin Hills Union School District, as of June 30, 2022, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability-MPP Program, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

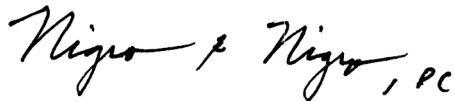
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information 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. The information, except for the LEA Organization Structure and the Schedule of Charter Schools, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information listed in the table of contents, except for the LEA Organization Structure and the Schedule of Charter Schools, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California
December 7, 2022

TWIN HILLS UNION SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2022

This discussion and analysis of Twin Hills Union School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

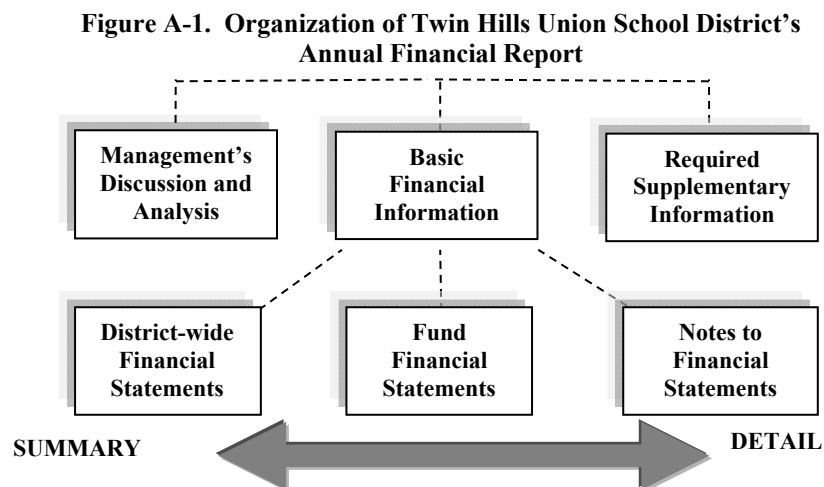
- The District's overall financial status increased from last year, as the net position increased by \$383,840.
- Total governmental revenues were \$13.4 million, a decrease of \$740,089 from the prior year. The decrease was primarily related to a decrease in one time federal and state COVID-19 emergency funds.
- The District's combined fund balances decreased by \$554,500 primarily due to a decrease in one time state and federal funds.
- The total cost of basic programs was \$13.0 million. Because a portion of these costs was paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was \$11.3 million.
- Reserves for the General Fund increased by \$114,060, or 7.4%. Revenues and other financing sources were \$11.7 million and expenditures and other uses were \$11.9 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-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. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



TWIN HILLS UNION SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and 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 demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant 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 debt) or to show that it is properly using certain revenues.

The District has one type of fund:

- *Governmental funds* – All 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 year-end 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 at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

TWIN HILLS UNION SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2022, than it was the year before – increasing to \$(186,427) (See Table A-1).

Table A-1: Statement of Net Position

| | Governmental Activities | | Variance |
|---|--------------------------------|---------------------|--------------------------------|
| | 2022 | 2021 | Increase (Decrease) |
| Assets | | | |
| Current assets | \$ 8,669,882 | \$ 8,867,958 | \$ (198,076) |
| Capital assets | 7,494,591 | 7,879,687 | (385,096) |
| Total assets | 16,164,473 | 16,747,645 | (583,172) |
| Total deferred outflows of resources | 5,059,550 | 3,522,149 | 1,537,401 |
| Liabilities | | | |
| Current liabilities | 1,415,057 | 1,065,466 | 349,591 |
| Long-term liabilities | 13,761,445 | 18,163,016 | (4,401,571) |
| Total liabilities | 15,176,502 | 19,228,482 | (4,051,980) |
| Total deferred inflows of resources | 6,233,949 | 1,611,579 | 4,622,370 |
| Net position | | | |
| Net investment in capital assets | 4,513,171 | 4,492,363 | 20,808 |
| Restricted | 1,629,094 | 1,554,610 | 74,484 |
| Unrestricted | (6,328,693) | (6,617,240) | 288,547 |
| Total net position | \$ (186,428) | \$ (570,267) | \$ 383,839 |

Changes in net position, governmental activities. The District's total revenues decreased 5.2% to \$13.4 million (See Table A-2). The decrease is due primarily to a decrease in one time state and federal funds.

The total cost of all programs and services decreased 11.5% to \$13.0 million. The District's expenses are predominantly related to educating and caring for students, 77.5%. The purely administrative activities of the District accounted for 9.0% of total costs. A significant contributor to the decrease in costs was a decrease in one time COVID-19 expenses.

TWIN HILLS UNION SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

| | Governmental Activities | | Variance |
|--------------------------------------|--------------------------------|---------------------|--------------------|
| | 2022 | 2021 | Increase |
| | | | (Decrease) |
| Revenues | | | |
| Program Revenues: | | | |
| Charges for services | \$ 180,198 | \$ 71,413 | \$ 108,785 |
| Operating grants and contributions | 1,527,204 | 1,927,877 | (400,673) |
| General Revenues: | | | |
| Property taxes | 4,809,285 | 7,102,416 | (2,293,131) |
| Federal and state aid not restricted | 6,156,029 | 4,619,592 | 1,536,437 |
| Other general revenues | 736,220 | 427,728 | 308,492 |
| Total Revenues | 13,408,936 | 14,149,026 | (740,090) |
| Expenses | | | |
| Instruction-related | 9,198,124 | 10,528,775 | (1,330,651) |
| Pupil services | 898,699 | 714,588 | 184,111 |
| Administration | 1,168,213 | 1,395,633 | (227,420) |
| Plant services | 932,681 | 931,528 | 1,153 |
| All other activities | 827,380 | 1,150,789 | (323,409) |
| Total Expenses | 13,025,097 | 14,721,313 | (1,696,216) |
| Increase (decrease) in net position | 383,839 | (572,287) | \$ 956,126 |
| Total net position | \$ (186,428) | \$ (570,267) | |

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$7.3 million, which is below last year's ending fund balance of \$7.8 million. The primary cause of the decreased fund balance is a decrease in one time state and federal COVID-19 funds.

Table A-3: The District's Fund Balances

| Fund | Fund Balances | | | | |
|--|----------------------|----------------------|----------------------|---------------------------------|----------------------|
| | July 1, 2021 | Revenues | Expenditures | Other Sources and (Uses) | June 30, 2022 |
| General Fund | \$ 4,852,575 | \$ 11,189,650 | \$ 11,666,344 | \$ 307,616 | \$ 4,683,497 |
| Student Activity Fund | 155,405 | 46,546 | 60,846 | - | 141,105 |
| Charter School Fund | 301,889 | 2,349,155 | 2,213,498 | (251,233) | 186,313 |
| Child Development Fund | 169,802 | 292,081 | 293,820 | (23,567) | 144,496 |
| Cafeteria Fund | 7,342 | 73,657 | 142,192 | 67,000 | 5,807 |
| Deferred Maintenance Fund | 330,407 | 51,683 | 135,125 | - | 246,965 |
| Special Reserve Fund (Other Than Capital Outlay) | 310,668 | 1,780 | - | - | 312,448 |
| Special Reserve Fund (Postemployment Benefits) | 752,233 | 3,977 | - | (99,816) | 656,394 |
| Building Fund | 157,640 | 904 | - | - | 158,544 |
| Capital Facilities Fund | 44,981 | 17,721 | 10,865 | - | 51,837 |
| Special Reserve Fund (Capital Outlay) | 107,378 | 616 | - | - | 107,994 |
| Bond Interest and Redemption Fund | 647,576 | 424,940 | 484,520 | - | 587,996 |
| Totals | \$ 7,837,896 | \$ 14,452,710 | \$ 15,007,210 | \$ - | \$ 7,283,396 |

TWIN HILLS UNION SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$395,566 primarily to reflect changes in federal and state categorical funding estimates.
- Salaries and benefits costs – decreased \$89,923 due to vacant positions.
- Other expenditures – increased by \$429,181 to re-budget for federal and state COVID-19 categorical funds.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$0.9 million, the actual results for the year show that expenditures exceeded revenues by \$0.5 million. Actual revenues were \$47,894 more than anticipated, and expenditures were \$0.4 million less than budgeted.

That amount consists primarily of restricted program dollars that were not spent as of June 30, 2022, that will be carried over into the 2022-23 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021-22 the District had invested \$143,395 in new capital assets, related to ongoing remodeling. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$511,510.

Table A-4: Capital Assets at Year End, Net of Depreciation

| | Governmental Activities | | Variance Increase (Decrease) |
|--------------------------|--------------------------------|---------------------|---|
| | 2022 | 2021 | |
| Land | \$ 23,604 | \$ 23,604 | \$ - |
| Improvement of sites | 763,187 | 838,179 | (74,992) |
| Buildings | 6,495,175 | 6,885,288 | (390,113) |
| Equipment | 211,325 | 130,532 | 80,793 |
| Construction in progress | 1,300 | 2,084 | (784) |
| Total | <u>\$ 7,494,591</u> | <u>\$ 7,879,687</u> | <u>\$ (385,096)</u> |

Long-Term Debt

At year-end the District had \$13.8 million in long-term – a decrease of 24.2% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

TWIN HILLS UNION SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Table A-5: Outstanding Long-Term Debt at Year-End

| | Governmental Activities | | Variance Increase (Decrease) |
|-------------------------------|--------------------------------|----------------------|---|
| | 2022 | 2021 | |
| General obligation bonds | \$ 5,194,551 | \$ 5,314,463 | \$ (119,912) |
| Compensated absences | 104,835 | 97,040 | 7,795 |
| Other postemployment benefits | 133,870 | 141,131 | (7,261) |
| Net pension liability | 8,328,189 | 12,610,382 | (4,282,193) |
| Total | <u>\$ 13,761,445</u> | <u>\$ 18,163,016</u> | <u>\$ (4,401,571)</u> |

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed a final budget package on June 29, 2022. The budget package assumes that 2022-23 will end with nearly \$28 billion in total reserves. This consists of: (1) \$23.3 billion in the Budget Stabilization Account; (2) \$3.5 billion in the Special Fund for Economic Uncertainties (SFEU); and (3) \$900 million in the Safety Net Reserve, which is available for spending on the State's safety net programs, like Medi-Cal. In addition to the general-purpose reserves described above, the Proposition 98 Reserve (dedicated to school and community college spending) would reach \$9.5 billion under the spending plan.

Federal Funds Expected to Decline Significantly Between 2021-22 and 2022-23

In the budget federal funds decline \$175 billion, or 55 percent, between 2021-22 and 2022-23. This decline is the result of several significant federal programs enacted in response to COVID-19 expiring in 2022-23. For example, the enhanced Federal Medical Assistance Percentage for the State's Medicaid program (which the administration assumes will expire in December 2022) and \$27 billion in fiscal relief funding from the American Rescue Plan. However, there are also some increases in federal funds in 2022-23 related to the Infrastructure Investment and Jobs Act.

Significant Increase in School and Community College Funding

The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in State General Fund revenue. For 2021-22, the guarantee is up \$16.5 billion (17.6 percent) compared with the estimates made in June 2021. This increase represents one of the largest upward revisions since the adoption of Proposition 98 and is due to higher General Fund revenue estimates. For 2022-23, the guarantee increases by an additional \$117 million (0.1 percent) relative to the revised 2021-22 level.

Makes Required Reserve Deposit and Funds New Programs

When the minimum funding requirement is growing quickly, the Constitution requires the State to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the State deposits a total of \$9.5 billion into this account across the 2020-21 through 2022-23 period—an increase of \$4.5 billion compared with the estimates made in June 2021. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, the largest ongoing augmentation is \$7.9 billion to provide a 13 percent increase to the Local Control Funding Formula and provide greater fiscal stability to school districts experiencing declining attendance. The budget plan also includes \$12.1 billion in one-time funding for two K-12 block grants—\$7.9 billion focused on learning recovery and \$3.6 billion intended for arts, music, and instructional materials. In addition, the budget plan includes \$841 million one time for facilities maintenance and instructional equipment and \$650 million one time for a COVID-19 block grant.

TWIN HILLS UNION SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Adjusts Guarantee Upwards for Expansion of Transitional Kindergarten

The June 2021 budget plan established a plan to expand eligibility for transitional kindergarten beginning in 2022-23. Under the plan, all four-year old children will be eligible by 2025-26. (Previously, only children born between September 2 and December 2 were eligible.) The Legislature and Governor also agreed the State would cover the associated costs by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools. Consistent with this agreement, the budget plan includes an increase in the 2022-23 guarantee of \$614 million related to the first-year costs of the expansion.

School Facilities Grants

The budget allocates \$1.4 billion (non-Proposition 98 General Fund) attributable to 2021-22 for school facilities grants. Of this total, \$1.3 billion is to cover the State share for new construction and modernization projects under the School Facilities Program. These funds supplement existing funds from Proposition 51, the State school bond approved by voters in 2016. (Funding from Proposition 51 will likely be exhausted in 2022-23.) The remaining \$100 million is for schools to construct or renovate State Preschool, transitional kindergarten, and full-day kindergarten classrooms.

Reserve Cap Triggered

As a result of the balance in the Public School System Stabilization Account, the statutory limitation on school district reserves has been triggered for the 2022-23 budget period, pursuant to Education Code (EC) Section 42127.01(e). Beginning with the 2022-23 fiscal year, the district reserve cap requires that a school district's adopted or revised budget pursuant to EC Section 42127 shall not contain a combined assigned or unassigned ending general fund balance of more than 10 percent of those funds. Assigned and unassigned balances within the Special Fund for Other than Capital Outlay shall also be included within the 10 percent reserve cap. The reserve cap requirement does not apply to small school districts or basic aid school districts pursuant to EC Section 42127.01(c).

All of these factors were considered in preparing the Twin Hills Union School District budget for the 2022-23 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Patty Nosecchi, 700 Watertrough Road, Sebastopol, CA 95472, or (707) 823-0871.

TWIN HILLS UNION SCHOOL DISTRICT*Statement of Net Position**June 30, 2022*

| | Total Governmental Activities |
|---|-------------------------------------|
| ASSETS | |
| Deposits and investments | \$ 7,949,153 |
| Accounts receivable | 703,655 |
| Inventories | 457 |
| Other current assets | 16,617 |
| Capital assets: | |
| Non-depreciable assets | 24,904 |
| Depreciable assets | 16,127,791 |
| Less accumulated depreciation | (8,658,104) |
| Total assets | <u>16,164,473</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to pensions | <u>5,059,550</u> |
| LIABILITIES | |
| Accounts payable | 1,091,519 |
| Accrued interest payable | 28,571 |
| Unearned revenue | 294,967 |
| Noncurrent liabilities: | |
| Due or payable within one year | 440,000 |
| Due in more than one year | |
| Other than OPEB and pensions | 4,859,386 |
| Total OPEB liability | 133,870 |
| Net pension liability | 8,328,189 |
| Total liabilities | <u>15,176,502</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | <u>6,233,949</u> |
| NET POSITION | |
| Net investment in capital assets | 4,513,171 |
| Restricted for: | |
| Capital projects | 51,837 |
| Debt service | 587,996 |
| Categorical programs | 848,156 |
| Student activity | 141,105 |
| Unrestricted | <u>(6,328,693)</u> |
| Total net position | <u>\$ (186,428)</u> |

TWIN HILLS UNION SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2022

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) |
|--|---------------|----------------------|------------------------------------|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Revenue and Changes in Net Position |
| Governmental Activities | | | | |
| Instructional Services: | | | | |
| Instruction | \$ 8,061,374 | \$ 92,913 | \$ 1,115,420 | \$ (6,853,041) |
| Instruction-Related Services: | | | | |
| Supervision of instruction | 55,601 | 234 | 27,973 | (27,394) |
| Instructional library, media and technology | 40,291 | - | - | (40,291) |
| School site administration | 1,040,858 | 2,633 | (20,105) | (1,058,330) |
| Pupil Support Services: | | | | |
| Home-to-school transportation | 246,477 | - | - | (246,477) |
| Food services | 156,523 | 46,288 | 78,808 | (31,427) |
| All other pupil services | 495,699 | 19,038 | 159,783 | (316,878) |
| General Administration Services: | | | | |
| Other general administration | 1,168,213 | 1,945 | (685) | (1,166,953) |
| Plant services | 932,681 | 357 | 29,522 | (902,802) |
| Ancillary services | 79,859 | - | 45,446 | (34,413) |
| Community services | 318,822 | 15,193 | 38,902 | (264,727) |
| Interest on long-term debt | 357,775 | - | - | (357,775) |
| Other outgo | 70,924 | 1,597 | 52,140 | (17,187) |
| Total Governmental Activities | \$ 13,025,097 | \$ 180,198 | \$ 1,527,204 | (11,317,695) |
| General Revenues: | | | | |
| Property taxes | | | | 4,809,285 |
| Federal and state aid not restricted to specific purpose | | | | 6,156,029 |
| Interest and investment earnings | | | | 42,668 |
| Interagency revenues | | | | 60,058 |
| Miscellaneous | | | | 633,494 |
| Total general revenues | | | | 11,701,534 |
| Change in net position | | | | 383,839 |
| Net position - July 1, 2021 | | | | (570,267) |
| Net position - June 30, 2022 | | | | \$ (186,428) |

TWIN HILLS UNION SCHOOL DISTRICT*Balance Sheet – Governmental Funds**June 30, 2022*

| | General Fund | Charter Schools Special Revenue Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--------------------------------------|---------------------|--|------------------------------------|--------------------------------|
| ASSETS | | | | |
| Deposits and investments | \$ 6,081,384 | \$ 381,694 | \$ 1,486,075 | \$ 7,949,153 |
| Accounts receivable | 546,756 | 150,492 | 6,407 | 703,655 |
| Due from other funds | 182,187 | 15,835 | 2,000 | 200,022 |
| Inventories | - | - | 457 | 457 |
| Other current assets | 16,617 | - | - | 16,617 |
| Total Assets | <u>\$ 6,826,944</u> | <u>\$ 548,021</u> | <u>\$ 1,494,939</u> | <u>\$ 8,869,904</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 887,783 | \$ 179,108 | \$ 24,628 | \$ 1,091,519 |
| Due to other funds | 17,835 | 156,620 | 25,567 | 200,022 |
| Unearned revenue | 268,987 | 25,980 | - | 294,967 |
| Total Liabilities | <u>1,174,605</u> | <u>361,708</u> | <u>50,195</u> | <u>1,586,508</u> |
| Fund Balances | | | | |
| Nonspendable | 9,000 | - | 8,457 | 17,457 |
| Restricted | 742,483 | 99,866 | 940,832 | 1,783,181 |
| Committed | - | - | 246,965 | 246,965 |
| Assigned | 3,235,856 | 86,447 | 248,490 | 3,570,793 |
| Unassigned | 1,665,000 | - | - | 1,665,000 |
| Total Fund Balances | <u>5,652,339</u> | <u>186,313</u> | <u>1,444,744</u> | <u>7,283,396</u> |
| Total Liabilities and Fund Balances | <u>\$ 6,826,944</u> | <u>\$ 548,021</u> | <u>\$ 1,494,939</u> | <u>\$ 8,869,904</u> |

TWIN HILLS UNION SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2022

Total fund balances - governmental funds \$ 7,283,396

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 at historical cost | 16,152,695 | |
| Accumulated depreciation | <u>(8,658,104)</u> | |
| Net: | | 7,494,591 |

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:

(28,571)

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:

| | | |
|----------------------------------|------------------|--------------|
| General obligation bonds payable | 5,194,551 | |
| Compensated absences payable | 104,835 | |
| OPEB obligation | 133,870 | |
| Net pension liability | <u>8,328,189</u> | |
| Total | | (13,761,445) |

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 | 5,059,550 | |
| Deferred inflows of resources | <u>(6,233,949)</u> | |
| Total | | <u>(1,174,399)</u> |

Total net position - governmental activities \$ (186,428)

TWIN HILLS UNION SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2022

| | General Fund | Charter Schools Special Revenue Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|-----------------|--|------------------------------------|--------------------------------|
| REVENUES | | | | |
| LCFF sources | \$ 8,327,663 | \$ 2,017,446 | \$ 50,000 | \$ 10,395,109 |
| Federal sources | 387,230 | 63,345 | 74,749 | 525,324 |
| Other state sources | 1,379,001 | 266,542 | 3,714 | 1,649,257 |
| Other local sources | 1,101,513 | 1,822 | 779,685 | 1,883,020 |
| Total Revenues | 11,195,407 | 2,349,155 | 908,148 | 14,452,710 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 7,335,082 | 1,879,625 | - | 9,214,707 |
| Instruction-Related Services: | | | | |
| Supervision of instruction | 76,338 | - | - | 76,338 |
| Instructional library, media and technology | 48,280 | - | - | 48,280 |
| School site administration | 1,010,705 | 257,865 | - | 1,268,570 |
| Pupil Support Services: | | | | |
| Home-to-school transportation | 246,477 | - | - | 246,477 |
| Food services | 23,276 | - | 142,192 | 165,468 |
| All other pupil services | 483,840 | 44,546 | - | 528,386 |
| Ancillary services | 24,889 | - | 60,846 | 85,735 |
| Community services | 52,381 | - | 293,820 | 346,201 |
| General Administration Services: | | | | |
| Other general administration | 1,310,578 | - | - | 1,310,578 |
| Plant services | 980,454 | 31,462 | 6,500 | 1,018,416 |
| Capital outlay | 13,986 | - | 128,625 | 142,611 |
| Intergovernmental transfers | 60,058 | - | 10,865 | 70,923 |
| Debt service: | | | | |
| Principal | - | - | 405,000 | 405,000 |
| Interest | - | - | 79,520 | 79,520 |
| Total Expenditures | 11,666,344 | 2,213,498 | 1,127,368 | 15,007,210 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (470,937) | 135,657 | (219,220) | (554,500) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Interfund transfers in | 435,187 | 160,387 | 67,000 | 662,574 |
| Interfund transfers out | (227,387) | (411,620) | (23,567) | (662,574) |
| Total Other Financing Sources and Uses | 207,800 | (251,233) | 43,433 | - |
| Net Change in Fund Balances | (263,137) | (115,576) | (175,787) | (554,500) |
| Fund Balances, July 1, 2021 | 5,915,476 | 301,889 | 1,620,531 | 7,837,896 |
| Fund Balances, June 30, 2022 | \$ 5,652,339 | \$ 186,313 | \$ 1,444,744 | \$ 7,283,396 |

TWIN HILLS UNION SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental funds \$ (554,500)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

| | | |
|---------------------------------|------------------|-----------|
| Expenditures for capital outlay | 143,395 | |
| Depreciation expense | <u>(511,510)</u> | (368,115) |

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

405,000

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss was:

(16,197)

If a planned capital project is canceled and will not be completed, costs previously capitalized as Work in Progress must be written off to expense. Costs written off for canceled projects were:

(784)

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

6,833

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The difference between compensated absences paid and compensated absences earned was:

(7,795)

In governmental funds, accreted interest is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. The difference between accreted interest accrued during the year and accreted interest paid is:

(285,088)

In governmental funds, other postemployment benefits expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:

7,261

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

1,197,224

Change in net position of governmental activities \$ 383,839

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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 the District, this includes general operations, food service, and student-related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization’s relationship with the District is such that exclusion would cause the District’s financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). 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 revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues 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. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District’s funds. Separate statements for each fund category are presented. 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 nonmajor funds.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. In addition, the District maintains a Special Reserve Fund for Other Than Capital Outlay Projects and a Special Reserve Fund for Postemployment Benefits. These funds do not meet the definition of special revenue funds as they are not primarily composed of restricted or committed revenue sources. Because these funds do not meet the definition of special revenue funds under GASB 54, the activity in those funds is being reported within the General Fund. Furthermore, the District accounts for the activity of the Sun Ridge Charter School and Twin Hills Middle Charter School in a separate General Fund, which is combined with the District's General Fund in this report.

Charter Schools Special Revenue Fund: This fund is used by the District to account separately for the operating activities of Orchard View Charter School.

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

Special Revenue 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, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* Sections 38090 and 38093).

Deferred Maintenance Fund: This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Capital Projects Funds (continued):

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code* Sections 15125-15262).

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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 as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.

For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

C. Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the Board of Trustees to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District Board of Trustees 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 budget purposes, on behalf payments have been included as revenue and expenditures as required under generally accepted accounting principles.

D. Encumbrances

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool 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.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

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

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| Description | Estimated Lives |
|----------------------------|-----------------|
| Land Improvements | 5-20 years |
| Buildings and Improvements | 15-20 years |
| Equipment | 5-20 years |

4. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures.

In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. Leases

Lessee:

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor:

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Leases (continued)

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

8. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

9. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. 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.

10. Fund Balances

The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Fund Balances (continued)

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

11. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

The District has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 17% of total General Fund expenditures, other uses and transfers out at the close of each fiscal year, greater than the recommended level promulgated by the State of California.

The District's policy regarding the order in which spendable fund balances are spent when more than one classification is available for a specific purpose is that they are spent in restricted, committed, assigned, and then unassigned order.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

| | |
|-------------------------------|---------------------|
| Governmental funds/activities | <u>\$ 7,949,153</u> |
|-------------------------------|---------------------|

Deposits and investments as of June 30, 2022 consist of the following:

| | |
|--------------------------------|---------------------|
| Cash on hand and in banks | \$ 171,781 |
| Cash in revolving fund | 17,000 |
| Investments | <u>7,760,372</u> |
| Total deposits and investments | <u>\$ 7,949,153</u> |

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2022, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depositary Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2022, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

Investments - Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Trustees. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2022, consist of the following:

| | Reported Amount | Less Than One Year | One Year Through Five Years | Fair Value Measurement | Rating |
|-------------------------------|--------------------|-----------------------|-----------------------------------|---------------------------|--------|
| Investments: | | | | | |
| Sonoma County Investment Pool | \$ 7,760,372 | \$ 7,760,372 | \$ - | uncategorized | N/A |

Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2022, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2022, the District did not have any investments outside of the County Treasury investment pool.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurements (continued)

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized – Investments in the Sonoma County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

All assets have been valued using a market approach, with quoted market prices.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2022 consisted of the following:

| | General Fund | Charter Schools Special Revenue Fund | Non-Major Governmental Funds | Total |
|--------------------------|-------------------|--|------------------------------------|-------------------|
| Federal Government: | | | | |
| Categorical aid programs | \$ 181,095 | \$ 47,510 | \$ 3,100 | \$ 231,705 |
| State Government: | | | | |
| LCFF | 218,317 | 81,736 | - | 300,053 |
| Lottery | 10,318 | 10,043 | - | 20,361 |
| Categorical aid programs | 124,154 | 8,967 | - | 133,121 |
| Local: | | | | |
| Other local | 12,872 | 2,236 | 3,307 | 18,415 |
| Total | <u>\$ 546,756</u> | <u>\$ 150,492</u> | <u>\$ 6,407</u> | <u>\$ 703,655</u> |

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2022, consisted of the following:

| | Due from Other Funds | | | |
|--------------------------------------|----------------------|--|------------------------------------|-------------------|
| | General Fund | Charter Schools Special Revenue Fund | Non-Major Governmental Funds | Total |
| General Fund | \$ - | \$ 15,835 | \$ 2,000 | \$ 17,835 |
| Charter Schools Special Revenue Fund | 156,620 | - | - | 156,620 |
| Other Governmental Funds | 25,567 | - | - | 25,567 |
| Total | <u>\$ 182,187</u> | <u>\$ 15,835</u> | <u>\$ 2,000</u> | <u>\$ 200,022</u> |

| | |
|--|-------------------|
| General Fund due to Cafeteria Fund for salary increase | \$ 2,000 |
| General Fund due to Charter Special Revenue Fund for ESSER Funds | 15,835 |
| Charter Schools Special Revenue Fund due to General Fund for memorandum of understanding and Special Education costs | 156,620 |
| Cafeteria Fund due to General Fund for temporary loan | 2,000 |
| Child Development Fund due to General Fund for memorandum of understanding | 23,567 |
| Total | <u>\$ 200,022</u> |

B. Transfers To/From Other Funds

Transfers between funds during the year ended June 30, 2022, consisted of the following:

| | Interfund Transfers In | | | |
|--------------------------------------|------------------------|--|------------------------------------|-------------------|
| | General Fund | Charter Schools Special Revenue Fund | Non-Major Governmental Funds | Total |
| General Fund | \$ - | \$ 160,387 | \$ 67,000 | \$ 227,387 |
| Charter Schools Special Revenue Fund | 411,620 | - | - | 411,620 |
| Other Governmental Funds | 23,567 | - | - | 23,567 |
| Total | <u>\$ 435,187</u> | <u>\$ 160,387</u> | <u>\$ 67,000</u> | <u>\$ 662,574</u> |

| | |
|--|-------------------|
| General Fund transfer to Charter Schools Special Revenue Fund for salary increase and CRSP | \$ 160,387 |
| General Fund transfer to Cafeteria Fund for contribution and salary increase | 67,000 |
| Charter School Special Revenue Fund transfer to General Fund for special education costs | 47,820 |
| Charter School Special Revenue Fund transfer to General Fund for MOU agreement | 363,800 |
| Child Development Fund transfer to General Fund for memorandum of understanding | 23,567 |
| Total | <u>\$ 662,574</u> |

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 5 – FUND BALANCES

At June 30, 2022, fund balances of the District's governmental funds were classified as follows:

| | General Fund | Charter Schools Special Revenue Fund | Non-Major Governmental Funds | Total |
|---|-----------------|--|------------------------------------|--------------|
| Nonspendable: | | | | |
| Revolving cash | \$ 9,000 | \$ - | \$ 8,000 | \$ 17,000 |
| Stores inventories | - | - | 457 | 457 |
| Total Nonspendable | 9,000 | - | 8,457 | 17,457 |
| Restricted: | | | | |
| Categorical programs | 742,483 | 99,866 | - | 842,349 |
| Nutrition services | - | - | 1,350 | 1,350 |
| Capital projects | - | - | 210,381 | 210,381 |
| Student activity | - | - | 141,105 | 141,105 |
| Debt service | - | - | 587,996 | 587,996 |
| Total Restricted | 742,483 | 99,866 | 940,832 | 1,783,181 |
| Committed: | | | | |
| Deferred maintenance program | - | - | 246,965 | 246,965 |
| Total Committed | - | - | 246,965 | 246,965 |
| Assigned: | | | | |
| West County JPAs: Spec Ed & Trans | 70,000 | - | - | 70,000 |
| Fund balance support for charters | 525,563 | - | - | 525,563 |
| Technology hardware replacement | 500,000 | - | - | 500,000 |
| Facilities: repair/replace-assign adjust | 600,000 | - | - | 600,000 |
| Pension & salary increase support | 300,000 | - | - | 300,000 |
| Assignment reductions due to supports | (150,184) | - | - | (150,184) |
| COVID-19 legal: distance learning | 100,000 | - | - | 100,000 |
| Lottery carryover | 21,990 | - | - | 21,990 |
| Charter School reserve for economic uncertainties | 281,645 | - | - | 281,645 |
| RESIG deductible 8th grade FT | 18,000 | - | - | 18,000 |
| 2021-22 2% on schedule & ADA loss | - | 86,447 | - | 86,447 |
| Other than capital outlay | 312,448 | - | - | 312,448 |
| Retirement program liability (CRSP) | 656,394 | - | - | 656,394 |
| Capital equipment purchases | - | - | 107,994 | 107,994 |
| Child development program | - | - | 140,496 | 140,496 |
| Total Assigned | 3,235,856 | 86,447 | 248,490 | 3,570,793 |
| Unassigned: | | | | |
| Reserve for economic uncertainties | 1,665,000 | - | - | 1,665,000 |
| Total Unassigned | 1,665,000 | - | - | 1,665,000 |
| Total | \$ 5,652,339 | \$ 186,313 | \$ 1,444,744 | \$ 7,283,396 |

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2022, was as follows:

| | Balance, July 1, 2021 | Additions | Retirements | Balance, June 30, 2022 |
|---|--------------------------|--------------|-------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 23,604 | \$ - | \$ - | \$ 23,604 |
| Construction in progress | 2,084 | 143,395 | 144,179 | 1,300 |
| Total capital assets not being depreciated | 25,688 | 143,395 | 144,179 | 24,904 |
| Capital assets being depreciated: | | | | |
| Improvement of sites | 1,768,412 | - | - | 1,768,412 |
| Buildings | 13,783,182 | 13,986 | - | 13,797,168 |
| Equipment | 470,637 | 129,409 | 37,835 | 562,211 |
| Total capital assets being depreciated | 16,022,231 | 143,395 | 37,835 | 16,127,791 |
| Accumulated depreciation for: | | | | |
| Improvement of sites | (930,233) | (74,992) | - | (1,005,225) |
| Buildings | (6,897,894) | (404,099) | - | (7,301,993) |
| Equipment | (340,105) | (32,419) | (21,638) | (350,886) |
| Total accumulated depreciation | (8,168,232) | (511,510) | (21,638) | (8,658,104) |
| Total capital assets being depreciated, net | 7,853,999 | (368,115) | 16,197 | 7,469,687 |
| Governmental activity capital assets, net | \$ 7,879,687 | \$ (224,720) | \$ 160,376 | \$ 7,494,591 |

Depreciation expense was charged to the Instruction function in the Statement of Activities.

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the year ended June 30, 2022, were as follows:

| | Balance, July 1, 2021 | Additions | Deductions | Balance, June 30, 2022 | Amount Due Within One Year |
|---------------------------|--------------------------|------------|------------|---------------------------|-------------------------------|
| General Obligation Bonds: | | | | | |
| Principal | \$ 3,544,964 | \$ - | \$ 405,000 | \$ 3,139,964 | \$ 428,986 |
| Accreted interest | 1,769,499 | 285,088 | - | 2,054,587 | 11,014 |
| Sub-total G.O. bonds | 5,314,463 | 285,088 | 405,000 | 5,194,551 | 440,000 |
| Compensated Absences | 97,040 | 7,795 | - | 104,835 | - |
| Totals | \$ 5,411,503 | \$ 292,883 | \$ 405,000 | \$ 5,299,386 | \$ 440,000 |

General Obligation Bonds will be repaid from the Bond Interest and Redemption Fund. Compensated absences will be paid for by the fund for which the employee worked.

General Obligation Bonds

Prior-Year Defeasance of Debt

In 2007, the District defeased certain general obligation bonds by placing the proceeds of new \$2,910,000 refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2022, none of the defeased debt remains outstanding.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

Election of 2010 (Measure M)

Bonds were authorized to be issued at an election held on November 2, 2010, by more than 55% of the votes cast by eligible voters within the District. The measure authorized the District to issue bonds in an aggregate principal amount not to exceed \$11,000,000 for purposes summarized as follows: to provide funds to acquire, construct and improve classrooms and facilities, expand student access to computers and technology, and provide renewable energy and related improvements to better maintain schools and reduce annual operating costs.

The Board of Supervisors of the County is empowered and is obligated to levy ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds.

Below is a schedule of bonds issued and outstanding as of June 30, 2022.

| Bond Description | Issue Date | Maturity Date | Interest Rate | Original Issue | Balance, July 1, 2021 | Additions | Deductions | Balance, June 30, 2022 |
|--|------------|---------------|---------------|----------------|-----------------------|-----------|------------|------------------------|
| <i>Election of 2010 (Measure M)</i> | | | | | | | | |
| 2011A | 3/17/2011 | 8/1/2036 | 5.94% - 6.85% | \$ 1,334,964 | \$ 1,334,964 | \$ - | \$ - | \$ 1,334,964 |
| 2011B | 3/17/2011 | 8/1/2025 | 3.70% - 6.00% | 1,330,000 | 1,220,000 | - | 10,000 | 1,210,000 |
| <i>Refunding Bonds</i> | | | | | | | | |
| 2007 Ref. | 1/24/2007 | 8/1/2025 | 3.5% - 4.0% | 2,910,000 | 990,000 | - | 395,000 | 595,000 |
| Totals | | | | \$ 5,574,964 | \$ 3,544,964 | \$ - | \$ 405,000 | \$ 3,139,964 |

Accreted Interest:

| | | | | |
|--------|--------------|------------|------|--------------|
| 2011 A | \$ 1,769,499 | \$ 285,088 | \$ - | \$ 2,054,587 |
|--------|--------------|------------|------|--------------|

The annual requirements to amortize general obligation bonds payable are as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|--------------|--------------|--------------|
| 2022-2023 | \$ 428,986 | \$ 71,332 | \$ 500,318 |
| 2023-2024 | 445,912 | 62,788 | 508,700 |
| 2024-2025 | 470,262 | 46,238 | 516,500 |
| 2025-2026 | 483,429 | 45,403 | 528,832 |
| 2026-2027 | 89,190 | 445,810 | 535,000 |
| 2027-2032 | 528,791 | 2,501,209 | 3,030,000 |
| 2032-2037 | 693,394 | 2,991,606 | 3,685,000 |
| Totals | \$ 3,139,964 | \$ 6,164,386 | \$ 9,304,350 |

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

| | OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense |
|---------------|-------------------|-----------------------------------|----------------------------------|-------------------|
| District Plan | \$ 73,828 | \$ - | \$ - | \$ (5,780) |
| MPP Program | 60,042 | - | - | 4,317 |
| Totals | <u>\$ 133,870</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1,463)</u> |

The details of each plan are as follows:

District Plan

Plan Description

The District administers a single-employer defined benefit healthcare plan (the Plan). The District entered into a contract with a retired former superintendent whereby the District will pay for the retiree's health benefits for life. Health benefits include medical, dental, and vision. Benefits are provided by a third-party insurer, and full cost of benefits are covered by the plan. The District does not offer an OPEB Plan to any other active or inactive employee. The contribution requirements of Plan members and the District are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

Health benefits include medical, dental, and vision. Benefits are provided by a third-party insurer, and full cost of benefits are covered by the plan. Estimates for future obligations assume a life expectancy of 88 years with an estimated 5% annual increase in benefit costs.

The following table outlines the retiree benefits provided:

| | |
|----------------------------------|-------------------------|
| Benefit Types Provided | Medical, Dental, Vision |
| Duration of Benefits | Lifetime |
| Required Service | Contractual Agreement* |
| Benefit Eligibility Age | 60 |
| Assumed (average) Retirement Age | 60 |
| Benefits Pro-rated for FTE < 1.0 | No |
| Minimum FTE of .5 Required | No |
| Spousal Benefits | No |
| Survivor Benefits | No |
| Other Benefits | No |

* Benefits were negotiated as a one-time offer in an employment contract agreement, for one employee that was the Superintendent who is currently retired.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

| | |
|--|----------|
| Inactive employees or beneficiaries currently receiving benefit payments | 1 |
| Active employees | - |
| Total | <u>1</u> |

Total OPEB Liability

The District's Net OPEB Liability of \$73,828 was measured as of June 30, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2022. Actual assumptions used in the June 30, 2022 valuation were based on a review of plan experience during the period of July 1, 2018 to June 30, 2022.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|----------------------------|
| Valuation Date | June 30, 2022 |
| Inflation | 2.75 percent |
| Salary increases | 3.00 percent |
| Healthcare cost trend rates | 5.00 percent for all years |

Discount Rate

The discount rate of 3.69 percent is the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality Rates

Pre-retirement mortality rates were based on Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018). Post-retirement mortality rates were based on Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018). Actuarial assumptions used in the June 30, 2022 valuation were based on a review of plan experience during the period June 30, 2019 to June 30, 2022.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|---------------------------------|
| Balance at July 1, 2021 | \$ 85,406 |
| Interest | 1,584 |
| Differences between expected and actual experience | 2,466 |
| Changes of assumptions | (9,830) |
| Benefit payments | (5,798) |
| Net changes | (11,578) |
| Balance at June 30, 2022 | \$ 73,828 |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

| Discount Rate | OPEB Liability |
|-----------------------|-------------------|
| 1% decrease | \$ 79,123 |
| Current discount rate | \$ 73,828 |
| 1% increase | \$ 69,117 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

| Healthcare Cost Trend Rate | OPEB Liability |
|-------------------------------|-------------------|
| 1% decrease | \$ 69,130 |
| Current trend rate | \$ 73,828 |
| 1% increase | \$ 79,001 |

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$(5,780). At June 30, 2022, the District reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2021, 5,096 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 25930, contributions that would otherwise be credited to the Defined Benefit Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Total OPEB Liability

At June 30, 2022, the District reported a liability of \$60,042 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2021, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

| | <u>Percentage Share of MPP Program</u> | | <u>Change Increase/ (Decrease)</u> |
|--------------------------------------|---|---|--|
| | <u>Fiscal Year Ending June 30, 2022</u> | <u>Fiscal Year Ending June 30, 2021</u> | |
| Measurement Date | <u>June 30, 2021</u> | <u>June 30, 2020</u> | |
| Proportion of the Net OPEB Liability | 0.015053% | 0.013149% | 0.001904% |

For the year ended June 30, 2022, the District reported OPEB expense of \$4,317.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|---|
| Measurement Date | June 30, 2021 |
| Valuation Date | June 30, 2020 |
| Experience Study | June 30, 2014 through June 30, 2018 |
| Actuarial Cost Method | Entry age normal |
| Investment Rate of Return | 2.16% |
| Healthcare Cost Trend Rates | 4.5% for Medicare Part A, and 5.4% for Medicare Part B |

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population of 152,062.

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2021, was 2.16%, which is a decrease from 2.21% as of June 30, 2020.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

| Discount Rate | MPP OPEB Liability |
|-----------------------|-----------------------|
| 1% decrease | \$ 66,183 |
| Current discount rate | \$ 60,042 |
| 1% increase | \$ 54,796 |

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

| Medicare Cost Trend Rates | MPP OPEB Liability |
|------------------------------|-----------------------|
| 1% decrease | \$ 54,601 |
| Current trend rate | \$ 60,042 |
| 1% increase | \$ 66,280 |

NOTE 9 – PENSION PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). Certain eligible certificated employees also participate in the Certificated Retirement Support Program (CRSP).

For the fiscal year ended June 30, 2022, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

| Pension Plan | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|--------------|--------------------------|-----------------------------------|----------------------------------|---------------------|
| CalSTRS | \$ 4,557,371 | \$ 3,245,575 | \$ 4,570,545 | \$ (235,557) |
| CalPERS | 2,672,679 | 1,590,940 | 1,591,869 | 24,059 |
| CRSP | 1,098,139 | 223,035 | 71,535 | 101,001 |
| Totals | <u>\$ 8,328,189</u> | <u>\$ 5,059,550</u> | <u>\$ 6,233,949</u> | <u>\$ (110,497)</u> |

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|-------------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire Date | December 31, 2012 | January 1, 2013 |
| Benefit Formula | 2% at 60 | 2% at 62 |
| Benefit Vesting Schedule | 5 years of service | 5 years of service |
| Benefit Payments | Monthly for life | Monthly for life |
| Retirement Age | 60 | 62 |
| Monthly Benefits as a Percentage of Eligible Compensation | 2.0%-2.4% | 2.0%-2.4% |
| Required Member Contribution Rate | 10.25% | 10.205% |
| Required Employer Contribution Rate | 16.92% | 16.92% |
| Required State Contribution Rate | 10.828% | 10.828% |

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation)—signed into law in June 2019 and June 2020, respectively—provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

The contribution rates for each program for the year ended June 30, 2022, are presented above, and the District's total contributions were \$922,164.

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

At June 30, 2022, 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 net pension liability | \$ | 4,557,371 |
| State's proportionate share of the net pension liability associated with the District | | 2,293,092 |
| Total | \$ | <u>6,850,463</u> |

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

| | Percentage Share of Risk Pool | | Change Increase/ (Decrease) |
|---|--|--|-----------------------------------|
| | Fiscal Year Ending June 30, 2022 | Fiscal Year Ending June 30, 2021 | |
| Measurement Date | June 30, 2021 | June 30, 2020 | |
| Proportion of the Net Pension Liability | 0.010014% | 0.008677% | 0.001338% |

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2022, the District recognized pension expense of \$(235,557). In addition, the District recognized pension expense and revenue of \$(399,689) for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows | Deferred Inflows |
|--|-------------------|------------------|
| Pension contributions subsequent to measurement date | \$ 922,164 | \$ - |
| Net change in proportionate share of net pension liability | 1,666,264 | 480,548 |
| Difference between projected and actual earnings on pension plan investments | - | 3,604,998 |
| Changes of assumptions | 645,731 | - |
| Differences between expected and actual experience | 11,416 | 484,999 |
| Totals | \$ 3,245,575 | \$ 4,570,545 |

The 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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 7 years.

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

| Year Ended June 30, | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------|-----------------------------------|----------------------------------|
| 2023 | \$ 622,136 | \$ 1,112,579 |
| 2024 | 622,437 | 1,017,242 |
| 2025 | 336,224 | 1,043,878 |
| 2026 | 221,166 | 1,175,722 |
| 2027 | 184,265 | 117,255 |
| Thereafter | 337,183 | 103,869 |
| Totals | \$ 2,323,411 | \$ 4,570,545 |

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

| | |
|-----------------------------|------------------------------------|
| Valuation Date | June 30, 2020 |
| Experience Study | July 1, 2015 through June 30, 2018 |
| Actuarial Cost Method | Entry age normal |
| Investment Rate of Return | 7.10% |
| Consumer Price of Inflation | 2.75% |
| Wage Growth | 3.50% |

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

The long-term investment rate of return assumption 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 investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study.

For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Long-Term Expected Real Rate of Return |
|----------------------------|--------------------------|--|
| Public Equity | 42.0% | 4.8% |
| Real Estate | 15.0% | 3.6% |
| Private Equity | 13.0% | 6.3% |
| Fixed Income | 12.0% | 1.3% |
| Risk Mitigating Strategies | 10.0% | 1.8% |
| Inflation Sensitive | 6.0% | 3.3% |
| Cash/Liquidity | 2.0% | (0.4%) |

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses 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.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

| Discount Rate | Net Pension Liability |
|-------------------------------|-----------------------|
| 1% decrease (6.10%) | \$ 9,277,175 |
| Current discount rate (7.10%) | 4,557,371 |
| 1% increase (8.10%) | 640,023 |

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately \$2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$644,083.

B. California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

| | Schools Pool (CalPERS) | |
|-------------------------------------|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire Date | | |
| Benefit Formula | 2% at 55 | 2% at 62 |
| Benefit Vesting Schedule | 5 years of service | 5 years of service |
| Benefit Payments | Monthly for life | Monthly for life |
| Retirement Age | 55 | 62 |
| Required Employee Contribution Rate | 7.00% | 7.00% |
| Required Employer Contribution Rate | 22.91% | 22.91% |

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022 are presented above, and the total District contributions were \$464,468.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$2,672,679. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

| | Percentage Share of Risk Pool | | Change Increase/ (Decrease) |
|---|--|--|-----------------------------------|
| | Fiscal Year Ending June 30, 2022 | Fiscal Year Ending June 30, 2021 | |
| Measurement Date | June 30, 2021 | June 30, 2020 | |
| Proportion of the Net Pension Liability | 0.013144% | 0.009938% | 0.003205% |

For the year ended June 30, 2022, the District recognized pension expense of \$24,059. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows | Deferred Inflows |
|---|---------------------|---------------------|
| Pension contributions subsequent to measurement date | \$ 464,468 | \$ - |
| Net change in proportionate share of net pension liability | 910,633 | 423,821 |
| Difference between projected and actual earnings on pension plan investments | 136,053 | 1,161,748 |
| Changes of assumptions | - | - |
| Differences between expected and actual experience | 79,786 | 6,300 |
| Totals | <u>\$ 1,590,940</u> | <u>\$ 1,591,869</u> |

The 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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

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

| Year Ended June 30, | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------|-----------------------------------|----------------------------------|
| 2023 | \$ 335,712 | \$ 445,532 |
| 2024 | 295,355 | 424,217 |
| 2025 | 267,747 | 423,274 |
| 2026 | 227,658 | 298,846 |
| 2027 | - | - |
| Thereafter | - | - |
| Totals | <u>\$ 1,126,472</u> | <u>\$ 1,591,869</u> |

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020 used the following methods and assumptions, applied to all prior periods included in the measurement:

| | |
|-----------------------|---------------------------------|
| Valuation Date | June 30, 2020 |
| Experience Study | 1997-2015 |
| Actuarial Cost Method | Entry age normal |
| Discount Rate | 7.15% |
| Inflation Rate | 2.50% |
| Salary Increases | Varies by entry age and service |

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Real Return Years 1-10 | Real Return Years 11+ |
|------------------|--------------------------|------------------------|-----------------------|
| Public Equity | 50.00% | 4.80% | 5.98% |
| Fixed Income | 28.00% | 1.00% | 2.62% |
| Inflation Assets | 0.00% | 0.77% | 1.81% |
| Private Equity | 8.00% | 6.30% | 7.23% |
| Real Assets | 13.00% | 3.75% | 4.93% |
| Liquidity | 1.00% | 0.00% | (0.92%) |

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

| Discount Rate | Net Pension Liability |
|-------------------------------|-----------------------|
| 1% decrease (6.15%) | \$ 4,506,513 |
| Current discount rate (7.15%) | 2,672,679 |
| 1% increase (8.15%) | 1,150,204 |

C. Certificated Retirement Support Program (CRSP)

Plan Description

Plan Administration

The Twin Hills Union School District administers a single-employer unfunded defined benefit Pension plan, under Article 19. The Certificated Retirement Support Program (CRSP) is offered for all certificated employees qualifying under the eligibility criteria.

As of June 30, 2022, the liability is presented in accordance with the GASB Statement 73 based on the District's most recent actuarial study.

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

C. Certificated Retirement Support Program (CRSP) (continued)

Plan Description (continued)

Benefits Provided

Certificated employees on Column 5 of the salary schedule (for at least 4 years) may retire and receive District-paid benefits upon attainment of age 55 and completion of 15 years of District service (the last five years must be continuous). On February 8, 2018, the District extended plan eligibility to certificated administrators.

Eligible employees receive a percent of the teacher's highest earnable salary on the Salary Schedule, depending on age at retirement:

| Age | Percent |
|-------|---------|
| 55-58 | 65% |
| 59-60 | 55% |
| 61-62 | 35% |

Retirees receive a cash buy-out paid in three equal installments. In the event of the retiree's death, the elected beneficiary receives the balance of the buy-out.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

| | |
|--|----|
| Inactive employees or beneficiaries currently receiving benefit payments | 8 |
| Active employees | 39 |
| Total | 47 |

Contributions

The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The District currently finances benefits on a pay-as-you-go basis.

Net Pension Liability

The District's Net Pension Liability was measured as of June 30, 2021 and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of July 1, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

The Total Pension Liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

C. Certificated Retirement Support Program (CRSP) (continued)

Plan Description (continued)

Discount Rate

The discount rate of 1.92 percent is the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality Rates

Pre-retirement mortality rates were based Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018). Post-retirement mortality rates were based on Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018).

Actuarial assumptions used in the July 1, 2021 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2021.

Changes in the Total CRSP Pension Liability

| | Total CRSP Pension Liability |
|--|---|
| Balance at July 1, 2020 | \$ 1,152,544 |
| Changes for the year: | |
| Service cost | 61,117 |
| Interest | 28,519 |
| Difference between expected and actual experience | (73,101) |
| Changes of assumptions | 28,876 |
| Benefit payments | (99,816) |
| Net changes | (54,405) |
| Balance at June 30, 2021 | \$ 1,098,139 |

Sensitivity of the Total CRSP Pension Liability to Changes in the Discount Rate

The following presents the total CRSP pension liability of the District, as well as what the District's total CRSP pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

| Discount Rate | OPEB Liability |
|-----------------------|-------------------|
| 1% decrease | \$ 1,142,791 |
| Current discount rate | \$ 1,098,139 |
| 1% increase | \$ 1,055,101 |

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

C. Certificated Retirement Support Program (CRSP) (continued)

Plan Description (continued)

CRSP Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CRSP Pension

For the year ended June 30, 2022, the District recognized CRSP pension expenses of \$101,001. In addition, at June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the CRSP pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 57,040 | \$ 63,482 |
| Changes of assumptions | 66,179 | 8,053 |
| District contributions subsequent to the measurement date of the net CRSP pension liability | 99,816 | - |
| Total | <u>\$ 223,035</u> | <u>\$ 71,535</u> |

The deferred outflows of resources related to CRSP pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in the subsequent fiscal year. The deferred outflows and inflows of resources related to differences between expected and actual experience and changes of assumptions in the measurement of the net CRSP pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 7.3 years for deferred inflows and 7.8 years for deferred outflows.

The amount reported as deferred inflows of resources related to CRSP pensions will be recognized in pension expense as follows:

| Year Ended June 30: | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---------------------|-----------------------------------|----------------------------------|
| 2022 | \$ 23,425 | \$ 12,060 |
| 2023 | 23,425 | 12,060 |
| 2024 | 23,425 | 12,060 |
| 2025 | 23,425 | 10,349 |
| 2026 | 20,286 | 9,619 |
| Thereafter | 9,233 | 15,387 |
| Total | <u>\$ 123,219</u> | <u>\$ 71,535</u> |

TWIN HILLS UNION SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – JOINT VENTURES

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2022, the District participated in several joint powers agreements (JPAs) to manage these risks. There were no significant reductions in coverage during the year. Settled claims have not exceeded coverage in any of the past three years.

The various JPAs and the services they provide the District are as follows:

- The Redwood Empire Schools' Insurance Group (RESIG) for property and liability, workers' compensation, medical and dental insurance coverage, and
- West County Transportation Agency for pupil transportation services.

The JPAs arrange for and provide property, liability, workers' compensation, medical, dental, and vision insurance and excess liability coverage for its members. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

Each joint venture is governed by a board consisting of representatives from various member Districts. Each board controls the operations of the JPA, including selection of management, independent of any influence by the member Districts beyond their representation on the board. Each member District pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. The District's share of year-end assets, liabilities, or fund equity is not calculated by the JPAs. Separately issued financial statements can be requested from each JPA.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Construction Commitments

As of June 30, 2022, the District had no commitments with respect to unfinished capital projects.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2022.

Required Supplementary Information

TWIN HILLS UNION SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2022

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Pos (Neg) |
|---|------------------|--------------|-----------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| LCFF Sources | \$ 8,892,424 | \$ 8,280,938 | \$ 8,327,663 | \$ 46,725 |
| Federal Sources | 186,400 | 387,668 | 387,230 | (438) |
| Other State Sources | 718,048 | 1,383,485 | 1,379,001 | (4,484) |
| Other Local Sources | 949,318 | 1,089,665 | 1,095,756 | 6,091 |
| Total Revenues | 10,746,190 | 11,141,756 | 11,189,650 | 47,894 |
| Expenditures | | | | |
| Current: | | | | |
| Certificated Salaries | 4,481,579 | 4,408,933 | 4,354,465 | 54,468 |
| Classified Salaries | 1,901,648 | 1,960,727 | 1,912,299 | 48,428 |
| Employee Benefits | 2,830,084 | 2,753,728 | 2,727,521 | 26,207 |
| Books and Supplies | 293,015 | 512,612 | 349,435 | 163,177 |
| Services and Other Operating Expenditures | 2,151,907 | 2,361,364 | 2,262,565 | 98,799 |
| Other Outgo | 59,932 | 60,059 | 60,059 | - |
| Total Expenditures | 11,718,165 | 12,057,423 | 11,666,344 | 391,079 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (971,975) | (915,667) | (476,694) | 438,973 |
| Other Financing Sources and Uses | | | | |
| Interfund Transfers In | 1,244,405 | 1,414,534 | 535,003 | (879,531) |
| Interfund Transfers Out | (855,254) | (1,106,916) | (227,387) | 879,529 |
| Contributions | - | 100 | - | (100) |
| Total Other Financing Sources and Uses | 389,151 | 307,718 | 307,616 | (102) |
| Net Change in Fund Balance | (582,824) | (607,949) | (169,078) | 438,871 |
| Fund Balances, July 1, 2021 | 4,852,575 | 4,852,575 | 4,852,575 | - |
| Fund Balances, June 30, 2022 | \$ 4,269,751 | \$ 4,244,626 | 4,683,497 | \$ 438,871 |
| Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances: | | | | |
| Special Reserve Fund for Other Than Capital Outlay | | | 312,448 | |
| Special Reserve Fund for Postemployment Benefits | | | 656,394 | |
| Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances: | | | <u>\$ 5,652,339</u> | |

TWIN HILLS UNION SCHOOL DISTRICT
Budgetary Comparison Schedule – Charter School Fund
For the Fiscal Year Ended June 30, 2022

| | Budgeted Amounts | | Actual | Variance with |
|--|-------------------------|--------------|--------------------------|------------------------------------|
| | Original | Final | (Budgetary Basis) | Final Budget- Pos (Neg) |
| Revenues | | | | |
| LCFF Sources | \$ 2,208,171 | \$ 2,017,446 | \$ 2,017,446 | \$ - |
| Federal | - | 63,345 | 63,345 | - |
| Other State Sources | 173,625 | 261,090 | 266,542 | 5,452 |
| Other Local Sources | 5,000 | 1,830 | 1,822 | (8) |
| Total Revenues | 2,386,796 | 2,343,711 | 2,349,155 | 5,444 |
| Expenditures | | | | |
| Current: | | | | |
| Certificated Salaries | 1,268,678 | 1,273,523 | 1,261,790 | 11,733 |
| Classified Salaries | 145,650 | 157,299 | 156,809 | 490 |
| Employee Benefits | 646,204 | 656,300 | 653,468 | 2,832 |
| Books and Supplies | 68,660 | 68,772 | 50,023 | 18,749 |
| Services and Other Operating Expenditures | 77,400 | 103,393 | 91,408 | 11,985 |
| Total Expenditures | 2,206,592 | 2,259,287 | 2,213,498 | 45,789 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 180,204 | 84,424 | 135,657 | 51,233 |
| Other Financing Sources and Uses | | | | |
| Interfund Transfers In | 60,254 | 160,387 | 160,387 | - |
| Interfund Transfers Out | (380,000) | (411,620) | (411,620) | - |
| Total Other Financing Sources and Uses | (319,746) | (251,233) | (251,233) | - |
| Net Change in Fund Balance | (139,542) | (166,809) | (115,576) | 51,233 |
| Fund Balances, July 1, 2021 | 301,889 | 301,889 | 301,889 | - |
| Fund Balances, June 30, 2022 | \$ 162,347 | \$ 135,080 | \$ 186,313 | \$ 51,233 |

TWIN HILLS UNION SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

| | <u>2020-21</u> | <u>2019-20</u> | <u>2018-19</u> | <u>2017-18</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| District's proportion of the net pension liability | <u>0.0100%</u> | <u>0.0087%</u> | <u>0.0090%</u> | <u>0.0091%</u> |
| District's proportionate share of the net pension liability | \$ 4,557,371 | \$ 8,408,464 | \$ 8,155,899 | \$ 8,384,073 |
| State's proportionate share of the net pension liability associated with the District | <u>2,293,092</u> | <u>4,334,564</u> | <u>4,449,587</u> | <u>4,800,274</u> |
| Totals | <u>\$ 6,850,463</u> | <u>\$ 12,743,028</u> | <u>\$ 12,605,486</u> | <u>\$ 13,184,347</u> |
| District's covered-employee payroll | <u>\$ 6,200,031</u> | <u>\$ 4,087,439</u> | <u>\$ 3,096,566</u> | <u>\$ 3,224,153</u> |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | <u>77.83%</u> | <u>205.71%</u> | <u>263.39%</u> | <u>260.04%</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>87%</u> | <u>72%</u> | <u>73%</u> | <u>71%</u> |
| | <u>2016-17</u> | <u>2015-16</u> | <u>2014-15</u> | <u>2013-14</u> |
| District's proportion of the net pension liability | <u>0.0091%</u> | <u>0.0094%</u> | <u>0.0084%</u> | <u>0.0085%</u> |
| District's proportionate share of the net pension liability | \$ 8,436,898 | \$ 7,602,168 | \$ 5,655,216 | \$ 4,967,145 |
| State's proportionate share of the net pension liability associated with the District | <u>4,991,196</u> | <u>4,327,779</u> | <u>2,990,718</u> | <u>2,999,407</u> |
| Totals | <u>\$ 13,428,094</u> | <u>\$ 11,929,947</u> | <u>\$ 8,645,934</u> | <u>\$ 7,966,552</u> |
| District's covered-employee payroll | <u>\$ 2,980,159</u> | <u>\$ 2,973,123</u> | <u>\$ 2,454,538</u> | <u>N/A</u> |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | <u>283.10%</u> | <u>255.70%</u> | <u>230.40%</u> | <u>N/A</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>69%</u> | <u>70%</u> | <u>74%</u> | <u>N/A</u> |

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for

TWIN HILLS UNION SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

| | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
|--|----------------|----------------|----------------|----------------|
| District's proportion of the net pension liability | 0.0131% | 0.0099% | 0.0121% | 0.0121% |
| District's proportionate share of the net pension liability | \$ 2,672,679 | \$ 3,049,374 | \$ 3,522,736 | \$ 3,228,033 |
| District's covered-employee payroll | \$ 1,699,734 | \$ 1,490,827 | \$ 1,090,040 | \$ 1,545,054 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 149.80% | 204.54% | 323.17% | 208.93% |
| Plan fiduciary net position as a percentage of the total pension liability | 81% | 70% | 70% | 71% |
| | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
| District's proportion of the net pension liability | 0.0121% | 0.0127% | 0.0124% | 0.0113% |
| District's proportionate share of the net pension liability | \$ 2,893,364 | \$ 2,508,258 | \$ 1,827,772 | \$ 1,282,670 |
| District's covered-employee payroll | \$ 1,494,355 | \$ 1,359,017 | \$ 1,153,576 | N/A |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 193.62% | 184.56% | 158.44% | N/A |
| Plan fiduciary net position as a percentage of the total pension liability | 72% | 74% | 79% | N/A |

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

TWIN HILLS UNION SCHOOL DISTRICT
Schedule of Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

| | 2021-22 | 2020-21 | 2019-20 | 2018-19 |
|--|---------------------|---------------------|---------------------|---------------------|
| Contractually required contribution | \$ 922,164 | \$ 1,001,305 | \$ 698,952 | \$ 504,121 |
| Contributions in relation to the contractually required contribution | <u>922,164</u> | <u>1,001,305</u> | <u>698,952</u> | <u>504,121</u> |
| Contribution deficiency (excess): | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | <u>\$ 5,450,140</u> | <u>\$ 6,200,031</u> | <u>\$ 4,087,439</u> | <u>\$ 3,096,566</u> |
| Contributions as a percentage of covered-employee payroll | <u>16.92%</u> | <u>16.15%</u> | <u>17.10%</u> | <u>16.28%</u> |
| | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
| Contractually required contribution | \$ 490,879 | \$ 501,114 | \$ 347,432 | \$ 319,090 |
| Contributions in relation to the contractually required contribution | <u>612,589</u> | <u>506,627</u> | <u>386,506</u> | <u>319,090</u> |
| Contribution deficiency (excess): | <u>\$ (121,710)</u> | <u>\$ (5,513)</u> | <u>\$ (39,074)</u> | <u>\$ -</u> |
| District's covered-employee payroll | <u>\$ 3,224,153</u> | <u>\$ 2,980,159</u> | <u>\$ 2,973,123</u> | <u>\$ 2,454,538</u> |
| Contributions as a percentage of covered-employee payroll | <u>19.00%</u> | <u>17.00%</u> | <u>13.00%</u> | <u>13.00%</u> |

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

TWIN HILLS UNION SCHOOL DISTRICT
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

| | <u>2021-22</u> | <u>2020-21</u> | <u>2019-20</u> | <u>2018-19</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| Contractually required contribution | \$ 464,468 | \$ 351,845 | \$ 294,006 | \$ 196,883 |
| Contributions in relation to the contractually required contribution | <u>464,468</u> | <u>351,845</u> | <u>294,006</u> | <u>196,883</u> |
| Contribution deficiency (excess): | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | <u>\$ 2,027,359</u> | <u>\$ 1,699,734</u> | <u>\$ 1,490,827</u> | <u>\$ 1,090,040</u> |
| Contributions as a percentage of covered-employee payroll | <u>22.910%</u> | <u>20.700%</u> | <u>19.721%</u> | <u>18.062%</u> |
| | <u>2017-18</u> | <u>2016-17</u> | <u>2015-16</u> | <u>2014-15</u> |
| Contractually required contribution | \$ 162,298 | \$ 180,795 | \$ 161,722 | \$ 136,122 |
| Contributions in relation to the contractually required contribution | <u>214,608</u> | <u>180,817</u> | <u>161,723</u> | <u>136,122</u> |
| Contribution deficiency (excess): | <u>\$ (52,310)</u> | <u>\$ (22)</u> | <u>\$ (1)</u> | <u>\$ -</u> |
| District's covered-employee payroll | <u>\$ 1,545,054</u> | <u>\$ 1,494,355</u> | <u>\$ 1,359,017</u> | <u>\$ 1,153,576</u> |
| Contributions as a percentage of covered-employee payroll | <u>13.890%</u> | <u>12.100%</u> | <u>11.900%</u> | <u>11.800%</u> |

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

TWIN HILLS UNION SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

For the Fiscal Year Ended June 30, 2022

| Employer's Fiscal Year End Period Measurement Period | Last Ten Fiscal Years* | | | | |
|---|------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2021-22 2021-22 | 2020-21 2020-21 | 2019-20 2019-20 | 2018-19 2018-19 | 2017-18 2017-18 |
| Total OPEB liability | | | | | |
| Interest | \$ 1,584 | \$ 2,218 | \$ 2,257 | \$ 3,481 | \$ - |
| Changes of benefit terms | - | - | - | 17,400 | - |
| Differences between expected and actual experience | 2,466 | (7,908) | 7,064 | - | - |
| Changes of assumptions or other inputs | (9,830) | 3,410 | 14,737 | (59,195) | (3,566) |
| Benefit payments | (5,798) | (5,677) | (5,542) | (5,722) | (6,145) |
| Net change in total OPEB liability | (11,578) | (7,957) | 18,516 | (44,036) | (9,711) |
| Total OPEB liability - beginning | 85,406 | 93,363 | 74,847 | 118,883 | 128,594 |
| Total OPEB liability - ending | \$ 73,828 | \$ 85,406 | \$ 93,363 | \$ 74,847 | \$ 118,883 |
| Covered-employee payroll | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total OPEB liability as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

TWIN HILLS UNION SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

For the Fiscal Year Ended June 30, 2022

| Employer's Fiscal Year End Period Measurement Period | <i>Last Ten Fiscal Years*</i> | | | | |
|---|-------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 2021-22 2020-21 | 2020-21 2019-20 | 2019-20 2018-19 | 2018-19 2017-18 | 2017-18 2016-17 |
| District's proportion of net OPEB liability | 0.0151% | 0.0131% | 0.0114% | 0.0117% | 0.0117% |
| District's proportionate share of net OPEB liability | \$ 60,042 | \$ 55,725 | \$ 42,549 | \$ 44,884 | \$ 49,299 |
| Covered-employee payroll | N/A | N/A | N/A | N/A | N/A |
| District's net OPEB liability as a percentage of covered-employee payroll | N/A | N/A | N/A | N/A | N/A |
| Plan fiduciary net position as a percentage of the total OPEB liability | (0.80%) | (0.71%) | (0.81%) | 0.40% | 0.01% |

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

TWIN HILLS UNION SCHOOL DISTRICT

Schedule of Changes in the District's Total CRSP Liability and Related Ratios For the Fiscal Year Ended June 30, 2022

| | <i>Last Ten Fiscal Years*</i> | | | | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Employer's Fiscal Year End Measurement Period | 2021-22 2020-21 | 2020-21 2019-20 | 2019-20 2018-19 | 2018-19 2017-18 | 2017-18 2016-17 |
| Total CRSP Pension liability | | | | | |
| Service cost | \$ 61,117 | \$ 66,100 | \$ 55,759 | \$ 52,486 | \$ 50,957 |
| Interest | 28,519 | 34,705 | 30,955 | 24,375 | 23,214 |
| Changes of benefit terms | - | - | 75,220 | - | - |
| Differences between expected and actual experience | (73,101) | - | 92,692 | - | - |
| Changes of assumptions or other inputs | 28,876 | 30,696 | 29,697 | (17,817) | - |
| Benefit payments | (99,816) | (42,926) | (39,059) | (37,921) | (36,252) |
| Net change in total CRSP Pension liability | (54,405) | 88,575 | 245,264 | 21,123 | 37,919 |
| Total CRSP Pension liability - beginning | 1,152,544 | 1,063,969 | 818,705 | 797,582 | 759,663 |
| Total CRSP Pension liability - ending | \$ 1,098,139 | \$ 1,152,544 | \$ 1,063,969 | \$ 818,705 | \$ 797,582 |
| Covered-employee payroll | \$ 4,839,145 | \$ 4,942,299 | \$ 5,320,967 | \$ 5,165,988 | \$ 5,015,522 |
| Total CRSP Pension liability as a percentage of covered-employee payroll | 22.69% | 23.32% | 20.00% | 15.85% | 15.90% |

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

TWIN HILLS UNION SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board* and provisions of the *California Education Code*. The Board of Trustees is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. 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 adoptions 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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Change in benefit terms – There were no changes in benefit terms since the previous valuations for either CalSTRS and CalPERS.

Change of assumptions - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 1.92 percent to 3.69 percent since the previous valuation.

TWIN HILLS UNION SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented. As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program; therefore, the covered payroll disclosure is not applicable.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – The discount rate was changed from 2.21 percent to 2.16 percent since the previous valuation.

Schedule of Changes in the District's Total CRSP Liability and Related Ratios

This schedule presents information on the District's changes in the total CRSP liability, including beginning and ending balances, and the total CRSP liability. In the future, as data becomes available, ten years of information will be presented.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working life.

Supplementary Information

TWIN HILLS UNION SCHOOL DISTRICT
Local Educational Agency Organization Structure
June 30, 2022

The Twin Hills Union School District was established in July 1, 1955 and is located in Sebastopol, California. The District comprises two traditional academic schools, Apple Blossom, offering kindergarten through fifth grade, and Twin Hills (Charter) Middle School (established July 12, 2007), which offers sixth through eighth grade. The District also comprises Orchard View (Charter) School (established July 13, 2000), which addresses the individual needs of students and their families from kindergarten through twelfth grade, and SunRidge Charter School (established June 27, 2002), which offers an integrated Waldorf methods program from kindergarten through eighth grade. All charter schools were granted authority by the Twin Hills Union School District. There were no changes in District boundaries during the current year.

| BOARD OF TRUSTEES | | |
|--------------------------|---------------|---------------------|
| Member | Office | Term Expires |
| Terry Beck | President | November, 2024 |
| Michael Ost | Clerk | November, 2024 |
| Melissa Bechtel | Trustee | November, 2022 |
| John Moise | Trustee | November, 2022 |
| Vacant | Trustee | November, 2022 |

DISTRICT ADMINISTRATORS

Dr. Anna Maria Guzman,
Superintendent

Patty Nosecchi,
Business Manager

TWIN HILLS UNION SCHOOL DISTRICT
Schedule of Average Daily Attendance - District
For the Fiscal Year Ended June 30, 2022

| | Second Period Report | Annual Report |
|---|---------------------------------|--------------------------|
| Regular ADA & Extended Year: | | |
| TK/Grades K-3 | 186.13 | 187.61 |
| Grades 4-6 | 100.13 | 100.18 |
| Total Regular ADA | 286.26 | 287.79 |
| Special Education-Nonpublic, Nonsectarian Schools: | | |
| Grades 4-6 | 1.07 | 1.08 |
| Total ADA | 287.33 | 288.87 |

TWIN HILLS UNION SCHOOL DISTRICT
Schedule of Average Daily Attendance - Charters
For the Fiscal Year Ended June 30, 2022

| Orchard View Charter School | | |
|------------------------------------|---------------------------------|--------------------------|
| | Second Period Report | Annual Report |
| Regular ADA: | | |
| TK/Grades K-3 | 45.38 | 44.50 |
| Grades 4-6 | 44.65 | 44.45 |
| Grades 7-8 | 37.44 | 37.74 |
| Grades 9-12 | 85.38 | 86.73 |
| Total ADA | 212.85 | 213.42 |
| Total Classroom-Based ADA | - | - |

| SunRidge Charter School | | |
|---|---------------------------------|--------------------------|
| | Second Period Report | Annual Report |
| Regular ADA: | | |
| TK/Grades K-3 | 99.42 | 98.86 |
| Grades 4-6 | 53.68 | 53.52 |
| Grades 7-8 | 43.29 | 44.12 |
| Total Regular ADA | 196.39 | 196.50 |
| Special Education-Nonpublic, Nonsectarian Schools: | | |
| Grades 4-6 | 0.44 | 0.33 |
| Total ADA | 196.83 | 196.83 |
| Total Classroom-Based ADA | 196.83 | 196.83 |

| Twin Hills Charter Middle School | | |
|---|---------------------------------|--------------------------|
| | Second Period Report | Annual Report |
| Regular ADA: | | |
| Grades 4-6 | 59.97 | 60.06 |
| Grades 7-8 | 135.62 | 134.15 |
| Total ADA | 195.59 | 194.21 |
| Total Classroom-Based ADA | 195.59 | 194.21 |

TWIN HILLS UNION SCHOOL DISTRICT*Schedule of Instructional Time**For the Fiscal Year Ended June 30, 2022*

| DISTRICT | | | | |
|--------------|---------------|---------------|---------------|----------|
| | Instructional | Instructional | Instructional | |
| | Minutes | Minutes | Days | |
| Grade Level | Requirement | Offered | Offered | Status |
| Kindergarten | 36,000 | 43,365 | 180 | Complied |
| Grade 1 | 50,400 | 51,590 | 180 | Complied |
| Grade 2 | 50,400 | 51,590 | 180 | Complied |
| Grade 3 | 50,400 | 51,590 | 180 | Complied |
| Grade 4 | 54,000 | 55,980 | 180 | Complied |

SunRidge Charter School

| Number of Instructional Days | | | | |
|------------------------------|---------------|---------------|---------------|----------|
| | Instructional | Instructional | Instructional | |
| | Minutes | Minutes | Days | |
| Grade Level | Requirement | Offered | Offered | Status |
| Kindergarten | 36,000 | 42,000 | 180 | Complied |
| Grade 1 | 50,400 | 51,670 | 180 | Complied |
| Grade 2 | 50,400 | 51,670 | 180 | Complied |
| Grade 3 | 50,400 | 51,670 | 180 | Complied |
| Grade 4 | 54,000 | 56,060 | 180 | Complied |
| Grade 5 | 54,000 | 56,060 | 180 | Complied |
| Grade 6 | 54,000 | 56,060 | 180 | Complied |
| Grade 7 | 54,000 | 56,060 | 180 | Complied |
| Grade 8 | 54,000 | 56,060 | 180 | Complied |

Twin Hills Charter Middle

| Number of Instructional Days | | | | |
|------------------------------|---------------|---------------|---------------|----------|
| | Instructional | Instructional | Instructional | |
| | Minutes | Minutes | Days | |
| Grade Level | Requirement | Offered | Offered | Status |
| Grade 6 | 54,000 | 54,228 | 180 | Complied |
| Grade 7 | 54,000 | 54,228 | 180 | Complied |
| Grade 8 | 54,000 | 54,228 | 180 | Complied |

TWIN HILLS UNION SCHOOL DISTRICT

Schedule of Financial Trends and Analysis

For the Fiscal Year Ended June 30, 2022

| General Fund | (Budget) 2023 ² | 2022 ⁴ | 2021 | 2020 |
|--|-------------------------------|-------------------|---------------|---------------|
| Revenues and other financing sources | \$ 10,800,070 | \$ 11,724,653 | \$ 11,985,546 | \$ 11,344,275 |
| Expenditures | 11,667,378 | 11,666,344 | 11,484,250 | 11,778,687 |
| Other uses and transfers out | (374,174) | 227,387 | 159,436 | 315,072 |
| Total outgo | 11,293,204 | 11,893,731 | 11,643,686 | 12,093,759 |
| Change in fund balance (deficit) | (493,134) | (169,078) | 331,860 | (749,484) |
| Ending fund balance | \$ 4,190,363 | \$ 4,683,497 | \$ 4,852,575 | \$ 4,520,715 |
| Available reserves ¹ | \$ 1,508,610 | \$ 1,665,000 | \$ 1,550,940 | \$ 1,885,567 |
| Available reserves as a percentage of total outgo | 13.4% | 14.0% | 13.3% | 15.6% |
| Total long-term debt | \$ 13,633,527 | \$ 13,761,445 | \$ 18,163,016 | \$ 18,400,181 |
| Average daily attendance at P-2 ³ | 954 | 893 | N/A | 1,101 |

The General Fund balance has increased by \$162,782 over the past two years. The fiscal year 2022-23 adopted budget projects decrease of \$493,134. For a district of this size, the state recommends available reserves of at least the greater of \$71,000 or 5% of total general fund expenditures, transfers out, and other uses (total outgo). Long-term debt has decreased by roughly \$4.6 million over the past two years.

The District incurred an operating deficit in two of the past three years, and anticipates an operating deficit during the 2022-23 fiscal year.

Average daily attendance decreased by 208 in FY 2021-22 compared to FY 2019-20. Budgeted ADA for 2022-23 is projected to be 954.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² As of September 2022.

³ Includes charter school ADA.

⁴ The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Postemployment Benefits and the Special Reserve Fund for Other Than Capital Outlay, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

TWIN HILLS UNION SCHOOL DISTRICT

*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2022*

*There were no differences between the Annual Financial and Budget Report and the
Audited Financial Statements in any funds.*

TWIN HILLS UNION SCHOOL DISTRICT*Schedule of Charter Schools**For the Fiscal Year Ended June 30, 2022*

| <u>Charter School</u> | <u>Inclusion in Financial Statements</u> |
|--------------------------------------|--|
| Orchard View Charter (No. 0310) | Included |
| SunRidge Charter (No. 0481) | Included |
| Twin Hills Charter Middle (No. 0904) | Included |

TWIN HILLS UNION SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2022

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has participated in the Incentives for Longer Instructional Day and Longer Instructional Year. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*. The instructional time presented in this schedule includes the days that the District and charters were closed due to the COVID-19 pandemic.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District and displays information for each charter school and whether or not the charter school is included in the District audit.

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' 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
Twin Hills Union School District
Sebastopol, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Twin Hills Union School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2022.

Report on Internal Control Over Financial Reporting

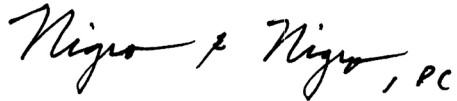
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements,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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

A handwritten signature in black ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California
December 7, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Twin Hills Union School District
Sebastopol, California

Report on Compliance

Opinion

We have audited the Twin Hills Union School District's (District) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2022.

In our opinion, Twin Hills Union School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Twin Hills Union School District's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2021-22 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the 2021-22 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2021-22 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

| Description | Procedures Performed |
|---|----------------------|
| Local Education Agencies Other Than Charter Schools: | |
| Attendance | Yes |
| Teacher Certification and Misassignments | Yes |
| Kindergarten Continuance | Yes |
| Independent Study | No |
| Continuation Education | Not Applicable |
| Instructional Time | Yes |
| Instructional Materials | Yes |
| Ratio of Administrative Employees to Teachers | Yes |
| Classroom Teacher Salaries | Yes |
| Early Retirement Incentive | Not Applicable |
| Gann Limit Calculation | Yes |
| School Accountability Report Card | Yes |
| Juvenile Court Schools | Not Applicable |
| Middle or Early College High Schools | Not Applicable |
| K-3 Grade Span Adjustment | Yes |
| Transportation Maintenance of Effort | Yes |
| Apprenticeship: Related and Supplemental Instruction | Not Applicable |
| Comprehensive School Safety Plan | Yes |
| District of Choice | Not Applicable |
| School Districts, County Offices of Education, and Charter Schools: | |
| California Clean Energy Jobs Act | Not Applicable |
| After/Before School Education and Safety Program | Not Applicable |
| Proper Expenditure of Education Protection Account Funds | Yes |

| Description | Procedures Performed |
|---|----------------------|
| Local Education Agencies Other Than Charter Schools: | |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control and Accountability Plan | Yes |
| Independent Study – Course Based | Not Applicable |
| Immunizations | Yes |
| Educator Effectiveness | Yes |
| Expanded Learning Opportunities Grant (ELO-G) | Yes |
| Career Technical Education Incentive Grant | Not Applicable |
| In Person Instruction Grant | Yes |
| Charter Schools: | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | Yes |
| Determination of Funding for Nonclassroom-Based Instruction | Yes |
| Annual Instructional Minutes – Classroom-Based | Yes |
| Charter School Facility Grant Program | Not Applicable |

We did not perform procedures for independent study because the ADA was below the level that requires testing.

Areas marked as not applicable were not operated by the District.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify in the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
December 7, 2022

Schedule of Findings and Recommendations

TWIN HILLS UNION SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2022

Financial Statements

| | |
|---|----------------------|
| Type of auditors' report issued | <u>Unmodified</u> |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | <u>No</u> |
| Significant deficiency(s) identified not considered to be material weaknesses? | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u> |

Federal Awards

The District expended less than \$750,000 in federal awards during the year; therefore, a Single Audit pursuant to the Uniform Guidance was not performed.

State Awards

| | |
|--|-------------------|
| Type of auditors' report issued on compliance for state programs: | <u>Unmodified</u> |
|--|-------------------|

TWIN HILLS UNION SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2022

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

| Five Digit Code | AB 3627 Finding Types |
|-----------------|--|
| 10000 | Attendance |
| 20000 | Inventory of Equipment |
| 30000 | Internal Control |
| 40000 | State Compliance |
| 42000 | Charter School Facilities Programs |
| 43000 | Apprenticeship: Related and Supplemental Instruction |
| 50000 | Federal Compliance |
| 60000 | Miscellaneous |
| 61000 | Classroom Teacher Salaries |
| 62000 | Local Control Accountability Plan |
| 70000 | Instructional Materials |
| 71000 | Teacher Misassignments |
| 72000 | School Accountability Report Card |

There were no financial statement findings in 2021-22.

TWIN HILLS UNION SCHOOL DISTRICT

Federal Award Findings and Recommendations

For the Fiscal Year Ended June 30, 2022

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including recommendations).

The District expended less than \$750,000 in Federal awards in 2021-22. Therefore, a Single Audit pursuant to Uniform Guidance was not performed.

TWIN HILLS UNION SCHOOL DISTRICT

State Award Findings and Recommendations

For the Fiscal Year Ended June 30, 2022

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs in 2021-22.

TWIN HILLS UNION SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2022

There were no findings or recommendations in 2020-21.

Twin Hills Teachers' Association

Written Notice of Intent to Negotiate

To: Twin Hills Board of Trustees

From: Twin Hills Teachers' Association

Date: January 12, 2023

Subject: Written Notice of Intent to Negotiate for the 2023/24 School Year

The Twin Hills Teachers' Association wishes to negotiate the following items for the 2023/24 school year:

- Article 4 Grievance/Arbitration Procedures
The Association has an interest in clarifying the grievance process and ensuring that the Grievance Report Form (Appendix A) matches the process.
- Article 18 Part-Time Employment with Full Retirement Credit
The Association has an interest in making changes to the Guidelines for Eligibility Determination for Reduced Workload Program found in Appendix G to align it with the requirements found in Ed Code.



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Of Counsel
Robert J. Henry
Frank Zotter, Jr.

November 8, 2022

To: Superintendents, Member School Districts (K-12)

From: Jennifer Henry, Senior Associate General Counsel *J.H.*

Subject: Updated Brown Act Virtual Meeting Requirements (AB 2449)
Memo No. 28-2022

Assembly Bill (“AB”) 2449, signed into law on September 13, 2022, amends Government Code section 54953 to provide authority and specific requirements for public agencies to allow individual board members to appear at meetings via videoconference for “just cause” and under “emergency circumstances” while remaining in compliance with the Brown Act (Gov. Code §§ 54950 *et seq.*). AB 2449 goes into effect on January 1, 2023, and sunsets on December 31, 2025. AB 2449’s primary difference from the pre-pandemic Brown Act rules on teleconferencing¹ is that the teleconference location does not have to be identified on the agenda or accessible to the public.

On the following pages, we have provided a chart comparing pre-pandemic (“traditional”) teleconferencing requirements (which remain in effect and allow Board members to appear virtually for any reason, provided their location meets specific requirements) with AB 361 (which, while operative for the next two months, allows entire meetings to be held virtually under a statement of emergency), and the new AB 2449 rules for individual board members. Effective January 1, 2023, the Brown Act permits teleconferencing under any of the three options – traditional Brown Act teleconferencing, AB 361 state of emergency rules, and AB 2449 individual board member rules.

¹ We use “teleconferencing” herein to mean conference via telephone or video, as defined in the Traditional Brown Act statute.

A: Rules Regarding a Quorum

| Traditional Brown Act Teleconferencing Requirements | AB 361 | AB 2449 |
|---|---|---|
| During teleconference meetings, at least a quorum of the members of the local public agency body must participate from locations within the boundaries of the territory over which the local public agency body exercises jurisdiction. | Quorum not required to be located within the boundaries of the territory. | A quorum must participate in person from a singular physical location identified in the agenda, that is open to the public, and within the boundaries of the LEA. |

B: Qualifying Circumstances Permitting Teleconferencing

| Traditional Brown Act Teleconferencing Requirements | AB 361 | AB 2449 |
|--|--|---|
| <ul style="list-style-type: none"> • The teleconference location must be noted on the agenda. • The agenda must be posted at the remote location. • Each teleconference location must be accessible to the public so the public may attend the remote location. • Any vote must be done by roll call. • A majority of the Board must be located within the territory of the district. | <ul style="list-style-type: none"> • Only applies during a proclaimed state of emergency, where state or local officials have imposed or recommended measure to promote social distancing. • The board must hold a meeting during the proclaimed state of emergency to decide by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees. • Board must make findings every 30 days that the qualifying circumstances continue. | <p>Individual board members may participate in board meetings remotely, if they notify the Board at their earliest opportunity, and have one of the following:</p> <ul style="list-style-type: none"> - <u>Just Cause:</u> Individual board members can participate remotely when caregiving of a family member, a contagious illness, a physical or mental disability, or LEA-related travel prevents them from appearing in person; OR - May not be used more than two meetings per calendar year per Board member. <p><u>Emergency Circumstances:</u> Individual board members can participate remotely when there is a physical or family</p> |

| | | |
|--|--|--|
| | | <p>medical emergency that prevents them from appearing in person.</p> <ul style="list-style-type: none"> - The board member must describe the emergency in approximately 20 words without disclosing any personal medical information. - Board must take action to approve the member's request. - A board member may not claim emergency circumstances more than three consecutive months OR 20 percent of the regular meetings within a calendar year |
|--|--|--|

C: Agenda Requirements for Teleconferencing

| Traditional Brown Act Teleconferencing Requirements | AB 361 | AB 2449 |
|---|--|---|
| <p>Each teleconference location from which a member will be participating must be specifically identified in the meeting notice and agenda, including full address and room number.</p> <p>An agenda must be posted for the required period of time (24 or 72 hours) at each teleconference location from which a member will be participating.</p> | <p>Public agency must only give notice and post agenda in accordance with the Brown Act provisions for in-person meetings.</p> <p>The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option.</p> | <p>The agenda must provide notice of how the public can access the meeting and provide comments. The agenda shall identify and include an opportunity for all persons to attend via a call in option, an internet-based option, <u>and</u> an in-person option. The board may not require a member of the public to submit comments prior to the meeting.</p> <p>There is no requirement to disclose the teleconferencing location.</p> |

D: Teleconference Location

| Traditional Brown Act Teleconferencing Requirements | AB 361 | AB 2449 |
|---|---|--|
| Each teleconference location must be physically accessible to the public. Members of the public must be able to physically address the body from each teleconference location. | Public agencies do not have to let members of the public attend at each teleconference location, but must allow the public to access the meeting via a call-in or an internet-based service option. The public agency is not required to provide a physical location for the public to attend or provide comments. | Teleconferencing members must participate with both audio and visual, i.e. only via videoconference. Videoconferencing members must disclose whether any individuals 18 years or older are present in the same room and the nature of the relationship. |

E: Public Comment

| Traditional Brown Act Teleconferencing Requirements | AB 361 | AB 2449 |
|---|---|---|
| Public Comment must be allowed at the in-person meeting and from every teleconference location. | The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3. In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, <i>the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment.</i> Gov. Code § 54953(e)(1)(B). The legislative body <i>shall not require public comments to be</i> | The legislative body must provide to the public a two-way audio-visual platform or a two-way telephonic service with live webcasting. The legislative body must provide a way for the public to remotely hear, visually observe, and remotely address the legislative body in real time. |

| | | |
|--|--|--|
| | <p><i>submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.</i> Gov. Code § 54953(e)(1)(E).</p> <p>An individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference <i>may be required to register as required by the third-party internet website or online platform to participate.</i> Gov. Code § 54953(e)(1)(F). [Note: <i>The Brown Act does not allow a public agency to require a meeting attendee to provide their name and address as a condition of attendance and public agencies may need to consider whether pseudonyms will be allowed</i>].</p> <p>A legislative body that provides <i>a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register until that timed public comment period has elapsed.</i></p> <p>A legislative body that <i>does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time</i></p> | |
|--|--|--|



| | | |
|--|---|--|
| | <p><i>per agenda item to allow public members the opportunity to provide public comment</i>, including time for members of the public to register, or otherwise be recognized for the purpose of providing public comment.</p> <p>A legislative body that provides <i>a timed general public comment period</i> that does not correspond to a specific agenda item <i>shall not close the public comment period or the opportunity to register until the timed general public comment period has elapsed</i>.</p> | |
|--|---|--|

F: Effective Dates

| Brown Act Teleconferencing Requirements | AB 361 | AB 2449 |
|---|--|---|
| Government Code section 54953 was initially added in 1953, and amended in 1988 to allow for teleconferencing, with various amendments throughout the years. There is no intended sunset date. | AB 361 went into effect on October 1, 2021 and will sunset on December 31, 2023. | AB 2449 goes into effect on January 1, 2023 and sunsets on December 31, 2025. |

Please contact our office with questions regarding this Legal Update or any other legal matter.

The information in this Legal Update is provided as a summary of law and is not intended as legal advice. Application of the law may vary depending on the particular facts and circumstances at issue. We, therefore, recommend that you consult legal counsel to advise you on how the law applies to your specific situation.

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**TWIN HILLS UNION SCHOOL DISTRICT
RESOLUTION #2022-561**

January 12, 2023

**RESOLUTION OF THE GOVERNING BOARD OF THE
TWIN HILLS UNION SCHOOL DISTRICT
REGARDING ACCOUNTING FOR DEVELOPMENT FEES
FOR 2021-22 FISCAL YEAR
IN THE FOLLOWING FUND OR ACCOUNT:
CAPITAL FACILITIES – FUND 25
(Government Code sections 66001(d) & 66006(b))**

1. Authority and Reasons for Adopting this Resolution.

- A. This District has levied school facilities fees pursuant to various resolutions referred to herein, the most recent which is dated 8/11/16, and is referred to as the “School Facilities Fee Resolutions” and hereby incorporated by reference into this Resolution. These resolutions were adopted under the authority of Education Code section 17620. These fees have been deposited in the following fund or account:

Capital Facilities – Fund 25 (the “Fund”)

- B. Government Code sections 66001(d) and 66006(b) require this District to make an annual accounting of the Fund and to make additional findings every five years if there are any funds remaining in the Fund at the end of the prior fiscal year;
- C. Government Code sections 66001(d) and 66006(b) further require that the annual accounting of the Fund and those findings be made available to the public no later than December 27, 2022 (180 days after close of fiscal year), that this information be reviewed by this Board at its next regularly scheduled board meeting held no earlier than 15 days after they become available to the public, and that notice of the time and place of this meeting (as well as the address at which this information may be reviewed) be mailed at least 15 days prior to this meeting to anyone who has requested it.
- D. The Superintendent has informed this Board that a draft copy of this Resolution (along with Exhibits A and B, which are hereby incorporated by reference into this Resolution) was made available to the public on December 12, 2022. The Superintendent has further informed this Board that notice of the time and place of this meeting (as well as the address at which this information may be reviewed) was mailed at least 15 days prior to this meeting to anyone who had requested it.
- E. The Superintendent has also informed this Board that there is no new information which would adversely affect the validity of any of the findings made by this Board in its School Facilities Fee Resolution.

2. What This Resolution Does.

This Resolution makes various findings and takes various actions regarding the Fund as required by and in accordance with Government Code sections 66001(d) and 66006(b).

3. Findings Regarding the Fund.

Based on all findings and evidence contained in, referred to, or incorporated into this Resolution, as well as the evidence presented to this Board at this meeting, the Board finds each of the following with respect to the Fund for the 2021-22 Fiscal Year:

- A. In reference to Government Code section 66006(b)(2), the information identified in section 1 above is correct;
- B. In further reference to Government Code section 66006(b)(2), this Board has reviewed the annual accounting for the Fund as contained in Exhibit A and determined that it meets the requirements set forth in Government Code section 66006(b)(1);
- C. In reference to Government Code section 66001(d)(1)(A), and with respect only to that portion of the Fund remaining unexpended at the end of the 2021-22 Fiscal Year, the purpose of the fees is to finance the construction or reconstruction of school facilities necessary to reduce overcrowding caused by the development on which the fees were levied, which facilities are more specifically identified in Exhibit B;
- D. In reference to Government Code section 66001(d)(1)(B), and with respect only to that portion of the Fund remaining unexpended at the end of the 2021-22 Fiscal Year, the findings and evidence referenced above demonstrate that there is a reasonable relationship between the fees and the purpose for which they are charged as more specifically identified in Exhibit B;
- E. In reference to Government Code section 66001(d)(1)(C), and with respect only to that portion of the Fund remaining unexpended at the end of the 2021-22 Fiscal Year, all of the sources and amounts of funding anticipated to complete financing in any incomplete improvements identified as the use to which the fees are to be put is identified in Exhibit B;
- F. In reference to Government Code section 66001(d)(1)(D), and with respect only to that portion of the Fund remaining unexpended at the end of the 2021-22 Fiscal Year, the approximate dates on which the funding referred to in paragraph e above is expected to be deposited into the appropriate account or fund is designated in Exhibit B; and
- G. In reference to the last sentence of Government Code section 66006(d), because all of the findings required by that subdivision have been made in the fees that were levied in paragraphs C-F above, the District is not required to refund any moneys in the Fund as provided in Government Code section 66001(e).

4. **Superintendent Authorized to Take Necessary and Appropriate Action.**

The Board further directs and authorizes the Superintendent to take on its behalf such further action as may be necessary and appropriate to effectuate this Resolution.

5. **Certificate of Resolution.**

I, Michael Ost, President of the Governing Board of the Twin Hills Union School District of Sonoma County, State of California, certify that this Resolution proposed by Trustee _____, seconded by Trustee _____, was duly passed and adopted by the Board, at an official and public meeting this 12th day of January, 2023 by the following vote:

| | | |
|----------------|-----------------|-------|
| AYES: _____ | Terry Beck | _____ |
| | Melissa Bechtel | _____ |
| NOES: _____ | Jeff Harding | _____ |
| | John Moise | _____ |
| ABSENT/ | Michael Ost | _____ |
| ABSTAIN: _____ | | |

 Michael Ost, President of the Board
 of the Twin Hills Union School District,
 Sonoma County, California

EXHIBIT A
TO RESOLUTION REGARDING
ACCOUNTING OF DEVELOPMENT FEES
FOR FISCAL YEAR 2021-22
FOR THE FOLLOWING FUND OR ACCOUNT:
CAPITAL FACILITIES (the “Fund”)

Per Government Code section 66006(b)(1) as indicated:

The Capital Facilities Fund is used to record the receipt and expenditure of developer fees.

| | |
|--------------------------------------|-----------------------------|
| Schedule of Fees: Beginning 10/10/16 | Residential: \$1.73/sq. ft. |
| | Commercial: \$0.388/sq. ft. |

| | |
|---------------------------------------|----------------|
| Beginning Fund Balance, July 1, 2021: | \$ 44,980.80 |
| Ending Fund Balance, June 30, 2022: | \$ 51,837.17* |
| Fees Collected, fiscal year 2021-22: | \$ 17,419.37** |
| Interest Earned, fiscal year 2021-22: | \$ 302.32 |
| Transfer In, fiscal year 2021-22: | \$ 0.00 |

Transfers out of \$10,865.32 were made to the West County Transportation JPA for bus facility costs.

*The fund balance may (1) be expended in 2021-22 for additional upgrades to the AB MUR, TH MUR, portables, restrooms, and play areas and/or will be saved for future necessary new construction or modernization projects.

**Final fees collected January 2022. At the January 13, 2022, board meeting it was agreed that collection of these fees be suspended beginning 2/1/22

| | |
|--|--------------|
| Total Funds expended in 2021-22: | \$ 10,865.32 |
| Refunds or allocations pursuant to subdivision (e) or (f) of section 66001. | \$ 0.00 |

Prepared by Patty Nosecchi

Made available to the Public on December 12, 2022
(1) Word went from will to may per board 12/9/21

**EXHIBIT B
TO RESOLUTION REGARDING
ACCOUNTING OF DEVELOPMENT FEES
FOR FISCAL YEAR 2021-22
FOR THE FOLLOWING FUND OR ACCOUNT:
CAPITAL FACILITIES (the “Fund”)**

Per Government Code section 66001(d)(1)(A-D) as indicated:

- A. With respect to only that portion of the Fund remaining unexpended at the end of the 2021-2022 Fiscal Year, the purpose of the fees is to finance the construction or reconstruction of school facilities necessary to reduce overcrowding caused by the development on which the fees were levied, which facilities are more specifically identified as follows:

Continued upgrades at the Twin Hills Charter Middle School MUR and modernization projects at both Apple Blossom Elementary School and THCMS. Add necessary portables and upgrade rooms at both sites and necessary site updates to accommodate increased enrollment.

- B. With respect to that portion of the Fund remaining unexpended at the end of 2021-2022 Fiscal Year, there is a reasonable relationship between the fee and the purpose for which it is charged, including:

Future construction projects based on the Facilities Master Plan

- C. With respect to only that portion of the Fund remaining unexpended at the end of the 2021-2022 Fiscal Year, the sources and amounts of funding anticipated to complete financing in any incomplete improvements identified in paragraph A above are as follows:

Future Developer Fees

- D. With respect to only that portion of the Fund remaining unexpended at the end of the 2021-2022 Fiscal Year, the following are the approximate dates on which the funding referred to in paragraph C above is expected to be deposited into the appropriate account or fund:

Various times during the year

NOTE: Temporary suspension of developer fee collection beginning 2/1/22.