

**Twin Hills Union School District Board
of Trustees Regular Meeting
January 16, 2025
Agenda**

January 16, 2025 - @ Apple Blossom Room #13

OPEN SESSION 4:30

CLOSED SESSION approximately 5:30

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.

AB2449 Virtual Meeting Requirements: Board Member and members of the public attending virtually must disclose whether any individual 18 years or older are present in the same room and the nature of the relationship. Zoom instructions are on page 3.

All open session documents 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.twinhillsusd.org.

- | | |
|---|-------------|
| 1. Call to Order | 4:30 |
| A. Roll Call/ Establishment of Quorum | |
| B. Flag salute | |
| 2. Approval of Agenda | Action 4:32 |
| 3. Approval of Minutes: Regular Meeting December 13, 2024 | Action 4:34 |
| 4. Open Session - Public Comment | 4:35 |

PUBLIC COMMENT

The Board values constructive community comments and welcomes your participation in the democratic process. The President may choose to limit comments on any topic if substantial numbers of people wish to address the Board. Public comments deemed by the Board President to be unrelated to district business or are offensive or hateful will not be permitted.

NON-AGENDA ITEMS: Anyone wishing to address the Board on any topic not listed on the agenda should make a request to the Board President at this time. The President will recognize those who desire to speak, allocating each speaker a maximum of 3 minutes. Please be advised that the Board may not discuss a topic not on the agenda although they may ask brief clarifying questions. Members of the public may also submit written or video-recorded comments to the Superintendent no later than 5:00 p.m. the day before the board meeting and have those comments communicated at this time.

AGENDA ITEMS: If you wish to address the Board on a topic listed on the agenda, the Board President will offer an opportunity for public comment following the Board discussion on the topic.

5. Consent Action 4:45
 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 Quarterly Report: October-December 2024

6. Administrative Reports 4:50
 A. Twin Hills School District, Anna-Maria Guzman, Ed.D., Superintendent
 B. Maura DuVall, Principal, Orchard View School
 C. Karina Haedo, Principal, SunRidge School
 D. Monthly Financial Report, Patty Nosecchi, Business Manager

7. Board Member Reports 5:05

8. Acknowledgement of Receipt of Initial THTA Proposal Action 5:15
 To the District for 2025-26

9. Expenditure Reduction Strategies 24-25 and 25-26 Discussion/Action 5:20

10. Request Approval of 2023-24 Audit Report and Finding Action 5:25

11. 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. Conference with Labor Negotiators [Gov. Code § 54957.6]
 b. Public Employee Performance Evaluation: Superintendent [Gov. Code § 54957]
 C. Return to Open Session and report on any action in Closed Session

12. Adjournment 6:00

Dr. Anna-Maria Guzman, Twin Hills USD is inviting you to a scheduled Zoom meeting.
 Topic: January Board Meeting - Time: Jan 16, 2025 04:30 PM Pacific Time (US and Canada)
 Join Zoom Meeting: <https://twinhillsusd-org.zoom.us/j/88300897530>

Meeting ID: 883 0089 7530

One tap mobile

+16468769923,,88300897530# US (New York)

+16469313860,,88300897530# US

Dial by your location • +1 646 876 9923 US (New York) • +1 646 931 3860 US • +1 669 444 9171 US • +1 669 900 6833 US (San Jose) • +1 689 278 1000 US • +1 719 359 4580 US • +1 253 205 0468 US • +1 253 215 8782 US (Tacoma) • +1 301 715 8592 US (Washington DC) • +1 305 224 1968 US • +1 309 205 3325 US • +1 312 626 6799 US (Chicago) • +1 346 248 7799 US (Houston) • +1 360 209 5623 US • +1 386 347 5053 US • +1 408 638 0968 US (San Jose) • +1 507 473 4847 US • +1 564 217 2000 US

Meeting ID: 883 0089 7530 Find your local number: <https://twinhillsusd-org.zoom.us/u/kPDSc4Q0Z>

**TWIN HILLS UNION SCHOOL DISTRICT
BOARD OF TRUSTEES REGULAR MEETING
December 13, 2024
MINUTES**

1. The Board Meeting was called to order at 4:00 pm by President Ost.
 - A. Board to Trustees Oath of Office: Terry Beck, Michael Ost, Rebecca Houghton
 - B. Flag salute and Roll Call: all present
2. Motion to approve agenda by Trustee Harding and second by Trustee Moise. Approved 5-0.
3. Motion to approve the minutes of the Regular meeting of November 14, 2024, by Trustee Moise and second by Trustee Harding. Approved 5-0.
4. Open Session.
5. Motion to approve consent items by Trustee Harding and second by Trustee Houghton. Approved 5-0.
6. Motion to approve contract with Santa Rosa Window Tint for SunRidge Charter project by Trustee Beck and second by Trustee Moise. Approved 5-0.
7. Board of Trustees reports.
8. A. Motion to approve amending Subcommittee name from Orchard View to Orchard View/Apple Blossom Facilities for the fall of 25-26 by Trustee Houghton and second by Trustee Harding. Approved 5-0.
9. Motion to approve overnight field trip for Twin Hills CMS, 6th Grade, to Westminster Woods, January 29-31, 2025, by Trustee Harding and second by Trustee Houghton. Approved 5-0.
10. Motion to approve MOU with Sebastopol USD regarding location of SunRidge Charter School by Trustee Moise and second by Trustee Beck. Approved 5-0.
11. Motion to approve 1st Interim Report with Positive Certification by Trustee Harding and second by Trustee Moise. Approved 5-0.
12. Motion to approve Resolution 2024-588: Annual Developer Fee Report 2023-24 by Trustee Moise and second by Trustee Beck. Approved 5-0.
13. Annual Reorganization:
 1. Election of President: Jeff Harding nominated by Trustee Moise and second by Trustee Houghton. Approved 4-0.
 2. Election of Clerk: John Moise nominated by Trustee Houghton and second by Trustee Harding. Approved 4-0.
 3. Election of Board Representative to serve on the Sonoma County Committee on School Reorganization: Rebecca Houghton nominated by Trustee Moise and second by Trustee Beck. Approved 4-0
 4. Selection of Regular Monthly School Board Meeting Date and Time: Time 4:30pm; Dates all in 2025 - January 16, February 13, March 13, April 10, May 8, June 24, June 26, August 14, September 11, October 9, November 13, December 11. Motion made by Trustee Beck and second by Trustee Houghton. Approved 5-0.
14. Closed Session. Returned to Open Session with nothing to report.
15. Adjournment at 6:10pm.

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, 2024

Date Received	Donor	Amount	Purpose
District 53, Fund 01: Apple Blossom Elementary School /General District			
<u>Total</u>		<u>\$0.00</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			
<u>Total</u>		<u>\$0.00</u>	
District 53, Fund 12: Apple Blossom After School Program			
<u>Total</u>		<u>\$0.00</u>	
District 21, Fund 09: SunRidge Charter School			
12/01-31/24	Various families	\$23,490.00	Pledges/specialty pgm 2024-25
<u>Total</u>		<u>\$23,490.00</u>	

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 16, 2025 board meeting.

Checks Dated 12/01/2024 through 12/31/2024

Board Meeting Date January 16, 2025

Check Number	Check Date	Pay to the Order of	Check Amount
2068701	12/11/2024	Affronti, Jude	260.64
2068702	12/11/2024	Amazon Capital Services	26.36
2068703	12/11/2024	Apple Inc.	1,562.61
2068704	12/11/2024	Atamaniuk, Andy	1,647.56
2068705	12/11/2024	ATT	358.78
2068706	12/11/2024	ATT	29.89
2068707	12/11/2024	ATT	122.70
2068708	12/11/2024	ATT	181.78
2068709	12/11/2024	ATT	30.65
2068710	12/11/2024	ATT	30.65
2068711	12/11/2024	CA Poets in the Schools	717.50
2068712	12/11/2024	Revolution Foods PBC	22,131.36
2068713	12/11/2024	Castleberry, Diana	47.86
2068714	12/11/2024	Kyocera Document Solutions Northern CA , Inc.	261.62
2068715	12/11/2024	PresenceLearning, Inc.	6,526.60
2068716	12/11/2024	Creative Ceramics	827.89
2068717	12/11/2024	de Rutte Builders Corp.	2,032.80
2068718	12/11/2024	Recology Sonoma Marin	1,032.39
2068719	12/11/2024	Recology Sonoma Marin	518.57
2068720	12/11/2024	DocuSign, Inc. Lockbox	3,565.00
2068721	12/11/2024	Shura, Samantha	3,680.00
2068722	12/11/2024	Alpha Analytical Laboratories	241.00
2068723	12/11/2024	Alhambra	34.47
2068724	12/11/2024	Alhambra	162.87
2068725	12/11/2024	Alhambra	64.92
2068726	12/11/2024	Mountain Fresh Spring Water	35.00
2068727	12/11/2024	DuVall, Maura	472.40
2068728	12/11/2024	Eberly, Brian	103.71
2068729	12/11/2024	Elliott, Erin	411.99
2068730	12/11/2024	Major Alarm, Inc.	951.00
2068731	12/11/2024	Fisher-Tachouet, Robyn	98.10
2068732	12/11/2024	Brady Industries, LLC	404.11
2068733	12/11/2024	Friedman's Home Improvement	353.80
2068734	12/11/2024	Frog Street Press LLC	9,275.89
2068735	12/11/2024	Greene, Janet	1,575.00
2068736	12/11/2024	Hamilton, Teresa	38.01
2068737	12/11/2024	Heggerty	416.54
2068738	12/11/2024	T-Mobile	160.00
2068739	12/11/2024	T-Mobile	88.29
2068740	12/11/2024	Redwood Lock, Inc.	221.00
2068741	12/11/2024	Mobile Modular Mgmt Corp.	1,929.00
2068742	12/11/2024	National Academy of Athletics	5,626.50
2068743	12/11/2024	North Bay Security Group, LLC	1,250.00
2068744	12/11/2024	ODP Business Solutions, LLC	427.29
2068745	12/11/2024	Pacific Gas & Electric	1,281.33
2068746	12/11/2024	Terminix Processing Center	89.00
2068747	12/11/2024	Terminix Processing Center	245.60
2068748	12/11/2024	Terminix Processing Center	83.00
2068749	12/11/2024	Riebli, Nathan	227.68

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.



Checks Dated 12/01/2024 through 12/31/2024			Board Meeting Date January 16, 2025
Check Number	Check Date	Pay to the Order of	Check Amount
2068750	12/11/2024	Rising Phoenix Psych Ed Svcs	13,440.00
2068751	12/11/2024	Sebastopol Hardware Center	114.49
2068752	12/11/2024	Sill, Kathy	201.30
2068753	12/11/2024	ROOTS Solutions, LLC	1,450.00
2068754	12/11/2024	Sylvan Learning Center	420.00
2068755	12/11/2024	Weeks Drilling & Pump Co.	1,152.91
2069642	12/13/2024	Ambrose, Melissa	35.00
2069643	12/13/2024	Apple Inc.	543.91
2069644	12/13/2024	Christy White, Inc.	8,010.00
2069645	12/13/2024	Kyocera Document Solutions Northern CA , Inc.	440.46
2069646	12/13/2024	Alpha Analytical Laboratories	136.00
2069647	12/13/2024	Alhambra	131.34
2069648	12/13/2024	Mountain Fresh Spring Water	26.25
2069649	12/13/2024	Gopher Girl Inc.	450.00
2069650	12/13/2024	Harmony Farm Supply	339.67
2069651	12/13/2024	Mondragon, Joana	30.00
2069652	12/13/2024	ODP Business Solutions, LLC	700.95
2069653	12/13/2024	Lexia Learning Systems LLC	7,920.00
2069654	12/13/2024	Sonoma State University	1,875.00
2069655	12/13/2024	Walsh, Colleen	36.43
2069656	12/13/2024	Weeks Drilling & Pump Co.	1,117.89
2071092	12/20/2024	BMO Bank N.A.	1,127.26
2071093	12/20/2024	Castleberry, Diana	67.79
2071094	12/20/2024	Kyocera Document Solutions Northern CA , Inc.	634.38
2071095	12/20/2024	Correa, Karen	57.23
2071096	12/20/2024	Department Of Justice	32.00
2071097	12/20/2024	Douglas, Liat	118.41
2071098	12/20/2024	Alhambra	9.99
2071099	12/20/2024	Brady Industries, LLC	736.86
2071100	12/20/2024	Galbraith, Sunshine	201.07
2071101	12/20/2024	Hales, Jenna	257.88
2071102	12/20/2024	School & College Legal Services of Calif.	150.00
2071103	12/20/2024	Magnolia Project	5,500.00
2071104	12/20/2024	ODP Business Solutions, LLC	776.12
2071105	12/20/2024	Szmidt-Yaconelli, Ondrejka	25.74
2071106	12/20/2024	Wills, Cheryl	319.59
2071666	12/27/2024	CA Poets in the Schools	615.00
2071667	12/27/2024	Shura, Samantha	3,651.25
2071668	12/27/2024	Alpha Analytical Laboratories	93.00
2071669	12/27/2024	Greene, Janet	1,575.00
2071670	12/27/2024	National Academy of Athletics	6,045.00
2071671	12/27/2024	ODP Business Solutions, LLC	589.34
2071672	12/27/2024	Social Studies School Service	176.49
2071673	12/27/2024	ROOTS Solutions, LLC	1,575.00
Total Number of Checks			93
			134,766.71

Fund Recap

Fund	Description	Check Count	Expensed Amount
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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.



Checks Dated 12/01/2024 through 12/31/2024

Board Meeting Date January 16, 2025

Check Number	Check Date	Pay to the Order of	Check Amount
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Fund Recap

Fund	Description	Check Count	Expensed Amount
01	General Fund	58	87,563.39
03	Charter School: Twin Hills	27	7,651.15
09	Charter School Fund: Orchrdr Vw	20	15,538.72
12	Child Development Fund	4	1,882.09
13	Cafeteria Fund	1	22,131.36
Total Number of Checks		93	134,766.71
Less Unpaid Tax Liability			.00
Net (Check Amount)			<u>134,766.71</u>

Total Expenditures December 2024

Total Vendor Warrants, December 31, 2024	\$	134,766.71
Payroll: December 10, 2024 Supplemental		12,905.81
Payroll: December 31, 2024 Regular		598,598.67
Total PR & Expenditures	\$	<u>746,271.19</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.

Checks Dated 12/01/2024 through 12/31/2024 **Board Meeting Date January 16, 2025**

Check Number	Check Date	Pay to the Order of	Check Amount
2068457	12/11/2024	Allison, Esther	183.68
2068458	12/11/2024	Amazon Capital Services	147.14
2068459	12/11/2024	Andy's Produce Market	80.11
2068460	12/11/2024	ATT	272.06
2068461	12/11/2024	ESP & Alarms, Inc dba Edison Security Protection	103.29
2068462	12/11/2024	Revolution Foods PBC	9,223.88
2068463	12/11/2024	Recology Sonoma Marin	682.61
2068464	12/11/2024	Brady Industries, LLC	157.51
2068465	12/11/2024	Friedman's Home Improvement	231.52
2068466	12/11/2024	Galusha, Amy Jaques	1,650.00
2068467	12/11/2024	Gosling, Maria	6.56
2068468	12/11/2024	Pace Supply Corporation	75.65
2068469	12/11/2024	Rodriguez, Ana	212.67
2068470	12/11/2024	Sebastopol Hardware Center	126.04
2068471	12/11/2024	Terminix Processing Center	141.00
2068472	12/11/2024	Thomasson, Theresa	307.90
2068473	12/11/2024	Wells Fargo Vendor Fin Serv	395.10
2069461	12/13/2024	Allen, Trisha	115.84
2069462	12/13/2024	Anova Center for Education	7,379.19
2069463	12/13/2024	Apple Inc.	543.91
2069464	12/13/2024	Beeswax Candle Works, Inc.	143.42
		Unpaid Tax	12.87
		Expensed Amount	156.29
2069465	12/13/2024	Davey, Kara	455.21
2069466	12/13/2024	Gosling, Maria	23.55
2069467	12/13/2024	ODP Business Solutions, LLC	414.11
2069468	12/13/2024	Procure Software, LLC	948.00
2069469	12/13/2024	Sebastopol City of	3,708.41
2069470	12/13/2024	Sebastopol City of	2,801.79
2069471	12/13/2024	Tombe Realty, Inc.	18,586.61
2069472	12/13/2024	Kyocera Document Solutions	205.23
2070924	12/20/2024	Allison, Esther	179.85
2070925	12/20/2024	Anova Center for Education	4,782.89
2070926	12/20/2024	BMO Bank N.A.	19.95
2070927	12/20/2024	Fircrest Market	612.22
2070928	12/20/2024	Brady Industries, LLC	678.68
2070929	12/20/2024	McKenzie, Laurie	31.08
2070930	12/20/2024	Plumfield Academy	9,692.45
2070931	12/20/2024	Oberti-Rinn, Beatrice	29.62
2070932	12/20/2024	PG&E	2,432.57
2070933	12/20/2024	Thomasson, Theresa	71.63
		Total Number of Checks	39
			67,852.93

Fund Recap

Fund	Description	Check Count	Expensed Amount
09	General Fund (charter Schools)	39	67,865.80

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.



Checks Dated 12/01/2024 through 12/31/2024

Board Meeting Date January 16, 2025

Check Number	Check Date	Pay to the Order of	Check Amount
		Total Number of Checks	39
			67,865.80
		Less Unpaid Tax Liability	12.87
		Net (Check Amount)	67,852.93

Total Expenditures December 2024

Total Vendor Warrants, December 31, 2024	\$	67,852.93
Payroll: December 10, 2024 Supplemental		7,256.26
Payroll: December 31, 2024 Regular		164,677.00
Total PR & Expenditures	\$	239,786.19

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.

 ERP for California

Page 2 of 2

Description

Includes Purchase Orders dated 12/01/2024 - 12/31/2024			Board Meeting Date January 16, 2025			
PO Number	Vendor Name	Requisition Information	Ordr Loc	Req Fund	Resource Description	Req Fund Order Amt
P25-00273	Aeries Software Inc	PO #8265 - AERIES 2025 COMMUNICATIONS	7DSW	01	Unrestricted/no	5,531.46
P25-00274	Amplify Education,	PO #8186 - AB ELA PILOT	1ABS	01	Arts Music Inst	12,546.60
P25-00275	Apple Inc.	PO #8263 - DO MAC MINI	9DSO	01	Unrestricted/no	543.91
P25-00276	BMO Bank N.A.	PO #8197 - TH HEADPHONES	2THS	03	Lottery-instruc	87.14
P25-00277	BMO Bank N.A.	PO #8185 - AB WHITEBOARD	1ABS	01	Unrestricted/no	130.79
P25-00278	BMO Bank N.A.	PO #8187 - AB OFFICE UMBRELLAS	1ABS	01	Unrestricted/no	78.22
P25-00279	BMO Bank N.A.	PO #8200 - TH BAOFENG RADIO BATTERIES	2THS	01	Resig Safety Cr	21.74
P25-00280	BMO Bank N.A.	PO #8236 - OV REPLACEMENT CANOPY TOP	3OVS	09	Unrestricted/no	65.39
P25-00281	Christy White, Inc.	PO #8259 - 2023-24 AUDIT REP & 2024-25 MAY VIS	9DSO	01	Unrestricted/no	18,000.00
P25-00282	Gopher Girl Inc.	PO #8190 - AP GOPHER TRAPPING	1ABS	01	Unrestricted/no	450.00
P25-00283	Loud and Clear Inc.	PO #8250 - AB KEYBOARD LAB EQUIP	1ABS	01	Arts & Music	34,902.90
P25-00284	Myers Restaurant Su	PO #8260 - AB CAFETERIA EQUIP	1ABS	01	KIT Infr/train	22,000.00
P25-00285	Myers Restaurant Su	PO #8261 - THCMS CAFETERIA EQUIP	2THS	01	KIT Infr/train	14,000.00
P25-00286	Myers Restaurant Su	PO #8262 - SR CAFETERIA EQUIP	1ABS	01	KIT Infr/train	9,200.00
P25-00287	ODP Business Soluti	PO #8246 - DO TONER	9DSO	01	Unrestricted/no	420.57
P25-00288	ODP Business Soluti	PO #8198 - TH (ROSEMARK)	2THS	03	Lottery-instruc	323.99
P25-00289	ODP Business Soluti	PO #8199 - TH (KONVALINKA)	2THS	03	Lottery-instruc	123.86
P25-00290	ODP Business Soluti	PO #8249 - AB CLOSET, NURSE, & OFFICE	1ABS	01	Unrestricted/no	193.65
P25-00291	ODP Business Soluti	PO #8267 - KLEENEX ORDER	7DSW	01	Unrestricted/no	265.35
P25-00292	Sonoma State Univer	PO #8247 - INTERM PROGRAM PARTICIPATION	3OVS	09	Ed Effect	3,750.00
P25-00293	Survival CPR & Firs	PO #8234 - OV ZOLL AED PLUS	3OVS	09	State Lottery	2,233.41
P25-00294	TCI	PO #8233 - OV GOV	3OVS	09	Lottery-instruc	3,886.84
					Total	128,755.82

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.

Description

Includes Purchase Orders dated 12/01/2024 - 12/31/2024			Board Meeting Date January 16, 2025			
PO Number	Vendor Name	Requisition Information	Ord Loc	Req Fund	Resource Description	Req Fund Order Amt
P25-00112	Apple Inc.	PO #8264 - SR MAC MINI	4HAY	09	State Lottery	543.91
P25-00113	Beeswax Candle Work	PO #8221 - SR CANDLES	4HAY	09	State Lottery	156.29
P25-00114	Procare Software, L	PO #8222 - SR AFTERCARE BILLING PROGRAM	4HAY	09	Aftercare Progr	948.00
P25-00115	ODP Business Soluti	PO #8248 - SR PRINTER TONER	4HAY	09	State Lottery	414.11
					Total	2,062.31

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.

Twin Hills USD Monthly Personnel Report January 16, 2025

Certificated

Additions:

Changes:

- Konvalinka, Leslie – THCMS Math Teacher - Request for possible FMLA/CFRA Leave of Absence (intermittent to possible full leave). Dates to be determined is necessary.

Separations:

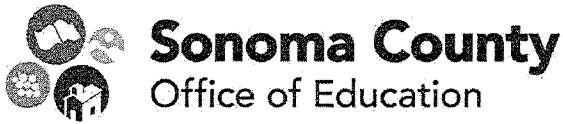
- Singleton-Morrisseau, Jamie – SR Teacher (*1.0 FTE Leave of Absence 2024-2025*) resigned effective 06/11/2025

Classified

Additions:

Changes:

Separations:



Quarterly Report – Williams Uniform Complaints [Education Code § 35186]

District: Twin Hills Union School District

Name & Title of Preparer: Patty Nosecchi, Business Manager

Quarter Reported: (check one)
 1st Quarter: July 2024 through September 2024 – Due October 2024
 2nd Quarter: October 2024 through December 2024 – Due January 2025
 3rd Quarter: January 2025 through March 2025 – Due April 2025
 4th Quarter: April 2025 through June 2025 – Due July 2025

Date for information to be reported publicly at governing board meeting: 01/16/2025

Please check the box that applies:

- No complaints were filed with any school in the district during the quarter indicated above.
- Complaints were filed with schools in the district during the quarter indicated above. The following chart summarizes the nature and resolution of these complaints. **Copies of the complaint and the district’s written response will be submitted along with this report.**

General Subject Area	Number of Complaints Received	Number of Complaints Resolved	Number of Complaints Unresolved
Instructional Materials and Textbooks	0	0	0
Facility Conditions	0	0	0
Teacher Vacancy or Misassignment	0	0	0
TOTAL	0	0	0

 Name & Signature of Superintendent

Date: 01/16/2025

Sign and date the report **after** it is presented at your board meeting.
 Please submit the executed report to SCOE EES via email at williams@scoe.org

TWIN HILLS UNION SCHOOL DISTRICT

SUPERINTENDENT’S MONTHLY ENROLLMENT REPORT 2024-25

For the January 16, 2025 board meeting

ENROLLMENT MO/YR	2016-17		2017-18		2018-19		2019-20		2020-21				2021-22			
	Sep 16	Jun 17	Sep 17	Jun18	Sep18	Jun19	Sep19	Jun20	Sep20	Jan 21	Apr21	Jun21	Sep21	Jan 22	Apr22	Jun22
Apple Blossom	431	423	406	399	416	404	396	408	355	348	344	343	322	319	317	317
Twin Hills CMS	330	309	269	262	281	267	246	240	225	219	220	219	207	210	210	206
Sub Total	761	732	675	661	697	671	642	648	580	567	564	562	529	529	527	523
Orchard View	234	228	236	237	236	226	228	233	247	245	229	227	222	224	219	219
SunRidge	276	279	283	281	275	276	282	279	272	268	263	261	213	220	221	221
Total	1,271	1,239	1,194	1,179	1,208	1,173	1,152	1,160	1,099	1,080	1,056	1,050	964	973	967	963

ENROLLMENT MO/YR	2022-23				2023-24					2024-25					Net +Inc/ -Dec	
	Aug 22	Nov 22	Apr23	Jun23	Aug 23	Nov23	Feb24	Mar24	Apr24	Est. @ AB*	Aug 24	Sep 24	Nov24	Dec24		Est. @ AB*
Apple Blossom	295	299	299	298	288	288	292	292	292	285	307	307	305	305	294	+11
Twin Hills CMS	204	201	198	198	205	208	207	207	207	205	204	207	207	206	205	+1
Sub Total	499	500	497	496	493	496	499	499	499	490	511	514	512	511	499	
Orchard View	216	215	212	212	226	227	227	227	228	240	219	224	219	218	230	-12
SunRidge	241	238	230	230	235	238	236	234	235	251	255	257	255	255	258	-3
Total	956	953	939	938	954	961	962	960	962	981	985	995	986	984	987	-3

*AB = Adopted Budget

Twin Hills Teachers Association

Written Notice of Intent to Negotiate

To: Twin Hills Board of Trustees

From: Twin Hills Teachers Association

Date: January 16, 2025

Subject: Written Notice of Intent to Negotiate for the 2025-26 School Year

Pursuant to Article 8, Section 3547 of the Education Employment Relations Act (EERA), please consider this to be a formal opening of negotiations between Twin Hills Teachers' Association and the Twin Hills Union School District. The following serves as The Twin Hills Teachers Association's initial openers for changes to the existing collective bargaining agreement (CBA) for the 2025-26 school year:

ARTICLE 8 - TEACHING HOURS

The Association has an interest in increasing prep time, deleting section 8.3.4, increasing the amount paid when teachers substitute teach in emergencies, and adding language to address the increased workload of student short term independent study contracts.

ARTICLE 9 - CLASS SIZE

The Association has an interest in lowering class size maximums, changing how the class size maximum is calculated for Sixth – Eighth grades, increasing the amount paid for class size overages, and adding language to address Special Education caseload overages.

ARTICLE 10 – LEAVES

The Association has an interest in extending sick leave use to the illness of immediate family and adding language allowing unit members to elect to use their accrued sick leave prior to and during the period of Family Care Leave.

ARTICLE 15 – COMPENSATION

The Association has an interest in increasing salary, adding extracurricular positions (found in Appendix E-1), and increasing compensation for extracurricular positions for both hourly and stipend positions.

ARTICLE 16 - IN-SERVICE EDUCATION

The Association has an interest in increasing the amount of pay for in-service education and adding pay for district mandatory trainings (for example mandated reporter training).

ARTICLE 17 - TEACHER TRANSFER AND REASSIGNMENT

The Association has an interest in changing the language in the Article to say unit member instead of teacher.

ARTICLE 22 - MISCELLANEOUS PROVISIONS

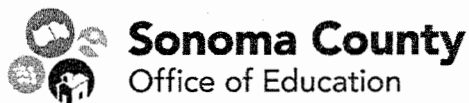
The Association has an interest in increasing the amount paid to teachers when a substitute is not available.

ARTICLE 25 - EMPLOYEE BENEFITS

The Association has an interest in increasing the District contribution for medical benefits and maximizing benefits by looking at what carriers are available.

ARTICLE 26 - TERM AND COMPLETION OF MEET AND NEGOTIATIONS

The Association has an interest in extending the master contract with updated dates.



AUDIT CERTIFICATION

2023-24 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 16, 2025 the Annual Financial Report as of June 30, 2024.

(Signature) District Superintendent/Charter School Official 01/16/2025

Date

Anna-Maria Guzman, Ed.D.
Printed name

Submit the original signature copy of the Audit Certification by **February 15, 2025** 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: _____



CERTIFICATION OF CORRECTIVE ACTION

2023-24 AUDIT FINDINGS AND RECOMMENDATIONS

LEA Name Twin Hills USD
Sonoma County, California

- 2023-24 Certification of Corrective Action is hereby filed by the Governing Board of the school district.

Clerk/Secretary of the Governing Board

January 16, 2025
Date of Meeting

- 2023-24 Certification of Corrective Action

The Superintendent certifies that all corrective action(s) specified in the attached page(s) have been reviewed by the district's Governing Board and assures that corrective procedures have been implemented and will be used in the ensuing years.

District Superintendent

01/16/2025
Date

For additional information

Contact: Patty Nosecchi

Phone: 707-823-0871

Submit original of the Certification of Corrective Action together with each Audit Finding Corrective Action form and corresponding documentation by **March 15, 2025** to your **SCOE Advisor** at:

Sonoma County Office of Education
5340 Skylane Boulevard
Santa Rosa, CA 95403

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

2023-24 AUDIT FINDING CORRECTIVE ACTION
due to SCOE by March 15, 2025 or immediately following board approval

LEA: Twin Hills USD

Finding Category: 40000 (see list at bottom of page)

Finding Number: 2024-001 **Page Number:** 80

- A. Describe below specific corrective action(s) used in resolving the audit finding.
 B. Specifically address each individual item within the finding. Be certain that your responses are clear and concise. You will need to provide all documentation which supports the specific action taken toward resolving the finding; i.e., copies of amended reports, corrective action plans, etc.

The District is in the process of developing their Expanded Learning Opportunity Program and expects to have a program in place in June of 2025.

C. Did this finding require a corrective report? →

Yes
 No

If yes, attach a copy of an acceptable plan of correction.

AB 3627 Finding Category Types

10000	Attendance
20000	Fixed Assets
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
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

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

TWIN HILLS UNION SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2024



**TWIN HILLS UNION SCHOOL DISTRICT
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Governing Board
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 the Twin Hills Union School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Twin Hills Union School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Twin Hills Union School District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Twin Hills Union School 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 Twin Hills Union School 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.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 of the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Twin Hills Union School 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 Twin Hills Union School 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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, schedules of district contributions for pensions, and schedule of District's total CRSP liability and related ratios 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 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 Twin Hills Union School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Local Education Agency Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024 on our consideration of the Twin Hills Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Twin Hills Union School 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 Twin Hills Union School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
December 11, 2024

TWIN HILLS UNION SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

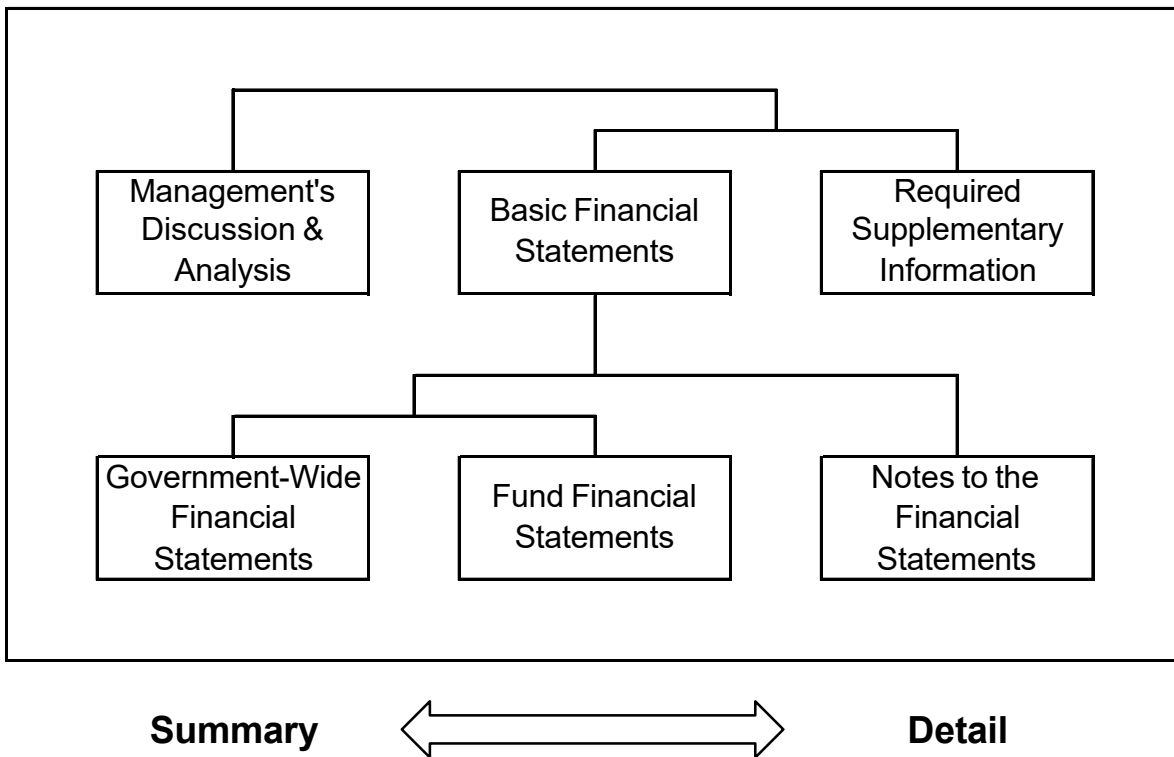
Our discussion and analysis of Twin Hills Union School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The District's net position was \$1,328,955 at June 30, 2024. This was a decrease of \$862,991 from the prior year.
- ▶ Overall revenues were \$17,075,191, which were exceeded by expenses of \$17,938,182.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**TWIN HILLS UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

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

- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** 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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-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 government'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 government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**TWIN HILLS UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$1,328,955 at June 30, 2024, as reflected in the table below. Of this amount, \$(6,195,454) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2024	2023	Net Change
ASSETS			
Current and other assets	\$ 10,832,660	\$ 10,720,650	\$ 112,010
Capital assets	6,768,293	7,056,511	(288,218)
Total Assets	17,600,953	17,777,161	(176,208)
DEFERRED OUTFLOWS OF RESOURCES	5,012,759	5,271,680	(258,921)
LIABILITIES			
Current liabilities	2,916,326	2,352,782	563,544
Long-term liabilities	17,312,235	16,877,148	435,087
Total Liabilities	20,228,561	19,229,930	998,631
DEFERRED INFLOWS OF RESOURCES	1,056,196	1,626,965	(570,769)
NET POSITION			
Net investment in capital assets	4,667,214	4,501,299	165,915
Restricted	2,857,195	3,036,676	(179,481)
Unrestricted	(6,195,454)	(5,346,029)	(849,425)
Total Net Position	\$ 1,328,955	\$ 2,191,946	\$ (862,991)

**TWIN HILLS UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2024	2023	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 229,988	\$ 159,495	\$ 70,493
Operating grants and contributions	2,244,896	3,155,355	(910,459)
General revenues			
Property taxes	5,468,217	5,197,707	270,510
Unrestricted federal and state aid	8,123,387	7,766,733	356,654
Other	1,008,703	643,899	364,804
Total Revenues	17,075,191	16,923,189	152,002
EXPENSES			
Instruction	10,438,464	8,226,636	2,211,828
Instruction-related services	1,682,963	1,469,859	213,104
Pupil services	1,836,397	1,458,780	377,617
General administration	1,593,782	1,334,419	259,363
Plant services	1,228,623	1,108,803	119,820
Ancillary and community services	632,731	566,078	66,653
Debt service	379,762	368,272	11,490
Other outgo	145,460	72,010	73,450
Total Expenses	17,938,182	14,604,857	3,333,325
Change in net position	(862,991)	2,318,332	(3,181,323)
Net Position - Beginning	2,191,946	(126,386)	2,318,332
Net Position - Ending	\$ 1,328,955	\$ 2,191,946	\$ (862,991)

The cost of all our governmental activities this year was \$17,938,182 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$5,468,217, because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions, charges for services and other general revenues.

**TWIN HILLS UNION SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District’s functions. Net cost shows the financial burden that was placed on the District’s taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2024	2023
Instruction	\$ 9,170,985	\$ 6,207,052
Instruction-related services	1,587,820	1,300,831
Pupil services	1,075,844	631,077
General administration	1,593,782	1,334,419
Plant services	1,222,386	1,106,749
Ancillary and community services	361,109	316,899
Debt service	379,762	368,272
Transfers to other agencies	71,610	24,708
Total	\$ 15,463,298	\$ 11,290,007

FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR 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 \$8,421,057, which is less than last year’s ending fund balance of \$8,854,561. The District’s General Fund had \$880,893 less in operating revenues than expenditures for the year ended June 30, 2024. The District’s Charter Schools Fund had \$420,694 more in operating revenues than expenditures for the year ended June 30, 2024.

CURRENT YEAR BUDGET 2023-2024

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District’s financial projections and current budget based on State and local financial information.

**TWIN HILLS UNION SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2023-2024 the District had invested \$6,768,293 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2024	2023	Net Change
CAPITAL ASSETS			
Land	\$ 23,604	\$ 23,604	\$ -
Construction in progress	1,300	1,300	-
Land improvements	1,794,932	1,768,412	26,520
Buildings & improvements	13,915,804	13,797,168	118,636
Furniture & equipment	669,755	616,799	52,956
Less: Accumulated depreciation	(9,637,102)	(9,150,772)	(486,330)
Total	\$ 6,768,293	\$ 7,056,511	\$ (288,218)

Long-Term Liabilities

At year-end, the District had \$17,312,235 in long-term liabilities, an increase of 3% from last year – as shown in the table below. More detailed information about the District’s long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2024	2023	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 4,941,916	\$ 5,066,633	\$ (124,717)
Compensated absences	106,668	108,837	(2,169)
Total OPEB liability	63,559	64,306	(747)
Net pension liability	12,690,092	12,102,372	587,720
Less: current portion of long-term liabilities	(490,000)	(465,000)	(25,000)
Total	\$ 17,312,235	\$ 16,877,148	\$ 435,087

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Several economic factors could impact California school district funding and the District’s budget in the next fiscal year:

Long-term Declining Enrollment: Lower birth rates and increased migration out of state have resulted in long-term declining enrollment across California schools. Enrollment can fluctuate due to factors such as population growth, competition from private and parochial schools, inter-district transfers in or out, economic conditions, and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to adjust fixed operating costs.

Revenue Uncertainties: Proposition 98 guarantees have improved over the 23-24 fiscal year, but the prior 2022-23 revenues fell short of estimates, reducing the guarantee and resulting in the use of Proposition 98 reserves. California faced a significant budget deficit due to a severe revenue decline in 2022-23, driven mainly by lower income tax collections and economic downturns. However, recent tax forecasts show that actual revenues surpass projections. Surpluses could help fund more Proposition 98 revenue for school districts.

**TWIN HILLS UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Underfunded Pension Liabilities: The District participates in state employee pension plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2024. The amount of the liability is material to the District's financial position. The CalSTRS projected employer contribution rate for 2024-25 is 19.10 percent. The CalPERS projected employer contribution rate for 2024-25 is 27.05 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Economic Downturn: Higher borrowing costs and reduced investment have slowed economic activity, particularly affecting sectors like technology and startups, which are crucial to California's economy. The unemployment rate is up but might reverse with future jobs in the technology and aerospace industries.

Federal Reserve Actions: The Federal Reserve's interest rate hikes have increased borrowing costs, reducing investment and economic growth.

Stock Market Performance: The steep decline in the stock market in prior years has negatively impacted income tax collections from high-income Californians and corporations. Overall, market performance in 2024 is trending in a positive direction.

These factors contribute to a challenging fiscal environment, potentially affecting the state's ability to maintain or increase funding for school districts. All these factors were considered in preparing the District's 2024-25 fiscal year budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any 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, 2024**

	Governmental Activities
ASSETS	
Cash and investments	\$ 9,133,561
Accounts receivable	1,682,025
Inventory	457
Other current assets	16,617
Capital assets, not depreciated	24,904
Capital assets, net of accumulated depreciation	<u>6,743,389</u>
Total Assets	<u>17,600,953</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>5,012,759</u>
Total Deferred Outflows of Resources	<u>5,012,759</u>
LIABILITIES	
Accrued liabilities	2,143,717
Unearned revenue	282,609
Long-term liabilities, current portion	490,000
Long-term liabilities, non-current portion	<u>17,312,235</u>
Total Liabilities	<u>20,228,561</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>1,056,196</u>
Total Deferred Inflows of Resources	<u>1,056,196</u>
NET POSITION	
Net investment in capital assets	4,667,214
Restricted:	
Capital projects	29,313
Debt service	850,560
Educational programs	1,818,642
Food service	10,453
Associated student body	148,227
Unrestricted	<u>(6,195,454)</u>
Total Net Position	<u>\$ 1,328,955</u>

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

**TWIN HILLS UNION SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 10,438,464	\$ 104,329	\$ 1,163,150	\$ (9,170,985)
Instruction-related services				
Instructional supervision and administration	184,032	1,595	79,351	(103,086)
Instructional library, media, and technology	63,336	-	-	(63,336)
School site administration	1,435,595	1,927	12,270	(1,421,398)
Pupil services				
Home-to-school transportation	267,960	-	-	(267,960)
Food services	639,130	55,114	455,103	(128,913)
All other pupil services	929,307	12,743	237,593	(678,971)
General administration				
All other general administration	1,593,782	-	-	(1,593,782)
Plant services	1,228,623	-	6,237	(1,222,386)
Ancillary services	174,026	-	153,595	(20,431)
Community services	458,705	43,828	74,199	(340,678)
Interest on long-term debt	379,762	-	-	(379,762)
Other outgo	145,460	10,452	63,398	(71,610)
Total Governmental Activities	\$ 17,938,182	\$ 229,988	\$ 2,244,896	(15,463,298)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				4,797,345
Property taxes, levied for debt service				670,872
Federal and state aid not restricted for specific purposes				8,123,387
Interest and investment earnings				437,691
Interagency revenues				110,026
Miscellaneous				460,986
Subtotal, General Revenue				14,600,307
CHANGE IN NET POSITION				(862,991)
Net Position - Beginning				2,191,946
Net Position - Ending				\$ 1,328,955

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

**TWIN HILLS UNION SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024**

	General Fund	Charter Schools Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 6,921,766	\$ 523,249	\$ 1,688,546	\$ 9,133,561
Accounts receivable	1,458,782	131,937	91,306	1,682,025
Due from other funds	468,297	224,160	23,536	715,993
Stores inventory	-	-	457	457
Other current assets	16,617	-	-	16,617
Total Assets	\$ 8,865,462	\$ 879,346	\$ 1,803,845	\$ 11,548,653
LIABILITIES				
Accrued liabilities	\$ 1,970,197	\$ 47,965	\$ 110,832	\$ 2,128,994
Due to other funds	247,696	399,403	68,894	715,993
Unearned revenue	233,430	49,179	-	282,609
Total Liabilities	2,451,323	496,547	179,726	3,127,596
FUND BALANCES				
Nonspendable	9,000	-	8,457	17,457
Restricted	1,549,282	269,360	1,217,263	3,035,905
Committed	-	-	195,261	195,261
Assigned	2,901,047	113,439	203,138	3,217,624
Unassigned	1,954,810	-	-	1,954,810
Total Fund Balances	6,414,139	382,799	1,624,119	8,421,057
Total Liabilities and Fund Balances	\$ 8,865,462	\$ 879,346	\$ 1,803,845	\$ 11,548,653

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

**TWIN HILLS UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2024**

Total Fund Balance - Governmental Funds \$ 8,421,057

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

Capital assets:

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

Capital assets	\$ 16,405,395	
Accumulated depreciation	<u>(9,637,102)</u>	6,768,293

Unmatured interest on long-term debt:

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 unmaturing interest owing at the end of the period was:

(14,723)

Long-term liabilities:

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

Total general obligation bonds	\$ 4,941,916	
Compensated absences	106,668	
Total OPEB liability	63,559	
Net pension liability	<u>12,690,092</u>	(17,802,235)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$ 5,012,759	
Deferred inflows of resources related to pensions	<u>(1,056,196)</u>	3,956,563

Total Net Position - Governmental Activities \$ 1,328,955

**TWIN HILLS UNION SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Charter Schools Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 10,009,587	\$ 2,570,392	\$ 50,000	\$ 12,629,979
Federal sources	324,281	-	116,008	440,289
Other state sources	930,530	258,282	262,459	1,451,271
Other local sources	1,848,669	29,649	1,261,029	3,139,347
Total Revenues	13,113,067	2,858,323	1,689,496	17,660,886
EXPENDITURES				
Current				
Instruction	8,296,659	2,048,281	-	10,344,940
Instruction-related services				
Instructional supervision and administration	196,750	-	-	196,750
Instructional library, media, and technology	60,200	-	-	60,200
School site administration	1,156,501	304,981	-	1,461,482
Pupil services				
Home-to-school transportation	267,960	-	-	267,960
Food services	168,057	-	465,108	633,165
All other pupil services	914,561	21,241	-	935,802
General administration				
All other general administration	1,516,703	13,757	-	1,530,460
Plant services				
Facilities acquisition and construction	1,122,100	43,716	6,499	1,172,315
Ancillary services	25,257	-	189,769	215,026
Community services	20,578	-	153,997	174,575
Transfers to other agencies	121,076	-	323,730	444,806
Debt service	127,558	5,653	12,249	145,460
Debt service				
Principal	-	-	465,000	465,000
Interest and other	-	-	46,449	46,449
Total Expenditures	13,993,960	2,437,629	1,662,801	18,094,390
Excess (Deficiency) of Revenues Over Expenditures	(880,893)	420,694	26,695	(433,504)
Other Financing Sources (Uses)				
Transfers in	692,454	234,513	103,000	1,029,967
Transfers out	(337,513)	(663,560)	(28,894)	(1,029,967)
Net Financing Sources (Uses)	354,941	(429,047)	74,106	-
NET CHANGE IN FUND BALANCE	(525,952)	(8,353)	100,801	(433,504)
Fund Balance - Beginning	6,940,091	391,152	1,523,318	8,854,561
Fund Balance - Ending	\$ 6,414,139	\$ 382,799	\$ 1,624,119	\$ 8,421,057

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

**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 YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Governmental Funds \$ (433,504)

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

Capital outlay:

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

Expenditures for capital outlay:	\$ 198,112	
Depreciation expense:	<u>(486,330)</u>	(288,218)

Debt service:

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

465,000

Unmatured interest on long-term debt:

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 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:

6,970

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(340,283)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

2,169

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB 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:

747

Pensions:

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

(275,872)

Change in Net Position of Governmental Activities \$ (862,991)

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Twin Hills Union School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. 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.

B. Component Units

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 no such component units.

C. Basis of Presentation

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

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

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund. The activity for Sunridge Charter School and Twin Hills Charter Middle School is also combined into the General Fund in this report.

Charter Schools Fund: This fund may be used by authorizing District's to account separately for the activities of District-operated charter schools that would otherwise be reported in the authorizing District's General Fund. Orchard View Charter School is accounted for in this fund.

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

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

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Special Revenue Funds: (continued)

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

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

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. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

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

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*).

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*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements

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

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school 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 school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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 balance sheet and revenue is recognized.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Unearned Revenue (continued)

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.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. 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.

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

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

**TWIN HILLS UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets (continued)

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Land Improvements	5-20 Years
Buildings and Improvements	15-20 Years
Equipment	5-20 Years

Interfund Balances

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Postemployment Benefits Other Than Pensions (OPEB) (continued)

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District 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 District 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 so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) 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, 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.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance

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

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

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

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

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has fully implemented this Statement as of June 30, 2024.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has fully implemented this Statement as of June 30, 2024.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024. The District has not yet determined the impact on the financial statements.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The statement is effective for periods beginning after June 15, 2025. The District has not yet determined the impact on the financial statements.

**TWIN HILLS UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024**

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities
Investment in county treasury	\$ 9,096,005
Fair value adjustment	(127,671)
Cash on hand and in banks	148,227
Cash in revolving fund	<u>17,000</u>
Total	<u>\$ 9,133,561</u>

B. Policies and Practices

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

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Sonoma County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of \$8,968,334. The average weighted maturity for this pool is 664 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated.

**TWIN HILLS UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024**

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This 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. However, 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. 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, 2024, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy 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 (unadjusted) in active markets for identical assets.

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, either directly or indirectly.

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 data if reasonable 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.

The District's fair value measurements at June 30, 2024 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	<u>\$ 8,968,334</u>
Total	<u>\$ 8,968,334</u>

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024 consisted of the following:

	General Fund	Charter Schools Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government				
Categorical aid	\$ 329,390	\$ -	\$ 27,456	\$ 356,846
State Government				
Apportionment	204,486	41,076	-	245,562
Categorical aid	206,089	-	36,542	242,631
Lottery	48,848	18,163	-	67,011
Local Government				
Other local sources	669,969	72,698	27,308	769,975
Total	\$ 1,458,782	\$ 131,937	\$ 91,306	\$ 1,682,025

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July 01, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 23,604	\$ -	\$ -	\$ 23,604
Construction in progress	1,300	-	-	1,300
Total capital assets not being depreciated	24,904	-	-	24,904
Capital assets being depreciated				
Land improvements	1,768,412	26,520	-	1,794,932
Buildings & improvements	13,797,168	118,636	-	13,915,804
Furniture & equipment	616,799	52,956	-	669,755
Total capital assets being depreciated	16,182,379	198,112	-	16,380,491
Less: Accumulated depreciation				
Land improvements	1,080,218	73,241	-	1,153,459
Buildings & improvements	7,699,749	388,036	-	8,087,785
Furniture & equipment	370,805	25,053	-	395,858
Total accumulated depreciation	9,150,772	486,330	-	9,637,102
Total capital assets being depreciated, net	7,031,607	(288,218)	-	6,743,389
Governmental Activities				
Capital Assets, net	\$ 7,056,511	\$ (288,218)	\$ -	\$ 6,768,293

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

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2024 were as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>			
	<u>General Fund</u>	<u>Charter Schools Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 224,160	\$ 23,536	\$ 247,696
Charter Schools Fund	399,403	-	-	399,403
Non-Major Governmental Funds	68,894	-	-	68,894
Total	\$ 468,297	\$ 224,160	\$ 23,536	\$ 715,993

Due from the Child Development Fund to the General Fund for annual district reimbursement costs.	\$ 28,894
Due from the Charter Schools Fund to the General Fund for special education costs and reimbursement costs.	399,403
Due from the Cafeteria Fund to the General Fund for temporary loan.	40,000
Due from the General Fund to the Charter Schools Fund for charter support.	224,160
Due from the General Fund to the Cafeteria Fund for contribution.	23,000
Due from the General Fund to the Cafeteria Fund to transfer interest.	536
Total	\$ 715,993

B. Operating Transfers

Interfund transfers for the year ended June 30, 2024 consisted of the following:

<u>Interfund Transfers Out</u>	<u>Interfund Transfers In</u>			
	<u>General Fund</u>	<u>Charter Schools Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 234,513	\$ 103,000	\$ 337,513
Charter Schools Fund	663,560	-	-	663,560
Non-Major Governmental Funds	28,894	-	-	28,894
Total	\$ 692,454	\$ 234,513	\$ 103,000	\$ 1,029,967

Transfer from the General Fund to the Charter Schools Fund for charter support.	\$ 234,513
Transfer from the General Fund to the Cafeteria Fund for meal program encroachment.	103,000
Transfer from the Child Development Fund to the General Fund for annual district reimbursement costs.	28,894
Transfer from the Charter Schools Fund to the General Fund for special education costs and district reimbursements.	663,560
Total	\$ 1,029,967

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2024 consisted of the following:

	<u>General Fund</u>	<u>Charter Schools Fund</u>	<u>Non-Major Governmental Funds</u>	<u>District-Wide</u>	<u>Governmental Activities</u>
Payroll	\$ 23,603	\$ -	\$ 17,146	\$ -	\$ 40,749
Vendors payable	1,329,915	6,889	93,686	-	1,430,490
Unmatured interest	-	-	-	14,723	14,723
Due to grantor government	616,679	41,076	-	-	657,755
Total	\$ 1,970,197	\$ 47,965	\$ 110,832	\$ 14,723	\$ 2,143,717

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2024 consisted of the following:

	General Fund	Charter Schools Fund	Governmental Activities
Federal sources	\$ 59,649	\$ -	\$ 59,649
State categorical sources	173,781	49,179	222,960
Total	\$ 233,430	\$ 49,179	\$ 282,609

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2024 consisted of the following:

	Balance July 01, 2023	Additions	Deductions	Balance June 30, 2024	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 2,710,978	\$ -	\$ 445,912	\$ 2,265,066	\$ 470,262
Accreted interest	2,355,655	340,283	19,088	2,676,850	19,738
Total general obligation bonds	5,066,633	340,283	465,000	4,941,916	490,000
Compensated absences	108,837	-	2,169	106,668	-
Total OPEB liability	64,306	-	747	63,559	-
Net pension liability	12,102,372	587,720	-	12,690,092	-
Total	\$ 17,342,148	\$ 928,003	\$ 467,916	\$ 17,802,235	\$ 490,000

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2024 amounted to \$106,668. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. General Obligation Bonds

Below is a schedule of bonds issued and outstanding as of June 30, 2024:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds Outstanding June 30, 2024
					Outstanding July 01, 2023	Additions	Deductions	
2007 Refunding	1/24/2007	8/1/2025	3.50 - 4.00%	\$ 2,910,000	\$ 335,000	\$ -	\$ 5,912	\$ 329,088
2011A	3/17/2011	8/1/2036	3.70 - 6.00%	1,334,964	1,330,978	-	290,000	1,040,978
2011B	3/17/2011	8/1/2025	5.94 - 6.85%	1,330,000	1,045,000	-	150,000	895,000
					\$ 2,710,978	\$ -	\$ 445,912	\$ 2,265,066

This schedule does not include accreted interest in the amount of \$2,676,850 as of June 30, 2024.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. General Obligation Bonds (continued)

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

Year Ended June 30,	Principal	Interest	Total
2025	\$ 470,262	\$ 46,237	\$ 516,499
2026	483,429	45,404	528,833
2027	89,190	445,810	535,000
2028	83,087	476,913	560,000
2029	76,589	503,411	580,000
2030 - 2034	667,441	2,612,559	3,280,000
2035 - 2037	395,068	1,899,932	2,295,000
Total	\$ 2,265,066	\$ 6,030,266	\$ 8,295,332

C. Other Postemployment Benefits

The District's beginning total OPEB liability was \$64,306 and decreased by \$747 during the year ended June 30, 2024. The ending total OPEB liability at June 30, 2024 was \$63,559. See Note 10 for additional information regarding the total OPEB liability.

D. Net Pension Liability

The District's beginning net pension liability was \$12,102,372 and increased by \$587,720 during the year ended June 30, 2024. The ending net pension liability at June 30, 2024 was \$12,690,092. See Note 11 for additional information regarding the net pension liability.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2024:

	General Fund	Charter Schools Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	\$ 9,000	\$ -	\$ 8,000	\$ 17,000
Stores inventory	-	-	457	457
Total non-spendable	9,000	-	8,457	17,457
Restricted				
Educational programs	1,549,282	269,360	-	1,818,642
Food service	-	-	10,453	10,453
Associated student body	-	-	148,227	148,227
Capital projects	-	-	193,300	193,300
Debt service	-	-	865,283	865,283
Total restricted	1,549,282	269,360	1,217,263	3,035,905
Committed				
Deferred maintenance	-	-	195,261	195,261
Total committed	-	-	195,261	195,261
Assigned				
RESIG deductible	18,000	-	-	18,000
Board reserve	291,272	74,052	-	365,324
Lottery	24,502	39,387	-	63,889
West County JPAs	70,000	-	-	70,000
Fund balance support for charters	772,786	-	-	772,786
Technology, facilities, pension and salary	816,597	-	-	816,597
Other than capital outlay	323,175	-	-	323,175
COVID19 legal: distance learning	100,000	-	-	100,000
Retirement program liability (CRSP)	484,715	-	-	484,715
Capital equipment purchases	-	-	93,447	93,447
Child development program	-	-	109,691	109,691
Total assigned	2,901,047	113,439	203,138	3,217,624
Unassigned	1,954,810	-	-	1,954,810
Total	\$ 6,414,139	\$ 382,799	\$ 1,624,119	\$ 8,421,057

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

**TWIN HILLS UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Twin Hills Union School District’s defined benefit OPEB plan, Twin Hills Union School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

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.

C. Contributions

For the measurement period, the District contributed \$5,689 to the Plan, all of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	1
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	-
Total number of participants**	1

*Information not provided

**As of the June 30, 2024 valuation date

E. Total OPEB Liability

The Twin Hills Union School District’s total OPEB liability of \$63,559 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of that date using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Economic assumptions:

Inflation	2.50%
Salary increases	3.00%
Discount rate	3.97%
Healthcare cost trend rate	5.00%

Non-economic assumptions:

<i>Mortality:</i>	
Certificated	2015-2018 CalSTRS Mortality Table

The actuarial assumptions used in the June 30, 2024 valuation were based on a review of plan experience during the period June 30, 2022 to June 30, 2023.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

G. Changes in Total OPEB Liability

	<u>June 30, 2024</u>
Total OPEB Liability	
Interest on total OPEB liability	\$ 2,373
Difference between expected and actual experience	3,014
Changes of assumptions	(445)
Benefits payments	<u>(5,689)</u>
Net change in total OPEB liability	(747)
Total OPEB liability - beginning	<u>64,306</u>
Total OPEB liability - ending	<u>\$ 63,559</u>
Covered-employee payroll	\$ -
District's total OPEB liability as a percentage of covered-employee payroll	0.00%

No measure of covered-employee payroll is presented because there are no active employees who qualify for the plan.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

The following presents the total OPEB liability of the Twin Hills Union School 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:

	1% Decrease	Valuation Discount Rate	1% Increase
	(2.97%)	(3.97%)	(4.97%)
Total OPEB liability	\$ 67,807	\$ 63,559	\$ 59,759

I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Twin Hills Union School District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	(4.00%)	(5.00%)	(6.00%)
Total OPEB liability	\$ 59,761	\$ 63,559	\$ 67,721

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

For the year ended June 30, 2024, the Twin Hills Union School District recognized OPEB expense of \$4,942. At June 30, 2024, the Twin Hills Union School District reported no deferred outflows of resources related to OPEB or deferred inflows of resources related to OPEB.

TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement 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). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 7,006,495	\$ 3,030,540	\$ 790,606	\$ 1,190,608
PERS Pension	4,692,206	1,829,481	118,420	846,055
CRSP	991,391	152,738	147,170	112,692
Total	<u>\$ 12,690,092</u>	<u>\$ 5,012,759</u>	<u>\$ 1,056,196</u>	<u>\$ 2,149,355</u>

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

**TWIN HILLS UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024**

NOTE 11 – PENSION PLANS (continued)

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2024, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers’ Retirement Board. The required employer contribution rate for fiscal year 2024 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$1,159,966 for the year ended June 30, 2024.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$536,944 to CalSTRS.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 7,006,495
State's proportionate share of the net pension liability associated with the District	<u>3,357,070</u>
Total	<u>\$ 10,363,565</u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. 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. At June 30, 2023, the District’s proportion was 0.009 percent, which did not change from its proportion measured as of June 30, 2022.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 11 – 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, 2024, the District recognized pension expense of \$1,190,608. In addition, the District recognized pension expense and revenue of \$(48,751) for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 29,991
Differences between expected and actual experience	550,595	374,883
Changes in assumptions	40,570	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,279,409	385,732
District contributions subsequent to the measurement date	<u>1,159,966</u>	<u>-</u>
Total	<u>\$ 3,030,540</u>	<u>\$ 790,606</u>

The \$1,159,966 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2025	\$ 445,888	\$ 380,384
2026	425,214	579,942
2027	388,439	(372,979)
2028	371,940	134,689
2029	147,558	47,298
2030	<u>91,535</u>	<u>21,272</u>
Total	<u>\$ 1,870,574</u>	<u>\$ 790,606</u>

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2023 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	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
	100%	

*Real return is net of assumed 2.75% inflation.

**TWIN HILLS UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024**

NOTE 11 – 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 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 11,752,837	\$ 7,006,495	\$ 3,064,105

Pension Plan Fiduciary Net Position

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

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 8.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2024 was 26.68% of annual payroll. Contributions to the plan from the District were \$651,080 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$4,692,206 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. 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. At June 30, 2023, the District's proportion was 0.013 percent, which did not change from its proportion measured as of June 30, 2022.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 11 – 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)

For the year ended June 30, 2024, the District recognized pension expense of \$846,055. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 501,195	\$ -
Differences between expected and actual experience	171,232	72,065
Changes in assumptions	216,168	-
Changes in proportion and differences between District contributions and proportionate share of contributions	289,806	46,355
District contributions subsequent to the measurement date	651,080	-
Total	<u>\$ 1,829,481</u>	<u>\$ 118,420</u>

The \$651,080 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2025	\$ 549,403	\$ 67,409
2026	228,167	42,875
2027	385,232	8,136
2028	15,599	-
Total	<u>\$ 1,178,401</u>	<u>\$ 118,420</u>

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.54%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	<u>100.0%</u>	

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 6,783,717	\$ 4,692,206	\$ 2,963,620

Pension Plan Fiduciary Net Position

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

**TWIN HILLS UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024**

NOTE 11 – PENSION PLANS (continued)

C. Certificated Retirement Support Program (CRSP)

Plan Description and Membership

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, 2024, the liability is presented in accordance with the GASB Statement 73 based on the District’s most recent actuarial study.

Membership in the CRSP consisted of the following:

	Number of participants
Inactive employees receiving benefits	7
Participating active employees	49
Total number of participants*	56

*As of the June 30, 2023 valuation date

Benefits Provided

Certificated employees on Column 5 of the salary schedule (for at least four 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 percentage of the teacher’s highest earnable salary on the Salary Schedule, depending on age at retirement:

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

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.

Total Pension Liability

The District’s Total Pension Liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

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

Discount Rate

The discount rate of 3.86 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 June 30, 2023 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2023.

Changes in Total CRSP Pension Liability

	<u>June 30, 2024</u>
Total pension liability	
Service cost	\$ 78,116
Interest on total pension liability	38,836
Difference between expected and actual experience	(44,507)
Changes of assumptions	(8,179)
Benefits payments	<u>(93,576)</u>
Net change in total pension liability	(29,310)
Total pension liability - beginning	<u>1,020,701</u>
Total pension liability - ending	<u>\$ 991,391</u>
Covered-employee payroll	\$ 4,571,296
District's total pension liability as a percentage of covered-employee payroll	21.69%

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

The following presents the total CRSP pension liability of the Twin Hills Union School 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:

	<u>1% Decrease</u>	<u>Valuation Discount Rate</u>	<u>1% Increase</u>
	<u>(2.86%)</u>	<u>(3.86%)</u>	<u>(4.86%)</u>
Total pension liability	\$ 1,031,788	\$ 991,391	\$ 952,417

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2024, the Twin Hills Union School District recognized pension expense of \$112,692. At June 30, 2024, the Twin Hills Union School District reported deferred outflows of resources related to pension and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,272	\$ 83,576
Changes in assumptions	43,097	63,594
District contributions subsequent to the measurement date	<u>76,369</u>	<u>-</u>
Total	<u>\$ 152,738</u>	<u>\$ 147,170</u>

The \$76,369 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2025	\$ 23,425	\$ 27,685
2026	23,425	25,974
2027	20,286	25,244
2028	6,950	25,244
2029	2,283	21,393
Thereafter	<u>-</u>	<u>21,630</u>
Total	<u>\$ 76,369</u>	<u>\$ 147,170</u>

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024**

NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2024.

C. Construction Commitments

As of June 30, 2024, the District had no commitments with respect to unfinished capital projects.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in two joint ventures under joint powers authorities (JPAs), the Redwood Empire Schools' Insurance Group and the West County Transportation Agency. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2024, total deferred outflows related to pensions was \$5,012,759 and total deferred inflows related to pensions was \$1,056,196.

REQUIRED SUPPLEMENTARY INFORMATION

**TWIN HILLS UNION SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 9,682,686	\$ 10,080,411	\$ 10,009,587	\$ (70,824)
Federal sources	347,515	324,281	324,281	-
Other state sources	678,027	1,207,764	1,213,987	6,223
Other local sources	1,540,320	1,677,214	1,804,688	127,474
Total Revenues	12,248,548	13,289,670	13,352,543	62,873
EXPENDITURES				
Certificated salaries	5,186,789	4,967,561	4,939,128	28,433
Classified salaries	2,366,876	2,270,610	2,259,396	11,214
Employee benefits	3,309,148	3,122,293	3,105,534	16,759
Books and supplies	370,438	633,223	438,960	194,263
Services and other operating expenditures	2,435,367	3,181,355	3,123,384	57,971
Other outgo				
Excluding transfers of indirect costs	60,028	127,559	127,558	1
Total Expenditures	13,728,646	14,302,601	13,993,960	308,641
Excess (Deficiency) of Revenues Over Expenditures	(1,480,098)	(1,012,931)	(641,417)	371,514
Other Financing Sources (Uses)				
Transfers in	1,424,225	2,069,612	2,069,573	(39)
Transfers out	(1,043,356)	(1,635,454)	(1,635,426)	28
Net Financing Sources (Uses)	380,869	434,158	434,147	(11)
NET CHANGE IN FUND BALANCE	(1,099,229)	(578,773)	(207,270)	371,503
Fund Balance - Beginning	6,096,976	6,096,976	6,096,976	-
Fund Balance - Ending	\$ 4,997,747	\$ 5,518,203	\$ 5,889,706	\$ 371,503

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

**TWIN HILLS UNION SCHOOL DISTRICT
 CHARTER SCHOOLS FUND – BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 2,718,219	\$ 2,568,751	\$ 2,570,392	\$ 1,641
Other state sources	194,385	258,279	258,282	3
Other local sources	6,500	22,150	29,649	7,499
Total Revenues	2,919,104	2,849,180	2,858,323	9,143
EXPENDITURES				
Certificated salaries	1,466,597	1,429,793	1,421,071	8,722
Classified salaries	164,224	151,855	148,707	3,148
Employee benefits	736,467	718,972	716,413	2,559
Books and supplies	68,879	104,123	30,172	73,951
Services and other operating expenditures	63,200	134,117	115,613	18,504
Other outgo				
Excluding transfers of indirect costs	-	5,653	5,653	-
Total Expenditures	2,499,367	2,544,513	2,437,629	106,884
Excess (Deficiency) of Revenues Over Expenditures	419,737	304,667	420,694	116,027
Other Financing Sources (Uses):				
Transfers in	10,356	234,514	234,513	(1)
Transfers out	(380,000)	(663,560)	(663,560)	-
Net Financing Sources (Uses)	(369,644)	(429,046)	(429,047)	(1)
NET CHANGE IN FUND BALANCE	50,093	(124,379)	(8,353)	116,026
Fund Balance - Beginning	391,152	391,152	391,152	-
Fund Balance - Ending	\$ 441,245	\$ 266,773	\$ 382,799	\$ 116,026

See accompanying notes to required supplementary information.

**TWIN HILLS UNION SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability							
Interest on total OPEB liability	\$ 2,373	\$ 2,624	\$ 1,584	\$ 2,218	\$ 2,257	\$ 3,481	\$ -
Changes of benefit terms	-	-	-	-	-	17,400	-
Difference between expected and actual experience	3,014	(5,956)	2,466	(7,908)	7,064	-	-
Changes of assumptions	(445)	(699)	(9,830)	3,410	14,737	(59,195)	(3,566)
Benefits payments	<u>(5,689)</u>	<u>(5,491)</u>	<u>(5,798)</u>	<u>(5,677)</u>	<u>(5,542)</u>	<u>(5,722)</u>	<u>(6,145)</u>
Net change in total OPEB liability	(747)	(9,522)	(11,578)	(7,957)	18,516	(44,036)	(9,711)
Total OPEB liability - beginning	<u>64,306</u>	<u>73,828</u>	<u>85,406</u>	<u>93,363</u>	<u>74,847</u>	<u>118,883</u>	<u>128,594</u>
Total OPEB liability - ending	<u>\$ 63,559</u>	<u>\$ 64,306</u>	<u>\$ 73,828</u>	<u>\$ 85,406</u>	<u>\$ 93,363</u>	<u>\$ 74,847</u>	<u>\$ 118,883</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's total OPEB liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

No measure of covered-employee payroll is presented because there are no active employees who qualify for the plan.

**TWIN HILLS UNION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.009%	0.009%	0.010%	0.009%	0.009%	0.009%	0.009%	0.009%	0.008%	0.009%
District's proportionate share of the net pension liability	\$ 7,006,495	\$ 6,530,133	\$ 4,557,371	\$ 8,408,464	\$ 8,155,899	\$ 8,384,073	\$ 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>3,357,070</u>	<u>3,270,309</u>	<u>2,293,092</u>	<u>4,334,092</u>	<u>4,449,587</u>	<u>4,800,274</u>	<u>4,991,196</u>	<u>4,327,779</u>	<u>2,990,718</u>	<u>2,999,407</u>
Total	\$ 10,363,565	\$ 9,800,442	\$ 6,850,463	\$ 12,742,556	\$ 12,605,486	\$ 13,184,347	\$ 13,428,094	\$ 11,929,947	\$ 8,645,934	\$ 7,966,552
District's covered payroll	\$ 5,521,225	\$ 5,450,140	\$ 6,200,031	\$ 4,087,439	\$ 3,096,566	\$ 3,224,153	\$ 2,980,159	\$ 2,973,123	\$ 2,454,538	N/A
District's proportionate share of the net pension liability as a percentage of its covered payroll	126.9%	119.8%	73.5%	205.7%	263.4%	260.0%	283.1%	255.7%	230.4%	N/A
Plan fiduciary net position as a percentage of the total pension liability	80.6%	81.2%	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	N/A

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**TWIN HILLS UNION SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
 FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.013%	0.013%	0.013%	0.010%	0.012%	0.012%	0.012%	0.013%	0.012%	0.011%
District's proportionate share of the net pension liability	\$ 4,692,206	\$ 4,551,538	\$ 2,672,679	\$ 3,049,374	\$ 3,522,736	\$ 3,228,033	\$ 2,893,364	\$ 2,508,258	\$ 1,827,772	\$ 1,282,670
District's covered payroll	\$ 2,243,601	\$ 2,027,359	\$ 1,699,734	\$ 1,490,827	\$ 1,090,040	\$ 1,545,054	\$ 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 payroll	209.1%	224.5%	157.2%	204.5%	323.2%	208.9%	193.6%	184.6%	158.4%	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.0%	69.8%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	N/A

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**TWIN HILLS UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,159,966	\$ 1,053,753	\$ 922,164	\$ 1,001,305	\$ 698,952	\$ 504,121	\$ 490,879	\$ 501,114	\$ 347,432	\$ 319,090
Contributions in relation to the contractually required contribution*	(1,159,966)	(1,053,753)	(922,164)	(1,001,305)	(698,952)	(504,121)	(490,879)	(501,114)	(347,432)	(319,090)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,073,123	\$ 5,521,225	\$ 5,450,140	\$ 6,200,031	\$ 4,087,439	\$ 3,096,566	\$ 3,224,153	\$ 2,980,159	\$ 2,973,123	\$ 2,454,538
Contributions as a percentage of covered payroll	19.10%	19.09%	16.92%	16.15%	17.10%	16.28%	15.23%	16.82%	11.69%	13.00%

*Amounts do not include on-behalf contributions

**TWIN HILLS UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 651,080	\$ 569,291	\$ 464,468	\$ 351,845	\$ 294,006	\$ 196,883	\$ 162,298	\$ 180,795	\$ 161,722	\$ 136,122
Contributions in relation to the contractually required contribution*	(651,080)	(569,291)	(464,468)	(351,845)	(294,006)	(196,883)	(162,298)	(180,795)	(161,722)	(136,122)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,440,323	\$ 2,243,601	\$ 2,027,359	\$ 1,699,734	\$ 1,490,827	\$ 1,090,040	\$ 1,545,054	\$ 1,494,355	\$ 1,359,017	\$ 1,153,576
Contributions as a percentage of covered payroll	26.68%	25.37%	22.91%	20.70%	19.72%	18.06%	10.50%	12.10%	11.90%	11.80%

*Amounts do not include on-behalf contributions

**TWIN HILLS UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S TOTAL CRSP LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total pension liability							
Service cost	\$ 78,116	\$ 69,963	\$ 61,117	\$ 66,100	\$ 55,759	\$ 52,486	\$ 50,957
Interest on total pension liability	38,836	21,504	28,519	34,705	30,955	24,375	23,214
Changes of benefit terms	-	-	-	-	75,220	-	-
Difference between expected and actual experience	(44,507)	-	(73,101)	-	92,692	-	-
Changes of assumptions	(8,179)	(72,193)	28,876	30,696	29,697	(17,817)	-
Benefits payments	<u>(93,576)</u>	<u>(96,712)</u>	<u>(99,816)</u>	<u>(42,926)</u>	<u>(39,059)</u>	<u>(37,921)</u>	<u>(36,252)</u>
Net change in total pension liability	(29,310)	(77,438)	(54,405)	88,575	245,264	21,123	37,919
Total pension liability - beginning	<u>1,020,701</u>	<u>1,098,139</u>	<u>1,152,544</u>	<u>1,063,969</u>	<u>818,705</u>	<u>797,582</u>	<u>759,663</u>
Total pension liability - ending	<u>\$ 991,391</u>	<u>\$ 1,020,701</u>	<u>\$ 1,098,139</u>	<u>\$ 1,152,544</u>	<u>\$ 1,063,969</u>	<u>\$ 818,705</u>	<u>\$ 797,582</u>
Covered-employee payroll	\$ 4,571,296	\$ 4,614,571	\$ 4,839,145	\$ 4,942,299	\$ 5,320,967	\$ 5,165,988	\$ 5,015,522
District's total pension liability as a percentage of covered-employee payroll	21.69%	22.12%	22.69%	23.32%	20.00%	15.85%	15.90%

See accompanying notes to required supplementary information.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

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

Changes in Assumptions

The discount rate changed from 3.86% to 3.97% since the previous measurement.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS or CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuation for CalSTRS or CalPERS.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of 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.

Changes in Benefit Terms

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

Changes in Assumptions

The discount rate changed from 3.69% to 3.86% since the previous measurement.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2024, the District incurred no excesses of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

SUPPLEMENTARY INFORMATION

**TWIN HILLS UNION SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2024**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	164.46	166.17
Total TK/K through Third	164.46	166.17
Fourth through Sixth		
Regular ADA	103.26	103.39
Total Fourth through Sixth	103.26	103.39
TOTAL SCHOOL DISTRICT	267.72	269.56

	Second Period Report	Annual Report
Orchard View Charter School		
TK/K through Third		
Regular ADA	42.04	41.77
Total TK/K through Third	42.04	41.77
Fourth through Sixth		
Regular ADA	46.58	46.68
Total Fourth through Sixth	46.58	46.68
Seventh through Eighth		
Regular ADA	41.58	42.06
Total Seventh through Eighth	41.58	42.06
Ninth through Twelfth		
Regular ADA	89.26	89.49
Total Ninth through Twelfth	89.26	89.49
TOTAL CHARTER SCHOOL	219.46	220.00
 TOTAL CLASSROOM-BASED CHARTER SCHOOL	-	-

**TWIN HILLS UNION SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA), continued
FOR THE YEAR ENDED JUNE 30, 2024**

	Second Period Report	Annual Report
SunRidge Charter School		
TK/K through Third		
Regular ADA	116.43	116.93
Total TK/K through Third	116.43	116.93
Fourth through Sixth		
Regular ADA	73.11	72.94
Total Fourth through Sixth	73.11	72.94
Seventh through Eighth		
Regular ADA	28.45	28.30
Total Seventh through Eighth	28.45	28.30
TOTAL CHARTER SCHOOL	217.99	218.17
TOTAL CLASSROOM-BASED CHARTER SCHOOL	217.99	218.17

	Second Period Report	Annual Report
Twin Hills Charter Middle		
Fourth through Sixth		
Regular ADA	65.94	66.12
Total Fourth through Sixth	65.94	66.12
Seventh through Eighth		
Regular ADA	128.99	129.13
Total Seventh through Eighth	128.99	129.13
TOTAL CHARTER SCHOOL	194.93	195.25
TOTAL CLASSROOM-BASED CHARTER SCHOOL	194.93	195.25

**TWIN HILLS UNION SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2024**

District

Grade Level	Minutes Requirement	2023-24 Actual Minutes	Number of Days	Status
Kindergarten	36,000	43,440	180	Complied
Grade 1	50,400	51,530	180	Complied
Grade 2	50,400	51,530	180	Complied
Grade 3	50,400	51,530	180	Complied
Grade 4	54,000	55,920	180	Complied
Grade 5	54,000	55,920	180	Complied

SunRidge Charter School

Grade Level	Minutes Requirement	2023-24 Actual Minutes	Number of Days	Status
Kindergarten	36,000	42,000	175	Complied
Grade 1	50,400	54,550	175	Complied
Grade 2	50,400	54,550	175	Complied
Grade 3	50,400	54,550	175	Complied
Grade 4	54,000	59,000	175	Complied
Grade 5	54,000	59,000	175	Complied
Grade 6	54,000	59,000	175	Complied
Grade 7	54,000	59,000	175	Complied
Grade 8	54,000	59,000	175	Complied

Twin Hills Charter Middle

Grade Level	Minutes Requirement	2023-24 Actual Minutes	Number of Days	Status
Grade 6	54,000	54,088	180	Complied
Grade 7	54,000	54,088	180	Complied
Grade 8	54,000	54,088	180	Complied

**TWIN HILLS UNION SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME, continued
 FOR THE YEAR ENDED JUNE 30, 2024**

Orchard View Charter School

Grade Level	2023-24 Number of Days	Status
Kindergarten	175	Complied
Grade 1	175	Complied
Grade 2	175	Complied
Grade 3	175	Complied
Grade 4	175	Complied
Grade 5	175	Complied
Grade 6	175	Complied
Grade 7	175	Complied
Grade 8	175	Complied
Grade 9	175	Complied
Grade 10	175	Complied
Grade 11	175	Complied
Grade 12	175	Complied

**TWIN HILLS UNION SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

	2025 (Budget)	2024	2023	2022
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 13,606,472	\$ 15,422,116	\$ 15,109,143	\$ 11,724,653
Expenditures And Other Financing Uses	14,042,850	15,629,386	13,695,664	11,893,731
Net change in Fund Balance	<u>\$ (436,378)</u>	<u>\$ (207,270)</u>	<u>\$ 1,413,479</u>	<u>\$ (169,078)</u>
Ending Fund Balance	<u>\$ 5,453,328</u>	<u>\$ 5,889,706</u>	<u>\$ 6,096,976</u>	<u>\$ 4,683,497</u>
Available Reserves*	<u>\$ 1,693,830</u>	<u>\$ 1,954,810</u>	<u>\$ 1,697,899</u>	<u>\$ 1,665,000</u>
Available Reserves As A Percentage Of Outgo	<u>12.06%</u>	<u>12.51%</u>	<u>12.40%</u>	<u>14.00%</u>
Long-term Liabilities	<u>\$ 17,312,235</u>	<u>\$ 17,802,235</u>	<u>\$ 17,342,148</u>	<u>\$ 13,761,445</u>
Average Daily Attendance At P-2	<u>930</u>	<u>900</u>	<u>881</u>	<u>893</u>

The General Fund ending fund balance has increased by \$1,206,209 over the past two years. However, the fiscal year 2024-25 budget projects a decrease of \$436,378. For a District this size, the State recommends available reserves of at least 5% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2024-25 fiscal year. Total long-term obligations have increased by \$4,040,790 over the past two years.

Average daily attendance has increased by 7 ADA over the past two years. An increase of 30 ADA is anticipated during the 2024-25 fiscal year. This schedule is inclusive of both District and charter schools ADA.

*Available reserves consist of all unassigned fund balance within the General Fund.

**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 Other Than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54. Audit adjustments are also not included in this schedule.

**TWIN HILLS UNION SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Special Reserve Fund for Postemployment Benefits
June 30, 2024, annual financial and budget report fund balance	\$ 5,889,706	\$ 323,175	\$ 484,715
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Increase to accounts payable	(283,457)	-	-
Fund balance transfer (GASB 54)	807,890	(323,175)	(484,715)
Net adjustments and reclassifications	524,433	(323,175)	(484,715)
June 30, 2024, audited financial statement fund balance	<u>\$ 6,414,139</u>	<u>\$ -</u>	<u>\$ -</u>

**TWIN HILLS UNION SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2024**

Charter #	Charter School	Status	Included in Audit Report
0310	Orchard View Charter	Active	Yes
0481	SunRidge Charter	Active	Yes
0904	Twin Hills Charter Middle	Active	Yes

**TWIN HILLS UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2024**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS									
Cash and investments	\$ 148,227	\$ 176,538	\$ 16,490	\$ 195,261	\$ 163,987	\$ 29,313	\$ 93,447	\$ 865,283	\$ 1,688,546
Accounts receivable	-	27,308	63,998	-	-	-	-	-	91,306
Due from other funds	-	-	23,536	-	-	-	-	-	23,536
Stores inventory	-	-	457	-	-	-	-	-	457
Total Assets	\$ 148,227	\$ 203,846	\$ 104,481	\$ 195,261	\$ 163,987	\$ 29,313	\$ 93,447	\$ 865,283	\$ 1,803,845
LIABILITIES									
Accrued liabilities	\$ -	\$ 61,261	\$ 49,571	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,832
Due to other funds	-	28,894	40,000	-	-	-	-	-	68,894
Total Liabilities	-	90,155	89,571	-	-	-	-	-	179,726
FUND BALANCES									
Non-spendable	-	4,000	4,457	-	-	-	-	-	8,457
Restricted	148,227	-	10,453	-	163,987	29,313	-	865,283	1,217,263
Committed	-	-	-	195,261	-	-	-	-	195,261
Assigned	-	109,691	-	-	-	-	93,447	-	203,138
Total Fund Balances	148,227	113,691	14,910	195,261	163,987	29,313	93,447	865,283	1,624,119
Total Liabilities and Fund Balances	\$ 148,227	\$ 203,846	\$ 104,481	\$ 195,261	\$ 163,987	\$ 29,313	\$ 93,447	\$ 865,283	\$ 1,803,845

See accompanying notes to supplementary information.

**TWIN HILLS UNION SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
REVENUES									
LCFF sources	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Federal sources	-	-	102,697	-	-	-	-	13,311	116,008
Other state sources	-	-	259,081	-	-	-	-	3,378	262,459
Other local sources	153,636	384,471	21	13,126	8,221	2,221	5,076	694,257	1,261,029
Total Revenues	153,636	384,471	361,799	63,126	8,221	2,221	5,076	710,946	1,689,496
EXPENDITURES									
Current									
Pupil services									
Food services	-	-	465,108	-	-	-	-	-	465,108
Plant services	-	-	-	6,499	-	-	-	-	6,499
Facilities acquisition and construction	-	41,662	-	141,587	-	-	6,520	-	189,769
Ancillary services	153,997	-	-	-	-	-	-	-	153,997
Community services	-	323,730	-	-	-	-	-	-	323,730
Transfers to other agencies	-	-	-	-	-	12,249	-	-	12,249
Debt service									
Principal	-	-	-	-	-	-	-	465,000	465,000
Interest and other	-	-	-	-	-	-	-	46,449	46,449
Total Expenditures	153,997	365,392	465,108	148,086	-	12,249	6,520	511,449	1,662,801
Excess (Deficiency) of Revenues Over Expenditures	(361)	19,079	(103,309)	(84,960)	8,221	(10,028)	(1,444)	199,497	26,695
Other Financing Sources (Uses)									
Transfers in	-	-	103,000	-	-	-	-	-	103,000
Transfers out	-	(28,894)	-	-	-	-	-	-	(28,894)
Net Financing Sources (Uses)	-	(28,894)	103,000	-	-	-	-	-	74,106
NET CHANGE IN FUND BALANCE	(361)	(9,815)	(309)	(84,960)	8,221	(10,028)	(1,444)	199,497	100,801
Fund Balance - Beginning	148,588	123,506	15,219	280,221	155,766	39,341	94,891	665,786	1,523,318
Fund Balance - Ending	\$ 148,227	\$ 113,691	\$ 14,910	\$ 195,261	\$ 163,987	\$ 29,313	\$ 93,447	\$ 865,283	\$ 1,624,119

See accompanying notes to supplementary information.

**TWIN HILLS UNION SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

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

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

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 Annual Financial and Budget Report Unaudited Actuals 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 on whether or not the Charter School is included in the District audit.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

OTHER INFORMATION

**TWIN HILLS UNION SCHOOL DISTRICT
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2024**

The Twin Hills Union School District was established on 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 with nonclassroom-based instruction 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.

GOVERNING BOARD

Member	Office	Term Expires
Michael Ost	President	2024
John Moise	Clerk	2026
Terry Beck	Trustee	2024
Rebecca Houghton	Trustee	2024
Dr. Jeff Harding	Trustee	2026

DISTRICT ADMINISTRATORS

Dr. Anna Maria Guzman
 Superintendent

Patty Nosecchi
 Business Manager

OTHER INDEPENDENT AUDITORS' REPORTS

**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**Independent Auditors' Report

Governing Board
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, 2024, and the related notes to the financial statements, which collectively comprise the Twin Hills Union School District's basic financial statements, and have issued our report thereon dated December 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Twin Hills Union School 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 Twin Hills Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Twin Hills Union School District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Christy White, Inc.

San Diego, California
December 11, 2024

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE FOR STATE PROGRAMS**

Independent Auditors' Report

Governing Board
Twin Hills Union School District
Sebastopol, California

Report on State Compliance

Opinion on State Compliance

We have audited Twin Hills Union School District's compliance with the requirements specified in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Twin Hills Union School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2024.

In our opinion, Twin Hills Union School District complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2024.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Twin Hills Union School District and to meet our other ethical responsibilities, in accordance with 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 Twin Hills Union School 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Twin Hills Union School District's state programs.

Auditor’s Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Twin Hills Union School 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 generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide 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 Twin Hills Union School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, 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 Twin Hills Union School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of Twin Hills Union School 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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Twin Hills Union School District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Twin Hills Union School District's compliance with the state laws and regulations applicable to the following items:

<u>PROGRAM NAME</u>	<u>PROCEDURES PERFORMED</u>
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
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Auditor’s Responsibilities for the Audit of State Compliance (continued)

<u>PROGRAM NAME</u>	<u>PROCEDURES PERFORMED</u>
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance; for charter schools	Yes
Mode of Instruction; for charter schools	Yes
Nonclassroom-Based Instruction/Independent Study; for charter schools	Yes
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

We did not perform testing for Independent Study because the ADA reported was immaterial.

The term “Not Applicable” is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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 during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Finding #2024-001. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Twin Hills Union School District’s response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Twin Hills Union School District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, in 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 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 by 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 State Compliance section 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 requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 11, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**TWIN HILLS UNION SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

The District was not subject to Uniform Guidance Single Audit for the year ended June 30, 2024 because federal award expenditures did not exceed \$750,000.

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2023-24 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**TWIN HILLS UNION SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2024.

**TWIN HILLS UNION SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

FINDING #2024-001: EXPANDED LEARNING OPPORTUNITIES PROGRAM (40000)

Criteria: Pursuant to Education Code Section 46120(c)(2) & 46120(c)(3)(A) & (B) local educational agencies that receive funds pursuant to subdivision (d) shall offer to at least all unduplicated pupils in classroom-based instructional programs in kindergarten and grades 1 to 6, access to expanded learning opportunity programs.

Condition: Based on our review of Expanded Learning Opportunities Program (ELOP) procedures and related documentation, the District did not operate such a program.

Effect: The District was not in compliance with the related section of Education Code.

Cause: Administrative decision.

Questioned Costs: The full \$283,457 received for this program for the year ended June 30, 2024, \$119,854 for the District and \$163,603 for Twin Hills Charter Middle.

Repeat Finding: This is not a repeat finding.

Recommendation: The District should develop the ELOP in order to receive funding.

Corrective Action Plan: The District is in the process of developing their Expanded Learning Opportunity Program and expect to have a program in place in June of 2025.

**TWIN HILLS UNION SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no findings or questioned costs for the year ended June 30, 2023.