

**TWIN RIVERS UNIFIED
SCHOOL DISTRICT**

**COUNTY OF SACRAMENTO
MCCELLAN, CALIFORNIA**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED JUNE 30, 2022

TWIN RIVERS UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**Board of Trustees
Twin Rivers Unified School District
McClellan, California**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Twin Rivers Unified School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and

comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information section, as listed in the Table of Contents, is presented for purposes of additional analysis and as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, are presented for purposes of additional analysis and are 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

December 14, 2022

TWIN RIVERS UNIFIED SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

The Management's Discussion and Analysis (MD&A) is a required section of the District's annual financial report. The purpose of the MD&A is to present a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on page 1, notes to the basic financial statements, and the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

- The Assets and Deferred Outflows of Resources are greater than the Liabilities and Deferred Inflows of Resources of the District at June 30, 2022 by \$200.5 million (net position).
- The Net Pension Liability decreased by \$167 million primarily due to lower actual earnings compared to projected earnings on pension plan investments during the measurement period of the Net Pension Liability (June 30, 2021). Refer to Note 10 for further disclosures related to the Net Pension Liability.
- General Fund governmental fund revenues and other sources exceeded expenditures and other uses by \$39.8 million, increasing the ending fund balance to \$113.8 million. The ending fund balance consists of:
 - ◆ \$2.0 million of nonspendable funds
 - ◆ \$48.5 million for restricted programs
 - ◆ \$9.0 million for Board committed funds
 - ◆ \$15.3 million for various assigned designations
 - ◆ \$39 million for economic uncertainties
 - ◆ \$0 for unassigned
- The Local Control Funding Formula Sources account for 61% of the District's total General Fund revenues and other sources. The percentage is less due to one-time State and Federal COVID funds.
- In 2021-22, the District expended 60% of its General Fund expenditures and other uses on certificated salaries, classified salaries and related benefits. The percentage is less due to one-time State and Federal COVID funds.
- In complying with GASB Codification Section N50.115-.121, fixed assets were valued at historical cost. The total of the District's fixed assets, land, site, buildings, and equipment, valued on an acquisition cost basis was \$849 million. After depreciation, the June 30, 2022 book value for fixed assets totaled \$548 million.

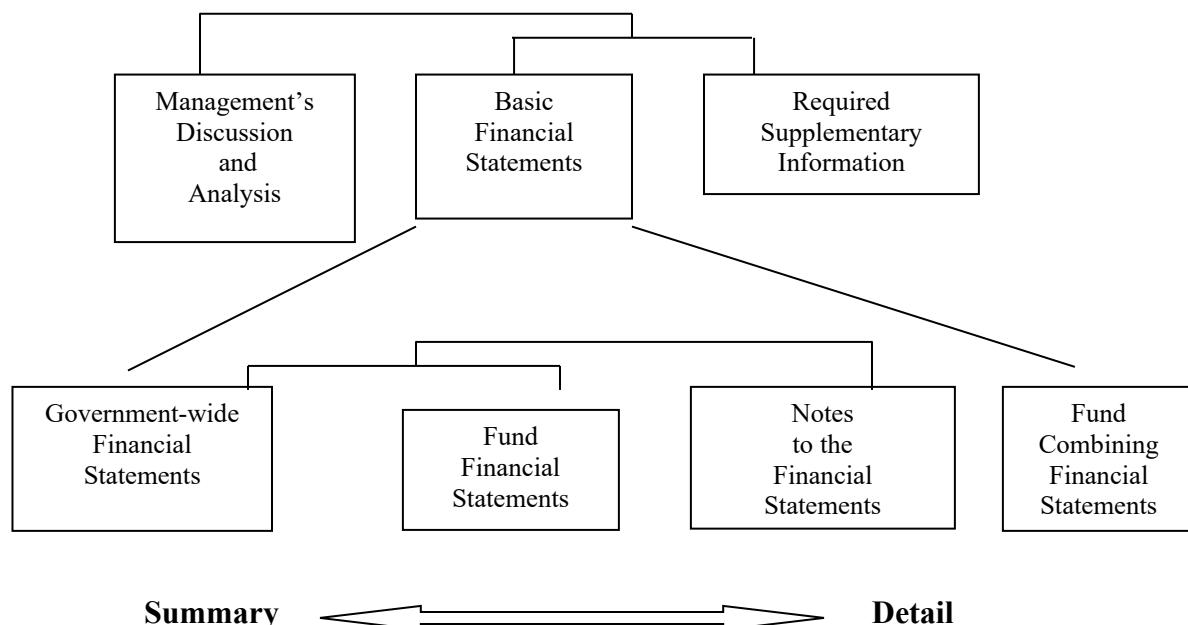
TWIN RIVERS UNIFIED SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The financial statements are organized to provide the reader first with a look at the financial status of the entire Twin Rivers Unified School District. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Components of the Financial Section



The *Government-wide Financial Statements* include the Statement of Net Position and Statement of Activities. These statements provide both short-term and long-term information about the District’s overall financial position.

The *Fund Financial Statements* provide the next level of detail and include statements for each of the categories of activities: governmental, proprietary and fiduciary. Effective July 1, 2020, Twin Rivers Unified School District only has governmental funds.

The *Governmental Funds* tell how services were financed in the short-term as well as what remains for future spending.

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

TWIN RIVERS UNIFIED SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements

Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include *all* assets, liabilities and deferred outflows and inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the *Statement of Activities*, is one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools to assess the overall health of the District.

In the government-wide financial statements, the District activities are categorized as governmental activities. The governmental activities are the basic services provided by the District, such as regular and special education, general administration, transportation, facilities construction and maintenance, and long-term debt are included here, and are primarily financed by property taxes and state formula aid.

Fund Financial Statements

The *Fund Financial Statements* provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes. The funds fall into three categories of activities; governmental, proprietary and fiduciary. The District only has funds within the governmental fund category.

Governmental Funds – Most of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund and the Special Reserve for Capital Outlay Projects Fund. The nonmajor governmental funds are combined and reported under the other governmental funds. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental funding information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The School District as a Whole

The District's net position was \$200.5 million at June 30, 2022. Of this amount negative \$217 million was unrestricted. Investments in capital assets, net of related debt, account for \$200.5 million of the total net position. And lastly, resources subject to external restrictions accounted for \$217 million of net position.

(Table 1)
Statement of Net Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current and other assets	\$ 404,822,922	\$ 252,308,193
Capital assets	<u>548,295,386</u>	<u>515,052,521</u>
Total assets	<u>953,118,308</u>	<u>767,360,714</u>
Deferred outflow of resources	80,250,535	96,671,757
Liabilities		
Current and other liabilities	102,457,664	61,185,398
Long-term liabilities	<u>586,215,272</u>	<u>760,917,028</u>
Total liabilities	<u>688,672,936</u>	<u>822,102,426</u>
Deferred inflow of resources	144,212,716	22,150,296
Net Position		
Invested in capital assets, net of related debt	200,577,927	159,171,383
Restricted	217,305,372	142,743,254
Unrestricted	<u>(217,400,108)</u>	<u>(282,134,888)</u>
Total Net Position	<u>\$ 200,483,191</u>	<u>\$ 19,779,749</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 below is a condensed version of the statement and shows revenues and expenses for the year.

(Table 2)
Statement of Activities
For the Years Ended June 30, 2022 and 2021

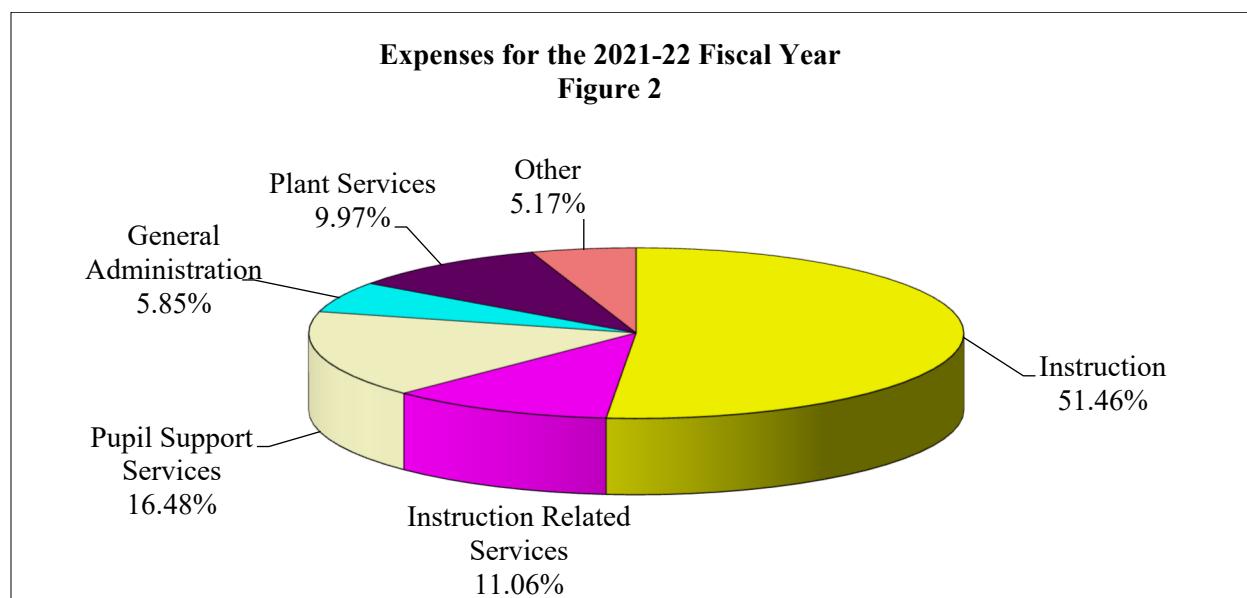
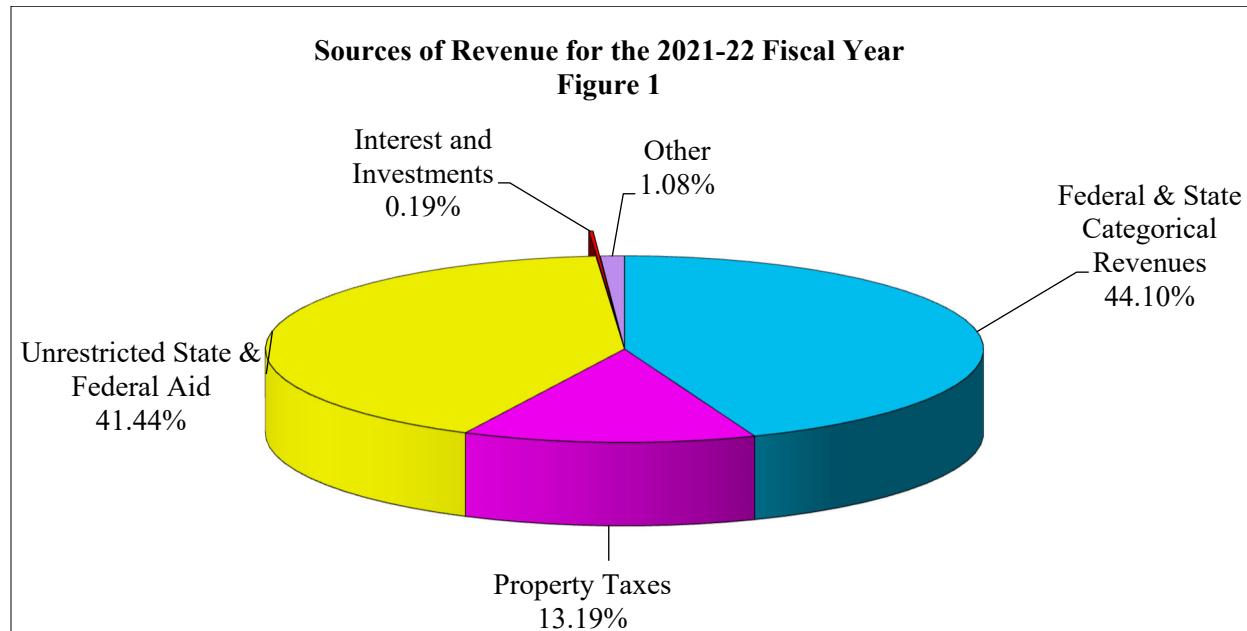
	2022	2021
Revenues		
Program revenues	\$ 275,529,062	\$ 210,709,475
General revenues		
Taxes levied for general purposes	59,610,901	56,217,666
Taxes levied for other specific purpose	22,771,721	21,004,612
Federal and State Aid not restricted to specific purposes	258,873,206	237,604,213
Interest and investment earnings	1,192,928	958,203
Other general revenues	<u>6,747,725</u>	<u>12,005,117</u>
Total revenues	<u><u>\$ 624,725,543</u></u>	<u><u>\$ 538,499,286</u></u>
Expenses		
Instruction	\$ 228,475,882	\$ 238,306,784
Instruction Related Services	49,126,022	48,553,651
Pupil Support Services	73,181,441	55,204,087
General Administration	25,989,096	37,299,723
Plant Services	44,276,663	43,072,375
Other	<u>22,972,997</u>	<u>24,811,177</u>
Total expenses	<u><u>444,022,101</u></u>	<u><u>447,247,797</u></u>
Increase (Decrease) in Net Position	<u>180,703,442</u>	<u>91,251,489</u>
Net Position - Beginning - As Previously Reported	19,779,749	(71,471,740)
Cumulative Effect of Change in Accounting Principles	-	-
Net Position - Beginning - As Restated	<u>19,779,749</u>	<u>(71,471,740)</u>
Net Position - Ending	<u><u>\$ 200,483,191</u></u>	<u><u>\$ 19,779,749</u></u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)

As reported in the Statement of Activities, the cost of all of the District's activities this year was \$444 million. The amount that our local taxpayers financed for these activities through property taxes was \$82 million. State and Federal aid not restricted to specific purposes totaled \$259 million. State and Federal Categorical revenue totaled \$275 million, and covered 62% of the expenses of the entire District. The percentage is higher due to one-time State and Federal COVID funds.



TWIN RIVERS UNIFIED SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The Statement of Revenues, Expenditures and Changes in Fund Balances, is a report of the financial information by major funds. As the District completed this year, our governmental funds reported a combined fund balance of \$326 million. The fund balance in the General Fund (which also includes the Special Reserve for Other Postemployment Benefits Funds) is \$113.8 million, of which \$2.0 million is nonspendable funds, \$48.5 million for restricted programs, \$15.3 million for various assigned designations, \$39 million for economic uncertainties and \$0 remaining in the unassigned fund balance.

General Fund Budgetary Highlights

The General Fund accounts are for the primary operations of the District. The District's initial budget is adopted by July 1. The District revised the budget three times; 1st Interim, 2nd Interim and a final budget revision.

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other routine budget revisions including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2021-22 fiscal year, the District had invested \$849 million in a broad range of capital assets, including school buildings, athletic facilities, administrative buildings, site improvements, vehicles, and equipment. This is an increase of \$49 million over the prior year. The primary increase in capital assets is from the two high school sports complex, kitchen remodels and modernization of existing buildings.

Capital Assets (net of depreciation) June 30, 2022

Land	\$ 31,537,663
Site Improvement	9,088,811
Buildings	366,671,999
Machinery & Equipments	18,010,969
Work in Progress	<u>122,985,944</u>
 Total	 <u>\$ 548,295,386</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION

Long-Term Debt

At June 30, 2022, the District had \$602 million in long-term debt outstanding.

Twin Rivers Unified School District Outstanding Debt June 30, 2022

	<u>2022</u>	<u>2021</u>
General Obligation Bonds	\$ 325,085,066	\$ 335,607,523
Capitalized Interest	30,530,041	27,129,063
Qualified Zone Academy Bonds	-	-
Finance purchase agreement	159,761	1,707,121
Other Post Employment Benefits	53,030,296	51,741,925
Compensated Absences	2,035,262	2,122,030
Net Pension Liability	<u>191,486,974</u>	<u>358,577,798</u>
 TOTAL	 <u>\$ 602,327,400</u>	 <u>\$ 776,885,460</u>

There were no General Obligation bonds refunded or sold in 2021-22. No finance purchase agreements were added and only one remains. Net Pension Liability decreased for the District's proportionate share of the State Retirement Liability.

FACTORS BEARING ON THE DISTRICT'S FUTURE

- Attendance percentages have decreased due to the pandemic. We are budgeted to be back at historical attendance percentage levels. Lower attendance will decrease the Local Control Funding Formula (LCFF) revenue.
- Inflation is at an all-time high, costs of goods and services has significantly increased.
- Significant one-time funding is being received from the State and Federal government. When these grants expire, there will be a significant loss of funds and we will need to balance what we are able to keep and what will end in order to not incur a structural deficit.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Kate Ingersoll, Executive Director, Fiscal Services at Twin Rivers Unified School District at 5115 Dudley Blvd., McClellan, CA 95652, (916) 566-1600 ext. 31112.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 322,808,253
Accounts receivable	78,928,884
Prepaid items	103,636
Inventories	2,077,535
Lease receivable	904,614
Depreciable capital assets (net)	393,771,779
Nondepreciable capital assets	<u>154,523,607</u>
Total assets	<u>953,118,308</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	58,816,812
Deferred outflows of resources related to OPEB	13,376,314
Deferred amount on debt refunding	<u>8,057,409</u>
Total deferred outflows of resources	<u>80,250,535</u>
LIABILITIES	
Accounts payable	72,415,248
Interest payable	8,929,746
Unearned revenue	5,000,542
Long-term liabilities, due within one year	16,112,128
Due in more than one year:	
Total OPEB liability	49,418,312
Net pension liability	191,486,974
Other long-term liabilities	<u>345,309,986</u>
Total liabilities	<u>688,672,936</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	138,003,360
Deferred inflows of resources related to OPEB	5,325,556
Deferred inflows of resources related to leases	<u>883,800</u>
Total deferred inflow of resources	<u>144,212,716</u>
NET POSITION	
Net investment in capital assets	200,577,927
Restricted for:	
Capital projects	96,649,768
Debt service	15,142,183
Educational programs	51,408,995
Other purposes (expendable)	8,148,910
Unrestricted	<u>(171,444,592)</u>
Total net position	<u>\$ 200,483,191</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 228,475,882	\$ 24,158,170	\$ 135,150,534	\$ 9,676,399	\$ (59,490,779)
Instruction-related services:					
Instructional supervision and administration	17,448,034	693,338	13,352,769		(3,401,927)
Instructional library, media and technology	3,859,567	10,755	862,689		(2,986,123)
School site administration	27,818,421	53,917	5,691,577		(22,072,927)
Pupil services:					
Guidance and counseling services			1,340,416		1,340,416
Pupil transportation	9,201,153	1,788,621	1,468,821		(5,943,711)
Food services	19,684,741	63,913	24,927,487		5,306,659
Other pupil services	44,295,547	645,728	29,099,947		(14,549,872)
Plant services	44,276,664	238,667	12,037,070		(32,000,927)
Ancillary services	6,154,282	616,002	1,077,301		(4,460,979)
Community services	110,210	45,450	4,280		(60,480)
General administration:					
Data processing services	7,327,227		2,979,526		(4,347,701)
Other general administration	18,661,869	504,038	7,119,497		(11,038,334)
Interest and other charges	12,728,324				(12,728,324)
Other outgo	3,980,180		1,922,150		(2,058,030)
Totals	<u>\$ 444,022,101</u>	<u>\$ 28,818,599</u>	<u>\$ 237,034,064</u>	<u>\$ 9,676,399</u>	<u>(168,493,039)</u>
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					
Taxes levied for debt service					
Taxes levied for other specific purposes					
Federal and state aid not restricted to specific purposes					
Interest and investment earnings					
Transfers from other agencies					
Miscellaneous revenue					
Total general revenues					
Increase in net position					
Net position, beginning of year					
Net position, ending					

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

TWIN RIVERS UNIFIED SCHOOL DISTRICT

BALANCE SHEETS GOVERNMENTAL FUNDS JUNE 30, 2022

	General Fund	Special Reserve for Capital Outlay Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 159,232,895	\$ 64,898,128	\$ 98,677,230	\$ 322,808,253
Accounts receivable	73,578,085	460,325	4,890,474	78,928,884
Due from other funds	1,032,283	42,209,823	8,061,310	51,303,416
Lease receivable		904,614		904,614
Inventories	1,770,094		307,441	2,077,535
Prepaid items	<u>103,636</u>			<u>103,636</u>
Total assets	<u>\$ 235,716,993</u>	<u>\$ 108,472,890</u>	<u>\$ 111,936,455</u>	<u>\$ 456,126,338</u>
LIABILITIES				
Accounts payable	\$ 66,974,546	\$ 1,705,736	\$ 3,734,966	\$ 72,415,248
Due to other funds	50,270,783		1,032,633	51,303,416
Unearned revenue	<u>4,633,478</u>		<u>367,064</u>	<u>5,000,542</u>
Total liabilities	<u>121,878,807</u>	<u>1,705,736</u>	<u>5,134,663</u>	<u>128,719,206</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to leases		883,800		883,800
FUND BALANCES				
Nonspendable	1,978,730		307,441	2,286,171
Restricted	48,482,253	29,963,919	96,304,662	174,750,834
Committed	9,000,000			9,000,000
Assigned	15,343,790	75,919,435	10,189,689	101,452,914
Unassigned	<u>39,033,413</u>			<u>39,033,413</u>
Total fund balances	<u>113,838,186</u>	<u>105,883,354</u>	<u>106,801,792</u>	<u>326,523,332</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 235,716,993</u>	<u>\$ 108,472,890</u>	<u>\$ 111,936,455</u>	<u>\$ 456,126,338</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENT OF NET POSITION JUNE 30, 2022

Total fund balance, governmental funds \$ 326,523,332

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The historical cost of the capital assets is \$849,733,648 and the accumulated depreciation is \$301,438,262 548,295,386

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was: (8,929,746)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities, net of unamortized premiums, discounts, are included in governmental activities in the statement of net position as follows:

Long-term liabilities, due within one year	(16,112,128)
Long-term liabilities, due in more than one year	
Net pension liability	(191,486,974)
Total OPEB liability	(49,418,312)
Other long-term liabilities	(345,309,986)

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

Deferred outflows of resources related to pensions	58,816,812
Deferred outflows of resources related to OPEB	13,376,314
Deferred outflows of resources resulting from deferred amount on refundings	8,057,409
Deferred inflows of resources related to pension	(138,003,360)
Deferred inflows of resources related to OPEB	(5,325,556)
Total net position, governmental activities	<u>\$ 200,483,191</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2022

	General Fund	Special Reserve for Capital Outlay Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
State apportionments	\$ 265,205,392		\$ 1,896,380	\$ 267,101,772
Local sources	<u>46,111,474</u>			<u>46,111,474</u>
Total local control funding formula	311,316,866		1,896,380	313,213,246
Federal revenues	108,181,972		26,021,592	134,203,564
Other state revenues	81,150,866	\$ (808)	22,045,820	103,195,878
Other local revenues	<u>8,797,151</u>	<u>591,177</u>	<u>50,757,716</u>	<u>60,146,044</u>
Total revenues	509,446,855	590,369	100,721,508	610,758,732
EXPENDITURES				
Current:				
Instruction	217,012,179		8,609,957	225,622,136
Instruction-related services:				
Supervision of instruction	15,160,103		2,088,467	17,248,570
Instructional library, media and tech	3,864,388			3,864,388
School site administration	26,845,222		1,130,018	27,975,240
Pupil services:				
Pupil transportation	9,702,911			9,702,911
Food services	1,341,422		19,023,513	20,364,935
Other pupil services	43,037,234		579,503	43,616,737
Ancillary services	5,464,697		660,011	6,124,708
Community services	110,210			110,210
General administration:				
Data processing services	8,362,239			8,362,239
Other general administration	19,091,012		1,322,383	20,413,395
Plant services	42,759,244	139,785	2,059,190	44,958,219
Debt service:				
Principal	1,507,233		9,358,957	10,866,190
Interest and other charges	86,198		10,947,339	11,033,537
Capital outlay	20,463,604	5,751,417	21,274,481	47,489,502
Transfers to other agencies	<u>3,980,180</u>			<u>3,980,180</u>
Total expenditures	<u>418,788,076</u>	<u>5,891,202</u>	<u>77,053,819</u>	<u>501,733,097</u>
Excess (deficiency) of revenues over expenditures	<u>90,658,779</u>	<u>(5,300,833)</u>	<u>23,667,689</u>	<u>109,025,635</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers out	(51,150,894)	(55,000)	(300,000)	(51,505,894)
Proceeds from sale of land/buildings		469,000		469,000
Interfund transfers in	<u>355,000</u>	<u>35,000,000</u>	<u>16,150,894</u>	<u>51,505,894</u>
Total other financing sources (uses)	<u>(50,795,894)</u>	<u>35,414,000</u>	<u>15,850,894</u>	<u>469,000</u>
Increase in fund balances	39,862,885	30,113,167	39,518,583	109,494,635
Fund balances - beginning	<u>73,975,301</u>	<u>75,770,187</u>	<u>67,283,209</u>	<u>217,028,697</u>
Fund balances - ending	<u>\$ 113,838,186</u>	<u>\$ 105,883,354</u>	<u>\$ 106,801,792</u>	<u>\$ 326,523,332</u>

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

TWIN RIVERS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds:	\$ 109,494,635
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays (\$50,162,057) exceeds depreciation expense (\$16,897,222) in the period.	33,264,835
Repayment of the principal of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position.	10,866,190
To adjust for the District's liability in total OPEB liability; and to recognize OPEB expense deferred inflows of resources relating to OPEB, and deferred outflows of resources to OPEB.	(3,813,317)
Gain or loss from disposal of capital assets: in governmental funds, the entire proceeds from capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The resulting gain (loss) from disposed assets was:	(21,970)
Changes in the liability for compensated absences and early retirement incentives are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. In the statement of activities, compensated absences are recognized as expenses when earned by employees.	1,892,761
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. However, in the statement of activities, unmatured interest on long-term debt is accrued at year end.	(2,393,254)
In government funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding, for the period is:	698,467
In government funds, pension and OPEB costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual-basis pension and OPEB costs and actual employer contributions was:	<u>30,715,095</u>
Change in net position of governmental activities	<u>\$ 180,703,442</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING POLICIES

Twin Rivers Unified School District (the District) was established effective July 1, 2008 through the merging of Del Paso Heights School District, Grant Joint Union High School District, North Sacramento Elementary School District and Rio Linda Union Elementary School District. The District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. REPORTING ENTITY

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), the scope of public service, and a special financing relationship.

The District sponsored the following independent charter schools: California Innovative Career Academy, Community Collaborative Charter, Community Outreach Academy, Futures High School, Heritage Peak Charter School, Higher Learning Academy, Highlands Community Charter School, and Sacramento Academic and Vocational Academy. In determining its reporting entity, the District considered whether these charter schools should be included. The District determined that these charter schools do not meet the above criteria primarily because they have been established as non-profit public benefit corporations. The charter agreements specify that the District does not participate in the management or operation of these charter schools, and that the charter schools shall indemnify and hold harmless the District against all loss caused by the charter schools. In addition, Education Code Section 47604(c) specifies that a district shall not be liable for the debts or obligations of a charter school operated by a non-profit public benefit corporation.

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

C. BASIS OF PRESENTATION

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column as other governmental funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures, and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental fund financial statements 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. Under the 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. For the District, "available" means collectible within the current period or within 45, 60, or 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state aid apportionments, the California Department of Education has defined "available" as collectible within one year.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Non-exchange transactions are those in which the District receives value without directly giving equal value in return, including 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 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, under 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. Receivables associated with non-exchange transactions that will not be collected within the period of availability have been offset with unavailable revenue.

Unearned Revenue – Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are recorded as unearned revenue.

Expenses/Expenditures – Under the accrual basis of accounting, expenses are recognized at the time they are incurred. However, the measurement focus of governmental fund accounting is on decreases in the net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized on governmental fund financial statements.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available for use, it is the District's policy to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications - committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

E. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major and non-major as follows:

Major Governmental Funds

The **General Fund** is the general operating fund of the District and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. Additionally, the Special Reserve for Other Postemployment Benefits Funds has been combined with the General Fund because it does not meet the definition of a Special Revenue Fund under GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definition*.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Capital Projects Funds are used to account for the acquisition or construction of all major governmental general capital facilities and other capital assets. The District maintains the following major capital projects fund:

The **Special Reserve for Capital Outlay Projects Fund** is used to account for resources accumulated from the general fund for capital outlay purposes and any other revenue specifically for capital projects that are not restricted to a specific capital projects fund.

Non-Major Governmental Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains the following non-major special revenue funds:

The **Adult Education Fund** is used to account for state, federal and local revenues for adult educational programs.

The **Child Development Fund** is used to account for state, federal and local revenues to operate child development programs.

The **Student Activity Fund** is used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported represent the combined totals of all schools within the District.

The **Cafeteria Fund** is used to account for state, federal and local revenues to operate the food services program.

The **Deferred Maintenance Fund** is used to account for state revenues, and matching funds from the district, that are to be used on maintenance projects for upkeep of district facilities.

Capital Projects Funds are used to account for the acquisition or construction of all major governmental general capital facilities and other capital assets. The District maintains the following non-major capital projects funds:

The **Building Fund** is used to account for the acquisition and construction of major governmental capital facilities and buildings.

The **County School Facilities Fund** is used to account for state apportionment provided for the construction and reconstruction of school facilities under SB50.

The **Capital Facilities Fund** is used to account for resources received from development impact fees assessed under provisions of the California Government Code.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and other debt-related costs. The District maintains the following non-major debt service fund:

The **Bond Interest and Redemption Fund** is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and other debt related costs.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

F. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, with the exception of Debt Service Funds. A budget is not maintained for the Debt Service Fund because it is fiscally monitored by the County of Sacramento. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption.

These budgets are revised by the District's governing board and District superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund is presented as required supplementary information in these financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. CASH AND EQUIVALENTS

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

H. INVENTORIES AND PREPAID ITEMS

Inventories are recorded using the consumption method, in that the cost is recorded as an expenditure at the time individual inventory items are withdrawn from stores inventory for consumption. Inventories in the applicable funds consist primarily of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting expenditures for prepaid items in governmental funds either when paid or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

I. CAPITAL ASSETS

Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 4 - 30 years depending on asset types.

J. LEASES

The District recognizes leases with an initial, individual value of \$100,000 or more and when the lease terms include a noncancellable period of more than one year.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Lessee: The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) at the commencement of a lease and initially measures them at the present value of payments expected to be made during the lease term. The lease liability is reduced by the principal portion of lease payments made and the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Lessor: The District recognizes a lease receivable and a deferred inflow of resources at the commencement of a lease and initially measures them at the present value of payments expected to be received during the lease term. The lease receivable is reduced by the principal portion of lease payments received and the deferred inflow of resource is recognized as revenue over the life of the lease term.

The District estimates its incremental borrowing rate as the discount rate for expected lease payments or receipts and the noncancelable period for its leases. Additionally, the District monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease liability and lease receivable if certain changes occur that are expected to significantly affect their lease liability or receivable.

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

K. DEFERRED OUTFLOWS/DEFERRED INFLOWS OF RESOURCES

In addition to assets and liabilities, the balance sheet reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The District's deferred amount on debt refunding, resulting from the difference in the carrying value and reacquisition price of the refunded debt, is reported as deferred outflows of resources and is amortized over the shorter of the life of the refunded debt or refunding bond.

The District's deferred inflow of resources from leases is a result of lease receivables that are applicable to future reporting periods.

Contributions made to the District's pension and OPEB plans after the measurement date but before the fiscal year-end are recorded as a deferred outflow of resources and will reduce the net pension liability in the next fiscal year.

Additional factors involved in the calculation of the District's pension and OPEB expenses and liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 10 for further details related to the pension deferred outflows and inflows. See Note 11 for details related to the OPEB deferred outflows and inflows.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

L. PENSIONS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement Plan (the CalSTRS Plan), and classified employees are members of the Schools Pool (the CalPERS Schools Pool Plan), and Police Department Dispatchers and Police Officer/School Resource Officers are members of the Safety Police Plan (the CalPERS Safety Plan), collectively referred to as the Plans. For purposes of measuring the net pension liability, pension expense, and deferred outflows/inflows of resources related to pensions, information about the fiduciary net position of the District's portions of the Plans 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.

M. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

N. COMPENSATED ABSENCES

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District on the government-wide financial statements. Compensated absences are generally liquidated by the General Fund.

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

O. FUND BALANCES

In the governmental fund financial statements fund balances are classified as follows:

Non-spendable – Funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact. As of June 30, 2022, \$2,286,171 is considered non-spendable. See Note 9 for details.

Restricted – Funds that are mandated for specific purposes because the amounts are subject to externally imposed or legally enforceable constraints. As of June 30, 2022, \$220,685,536 is restricted for specific purposes. See Note 9 for details.

Committed – Funds set aside for specific purposes by the District's highest level of decision-making authority (Board of Trustees) pursuant to formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Board of

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Education removes or changes the specific use through the same type of formal action taken to establish the commitment. As of June 30, 2022, \$9,000,000 is committed for specific purposes. See Note 9 for details.

Assigned – Funds that are constrained by the District’s intent to use them for specific purposes, but that are neither restricted nor committed. The Board of Trustees can delegate the authority to assign amounts to be used for specific purposes to District personnel. The Board of Trustees policy reads, “Any such assignment will be presented at regular financial and budget reporting periods including the year-end unaudited actuals.” As of June 30, 2022, \$55,518,213 is assigned for specific purposes. See Note 9 for details.

Unassigned – The residual balance of the general fund that has not been assigned to other funds and that is not restricted, committed or assigned to a specific purpose.

Consistent with the Criteria and Standards for fiscal solvency adopted by the State Board of Education, the District maintains a Reserve for Economic Uncertainties to safeguard the District’s financial stability. The responsibility to operate the District to maintain financial stability resides with the elected Board of Education. The minimum recommended reserve for a District of this size is a minimum of 3% of budgeted general fund expenditures and other financing uses. The District’s Board policy is to maintain a minimum unassigned fund balance, which includes a reserve for economic uncertainties, equal to at least two months of General Fund payroll expenditures (\$38,000,000) or 10% of the General Fund expenditures and other financing sources.

As of June 30, 2022, the District had a Reserve for Economic Uncertainty of \$39,033,413 in the General Fund’s unassigned fund balance which represents 7.6% of budgeted general fund expenditures and other financing uses.

P. PROPERTY TAXES

Secured property taxes attach as an enforceable lien on property as of January 1, and are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Sacramento bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

Q. USE OF ESTIMATES

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

R. CHANGE IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the District’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the District’s 2022 financial statements but had no effect on the beginning net position as of June 30, 2021.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

2. CHARTER SCHOOLS

The District operates the Creative Connections Art Academy, Westside Preparatory Charter School and Smythe Academy of Arts and Sciences (collectively, the Charter Schools) pursuant to Education Code Section 47605. The financial activities of the Charter Schools are presented in the General Fund.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2022, consist of the following:

Cash and equivalents with County Treasury	\$ 320,957,530
Cash on hand and in banks	622,824
Cash awaiting deposit	1,122,899
Revolving cash fund	<u>105,000</u>
 Total cash and cash equivalents	 <u>\$ 322,808,253</u>

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Sacramento County Treasury (the Treasury). The Treasury pools these funds with those of other districts in the county and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

The Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq., and is restricted by Government Code Section 53635, pursuant to Section 53601. The funds maintained by the Treasury are either secured by federal depository insurance or are collateralized.

The Treasury is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes, or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the entity by the District's investment policy. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds or Notes	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	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%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Mortgage Pass through Securities	5 years	20%	None
Joint Power Agreements	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None

Derivative Investments

The District did not directly enter into any derivative investments. Information regarding the amount invested in derivatives by the Treasury was not available.

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 values to changes in market interest rates. As of June 30, 2022, the weighted average maturity of the investments contained in the treasury investment pool is approximately 278 days.

Credit Risks

Generally, 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 Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Education Code and the District's

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits that are made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amounts deposited by the public agencies.

District deposits held with financial institutions and with fiscal agents in excess of federal depository insurance limits held in accounts collateralized by securities held by the pledging financial institution were \$483,718.

4. ACCOUNTS RECEIVABLE

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

	General Fund	Special Reserve for Capital Outlay Projects Fund	Other Governmental Funds	Total Funds
Federal government	\$ 57,427,903		\$ 3,649,562	\$ 61,077,465
State government	7,597,115		929,231	8,526,346
Other local	8,553,067	\$ 460,325	311,681	9,325,073
Totals	<u>\$ 73,578,085</u>	<u>\$ 460,325</u>	<u>\$ 4,890,474</u>	<u>\$ 78,928,884</u>

5. INTERFUND TRANSACTIONS

Interfund Activity

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

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Interfund Receivables/Payables

Individual fund interfund receivable and payable balances at June 30, 2022 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
General	\$ 1,032,283	\$ 50,270,783
Special Reserve for Capital Outlay Projects	42,209,823	
Other Governmental Funds:		
Adult Education		33,279
Child Development	50,363	112,062
Cafeteria		699,529
Deferred Maintenance	<u>8,010,947</u>	<u>187,763</u>
Totals	<u>\$ 51,303,416</u>	<u>\$ 51,303,416</u>

Interfund receivables and payables are paid and cleared in the subsequent period.

Interfund Transfers

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

Individual interfund transfers for the fiscal year ended June 30, 2022 were as follows:

Transfer from the Adult Education Fund to the General Fund to cover rent for the facilities.	\$ 300,000
Transfer from the General Fund to the Deferred Maintenance Fund to support maintenance projects.	16,112,766
Transfer from the General Fund to the Special Reserve for Capital Outlay Projects Fund to support facility projects.	20,000,000
Transfer from the General Fund to the Child Development Fund to help support the program.	38,128
Transfer from the General Fund to the Special Reserve for Capital Outlay Projects Fund for the construction of a school in the Northlake area.	15,000,000
Transfer from the Special Reserve for Capital Outlay Projects Fund to the General Fund of tower revenue for software costs.	<u>55,000</u>
Total	<u>\$ 51,505,894</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

6. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2022 is shown below:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital assets, not being depreciated:					
Land	\$ 31,559,633			\$ (21,970)	\$ 31,537,663
Work-in-process	<u>92,440,433</u>	<u>\$(13,691,173)</u>	<u>\$ 44,236,684</u>	<u>_____</u>	<u>122,985,944</u>
Total capital assets, not being depreciated	<u>124,000,066</u>	<u>(13,691,173)</u>	<u>44,236,684</u>	<u>(21,970)</u>	<u>154,523,607</u>
Capital assets, being depreciated:					
Improvement of sites	27,393,735				27,393,735
Buildings	593,157,768	13,691,173	3,386,798		610,235,739
Right-to-use leased equipment	755,007				755,007
Equipment/Vehicles	<u>54,286,985</u>	<u>_____</u>	<u>2,538,575</u>	<u>_____</u>	<u>56,825,560</u>
Total capital assets, being depreciated	<u>675,593,495</u>	<u>13,691,173</u>	<u>5,925,373</u>	<u>_____</u>	<u>695,210,041</u>
Less accumulated depreciation for:					
Improvement of sites	(17,162,036)			(1,142,888)	(18,304,924)
Buildings	(231,386,845)			(12,176,895)	(243,563,740)
Right-to-use leased equipment	(154,147)			(75,501)	(229,648)
Equipment/Vehicles	<u>(35,992,159)</u>	<u>_____</u>	<u>(3,577,439)</u>	<u>_____</u>	<u>(39,339,950)</u>
Total accumulated depreciation	<u>(284,541,040)</u>	<u>_____</u>	<u>(16,897,222)</u>	<u>_____</u>	<u>(301,438,262)</u>
Total capital assets, being depreciated, net	<u>391,052,455</u>	<u>13,691,173</u>	<u>(10,971,849)</u>	<u>_____</u>	<u>393,771,779</u>
Governmental activities capital assets, net	<u>\$ 515,052,521</u>	<u>\$ _____</u>	<u>\$ 33,264,835</u>	<u>\$ (21,970)</u>	<u>\$ 548,295,386</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
Instruction	\$ 10,298,747
Instructional supervision and administration	817,197
Instructional library	233,987
School site administration	1,472,542
Pupil transportation	388,499
Food services	61,506
Other pupil services	1,503,890
Ancillary services	220,386
Other general administration	650,709
Data processing services	171,881
Plant services	<u>1,077,878</u>
Total depreciation expense	<u>\$ 16,897,222</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

7. LEASES

Lease receivables

During previous fiscal years, the District entered into multiple agreements to lease portions of its land to telecommunications companies for the use of constructing communications equipment. The District is a lessor under these lease agreements and the noncancelable portion of the lease terms extend through 2038, with monthly payments combined payments of \$7,669. The District recognized \$67,556 in lease revenue and \$24,473 in interest revenue during the fiscal year ended June 30, 2022 related to these leases. As of June 30, 2022, the District's lease receivable was \$904,614 and deferred inflow of resources associated with these leases was \$883,800, which will be recognized as revenue over the lease terms. The incremental borrowing rate used was 2.85%.

Future minimum payments related to the leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 67,385	\$ 24,892	\$ 92,277
2024	75,060	22,887	97,947
2025	79,374	20,676	100,050
2026	65,716	18,593	84,309
2027	67,612	16,696	84,308
2028-2032	370,218	51,870	422,088
2033-2037	150,142	12,136	162,278
2038-2042	29,107	626	29,733
Totals	\$ 904,614	\$ 168,374	\$ 1,072,988

8. LONG-TERM LIABILITIES

General Obligation Bonds

2020 Series

On April 21, 2020, the District issued the General Obligation Bonds, Election 2006, Series 2020 (2020 Series), in the aggregate principal amount of \$48,366,219 for the purpose of repaying the District's outstanding 2007 Certificates. As of June 30, 2022, the principal amount outstanding was \$48,216,219.

2020 Refunding Series A

On April 21, 2020, the District also issued General Obligation Refunding Bonds, Series A (2020 Refunding Series A), in the aggregate principal amount of \$27,500,000 to currently refund a portion of the District's Grant 2008 Series. The bonds bear interest rates from 1.40% to 4.00% and are scheduled to mature through August 2045. As of June 30, 2022, the 2020 Refunding Series A principal balance outstanding was \$27,040,000.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

2020 Refunding Series B

On May 21, 2020, the District issued 2020 General Obligation Refunding Bonds, Series B (2020 Refunding Series B), in the aggregate principal amount of \$21,680,000 to advance refund the remaining balance of the 2014 Series A. The 2020 Refunding Series B bonds bear interest rates from 0.80% to 3.00% and are scheduled to mature through August 2040. The District defeased the 2014 Series A bonds by placing proceeds of the 2020 Refunding Series B in an irrevocable escrow account to provide for future debt service, accordingly the assets and liabilities for the defeased bonds are not included in the Statement of Net Position. As of June 30, 2022, the 2020 Refunding Series B principal balance outstanding was \$21,155,000.

2020 Refunding Series C

On April 21, 2020, the District also issued General Obligation Refunding Bonds, Series C (2020 Refunding Series C), in the aggregate principal amount of \$14,210,000 to currently refund the District's Refunding General Obligation Bonds, 2012 Series A. The bonds bear interest rates of 3.40% and are scheduled to mature through August 2032. As of June 30, 2022, the 2020 Refunding Series A principal balance outstanding was \$11,390,000.

2016 Series

On November 16, 2016, the District issued the General Obligation Bonds, Election 2006, Series 2016 (2016 Series), in the aggregate principal amount of \$49,664,785 for the purpose of repaying a portion of the District's 2007 Certificates. As of June 30, 2022, the principal amount outstanding was \$49,664,785.

2016 Refunding Series A

On November 16, 2016, the District also issued General Obligation Refunding Bonds, Series A (2016 Refunding Series A), in the aggregate principal amount of \$62,381,247 to currently and advance refund certain outstanding District bonds. The District defeased the bonds by placing proceeds of the 2016 Refunding Series A in an irrevocable escrow account to provide for future debt service, accordingly the assets and liabilities for the defeased bonds are not included in the Statement of Net Position. As of June 30, 2022, the 2016 Refunding Series A principal balance outstanding was \$52,436,247.

The 2016 Refunding Series A were issued to currently and advance refund outstanding District bonds as follows:

On March 10, 2005, Grant Joint Union High School District issued General Obligation Refunding Bonds (Grant 2005 Refunding) in the amount of \$18,793,107 to advance refund a portion of the 2002 General Obligation Bonds. The Grant 2005 Refunding are authorized pursuant to the special election of the registered voters held on March 5, 2002, and are payable from the ad valorem taxes to be levied annually upon all property subject to taxation by the District. In November 2016, \$4,110,000 of the Grant 2005 Refunding outstanding bonds were partially currently refunded with the issuance of the 2016 Refunding Series A. The remaining Grant 2005 Refunding bear interest rates from 4.94% to 5.04% and are scheduled to mature through August 2028. As of June 30, 2022, the principal amount outstanding of the Grant 2005 Refunding was \$482,608.

On June 18, 2008, Grant Joint Union High School District issued General Obligation Bonds (Grant 2008 Series) in the amount of \$33,998,991 to finance specific construction and modernization projects approved by the voters. The Grant 2008 Series were authorized pursuant to the special

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

election of the registered voters held on June 6, 2006, and are payable from the ad valorem taxes to be levied annually upon all property subject to taxation by the District. In November 2016, \$16,724,445 of the Grant 2008 Series outstanding were advance refunded with the issuance of the 2016 Refunding Series A. The remaining Grant 2008 Series bear interest rates from 4.00% to 5.94% and are scheduled to mature through February 2033. As of June 30, 2022, the principal amount outstanding of the Grant 2008 Series was \$13,263,377.

2016 Refunding Series B

On November 16, 2016, the District issued the General Obligation Bonds, Series 2016 B (2016 Refunding Series B), in the aggregate principal amount of \$49,215,000 to currently and advance refund certain outstanding District bonds. The District defeased the bonds by placing proceeds of the 2016 Refunding Series B in an irrevocable escrow account to provide for future debt service, accordingly the assets and liabilities for the defeased bonds are not included in the Statement of Net Position. As of June 30, 2022, the 2016 Refunding Series B principal balance outstanding was \$39,835,000.

Remaining Bonds

On May 28, 2008, Grant Joint Union High School District issued General Obligation Revenue Bonds, Series 2008 (Grant 2008 Series) in the amount of \$51,404,756 to finance specific construction and modernization projects approved by the voters. The Grant 2008 Series are authorized pursuant to the special election of the registered voters held on March 5, 2002, and are payable from the ad valorem taxes to be levied annually upon all property subject to taxation by the District. In April 2020, \$12,936,429 of the Grant 2008 Series outstanding were currently refunded with the issuance of the 2020 Refunding Series A. The remaining Grant 2008 Series bonds bear interest rates from 2.80% to 6.00% and are scheduled to mature through August 2042. As of June 30, 2022, the principal amount outstanding was \$18,772,346.

On December 11, 2013, the District issued Refunding General Obligation Bonds, 2014 Series A, in the aggregate principal amount of \$39,400,000 for the purpose of refunding a portion of Grant Joint Union School District's outstanding General Obligation Bonds, Series 2006. The bonds bear interest rates from 2.00% to 5.00% and are scheduled to mature through August 2030. As of June 30, 2022, the principal amount outstanding was \$28,155,000.

The District's General Obligation Bonds are scheduled to mature as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 10,850,124	\$ 9,741,481	\$ 20,591,605
2024	11,798,232	9,302,264	21,100,496
2025	12,894,900	8,788,026	21,682,926
2026	13,896,669	8,186,152	22,082,821
2027	12,356,251	10,052,008	22,408,259
2028-2032	61,256,783	52,048,531	113,305,314
2033-2037	55,075,805	67,295,439	122,371,244
2038-2042	61,694,548	85,900,884	147,595,432
2043-2047	<u>70,587,270</u>	<u>36,244,115</u>	<u>106,831,385</u>
Totals	\$ 310,410,582	\$ 287,558,900	\$ 597,969,482

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Finance Purchase Agreement

During the fiscal year ended June 30, 2019, the District entered into a finance purchase agreement for the purchase of technology equipment. Amortization expense related to these assets is included in depreciation expense. The future minimum principal and interest lease payments as of June 20, 2022, are as follows:

Year Ending June 30,	Payment
2023	\$ 169,639
Less amount representing interest	<u>(9,878)</u>
Total	<u>\$ 159,761</u>

Early Retirement Incentive Program

Public Agency Retirement Services (PARS) made available to the District a supplementary retirement plan, a retirement incentive program supplementing STRS/PERS, and qualifying under the relevant sections of Section 403(b) of the Internal Revenue Code. The amount of the incentive is sixty percent of the eligible employee's final base salary. The incentive amount is contributed by the District into the employee's 403(b) account, in annual amounts of 12% per year, over a period of 5 years. District contributions to the former employee's 403(b) account shall not be considered creditable compensation for CalPERS and CalSTRS purposes. The annual requirements to amortize the liability outstanding as of June 30, 2022 are as follows:

Year Ending June 30,	Payment
2023	\$ 1,805,992
2024	<u>1,805,992</u>
Totals	<u>\$ 3,611,984</u>

Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2022 is shown below:

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
General obligation bonds	\$ 319,729,412		\$ (9,318,830)	\$ 310,410,582	\$ 10,850,124
Accreted interest	27,129,063	\$ 5,493,602	(2,092,624)	30,530,041	2,092,624
Unamortized premiums	15,878,111		(1,203,627)	14,674,484	1,203,627
Finance purchase agreement	1,707,121		(1,547,360)	159,761	159,761
Compensated absences	2,122,030		(86,768)	2,035,262	
PARS Early Retirement Incentive	5,417,977		(1,805,993)	3,611,984	1,805,992
Total	<u>\$ 371,983,714</u>	<u>\$ 5,493,602</u>	<u>\$ (16,055,202)</u>	<u>\$ 361,422,114</u>	<u>\$ 16,112,128</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

9. FUND BALANCES

Fund balances, by category, at June 30, 2022 consisted of the following:

	<u>General Fund</u>	<u>Special Reserve for Capital Outlay Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Revolving cash fund	\$ 105,000			\$ 105,000
Stores inventory	1,770,094		\$ 307,441	2,077,535
Prepaid expenditures	<u>103,636</u>			<u>103,636</u>
Subtotal nonspendable	<u>1,978,730</u>		<u>307,441</u>	<u>2,286,171</u>
Restricted:				
Instruction	48,482,253			48,482,253
Child development			1,090,790	1,090,790
Cafeteria			8,148,910	8,148,910
Capital projects		\$ 29,963,919	66,685,849	96,649,768
Debt service			18,543,161	18,543,161
Adult education			1,835,952	1,835,952
Subtotal restricted	<u>48,482,253</u>	<u>29,963,919</u>	<u>96,304,662</u>	<u>174,750,834</u>
Committed for:				
HVAC	5,000,000			5,000,000
Technology	<u>4,000,000</u>			<u>4,000,000</u>
Subtotal committed	<u>9,000,000</u>			<u>9,000,000</u>
Assigned:				
Deferred maintenance			9,509,704	9,509,704
Adult education			143,549	143,549
Capital projects		75,919,435	22,439	75,941,874
Instructional materials	5,261,530			5,261,530
Associated Student Body			513,997	513,997
Dark fiber project	239,644			239,644
Site base allocation	468,292			468,292
ROC/P	328,891			328,891
Supplemental concentration	2,290,048			2,290,048
Postemployment benefits	6,597,410			6,597,410
Other assignments	<u>157,975</u>			<u>157,975</u>
Subtotal assigned	<u>15,343,790</u>	<u>75,919,435</u>	<u>10,189,689</u>	<u>101,452,914</u>
Unassigned:				
Designated for economic uncertainty	39,033,413			39,033,413
Subtotal unassigned	<u>39,033,413</u>			<u>39,033,413</u>
Total fund balances	<u>\$113,838,186</u>	<u>\$105,883,354</u>	<u>\$ 106,801,792</u>	<u>\$ 326,523,332</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

10. RETIREMENT PLANS

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District participates in the State Teachers' Retirement Plan (the CalSTRS Plan), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. CalSTRS acts as a common investment and administrative agent for participating public entities within the State of California. CalSTRS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calstrs.com.

Benefits Provided

The benefits for the CalSTRS Plan are established by contract, in accordance with the provisions of the State Teachers' Retirement Law. Benefits are based on members' years of service, age, final compensation, and a benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The California Public Employees' Pension Reform Act of 2013 (PEPRA) made significant changes to the benefit structure that primarily affect members first hired to perform CalSTRS creditable activities on or after January 1, 2013. As a result of PEPRA, the CalSTRS Plan has two benefit structures: 1) CalSTRS 2% at 60 – Members first hired on or before December 31, 2012, to perform CalSTRS creditable activities, and 2) CalSTRS 2% at 62 – Members first hired on or after January 1, 2013, to perform CalSTRS creditable activities. The 2 percent, also known as the age factor, refers to the percentage of final compensation received as a retirement benefit for each year of service credit. To be eligible for 2% service retirement, members hired prior to January 1, 2013, must be at least age 60 with a minimum of five years of CalSTRS-credited service, while members hired after January 1, 2013, must be at least age 62 with five years of service.

Contributions

Assembly Bill 1469 (AB 1469), signed into law as a part of the State of California's (the State) 2014-15 budget, increases contributions to the CalSTRS Plan from members, employers, and the State over the next seven years, effective July 1, 2014. School employer contributions will increase from 8.25% to a total of 20.25% of covered payroll over the seven-year period. The District's required contribution rate for the year ended June 30, 2022, was 16.92 % of annual pay. District contributions to the CalSTRS Plan were \$23,913,394 for the year ended June 30, 2022.

The State contributes a percentage of the annual earnings of all members of the CalSTRS Plan. AB 1469 increases the State's contribution attributable to the benefits in effect in 1990, but does not change the base rate of 2.017%. In accordance with AB 1469, the portion of the state appropriation under Education Code Sections 22955(b) that is in addition to the base rate has been replaced by section 22955.1(b) in order to fully fund the benefits in effect as of 1990 by 2046. The additional state contribution increased from 1.437% in 2014-15 to 6.311% in 2021-22. The increased contributions end as of fiscal year end June 30, 2046. The State contribution rate for the period ended June 30, 2021, was 11.97% of the District's 2014-15 creditable CalSTRS compensation.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

In addition to AB1469, California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) were signed into law in June 2019 and June 2020, respectively. These Statutes provided supplemental contributions to the CalSTRS Plan along with supplemental contribution rate relief to employers through fiscal year 2021–22.

Actuarial Assumptions

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

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Investment Rate of Return ⁽¹⁾	7.10%
Mortality	CalSTRS' Membership Data
Post-Retirement Benefit Increase	2% simple for DB (Annually) Maintain 85% purchasing power Level for DB Not applicable for DBS /CBB

⁽¹⁾ Net of investment expenses, but gross of administrative expenses.

Discount Rate

The discount rate used to measure the CalSTRS Plan's total pension liability was 7.10%. 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 law as described above under contributions. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the CalSTRS 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS' general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term * Expected Real Rate of Return</u>
Public Equity	42.00%	4.80%
Fixed Income	12.00%	1.30%
Real Estate	15.00%	3.60%
Private Equity	13.00%	6.30%
Risk Mitigating Strategies	10.00%	1.80%
Inflation Sensitive	6.00%	3.30%
Cash / Liquidity	2.00%	-0.40%
<hr/> Total	<hr/> 100.00%	

*20-year geometric average

California Public Employees' Retirement System (CalPERS)

Plan Description

The District participates in the Schools Pool (the CalPERS Schools Pool Plan) and the Twin Rivers Unified School District Safety Police Plan (CalPERS Safety Plan), cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS, collectively referred to as the CalPERS Plans. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

Benefits Provided

The benefits for the CalPERS Plans are established by contract, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits 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. PEPRA made significant changes to the benefit structure that primarily affect members first hired to perform CalPERS creditable activities on or after January 1, 2013. As a result of PEPRA, the CalPERS Plan has two benefit structures: 1) CalPERS 2% at 55 – Members first hired on or before December 31, 2012, to perform CalPERS creditable activities, and 2) CalPERS 2% at 62 – Members first hired on or after January 1, 2013, to perform CalPERS creditable activities. To be eligible for service retirement, members hired prior to January 1, 2013, must be at least age 50 with a minimum of five years of CalPERS-credited service, while members hired after January 1, 2013, must be at least age 52 with a minimum of five years of CalPERS-credited service. CalPERS Safety Plan also has two benefit structures as a result of PEPRA and they are 1) CalPERS 3% at 50 – Members first hired on or before December 31, 2012, to perform CalPERS creditable activities, and 2) CalPERS 2.7% at 57 – Members first hired on or after January 1, 2013, to perform CalPERS creditable activities.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Contributions

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the CalPERS Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The CalPERS Plan's actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's required contribution rate for the year ended June 30, 2022, was 22.91% of annual pay for CalPERS School Pool Plan and 30.59% of annual pay for CalPERS Safety Plan. District contributions to the CalPERS Plans were \$14,147,967 for the year ended June 30, 2022.

Actuarial Assumptions

For the measurement period ended June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2021 total pension liability amounts were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases ⁽¹⁾	Varies
Investment Rate of Return	7.15%
Mortality ⁽²⁾	CalPERS' Membership Data
Post-Retirement Benefit Increase ⁽³⁾	Up to 2.50%

⁽¹⁾ Varies by entry age and service

⁽²⁾ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, refer to the December 2017 CalPERS Experience Study Report (based on CalPERS demographic data from 1997 to 2015) that can be found on CalPERS website.

⁽³⁾ 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate, the amortization and smoothing periods recently adopted by the Board in 2013 were used. For the CalPERS Plan, projections of expected benefit payments and contributions at the statutorily required member and employer rates were performed to determine if the assets would run out. The tests revealed the assets would not run out for the Plan. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability for the CalPERS Plan.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the 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.

Asset Class ^(a)	New Strategic Allocation	Real Return Years 1 – 10 ^(b)	Real Return Years 11+ ^(c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

^(a) In the Plan's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

^(b) An expected inflation of 2.00% was used for this period.

^(c) An expected inflation of 2.92% was used for this period.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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

As of June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for the State's 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:	
CalSTRS Plan	\$ 111,949,680
CalPERS Schools Pool Plan	78,245,064
CalPERS Safety Plan	<u>1,292,230</u>
Total District net pension liability	191,486,974
State's proportionate share of CalSTRS net pension liability associated with the District	<u>56,408,531</u>
Total	\$ 247,895,505

The District's net pension liability is measured as the proportionate share of each Plan's net pension liability. The net pension liabilities of the Plans are measured as of June 30, 2021, and calculated by reducing the total pension liability of each Plan by the respective Plan's fiduciary net position. The District's proportion of each Plan's net pension liability was based on the ratio of the District's actual employer contributions in the measurement period to the total actual employer and State contributions received by the respective Plan in the measurement period. The District's proportionate share of the net pension liability for the measurement period June 30, 2021, was 0.246%, 0.38479% and 0.036821% for the CalSTRS, CalPERS Schools Pool, and CalPERS Safety Plans, respectively, which was a decrease of 0.02%, an increase of 0.0089% and a decrease of 0.00684%, respectively, from its proportion measured as of June 30, 2020 for CalSTRS, CalPERS Schools Pool and CalPERS Safety Plans, respectively.

For the measurement period ended June 30, 2021, the District recognized pension expense of \$10,694,453 and revenue of \$1,930,094 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,837,032	\$ (12,098,236)
Changes in assumptions	15,862,080	
Changes in proportion	689,639	(6,223,262)
Change in proportionate share of contributions	1,366,700	(329,530)
Net differences between projected and actual investment earnings of pension plan investments		(119,352,332)
District contributions subsequent to measurement date	<u>38,061,361</u>	
Total	<u>\$ 58,816,812</u>	<u>\$ (138,003,360)</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

The \$38,061,361 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2023	\$ (25,575,994)
2024	(22,594,669)
2025	(29,180,202)
2026	(37,474,727)
2027	(1,060,014)
Thereafter	(1,362,303)

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 of the Plans as of the measurement date, calculated using the discount rate, 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 or 1 percentage-point higher than the current rate:

	Current Discount Rate – 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate +1% (8.10%)
District's proportionate share of the CalSTRS Plan's net pension liability	\$ 227,889,480	\$ 111,949,680	\$ 15,721,860
	Current Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
District's proportionate share of the CalPERS Schools Pool Plan's net pension liability	\$ 131,932,165	\$ 78,245,064	\$ 33,673,251
District's proportionate share of the CalPERS Safety Plan's net pension liability	\$ 3,141,328	\$ 1,292,230	\$ 226,575

11. OTHER POSTEMPLOYMENT BENEFIT PLAN (OPEB)

Plan Description

In addition to the pension benefits described in Note 10, the District provides other postemployment health and welfare benefits (medical, prescription drug, dental and vision) for eligible retired employees through the Self-Insured Schools of California (SISC, the Plan). As of June 30, 2022, the District had not established an irrevocable trust or designated a trustee for the payment of plan benefits. As such, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Benefits Provided

Employees who have attained age 55 or 50 years for Twin Rivers School Police Association (TRSPA) and have completed at least 10 years of continued service (Classified, Confidential and Management, and TRSPA employees) or 15 years of full-time service (Certificated employees) with the District are eligible to retire and receive a monthly District contribution equal to 100% of the single employee cap in effect at the time of retirement. As of October 1, 2020, the caps are \$670.67 per month for Classified, Confidential and TRSPA retirees, and \$653 per month for all other groups. The cap is inclusive of any premiums for dental and vision coverage selected by the retiree. Retirees may elect dependent coverage and must self-pay any excess premium over the cap. District-paid benefits end at age 65. Retirees are subject to the following percentages applied to the District contribution, depending on their work schedule prior to retirement, and the bargaining unit or non-represented classification from which they retired:

<i>Classified:</i>	Less than 4 hours/day	0%
	4-5.99 hours/day	50%
	6+ hours/day	100%
<i>Certificated:</i>	Less than .50 FTE	0%
	.50 FTE to .80 FTE	Prorated
	.80 FTE or more	100%
<i>Management/Confidential:</i>	Less than .50 FTE	0%
	.50 FTE to <.80 FTE	Prorated
	.80 FTE or more	100%

Employees Covered

As of the July 1, 2020 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	286
Inactive employees entitled to but not receiving benefits	0
Participating active employees	<u>2,816</u>
Total	<u>3,102</u>

Total OPEB Liability

The District's total OPEB liability of \$49,418,312 was measured as of June 30, 2021, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated July 1, 2020, based on the following actuarial methods and assumptions. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions:	
Discount Rate ⁽¹⁾	1.92%
Salary increases	3.00%
	5.8% for 2021 decreasing to 5.4% for 2023;
	5.2% for 2024-2069; 4.0% for 2070 and later
Medical trend rate:	years

⁽¹⁾ Based on Municipal Bond 20-Year High Grade Rate Index.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Mortality rates were based on the CalSTRS experience Analysis (2015-2018) for certificated, CalPERS Experience Study (1997-2015) for classified, and 2017 CalPERS Experience Study for safety.

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020.

Changes in Assumptions

During the measurement period ended June 30, 2021, the discount rate was lowered from 2.45% to 1.92%.

Changes in the Total OPEB Liability

The changes in the Total OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (TOL)
Balance at June 30, 2021 (Measurement date June 30, 2020)	<u>\$ 46,323,948</u>
Changes recognized for the measurement period:	
Service cost	3,278,038
Interest on TOL	1,177,486
Changes in benefit terms	0
Difference between expected and actual experience	0
Changes of assumptions	1,740,253
Benefit payments	<u>(3,101,413)</u>
Net changes	<u>3,094,364</u>
Balance at June 30, 2022 (Measurement date June 30, 2021)	<u>\$ 49,418,312</u>

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Current		
	Discount Rate	Discount Rate	Discount Rate
	-1% (0.92%)	(1.92%)	+1% (2.92%)
Total OPEB liability	\$ 52,836,482	\$ 49,418,312	\$ 46,179,693

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Health Care	
	Discount Rate	Trend Rate
	-1% (4.80%)	(5.80%)
	decreasing to	decreasing to
	4.20%)	5.20%)
Total OPEB liability	\$ 44,817,396	\$ 49,418,312
		\$ 54,755,344

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$6,566,258.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 2,752,942	
Difference between expected and actual experience	6,453,933	\$ (5,096,950)
Changes of assumptions	<u>4,169,439</u>	<u>(228,606)</u>
Total	\$ 13,376,314	\$ (5,325,556)

The \$2,752,942 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as follows:

Year Ended June 30
2023
2024
2025
2026
2027
Thereafter

2023	\$ (692,642)
2024	(692,642)
2025	(692,642)
2026	(692,642)
2027	(959,866)
Thereafter	(1,567,382)

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

12. JOINT VENTURES (Joint Powers Agreements)

The District participates in two joint ventures under a joint powers agreement (JPA) with the Schools Insurance Authority (SIA) and School Project for Utility Rate Reduction (SPURR). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

SIA arranges for and provide workers' compensation, property and liability insurance coverage for its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA.

SPURR provides natural gas, electricity procurement and energy expense management and conservation to its member districts. The District is a member with a large number of other districts in the State of California. SPURR is governed by a board consisting of representatives from various member districts. The governing board has decision-making authority, which includes the power to designate management and the ability to significantly influence operations.

Condensed unaudited financial information of SIA is as follows:

SIA <u>June 30, 2022</u>	
Total Assets	\$ 211,771,868
Total Deferred Outflows of Resources	1,751,462
Total Liabilities	(86,615,462)
Total Deferred Inflows of Resources	<u>(3,674,124)</u>
 Total Net Position	 <u>\$ 123,233,744</u>
Total Revenues	\$ 54,356,755
Total Expenses	<u>(61,481,031)</u>
 Decrease in Net Position	 <u>\$ (7,124,256)</u>

Condensed unaudited financial information of SPURR is as follows:

SPURR <u>June 30, 2021</u>	
Total Assets	\$ 16,877,341
Total Liabilities	<u>(10,143,820)</u>
 Total Net Position	 <u>\$ 6,733,521</u>
Total Revenues	\$ 44,881,409
Total Expenses	<u>(44,736,925)</u>
 Increase in Net Position	 <u>\$ 144,484</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Complete separate financial statements for the JPAs may be obtained from the District, 5115 Dudley Blvd, McClellan, CA, 95652.

13. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

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

Litigation

Various claims and litigation involving the District are currently outstanding. However, based on consultation with legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

14. SUBSEQUENT EVENT

On November 8, 2022, voters within the District approved Measure J and Measure K, which authorizes the District to issue and sell bonds of up to \$120 million and \$150 million, respectively, in aggregate principal amount at interest rates not to exceed legal limits and to provide financing for the specific types of school facilities projects.

REQUIRED SUPPLEMENTARY INFORMATION

TWIN RIVERS UNIFIED SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE GENERAL FUND YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
REVENUES				
State apportionments	\$ 254,781,061	\$ 264,142,446	\$ 265,205,392	\$ 1,062,946
Local sources	<u>42,705,922</u>	<u>46,111,474</u>	<u>46,111,474</u>	
Total local control funding formula	297,486,983	310,253,920	311,316,866	1,062,946
Federal revenues	28,691,258	214,852,661	108,181,972	(106,670,689)
Other state revenues	45,877,632	84,929,560	81,150,866	(3,778,694)
Other local revenues	<u>3,635,875</u>	<u>8,483,152</u>	<u>8,797,151</u>	<u>313,999</u>
Total revenues	<u>375,691,748</u>	<u>618,519,293</u>	<u>509,446,855</u>	<u>(109,072,438)</u>
EXPENDITURES				
Certificated personnel salaries	152,459,302	162,864,988	145,194,146	17,670,842
Classified personnel salaries	53,516,883	56,344,660	52,627,651	3,717,009
Employee benefits	88,119,865	89,052,558	83,246,292	5,806,266
Books and supplies	26,115,571	57,341,754	38,418,030	18,923,724
Services and other operating expenditures	58,832,857	165,803,375	72,098,085	93,705,290
Capital outlay	31,035,935	53,388,371	22,823,741	30,564,630
Other outgo	5,575,588	3,566,807	3,818,342	(251,535)
Allocation of indirect costs	(1,289,477)	(1,176,875)	(1,193,482)	16,607
Debt service	<u>1,595,951</u>	<u>1,595,951</u>	<u>1,755,271</u>	<u>(159,320)</u>
Total expenditures	<u>415,962,475</u>	<u>588,781,589</u>	<u>418,788,076</u>	<u>169,993,513</u>
Excess (shortfall) of revenues over expenditures	<u>(40,270,727)</u>	<u>29,737,704</u>	<u>90,658,779</u>	<u>60,921,075</u>
OTHER FINANCING USES				
Interfund transfers in	300,000	355,000	355,000	
Interfund transfers out	<u>(25,000,000)</u>	<u>(51,132,365)</u>	<u>(51,150,894)</u>	<u>(18,529)</u>
Total other financing uses	<u>(24,700,000)</u>	<u>(50,777,365)</u>	<u>(50,795,894)</u>	<u>(18,529)</u>
Net increase (decrease) in fund balance	(64,970,727)	(21,039,661)	39,862,885	60,902,546
Fund balance – beginning	<u>73,975,301</u>	<u>73,975,301</u>	<u>73,975,301</u>	
Fund balance – ending	<u>\$ 9,004,574</u>	<u>\$ 52,935,640</u>	<u>\$ 113,838,186</u>	<u>\$ 60,902,546</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS YEAR ENDED JUNE 30, 2022 LAST 10 YEARS*

	Fiscal Year				
	2022	2021	2020	2019	2018
	Measurement date 2021	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017
TOTAL OPEB LIABILITY					
Service cost	\$ 3,278,038	\$ 2,803,454	\$ 2,174,715	\$ 2,221,807	\$ 1,981,795
Interest	1,177,486	1,107,234	1,116,752	1,239,533	1,213,149
Changes in benefit terms		4,774			
Differences between expected and actual experience		8,679,427		(9,434,778)	
Changes of assumptions	1,740,253	2,686,924	1,090,540	(423,162)	
Benefit payments	<u>(3,101,413)</u>	<u>(3,035,187)</u>	<u>(2,288,042)</u>	<u>(2,424,809)</u>	<u>(2,280,288)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	3,094,364	12,246,626	2,093,965	(8,821,409)	914,656
TOTAL OPEB LIABILITY, Beginning	<u>46,323,948</u>	<u>34,077,322</u>	<u>31,983,357</u>	<u>40,804,766</u>	<u>39,890,110</u>
TOTAL OPEB LIABILITY, Ending	<u>\$ 49,418,312</u>	<u>\$ 46,323,948</u>	<u>\$ 34,077,322</u>	<u>\$ 31,983,357</u>	<u>\$ 40,804,766</u>
Covered-employee payroll	\$ 186,090,585	\$ 184,782,062	\$ 188,197,401	\$ 185,536,979	\$ 172,948,518
District's total OPEB liability as a percentage of covered-employee payroll	26.56%	25.07%	18.11%	17.24%	23.59%

Notes to Schedule:

There were no changes to benefit terms or assumptions during the measurement period ending June 30, 2017 and 2019. For the measurement period ended June 30, 2018, the healthcare cost trend rate assumption changed from 5% to 6% for 2018, 5.9% for 2019, 5.8% for 2020, and will continue decreasing by 0.10% each year until ultimately 5% for 2028 and later years. For the measurement period ending June 30, 2020, the healthcare cost trend rate assumption changed from 5.8% to 6.0% for 2020, decreasing to 5.20% for 2024-2069 and to a rate of 4.00% for 2070 and later years. For the measurement period ending June 30, 2021, the healthcare cost trend rate assumption changed from 6.0% to 5.8% for 2021, decreasing to 5.4% for 2023, 5.2% for 2024-2069 and to a rate of 4.00% for 2070 and later years. Additionally, interest rate assumption changed from 3.13% to 2.45% for the measurement period ending June 30, 2020 and changed from 2.45% to 1.92% for measurement period ending June 30, 2021.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2021 LAST 10 YEARS*

	CalSTRS Plan							
	Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
	Measurement date 2021	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017	Measurement date 2016	Measurement date 2015	Measurement date 2014
District's proportion of the net pension liability	0.246%	0.248%	0.246%	0.271%	0.242%	0.249%	0.255%	0.251%
District's proportionate share of the net pension liability	\$111,949,680	\$ 240,334,320	\$ 222,177,360	\$ 249,067,970	\$ 223,801,600	\$ 201,393,690	\$ 171,676,200	\$ 146,676,870
State's proportionate share of the net pension liability associated with the District	<u>56,408,531</u>	<u>123,946,819</u>	<u>121,171,620</u>	<u>142,847,282</u>	<u>132,582,821</u>	<u>114,753,366</u>	<u>90,751,924</u>	<u>88,435,333</u>
Total	<u><u>\$ 168,358,211</u></u>	<u><u>\$ 364,281,139</u></u>	<u><u>\$ 343,348,980</u></u>	<u><u>\$ 391,915,252</u></u>	<u><u>\$ 356,384,421</u></u>	<u><u>\$ 316,147,056</u></u>	<u><u>\$ 262,428,124</u></u>	<u><u>\$ 235,112,203</u></u>
District's covered-employee payroll	\$136,692,838	\$ 134,939,817	\$ 139,440,079	\$ 143,721,330	\$ 129,012,069	\$ 124,614,804	\$ 120,962,849	\$ 64,892,648
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	82%	178%	159%	173%	173%	162%	142%	226%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%

Notes to Schedule:

Change of benefit terms – For the measurement date ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2021, 2020, 2019, 2018, 2016, 2015 and 2014, there were no changes in assumptions. For the measurement date ended June 30, 2017, the consumer price inflation changed from 3.00% to 2.75%, investment rate of return changed from 7.60% to 7.10% and wage growth changed from 3.75% to 3.50%.

* Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2022 LAST 10 YEARS*

	CalPERS Schools Pool Plan							
	Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
	Measurement date 2021	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017	Measurement date 2016	Measurement date 2015	Measurement date 2014
District's proportion of the net pension liability	0.3848%	0.3579%	0.4010%	0.4080%	0.3967%	0.3810%	0.4160%	0.4380%
District's proportionate share of the net pension liability	\$78,245,064	\$ 115,334,614	\$ 116,869,031	\$ 108,788,311	\$ 94,707,535	\$ 75,208,236	\$ 61,259,850	\$ 49,712,312
District's covered-employee payroll	\$54,736,241	\$ 54,183,680	\$ 55,676,135	\$ 53,998,708	\$ 50,438,371	\$ 45,649,296	\$ 43,294,482	\$ 40,994,736
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	143%	213%	210%	201%	188%	165%	141%	121%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%

Notes to Schedule:

Change of benefit terms – For the measurement date ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2015, the discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% to correct an adjustment which previously reduced the discount rate for administrative expenses. For the measurement date ended June 30, 2017, the discount rate changed from 7.65% to 7.15%. For the measurement date ended June 30, 2018, the demographic assumptions and inflation rates were changed. The inflation rate was lowered from 2.75% to 2.50%. For the measurement dates ended June 30, 2021, 2020, 2016 and 2014, there were no changes in assumptions.

* Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2022 LAST 10 YEARS*

	CalPERS Safety Plan							
	Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
	Measurement date 2021	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017	Measurement date 2016	Measurement date 2015	Measurement date 2014
District's proportion of the net pension liability	0.0368%	0.0437%	3.5621%	0.0362%	0.0357%	0.0350%	0.0340%	0.0340%
District's proportionate share of the net pension liability	\$ 1,292,230	\$ 2,908,864	\$ 1,426,451	\$ 1,363,827	\$ 1,408,504	\$ 1,216,078	\$ 1,416,484	\$ 1,284,778
District's covered-employee payroll	\$ 1,396,770	\$ 1,273,522	\$ 1,399,274	\$ 1,703,536	\$ 1,579,574	\$ 1,088,565	\$ 1,491,812	\$ 1,269,717
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	93%	228%	102%	80%	89%	112%	95%	101%
Plan fiduciary net position as a percentage of the total pension liability	88%	75%	75%	75%	73%	74%	78%	83%

Notes to Schedule:

Change of benefit terms – For the measurement date ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2015, the discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% to correct an adjustment which previously reduced the discount rate for administrative expenses. For the measurement date ended June 30, 2017, the discount rate changed from 7.65% to 7.15%. For the measurement dates ended June 30, 2021, 2020, 2019, 2018, 2016 and 2014, there were no changes in assumptions.

* Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

YEAR ENDED JUNE 30, 2022

LAST 10 YEARS*

	CalSTRS Plan							
	Fiscal Year							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 23,913,394	\$ 21,903,108	\$ 23,090,214	\$ 22,601,034	\$ 20,512,972	\$ 16,221,029	\$ 13,356,804	\$ 10,743,604
Contributions in relation to the contractually required contributions	<u>(23,913,394)</u>	<u>(21,903,108)</u>	<u>(23,090,214)</u>	<u>(22,601,034)</u>	<u>(20,512,972)</u>	<u>(16,221,029)</u>	<u>(13,356,804)</u>	<u>(10,743,604)</u>
Contribution deficiency (excess)	<u>\$ _____</u>							
District's covered-employee payroll	\$ 143,143,031	\$ 136,692,838	\$ 134,939,817	\$ 139,440,079	\$ 143,721,330	\$ 129,012,069	\$ 124,614,804	\$ 120,962,849
Contributions as a percentage of covered-employee payroll	17%	16%	17%	16%	14%	13%	11%	9%

* Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

YEAR ENDED JUNE 30, 2022

LAST 10 YEARS*

CalPERS Schools Pool Plan

	Fiscal Year							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 13,802,643	\$ 11,979,268	\$ 11,175,461	\$ 8,593,713	\$ 8,464,628	\$ 6,969,080	\$ 5,288,779	\$ 5,332,475
Contributions in relation to the contractually required contributions	<u>(13,802,643)</u>	<u>(11,979,268)</u>	<u>(11,175,461)</u>	<u>(8,593,713)</u>	<u>(8,464,628)</u>	<u>(6,969,080)</u>	<u>(5,288,779)</u>	<u>(5,332,475)</u>
Contribution deficiency (excess)	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
District's covered-employee payroll	\$ 57,734,828	\$ 54,736,241	\$ 54,183,680	\$ 55,676,135	\$ 53,998,708	\$ 50,438,371	\$ 45,649,296	\$ 43,294,482
Contributions as a percentage of covered-employee payroll	24%	22%	21%	15%	16%	14%	12%	12%

* Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

YEAR ENDED JUNE 30, 2022

LAST 10 YEARS*

	CalPERS Safety Plan								
	Fiscal Year								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Contractually required contribution (actuarially determined)	\$ 345,324	\$ 352,232	\$ 319,407	\$ 349,751	\$ 414,137	\$ 548,586	\$ 569,178	\$ 638,535	
Contributions in relation to the contractually required contributions	<u>(345,324)</u>	<u>(352,232)</u>	<u>(319,407)</u>	<u>(349,751)</u>	<u>(414,137)</u>	<u>(548,586)</u>	<u>(569,178)</u>	<u>(638,535)</u>	
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	
District's covered-employee payroll	\$ 1,360,474	\$ 1,396,770	\$ 1,273,522	\$ 1,399,274	\$ 1,703,536	\$ 1,579,574	\$ 1,612,209	\$ 1,491,812	
Contributions as a percentage of covered-employee payroll	25%	25%	25%	25%	24%	35%	35%	43%	

* Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

ADDITIONAL INFORMATION SECTION

TWIN RIVERS UNIFIED SCHOOL DISTRICT

BALANCE SHEETS ALL NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2022

	Adult Education Fund	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	County School Facilities Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non- Major Funds
ASSETS:										
Cash and equivalents	\$ 1,306,573	\$ 513,997	\$ 821,118	\$ 6,011,373	\$ 4,355,374	\$ 22,354	\$ 22,488,445	\$ 44,646,443	\$ 18,511,553	\$ 98,677,230
Accounts receivable	755,339		845,471	3,052,596	32,439		60,115	110,322	34,108	4,890,474
Due from other funds			50,363		8,010,947					8,061,310
Inventories				307,441						307,441
Total assets	\$ 2,061,912	\$ 513,997	\$ 1,716,952	\$ 9,371,410	\$ 12,398,760	\$ 22,438	\$ 22,548,560	\$ 44,756,765	\$ 18,545,661	\$ 111,936,455
LIABILITIES:										
Accounts payable	\$ 49,131		\$ 149,536	\$ 215,530	\$ 2,701,293		\$ 341,882	\$ 277,594		\$ 3,734,966
Due to other funds	33,279		112,062	699,529	187,763					1,032,633
Unearned revenue			364,564						\$ 2,500	367,064
Total liabilities	82,410		626,162	915,059	2,889,056		341,882	277,594	2,500	5,134,663
FUND BALANCES:										
Nonspendable				307,441						307,441
Restricted	1,835,952		1,090,790	8,148,910			22,206,678	44,479,171	18,543,161	96,304,662
Assigned	143,550	\$ 513,997			9,509,704	\$ 22,438				10,189,689
Total fund balances	1,979,502	\$ 513,997	1,090,790	8,456,351	9,509,704	22,438	22,206,678	44,479,171	18,543,161	106,801,792
Total liabilities and fund balances	\$ 2,061,912	\$ 513,997	\$ 1,716,952	\$ 9,371,410	\$ 12,398,760	\$ 22,438	\$ 22,548,560	\$ 44,756,765	\$ 18,545,661	\$ 111,936,455

TWIN RIVERS UNIFIED SCHOOL DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL NON-MAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2022

	Adult Education Fund	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	County School Facilities Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Funds
REVENUES:										
State apportionment					\$ 1,896,380					\$ 1,896,380
Federal revenues	\$ 614,494		\$ 3,286,417	\$ 22,120,681						26,021,592
Other state revenues	3,279,151		6,287,012	1,115,665						22,045,820
Other local revenues	10,282	\$ 717,832	414,467	97,965	68,635	\$ 153	\$ 101,496	\$ 29,572,652	\$ 19,774,234	50,757,716
Total revenues	3,903,927	717,832	9,987,896	23,334,311	1,965,015	153	9,676,399	29,572,652	21,563,323	100,721,508
EXPENDITURES:										
Current:										
Instruction	1,677,723			6,932,234						8,609,957
Instruction-related services:										
Supervision of instruction	667,128			1,421,339						2,088,467
School site administration	784,247			345,771						1,130,018
Pupil services:										
Food services					19,023,513					19,023,513
Other pupil services	37,584			541,919						579,503
Ancillary services		660,011								660,011
General administration:										
Other general administration	144,619			434,064	614,798					1,322,383
Plant services	167,243			305,671	100,252	1,481,177	4,847			2,059,190
Debt service:										
Principal					40,127					9,318,830
Interest and other charges					333					10,947,006
Capital outlay	6,501		103,559		15,900,411					21,274,481
Total expenditures	3,485,045	660,011	10,084,557	19,738,563	17,422,048	4,847	1,975,215	3,288,795	20,265,836	77,053,819
Excess (deficiency) of revenues over expenditures	418,882	57,821	(96,661)	3,595,748	(15,457,033)	(4,694)	7,701,184	26,154,955	1,297,487	23,667,689
OTHER FINANCING SOURCES										
(USES):										
Interfund transfers out	(300,000)									(300,000)
Interfund transfers in			38,128		16,112,766					16,150,894
Total other financing sources and (uses)	(300,000)		38,128		16,112,766					15,850,894
Increase (decrease) in fund balances	118,882	57,821	(58,533)	3,595,748	655,733	(4,694)	7,701,184	26,154,955	1,297,487	39,518,583
Fund balances - beginning	1,860,620	456,176	1,149,323	4,860,603	8,853,971	27,132	14,505,494	18,324,216	17,245,674	67,283,209
Fund balances - ending	\$ 1,979,502	\$ 513,997	\$ 1,090,790	\$ 8,456,351	\$ 9,509,704	\$ 22,438	\$ 22,206,678	\$ 44,479,171	\$ 18,543,161	\$ 106,801,792

SUPPLEMENTARY INFORMATION SECTION

TWIN RIVERS UNIFIED SCHOOL DISTRICT

ORGANIZATION JUNE 30, 2022

Twin Rivers Unified School District was established on July 1, 2008 from the unification of four prior districts. Twin Rivers Unified School District is located primarily in Sacramento County and partially in Placer County. There were no changes in the boundaries of the District during the current year. The District is currently operating four high schools, five middle schools and twenty-seven elementary schools. The District also operates two alternative high schools, a special education center, an independent learning center, adult education center, an opportunity school, preschools and three dependent charter schools.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Ms. Michelle Rivas	President	June 30, 2026
Mr. Michael Baker	Vice President	June 30, 2024
Ms. Christine Jefferson	Clerk	June 30, 2024
Ms. Linda Fowler J.D.	Trustee	June 30, 2024
Mr. Basim Elkarra	Trustee	June 30, 2024
Ms. Rebecca Sandoval	Trustee	June 30, 2026
Ms. Stacey Bastian	Trustee	June 30, 2026

ADMINISTRATION

Dr. Steven Martinez
Superintendent

Gina Carreon, J.D.
Chief Human Resources Official

Dr. Kristen Coates
Chief Business Official

Dr. Lori Grace
Associate Superintendent School Leadership

Kate Ingersoll
Executive Director Fiscal Services

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE YEAR ENDED JUNE 30, 2022

DISTRICT

	<u>Second Period Report</u>	<u>Annual Report</u>
Elementary:		
Grades TK/Kindergarten through Grade 3	6,158	6,247
Grades 4 through 6	4,643	4,678
Grades 7 and 8	2,419	2,449
Special Education	22	26
Extended Year ADA	8	8
Elementary Totals	13,250	13,408
High School:		
Grades 9 through 12, Regular Classes	5,495	5,499
Special Education	27	31
Extended Year ADA	4	4
High School Totals	5,526	5,534
ADA Totals	18,776	18,942

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE YEAR ENDED JUNE 30, 2022

CHARTER SCHOOLS - CLASSROOM BASED

	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Classroom Based</u>	<u>Total</u>	<u>Classroom Based</u>	<u>Total</u>
<u>Creative Connections Arts Academy</u>				
Elementary:				
Grades TK/Kindergarten through Grade 3	169	170	170	171
Grades 4 through 6	137	138	138	139
Grades 7 and 8	<u>110</u>	<u>110</u>	<u>110</u>	<u>110</u>
Elementary Totals	<u>416</u>	<u>418</u>	<u>418</u>	<u>418</u>
High School:				
Grades 9 through 12, Regular Classes	189	189	188	188
High School Total	<u>189</u>	<u>189</u>	<u>188</u>	<u>188</u>
ADA Totals	<u>605</u>	<u>607</u>	<u>606</u>	<u>608</u>
<u>Smythe Academy of Arts and Sciences</u>				
Elementary:				
Grades TK/Kindergarten through Grade 3	335	336	337	337
Grades 4 through 6	236	237	237	237
Grades 7 and 8	<u>417</u>	<u>417</u>	<u>415</u>	<u>415</u>
Elementary Totals	<u>988</u>	<u>989</u>	<u>989</u>	<u>989</u>
ADA Totals	<u>988</u>	<u>989</u>	<u>989</u>	<u>989</u>
<u>Westside Preparatory Charter School</u>				
Elementary:				
Grades 7 and 8	366	368	365	367
Elementary Totals	<u>366</u>	<u>368</u>	<u>365</u>	<u>367</u>
ADA Totals	<u>366</u>	<u>368</u>	<u>365</u>	<u>375</u>
<u>ADA Totals - Charter Schools</u>				
Elementary:				
Grades TK/Kindergarten through Grade 3	504	506	507	508
Grades 4 through 6	373	375	375	376
Grades 7 and 8	<u>893</u>	<u>895</u>	<u>890</u>	<u>892</u>
Elementary Totals	<u>1,770</u>	<u>1,776</u>	<u>1,772</u>	<u>1,776</u>
High School:				
Grades 9 through 12, Regular Classes	189	189	188	188
High School Total	<u>189</u>	<u>189</u>	<u>188</u>	<u>188</u>
ADA Totals	<u>1,959</u>	<u>1,965</u>	<u>1,960</u>	<u>1,964</u>

See the accompanying notes to supplementary information.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS YEAR ENDED JUNE 30, 2022

Charter School	Charter School Number	Date Established	Included/Not Included
-----------------------	------------------------------	-------------------------	------------------------------

Twin Rivers Unified School District operates three Charter Schools as follows:

Creative Connections Arts Academy	0686	8/22/05	Included in General Fund
Smythe Academy of Arts & Sciences	0796	8/28/06	Included in General Fund
Westside Preparatory Charter School	0073	7/31/95	Included in General Fund

Twin Rivers Unified School District also sponsors eight Independent Charter Schools as follows:

California Innovative Career Academy	2072	8/12/19	Separate Audit Report
Community Collaborative Charter	0699	8/23/05	Separate Audit Report
Community Outreach Academy	0561	9/25/03	Separate Audit Report
Futures High School	0560	8/24/04	Separate Audit Report
Heritage Peak Charter School	0687	8/15/05	Separate Audit Report
Higher Learning Academy	0862	8/20/07	Separate Audit Report
Highlands Community Charter School	1674	7/01/14	Separate Audit Report
Sacramento Academic and Vocational Academy	0878	8/20/07	Separate Audit Report

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME YEAR ENDED JUNE 30, 2022

<u>Grade Level</u>	<u>Required Minutes</u>	<u>2021-22 Actual Minutes</u>	<u>Number of Instructional Days Required</u>	<u>Number of Instructional days Offered</u>	<u>Status</u>
DISTRICT					
Kindergarten	36,000	55,284	180	180	In Compliance
Grade 1	50,400	55,284	180	180	In Compliance
Grade 2	50,400	55,284	180	180	In Compliance
Grade 3	50,400	55,284	180	180	In Compliance
Grade 4	54,000	55,284	180	180	In Compliance
Grade 5	54,000	55,284	180	180	In Compliance
Grade 6	54,000	55,284	180	180	In Compliance
Grade 7	54,000	60,975	180	180	In Compliance
Grade 8	54,000	60,975	180	180	In Compliance
Grade 9	64,800	66,225	180	180	In Compliance
Grade 10	64,800	66,225	180	180	In Compliance
Grade 11	64,800	66,225	180	180	In Compliance
Grade 12	64,800	66,225	180	180	In Compliance
CREATIVE CONNECTIONS ARTS ACADEMY - CLASSROOM BASED					
Kindergarten	36,000	55,284	175	180	In Compliance
Grade 1	50,400	55,284	175	180	In Compliance
Grade 2	50,400	55,284	175	180	In Compliance
Grade 3	50,400	55,284	175	180	In Compliance
Grade 4	54,000	55,284	175	180	In Compliance
Grade 5	54,000	55,284	175	180	In Compliance
Grade 6	54,000	55,284	175	180	In Compliance
Grade 7	54,000	60,975	175	180	In Compliance
Grade 8	54,000	60,975	175	180	In Compliance
Grade 9	64,800	66,225	175	180	In Compliance
Grade 10	64,800	66,225	175	180	In Compliance
Grade 11	64,800	66,225	175	180	In Compliance
Grade 12	64,800	66,225	175	180	In Compliance

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME YEAR ENDED JUNE 30, 2022

<u>Grade Level</u>	<u>Required Minutes</u>	<u>2021-22 Actual Minutes</u>	<u>Number of Instructional Days Required</u>	<u>Number of Instructional days Offered</u>	<u>Status</u>
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SMYTHE ACADEMY OF ARTS AND SCIENCES - CLASSROOM BASED

Kindergarten	36,000	55,284	175	180	In Compliance
Grade 1	50,400	55,284	175	180	In Compliance
Grade 2	50,400	55,284	175	180	In Compliance
Grade 3	50,400	55,284	175	180	In Compliance
Grade 4	54,000	55,284	175	180	In Compliance
Grade 5	54,000	55,284	175	180	In Compliance
Grade 6	54,000	55,284	175	180	In Compliance
Grade 7	54,000	60,975	175	180	In Compliance
Grade 8	54,000	60,975	175	180	In Compliance

WESTSIDE PREPARATORY CHARTER SCHOOL - CLASSROOM BASED

Grade 7	54,000	61,230	175	180	In Compliance
Grade 8	54,000	61,230	175	180	In Compliance

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS YEAR ENDED JUNE 30, 2022

GENERAL FUND – GAAP BASIS

	Budget			
	2023	2022	2021	2020
Revenues and other financial sources	<u>\$ 540,132,931</u>	<u>\$ 509,801,855</u>	<u>\$ 465,080,914</u>	<u>\$ 367,620,884</u>
Expenditures	487,755,538	418,788,076	378,983,759	345,035,912
Other uses and transfers out	<u>25,000,000</u>	<u>51,150,894</u>	<u>64,163,160</u>	<u>20,880,636</u>
Total outgo	<u>512,755,538</u>	<u>469,938,970</u>	<u>443,146,919</u>	<u>365,916,548</u>
Change in fund balance	<u>27,377,393</u>	<u>39,862,885</u>	<u>21,933,995</u>	<u>1,704,336</u>
Ending fund balance	<u>\$ 141,215,579</u>	<u>\$ 113,838,186</u>	<u>\$ 73,975,301</u>	<u>\$ 52,041,306</u>
Available reserves ⁽¹⁾	<u>\$ 34,355,872</u>	<u>\$ 39,033,413</u>	<u>\$ 26,869,081</u>	<u>\$ 15,438,201</u>
Designated for economic uncertainties	<u>\$ 34,355,872</u>	<u>\$ 39,033,413</u>	<u>\$ 26,588,815</u>	<u>\$ 15,438,201</u>
Unassigned fund balance	<u>\$</u>	<u>\$</u>	<u>\$ 280,266</u>	<u>\$</u>
Available reserves as a percentage of total outgo	6.7%	8.3%	6.1%	4.2%
Total long-term debt	<u>\$ 586,215,272</u>	<u>\$ 602,327,400</u>	<u>\$ 776,885,460</u>	<u>\$ 763,389,924</u>
Average daily attendance at P-2	20,312	18,777	N/A	21,650
Average daily attendance at P-2 Charters	2,111	1,959	N/A	2,225

⁽¹⁾ Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

The General Fund balance has increased by \$61,796,880 over the past two years. For a district this size, the State of California recommends available reserves of at least three percent of total General Fund expenditures, transfers out and other uses. The District has met this requirement for the last three years.

The District has incurred an operating surplus in each of the past three years, and anticipates incurring an operating surplus in 2022-23.

Total long-term liabilities have decreased by \$161,062,524 over the past two years. District and Charters average daily attendance have decreased by 3,140 over the past two years. A significant portion of the ADA decrease is due to the decrease in attendance during 2021-22. An increase of 1,688 ADA is projected for 2022-23 compared to 2021-22, in anticipation of the attendance percentage returning to its historical amounts.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	PCA Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed-Through California Department of Education (CDE):			
Child Nutrition Cluster:			
Child Nutrition: School Programs (NSL Sec 4)	10.555	13391	\$ 18,174,222
Child Nutrition: School Programs - Commodities	10.555	N/A	863,354
Child Nutrition: Summer Food Service Sponsor Admin	10.559	13006	<u>632,426</u>
Subtotal Child Nutrition Cluster			19,670,002
Child Nutrition: Child Care Food Program (CCFP)	10.558	13393	1,557,104
Child Nutrition: Fresh Fruit and Vegetable Program	10.582	14968	597,244
State Pandemic Electronic Benefit Transfer (P-EBT)			
Administrative Costs Grant	10.649	15644	<u>5,814</u>
Total U.S. Department of Agriculture			<u>21,830,164</u>
U.S. Department of Education:			
Passed-Through CDE:			
Special Education Cluster (IDEA):			
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	7,607,939
Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	3,919
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	181,039
Special Ed: IDEA Mental Health Services, Part B, Sec 611	84.027A	14468	<u>284,888</u>
Subtotal Special Education Cluster (IDEA)			<u>8,077,785</u>
Adult Education:			
Adult Education Adult Secondary Education (Section 231)	84.002	13978	70,808
Adult Education Adult Basic Education & ESL (Section 231)	84.002A	14508	<u>127,766</u>
Subtotal Adult Education			<u>198,574</u>
Title III, Limited English Proficient (LEP) Student Program:			
Title III, LEP Student Program	84.365	15146	143,573
Title III, LEP Student Program	84.365	14346	<u>737,311</u>
Subtotal Title III, LEP Student Program			<u>880,884</u>
NCLB: Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341	1,406,962
Early Intervention Grants	84.181	23761	55,632
Voc & Applied Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14894	277,801
Title IV, Part A, Student Support and Academic Enrichment Grant Program	84.424	15396	1,521,554
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	127,590

See the accompanying notes to supplementary information.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	PCA Number	Federal Expenditures
Title I, Improving Academic Achievement Program:			
ESSA: School Improving Grants	84.010	15438	1,234,936
Title I Basic Grants Low-Income and Neglected	84.010	14329	<u>12,690,394</u>
Subtotal Title I, Improving Academic Achievement Program			<u>13,925,330</u>
Indian Education Grants to Local Educational Agencies	84.060	10011	<u>11,129</u>
Education Stabilization Fund (ESF):			
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	15536	6,561
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	15547	36,066,291
COVID-19 Governor's Emergency Education Relief Fund (Expanded Learning Opportunities (ELO) Grant GEER II)	84.425C	15619	693,098
COVID-19 Elementary and Secondary School Emergency Relief II Fund (Expanded Learning Opportunities (ELO) Grant: ESSER II)	84.425D	15618	2,419,288
COVID-19 Elementary and Secondary School Emergency Relief II Fund (Expanded Learning Opportunities (ELO) Grant: ESSER II)	84.425D	15621	1,672,460
COVID-19 Elementary and Secondary School Emergency Relief II Fund (ESSER III)	84.425U	15559	38,092,882
COVID-19 American Rescue Plan–Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	10155	2,587,815
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth (ARP-HCY)	84.425W	15564	<u>26,988</u>
Subtotal Education Stabilization Fund (ESF)			<u>81,565,383</u>
Total U.S. Department of Education			<u>108,048,624</u>
U.S. Department of Health and Human Services:			
Passed-Through CDE:			
Refugee and Entrant Assistance Discretionary Grants	93.576	N/A	688
Passed-Through California Department of Health Services:			
Adult Education: Refugee Employment Social Services, Vocational ESL, and Employment Services (Section 231)	93.566	N/A	532,013
Child Care and Development Block Grant Cluster			
Child Care and Development Block Grant Cluster	93.575	15555	21,551
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	<u>99,903</u>
Subtotal Child Care and Development Block Grant Cluster			<u>121,454</u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	PCA Number	Federal Expenditures
Head Start Cluster	93.600	10016	3,164,962
Medical Assistance Program-Medicaid Cluster	93.778	10013	<u>165,143</u>
Passed-Through Sacramento County:			
Independent Living Program	93.674	N/A	<u>49,999</u>
Total U.S. Department of Health and Human Services			<u>4,034,259</u>
Total Expenditures of Federal Awards			<u><u>\$ 133,913,047</u></u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH AUDITED FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

AUDITOR'S COMMENTS

	<u>Special Reserve for Capital Outlay Projects Fund</u>
Unaudited Actual Financial Statements ending Fund Balance June 30, 2022	\$ 105,862,540
Net adjustment due to implementation of GASB 87	<u>20,814</u>
Audited Ending Fund Balance, June 30, 2022	<u><u>\$ 105,883,354</u></u>

There were no audit adjustments proposed to any other funds of the District.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES YEAR ENDED JUNE 30, 2022

<u>Description</u>	<u>First 5 Grant</u>
Revenues:	
First 5 Sacramento Funds	\$ 406,228
Transfers from the District General Fund	4,262
Total Revenues	<u>410,490</u>
Expenditures:	
Certificated personnel salaries	160,239
Classified personnel salaries	106,912
Employee benefits	102,275
Books and supplies	4,675
Services and other operating expenditures	15,667
Overhead charges	20,722
Total Expenditures	<u>410,490</u>
Excess of Expenditures over Revenues	\$ <u> </u>

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2022

1. PURPOSE OF SCHEDULES

A. SCHEDULE OF AVERAGE DAILY ATTENDANCE

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

B. SCHEDULE OF CHARTER SCHOOLS

This schedule lists all charter schools chartered by the District and displays information for each charter school on whether or not it is included in the District's financial statements.

C. SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents data as to whether the District complied with the provision of Article 8 (commencing with section 46200) of chapter 2 of part 26 of the Education Code by grade level.

D. 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.

E. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The audit of the District for the year ended June 30, 2022, was conducted in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which requires disclosure of the financial activities of all federally funded programs. To comply with Uniform Guidance, the Schedule of Expenditures of Federal Awards was prepared by the District.

General – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the District. The District reporting entity is defined in Note 1 to the District's basic financial statements.

Basis of Accounting – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's basic financial statements. Negative amounts shown on the Schedule of Expenditures of Federal Awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate – The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients – The District did not provide federal awards to subrecipients during the year ended June 30, 2022.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2022

F. RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the fund equity of all funds as reported on the unaudited actuals to the audited fund financial statements.

G. SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES

This schedule provides information about the First 5 Sacramento County Program.

OTHER INDEPENDENT AUDITOR'S REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

**Board of Trustees
Twin Rivers Unified School District
McClellan, 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 Rivers Unified School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



GILBERT CPAs
Sacramento, California

December 14, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE FIRST 5 SACRAMENTO COUNTY PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

**Board of Trustees
Twin Rivers Unified School District
McClellan, California**

Report on Compliance for First 5 Sacramento County Program

Opinion on Compliance with Requirements for First 5 Sacramento County Program

We have audited Twin River Unified School District's (the District) compliance with the types of compliance with the types of compliance requirements described in the Program Guidelines for the First 5 Sacramento County Program that could have a direct and material effect on the District's First 5 Sacramento County Program for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2022.

Basis for Opinion on Compliance with Requirements for First 5 Sacramento County Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of the Program Guidelines for the First 5 Sacramento County Program are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 on compliance for each applicable state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of the laws, regulations, and terms and conditions of its contracts and grants applicable to the First 5 of Sacramento County Program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Program Guidelines of the First 5 Sacramento County Program will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the First 5 Sacramento County Program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Program Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Program Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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 identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the First 5 Sacramento County Program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of First 5 Sacramento County Program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal

control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Program Guidelines requirements of the First 5 Sacramento County Program. Accordingly, this report is not suitable for any other purpose.



GILBERT CPAs
Sacramento, California

December 14, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Twin Rivers Unified School District
McClellan, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Twin Rivers Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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 identified during the audit.

Report on Internal Control over Compliance

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

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

internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Gilbert CPAs

GILBERT CPAs
Sacramento, California

December 14, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS IN ACCORDANCE WITH 2021-22 GUIDE FOR ANNUAL AUDITS OF K-12 LOCAL EDUCATION AGENCIES AND STATE COMPLIANCE REPORTING

**Board of Trustees
Twin Rivers Unified School District
McClellan, California**

Report on Compliance with Applicable Requirements

Opinion on State Compliance

We have audited Twin River Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel identified in the schedule below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2022.

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 audit requirements of *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 on compliance for each applicable state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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 over compliance that we identified during the audit.

In connection with the requirements referred to above, we selected and tested transactions and records to determine the District's compliance with the applicable programs identified below:

Compliance Requirements	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
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

Compliance Requirements	Procedures Performed
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable

SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS

California Clean Energy Jobs Act	Not Applicable
After/Before School Education and Safety Program	Yes
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	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction	Yes

CHARTER SCHOOLS

Attendance	Yes
Mode of Instruction	Yes
Non-classroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Non-classroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on the types of compliance requirements referred to above is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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.



GILBERT CPAs
Sacramento, California

December 14, 2022

FINDINGS AND RECOMMENDATIONS SECTION

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	No

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	No

Identification of major programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010 84.425D, 84.425C, 84.425U, 84.425W	Title I COVID-19 Education Stabilization Fund
Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000

Auditee qualified as low-risk auditee? X Yes No

State Awards

Internal control over State programs:			
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	None Reported
Any audit findings disclosed that are required to be reported in accordance with Audits of California K-12 Local Education Agencies?	<input checked="" type="checkbox"/> X	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Type of auditor's report issued on compliance for state programs:	Unmodified		

TWIN RIVERS UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2022

FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported.

STATE COMPLIANCE

2022-001 Classroom Teacher Salaries – CDDC #61000

Criteria:

Education Code Section 41372 (b)(3) – Each fiscal year a unified school district shall expend 55 percent of the District's current education expenses for payment of salaries of classroom teachers.

Condition:

The District did not expend 55 percent of the District's current education expenses for payment of salaries of classroom teachers. This is a repeat finding, as noted in the Status of Prior Year Findings and Recommendations.

Cause:

The District current teacher salaries and benefits expense of \$356,418,738 represents 47.46% of the District's current expense of education. This is a deficiency of \$26,873,973.

Effect:

The District was not in compliance with the requirements of Classroom Teacher Salaries.

Questioned Cost:

The District has obtained a waiver from the County Office of Education. There are no questioned costs with this finding.

Recommendation:

We recommend that the District ensure compliance with the compliance requirement in future years.

Corrective Action Plan/Management's Response:

Twin Rivers Unified School District has obtained a waiver with the County Office of Education within the required timeline, therefore no additional corrective action is needed. The waiver was granted as the District teacher salaries are in excess of at least three comparable school districts. The District will continue to work towards ensuring compliance with the compliance requirement in the future.

FEDERAL COMPLIANCE

There were no federal compliance findings reported.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2022

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Recommendation	Current Status	District Explanation If Not Implemented
2021-001 Classroom Teacher Salaries – CDDC #61000 Condition: The District did not expend 55 percent of the District's current education expenses for payment of salaries of classroom teachers. Recommendation: We recommend that the District ensure compliance with the compliance requirement in future years.	Not implemented – See Finding 2022-001.	Each year is a new year. With the one-time COVID funds, the 55% is not a reasonable requirement to achieve.