TRI-COUNTY SCHOOLS INSURANCE GROUP

FINANCIAL STATEMENTS
June 30, 2023 and 2022

TRI-COUNTY SCHOOLS INSURANCE GROUP
Yuba City, California

FINANCIAL STATEMENTS
June 30, 2023 and 2022

CONTENTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Members
Tri-County Schools Insurance Group
Yuba City, California

Opinion

We have audited the financial statements of the Tri-County Schools Insurance Group, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Tri-County Schools Insurance Group's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Tri-County Schools Insurance Group, as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the *State Controller's Minimum Audit Requirements for California Special Districts* and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 Tri-County Schools Insurance Group, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Tri-County Schools Insurance Group'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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tri-County Schools Insurance Group'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 Tri-County Schools Insurance Group's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, the Reconciliation of Claims Liabilities by Type of Contract on page 28, the Claims Development Information on pages 29 through 34, the Schedule of the Group's Proportionate Share of the Net Pension Liability on page 35 and the Schedule of the Group's Contributions on page 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise Tri-County Schools Insurance Group's basic financial statements. The Combining Statements of Net Position and Combining Statements of Revenues, Expenses and Change in Net Position are presented on pages 38 and 39 for purposes of additional analysis and are not a required part of the financial statements.

The information has not been subjected to the auditing procedures applied in audits of the financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024 on our consideration of Tri-County Schools Insurance Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tri-County Schools Insurance Group'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 Tri-County Schools Insurance Group's internal control over financial reporting and compliance.

CROWE LLP

Crowe LLP

Boston, Massachusetts
March 18, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Group – An Overview

The Tri-County Schools Insurance Group (TCSIG), Joint Powers Authority (JPA), is a non-federal governmental self-insurance pool and has been a crucial entity since its establishment in 1983. In the face of the challenging public entity insurance market of the early '80s, TCSIG was born out of the collaborative efforts of educational leaders from Yuba, Colusa, and Sutter Counties.

The mission of TCSIG is clear – to pool risk and purchasing power of public entities, offering quality programs to participants while prioritizing effectiveness, customer satisfaction, stability, financial solvency, and cost efficiency. The range of programs encompasses Property & Liability, Workers' Compensation, and comprehensive health benefits of Medical, Dental, and Vision. Life Insurance benefits and Employee Assistance Programs (EAP) are thoughtfully integrated within the Medical program.

In the face of the ever-changing insurance landscape, TCSIG's philosophy of operating "Together" has proven successful. Initially serving three counties, it has now expanded its reach to eighteen counties, showcasing the strength of unity in negotiating coverage.

The current property and liability markets are experiencing familiar trends from the early '80s, but with TCSIG's steadfast commitment to collaborative action, we are poised to navigate and overcome challenges once again. By pooling our risk and standing united, we reinforce our ability to weather any storm in the insurance landscape.

TCSIG, as a public entity, operates in compliance with the Ralph M. Brown Act, ensuring transparency and accountability in its proceedings. The governance structure of TCSIG is designed to incorporate input from both member public entities and employees.

At the helm is the Board of Directors, composed of representatives from each member entity. The Employee Benefits Advisory Committee (EBAC) actively contributes employee perspectives in meetings held throughout the year. Notably, two EBAC representatives hold ex-officio positions to the seventeen-member Executive Committee. The Executive Committee plays a pivotal role, consisting of twelve members appointed from the largest contributors and five elected members. Within this committee, officers including the President, Vice President, and Secretary are elected to lead.

To oversee day-to-day operations, the Executive Committee appoints an Executive Director/Administrator/Consultant. This key role involves implementing policies outlined in the JPA Agreement, Bylaws, and directives from the Board of Directors and the Executive Committee. This structured approach ensures that TCSIG functions effectively, adhering to its guiding principles and serving the best interests of its members.

Description of Basic Financial Statements

In-house, TCSIG meticulously maintains individual program accounting, supplementing key financial statements with detailed program information. This supplementary data enhances the comprehensiveness of the Statement of Net Position, Statement of Revenues, Expenses and Change in Net Position, and the Statement of Cash Flows.

The Statement of Net Position offers insights into TCSIG's financial standing as of June 30, 2023, and 2022. Meanwhile, the Statement of Revenues, Expenses, and Change in Net Position comprehensively outlines the organization's operations for the years ending June 30, 2023, and 2022. The Statement of Cash Flows, presented in the direct method, provides a clear depiction of TCSIG's financial activities during the same periods, emphasizing cash inflows and outflows.

Additionally, the notes accompanying the financial statements delve into TCSIG's accounting policies. These include the development of estimates for incurred but not reported liabilities and the provision for claim adjustment expenses. These notes serve as a vital resource, offering a deeper understanding of the financial intricacies and the methodologies applied in TCSIG's financial reporting.

For inquiries or further details regarding the Management's Discussion and Analysis, please reach out to Mathew D. Evans at the following contact information:

Mathew D. Evans
400 Plumas Boulevard, Suite 230
Yuba City, CA 95991
Phone: (530) 822-5299

Feel free to contact Mr. Evans for any additional information or clarification you may require.

CONDENSED FINANCIAL INFORMATION
Statement of Net Position
June 30, 2023, 2022 and 2021

ASSETS	2023	2022	2021
Current assets	$ 28,046,299	$ 33,707,757	$ 30,528,620
Leases receivable – noncurrent	567,208	1,037,526	-
Capital assets, net	5,145,578	5,311,469	5,158,748
Total assets	33,759,085	40,056,752	35,687,368
DEFERRED OUTFLOWS			
Deferred Outflows of resources-pensions	444,458	178,032	189,048
LIABILITIES			
Current liabilities	11,534,718	11,141,128	9,723,357
Long-term liabilities	3,608,839	1,781,915	1,531,645
Total liabilities	15,143,557	12,923,043	11,255,002
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources – leases	1,043,338	1,499,787	-
Deferred inflows of resources-pensions	86,439	491,252	61,411
Total deferred inflows	1,129,777	1,991,039	61,411
NET POSITION			
Invested in capital assets, net	5,145,578	5,311,469	5,158,748
Unrestricted, designated	6,469,894	9,422,439	9,635,996
Unrestricted, undesignated	6,314,737	10,586,794	9,765,260
Total net position	$ 17,930,209	$ 25,320,702	$ 24,560,004

Statement of Revenues, Expenses and Change in Net Position
For the Years Ended June 30, 2023, 2022 and 2021

	2023	2022	2021
REVENUES			
Member contributions	$ 51,441,327	$ 48,340,612	$ 46,766,666
EXPENSES			
Operating expenses:			
Provision for claims and claim adjustment expenses	49,355,434	38,235,793	35,758,440
Insurance premiums	5,278,621	5,100,551	4,515,697
Contract services	3,122,599	2,663,415	2,500,756
General and administrative expenses	1,792,842	1,863,278	1,671,236
Total operating expenses	59,549,496	47,863,037	44,446,129
Operating (loss) income	(8,108,169)	477,575	2,320,537
OTHER INCOME			
Rental	361,329	145,776	252,904
Interest	356,347	137,347	201,495
Total other income	717,676	283,131	454,399
(Decrease) increase in net position	(7,390,493)	760,698	2,774,936
NET POSITION, beginning of year	25,320,702	24,560,004	21,785,068
NET POSITION, end of year	$ 17,930,209	$ 25,320,702	$ 24,560,004

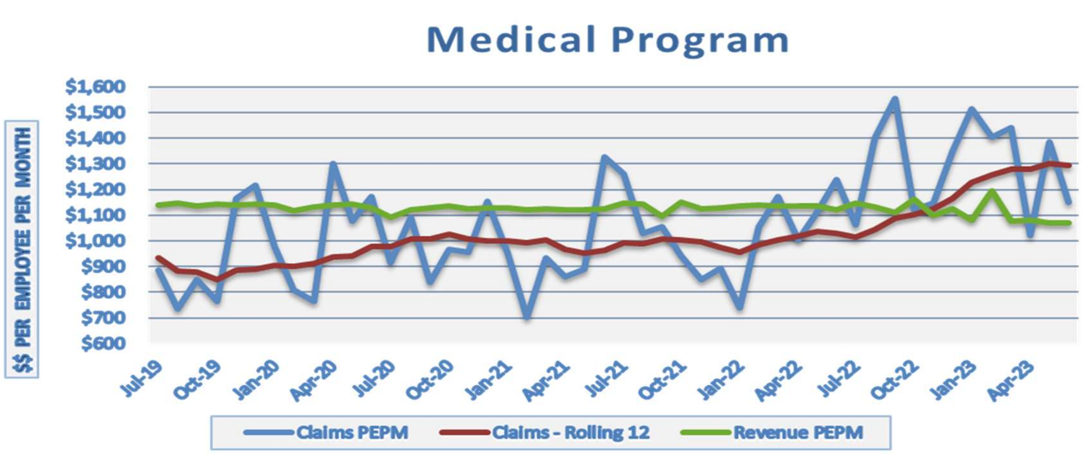
Analysis of Overall Financial Position and Results of Operations

During the period from June 30, 2022, to June 30, 2023, there were notable shifts in TCSIG's financial landscape. Total assets experienced a decrease of $6 million, accompanied by a $2 million increase in total liabilities. Consequently, the total net position saw a decrease of $7.5 million over the same period, leaving total net position at $18 million.

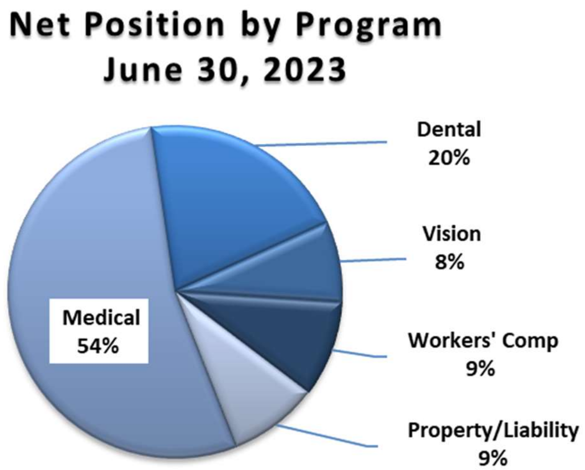
The predominant factor contributing to this decline in net position stems from challenges faced by the Medical program. The impact of Covid-related closures, coupled with difficulties in recruiting and retaining experienced processors, resulted in a backlog of unprocessed claims as of June 30, 2022. These accumulated claims were subsequently applied to the financials for the 2022-23 fiscal year.

Adding to the financial dynamics, TCSIG, which had maintained a 0% rate change for the past six years, implemented an 11% increase in medical rates for the upcoming fiscal year. This decision was driven by the need to address evolving circumstances and ensure the continued stability of the program. It is noteworthy that despite this increase, the average trend over the past seven years remains impressively low at approximately 1.5% per year, a rarity in the medical industry. These financial adjustments and rate changes reflect TCSIG's proactive approach to navigate challenges and sustain its commitment to providing quality programs for its participants. The continual enhancement of health and wellness programs provided to member participants such as Disease Management through our Wellness Center, Tele-health (health care via electronic technology, e.g., telephone), information on the best providers at HealthCare Bluebook, and the annual Biometric Screening to gain knowledge about one's own health have contributed to the low trend. As of June 30, 2023, the Medical/Dental/Vision programs' net position decreased $7 million to a combined net position of $15 million.

The chart below illustrates the Medical Program's revenue and claims on a per employee per month (PEPM) basis over the last four years. The blue line shows the monthly paid claims, which vary tremendously from month to month based on actual claims paid for the month. The red line smooths the monthly paid claims out to show the rolling twelve-month average claims cost over the years. The green line is the average monthly revenue PEPM. As the red claims paid line indicates, the average claim gradually catches up to the revenue and then in 2022/23 it increased dramatically calling for the premium rate to increase for the next fiscal year.



The pie chart below breaks down Net Position among the programs. The Medical program takes the lead, making up over half of the net position. Meanwhile, our newest addition, Workers' Compensation, has seen a boost from 5% to 9% of the net position.

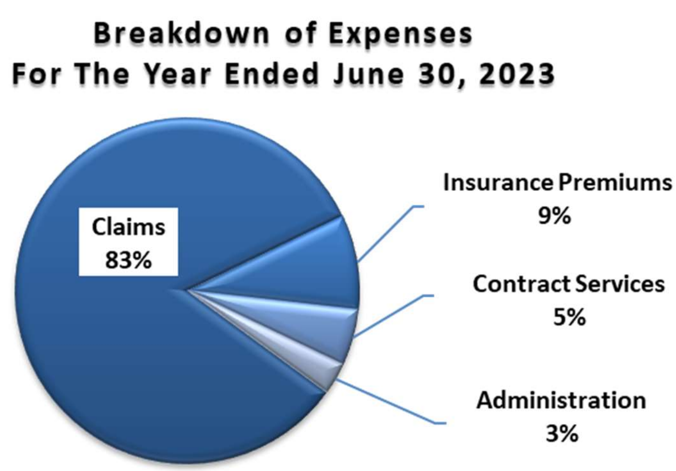


The Workers' Compensation program wrapped up its fourth successful year, contributing a positive boost in net position, leaving it with a balance of $1.7 million.

TCSIG's venture into a Workers' Compensation Program has proven highly successful. Launched in July 2019, the program recently completed its fourth year, saving member districts over $5 million in premiums. The emphasis on delivering a quality program in an effective manner, coupled with a focus on satisfaction, stability, financial solvency, and cost control, positions TCSIG as a leader in workers' compensation solutions.

A dedicated Risk Management Committee meets quarterly to analyze and discuss various aspects, including loss trends, industry changes, legislative updates, program enhancements, and risk management practices. This proactive approach ensures that TCSIG stays ahead of the curve in managing and mitigating risks.

This pie chart illustrates the breakdown of costs across major categories. The majority of expenses are allocated towards covering the Group's claims directly. While Insurance Premiums and Contract Services are crucial components, comprising a combined 14% of the total, administrative costs represent a mere 3%, partially balanced out by interest and rental income.



Speaking of rental income, located in downtown Yuba City, the "TCSIG Corner" building stands as a prominent landmark, earning accolades from leaders in the medical community, see picture next page. The rental income generated from this corner gem not only helps offset expenses across all programs but also accommodates administrative offices for TCSIG, including our impressive Board Room.

For four decades, TCSIG has been steadfast in delivering cost-effective property and liability solutions to member districts. The backbone of this commitment lies in the Memorandum of Coverage (MOC), a document that ensures comprehensive coverage terms at the most competitive price, with a focus on broad language to provide support precisely when member districts need it most - at the time of loss.

TCSIG's dedication to offering top-notch property and liability coverage is evident in its commitment to keeping the MOC language broad. This approach allows member districts to benefit from minimal deductibles on vehicles and no deductibles or drop-downs on all other property and liability claims. In addition to past catastrophic losses from wildfires and hurricanes, excess insurance carriers are factoring in future financial exposure due to the risks brought about by threats such as A.B. 218, which have caused extremely hard markets when placing excess coverage. TCSIG is resolute in weathering this hard market storm.

The organization is undergoing a transformation from a "diamond in the rough" Joint Powers Authority (JPA) to a high-quality gem. This evolution involves implementing best-in-class risk management practices, resulting in the lowest ratio of property and liability losses among JPAs in the state of California. As of June 30, 2023, the Property & Liability program boasts a healthy net position of $1.6 million.

As TCSIG celebrates 40 years of excellence, its commitment to providing cost-effective insurance solutions remains unwavering. From the robust Memorandum of Coverage to the success of the Workers' Compensation Program and the resilience shown in the Employee Benefit Program, TCSIG stands as a beacon of stability and innovation in the insurance landscape. The organization's transformative journey from a "diamond in the rough" JPA to a gem with unparalleled risk management practices sets the stage for continued success in the years to come.

TRI-COUNTY SCHOOLS INSURANCE GROUP
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Comparison of Budget to Actual
For the Year Ended June 30, 2023

	ACTUAL	BUDGET	DOLLAR VARIANCE	PERCENTAGE VARIANCE
REVENUES				
Contributions	$ 51,441,327	$ 50,684,000	$ 757,327	1.5%
Other Income	717,676	450,000	267,676	59.5%
Total Revenues	$ 52,159,003	$ 51,134,000	$ 1,025,003	2.0%
EXPENSES				
Provision for Claims And Claim Adjustment	$ 49,355,434	$ 39,587,000	$ 9,768,434	24.7%
Insurance Premiums	5,278,621	6,361,000	(1,082,379)	-17.0%
Contract Services	3,122,599	2,744,000	378,599	13.8%
General and Administrative	1,792,842	1,884,000	(91,158)	-4.8%
Total Expenses	59,549,496	50,576,000	8,973,496	17.7%
Change in net position	$ (7,390,493)	$ 558,000	$ (7,948,493)	-1424.5%

The uptick in Contributions from budget to actual is minimal, primarily stemming from a slight uptick in enrollment in the Employee Benefit programs provided.

The surge in Other Income from budget to actual is attributed to a higher-than-expected return on investment funds.

The rise in Provision for Claims and Claim Adjustment expense from budget to actual is driven by a couple of factors. Firstly, in the Property/Liability program, an anomaly occurred with a catastrophic event. Additionally, the Medical program experienced a backlog of unprocessed claims, processed in the 2022/23 year, alongside an unforeseen surge in utilization.

The dip in Insurance Premiums from budget to actual is predominantly a result of successfully negotiating a better-than-expected rate in the Property/Liability excess premium rates.

The spike in Contract Services from budget to actual is mainly due to the adoption of more comprehensive risk management approaches.

The decline in General and Administrative expense from budget to actual is primarily due to a smaller-than-anticipated pension liability adjustment.

Comparison of Budget to Actual
For the Year Ended June 30, 2022

	ACTUAL	BUDGET	DOLLAR VARIANCE	PERCENTAGE VARIANCE
REVENUES				
Contributions	$ 48,340,612	$ 47,681,129	$ 659,483	1.4%
Other Income	283,121	763,000	(479,879)	-62.8%
Total Revenues	$ 48,623,733	$ 48,444,129	$ 179,604	-0.4%
EXPENSES				
Provision for Claims And Claim Adjustment	$ 38,235,792	$ 38,268,000	$ (32,208)	-0.1%
Insurance Premiums	5,100,551	5,188,803	(88,252)	-1.7%
Contract Services	2,663,415	2,557,500	105,915	4.1%
General and Administrative	1,802,523	1,779,500	23,023	1.3%
Total Expenses	47,802,281	47,793,803	8,478	0.0%
Change in net position	$ 821,452	$ 650,326	$ 171,126	26.3%

The increase in budget to actual Contributions is minimal and mainly due to a slight increase in enrollment in the Employee Benefit programs offered.

The decrease in budget to actual Other Income was caused by a less than anticipated return on investment funds.

The decrease in budget to actual Provision for Claims and Claim Adjustment expense is minimal and mainly due to settling claims in both the Property/Liability and Workers' Compensation programs for less than the anticipated amounts.

The decrease in budget to actual Insurance Premiums was mainly caused by a migration of enrollment in the Kaiser plans to the self-funded plans offered.

The increase in budget to actual Contract Services is mainly due to increased risk management approaches.

The increase in budget to actual General and Administrative expense is minimal and mainly due to special projects approved for new member analytics and property appraisals.

FINANCIAL STATEMENTS

TRI-COUNTY SCHOOLS INSURANCE GROUP
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	$ 22,371,876	$ 29,565,350
Receivables (Note 3)	5,093,200	2,646,987
Vendor deposits	50,000	50,000
Leases receivable	476,128	462,261
Prepaid expenses	55,095	983,159
Total current assets	28,046,299	33,707,757
Noncurrent assets:		
Leases receivable	567,208	1,037,526
Non-depreciable capital assets (Note 4)	506,368	506,369
Depreciable capital assets, net of accumulated depreciation (Note 4)	4,639,210	4,805,100
Total assets	33,759,085	40,056,752
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pensions (Note 6)	444,458	178,032
LIABILITIES		
Current liabilities:		
Accounts payable	342,652	492,600
Claims payable	1,186,040	3,246,771
Unearned revenue	196,281	201,747
Current portion of unpaid claims and claim adjustment expenses (Note 5)	9,809,745	7,200,010
Total current liabilities	11,534,718	11,141,128
Noncurrent liabilities:		
Due to member districts, less current potion	44,330	44,330
Net pension liability (Note 6)	1,046,703	499,890
Unpaid claims and claim adjustment expenses less current portion (Note 5)	2,517,806	1,237,695
Total noncurrent liabilities	3,608,839	1,781,915
Total liabilities	15,143,557	12,923,043
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - leases	1,043,338	1,499,787
Deferred inflows of resources - pensions (Note 6)	86,439	491,252
Total deferred inflows of resources	1,129,777	1,991,039
NET POSITION		
Net investment in capital assets	5,145,578	5,311,469
Unrestricted	12,784,631	20,009,233
Total net position	$ 17,930,209	$ 25,320,702

See accompanying notes to basic financial statements.

	2023	2022
Operating revenue:		
Member contributions	$ 51,441,327	$ 48,340,612
Expenses		
Operating expenses:		
Provision for claims and claim adjustment expenses (Note 5)	49,355,434	38,235,793
Insurance premiums	5,278,621	5,100,551
Contract services	3,122,599	2,663,415
Total operating expenses	57,756,654	45,999,759
General and administrative expenses	1,792,842	1,863,278
Total expenses	59,549,496	47,863,037
Operating (loss) income	(8,108,169)	477,575
Nonoperating revenue:		
Interest	356,347	137,347
Rental income	361,329	145,776
Total nonoperating revenue	717,676	283,123
Change in net position	(7,390,493)	760,698
Net position, beginning of year	25,320,702	24,560,004
Net position, end of year	$ 17,930,209	$ 25,320,702

See accompanying notes to basic financial statements.

TRI-COUNTY SCHOOLS INSURANCE GROUP
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Cash received for member contributions	$ 48,916,541	$ 47,445,203
Cash paid for insurance claims	(47,526,319)	(36,199,557)
Cash paid for insurance premiums	(4,350,557)	(5,400,217)
Cash paid to employees, member districts and vendors	(5,003,389)	(4,261,862)
Net cash (used in) provided by operating activities	(7,963,724)	1,583,567
Cash flows used in capital and related financing activities		
Purchase of capital assets	(20,527)	(334,291)
Cash flows from investing activities		
Interest received	429,448	136,824
Rental income	361,329	145,776
Net cash provided by investing activities	790,777	282,600
Net (decrease) increase in cash and cash equivalents	(7,193,474)	1,531,876
Cash and cash equivalents, beginning of year	29,565,350	28,033,474
Cash and cash equivalents, end of year	$ 22,371,876	$ 29,565,350
Reconciliation of operating (loss) income to net cash (used in) provided by operating activites:		
Operating (loss) income	$ (8,108,169)	$ 477,575
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:		
Depreciation	186,426	181,570
Increase in receivables	(2,519,320)	(884,811)
Decrease (increase) in prepaid expenses	928,064	(299,666)
(Increase) decrease in deferred outflows	(266,426)	11,016
(Decrease) increase in accounts payable	(149,948)	22,497
(Decrease) increase in claims payable	(2,060,731)	1,803,292
Decrease in unearned revenue	(5,466)	(10,598)
Increase (decrease) in net pension liability	546,813	(380,093)
Increase in unpaid claims and claims adjustment expenses	3,889,846	232,944
(Decrease) increase in deferred inflows	(404,813)	429,841
Net cash (used in) provided by operating activities	$ (7,963,724)	$ 1,583,567

See accompanying notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Tri-County Schools Insurance Group (the "Group"), is a Joint Powers Authority (JPA) established by a Joint Powers Agreement in 1983 for the purpose of providing property, casualty and health benefits coverages (Program Coverages) to its members. Members are public entities including school districts, county offices of education and community colleges.

Basis of Accounting: The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses and related liabilities are recognized when the obligation is incurred.

Program Accounting: The accounts of the Group are organized on the basis of programs, each of which is considered to be a separate accounting entity. These Proprietary funds have been combined for the presentation of the financial statements. The operations of each program are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses. The general and administrative accounts of the Group are allocated to each program on a pro-rata basis. The five programs include:

1. *Property and Casualty* - The Property and Casualty Program was established for the purpose of operating and maintaining a self-insurance or group insurance program. The current self-insured retention is $1,000,000 of loss and allocated loss adjustment expense per occurrence for liability and $100,000 for property. Claims administration services are provided by Thomas McGee Group. The Property and Casualty program is established and maintained for Member contributions, to be used for the payment of, but not limited to, the following: self-insured claim payments, insurance premiums, claims administration expenses, investigative costs, legal costs, expert witness fees, audit costs, broker fees, property appraisal fees and miscellaneous.

2. *Medical Program* - The Medical Program was established for the purpose of operating and maintaining a self-insurance or group insurance program. The Medical program is established and maintained for Member contributions, to be used for the payment of, but not limited to, the following: self-insured claim payments, life and medical insurance premiums, claims administration expenses, investigative costs, legal costs, audit costs, and miscellaneous.

3. *Dental Program* - The Dental Program was established for the purpose of operating and maintaining a self-insurance or group insurance program. The Dental program is established and maintained for Member contributions, to be used for the payment of, but not limited to, the following: self-insured claim payments, claims administration expenses, the Group operating expenses, eligibility expenses, and miscellaneous. District contribution rates are based on amounts that adequately cover anticipated claims and attendant expenses of the program.

4. *Vision* - The Vision Program was established for the purpose of operating and maintaining a self-insurance or group insurance program. The Vision program is established and maintained for Member contributions, to be used for the payment of, but not limited to, the following: self-insured claim payments, insurance premiums, claims administration expenses, investigative costs, legal costs, audit costs, and miscellaneous.

5. *Workers' Compensation* - The Workers' Compensation Program was established for the purpose of operating and maintaining a self-insurance or group insurance program. The Group retains the first $500,000 and $750,000 for fiscal years 2022-23 and 2021-22, respectively, of loss and allocated loss adjustment expense for workers' compensation coverage, amounts in excess of the retained limit are reinsured. The Workers' Compensation program is established and maintained for Member contributions, to be used for the payment of, but not limited to, the following: self-insured claim payments, insurance premiums, claims administration expenses, investigative costs, legal costs, audit costs, and miscellaneous.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: Cash and cash equivalents consist of cash and investments readily convertible into known amounts of cash with original maturities at date of purchase of less than three months.

Vendor Deposits: During 2019-20, the Group entered into a contract with Acorn Health Group to manage the wellness center and provided a $50,000 deposit.

Prepaid Expenses: Insurance premiums paid for excess insurance policies are charged to expense over the policy period. Amounts related to the unexpired coverage period are reported with prepaid expenses. Other prepaid charges are deferred and charged to expense over the contract period.

Capital Assets: Capital assets purchased with an original cost of $5,000 or more are recorded at historical cost. Depreciation is computed on the straight-line method with useful lives of three to thirty-nine years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Leases: The Group is a lessor for leases of office space within the building they own. The Group recognizes a lease receivable and deferred income in the financial statements.

At the commencement of a lease, the Group initially measures the lease receivable and deferred inflows of resources at the present value of payments expected to be made during the lease term. The lease receivable and deferred inflows from resources are reduced by the monthly payments received as rental income. As of June 30, 2023 and 2022, the Group had 2 lease agreements in place, each for a 5 year term.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The Group has recognized a deferred outflow of resources related to the recognition of the pension liability reported in the statements of net position.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The Group has recognized a deferred inflow of resources related to the recognition of the pension liability and leases reported which is in the statements of net position.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for Unpaid Claims and Claim Adjustment Expenses: The Group's policy is to establish unpaid claims and claim adjustment expenses based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability. The Group increases the liability for allocated and unallocated claim adjustment expenses. Because actual claims costs depend on such complex factors as inflation, changes in the doctrine of legal liability, and damage awards, the process used in computing unpaid claims and claim adjustment expenses does not necessarily result in an exact amount, particularly for coverages such as general liability and workers' compensation. Unpaid claims and claim adjustment expenses are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, other economic and social factors and estimated payment dates. Adjustments to unpaid claims and claim adjustment expenses are charged or credited to expense in the period in which they are made. The current portion of unpaid claims and claim adjustment expenses is estimated based on current year payments and known claims information at the end of the period.

Excess Insurance: The Group purchases specific occurrence excess insurance from excess or reinsurance providers for the Medical, Property/Casualty and Workers' Compensation programs. For the years ended June 30, 2023 and 2022, the specific excess insurance for medical claims provides coverage on a claims-paid basis for policy year losses related to individual members over $600,000. The Group provides the property/casualty program with a self-insured retention of $100,000 for property and $1,000,000 for liability excess insurance from this level up to $55,000,000 per occurrence. The Group provides the workers' compensation program with a $500,000 and $750,000 per occurrence retention for fiscal years 2022-23 and 2021-22, respectively. Settlements have not exceeded insurance coverage in each of the past three years.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miscellaneous 2.7% at 55 Risk Pool and a 2% at 62 Risk Pool under the California Public Employees' Retirement System (CalPERS) Public Employers Retirement Fund C and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Pool. 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.

Member Contributions and Revenue Recognition: Member contributions are recognized as revenues in the period for which insurance protection is provided. Amounts not yet received from members are reported as contributions receivable and amounts received in advance as unearned revenue. If the Group's Board of Directors determines that the insurance funds for a program are insufficient to pay losses, the Group may impose a supplemental assessment on all participating members. Supplemental assessments are recognized as income in the period assessed. The contributions for the Group's Medical, Dental and Vision programs were based on an actuarial study which included estimated administrative expenses. The contributions for the Group's Property Casualty and Workers' Compensation programs were based on excess premiums negotiated in the market place and on actuarial studies which included estimated administrative expenses Operating revenues and expenses include all activities necessary to achieve the objectives of the Group. Non-operating revenues and expenses include investment activities and other non-essential activity.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Entities applying for membership must be approved by a majority vote of the Executive Committee members present and voting, and must pay an appropriate entry fee or charge as established by the Executive Committee. Members may withdraw from the Group upon advance written notice subject to the participation agreement of each program. The effect of withdrawal (or termination) for the pooling programs does not terminate the responsibility of the member to continue paying its share of assessments or other financial obligations incurred by reason of its previous participation.

Designated Net Position: The Board has designated a stabilization reserve at a 95% confidence interval for the Medical program and an amount not less than seven times the current specific stop loss of $1,000,000 for 2022-23 and 2021-22 in the Property and Casualty program. The stabilization reserve at June 30, 2023 and 2022 was $7,500,000 for the Medical program. The stabilization reserve at June 30, 2023 and 2022 was $1,013,756 and $1,922,439, respectively, for Property and Casualty. Any net position in the Dental, Vision, and Workers' Compensation programs are undesignated.

Income Taxes: The Group is an organization comprised of public agencies, and is exempt from Federal income and California franchise taxes. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Material estimates that are particularly susceptible to significant changes in the near term relate to the determination of the unpaid claims and claim adjustment expenses.

Subsequent Events: The Group has reviewed all events occurring from June 30, 2023 through March 18, 2024, the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Cash in Yuba County Treasury	$ 22,107,105	$ 29,035,728
Cash on hand and in banks	264,771	529,622
Total cash and cash equivalents	$ 22,371,876	$ 29,565,350

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

Cash in County Treasury: The Group maintains substantially all of its cash in the interest bearing Yuba County Treasurer's Pooled Investment Fund. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited monthly into participating funds. Any investment losses are proportionately shared by all funds in the pool. In accordance with applicable state laws, the Yuba County Treasury may invest in derivative securities with the State of California. However, at June 30, 2023 and 2022 the Yuba County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

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

The Group's deposits in the Fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds.

Custodial Credit Risk: Interest bearing and non-interest bearing cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and non-interest bearing cash balances held in banks are collateralized by the respective financial institution. At June 30, 2023, the carrying amount of the Group's accounts was $264,771 and the bank balances were $293,551, which was fully insured. At June 30, 2022, the carrying amount of the Group's accounts was $529,622 and the bank balances were $534,459, which was fully insured. The carrying value and the bank balance differ due to deposits in transit and outstanding checks.

Investment Interest Rate Risk: The Group has adopted the Yuba County Investment Pool policy which does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2023 and 2022, the Group had no significant interest rate risk related to cash and cash equivalents held.

Investment Credit Risk: The Group has adopted the Yuba County Investment Pool policy which does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Investment Credit Risk: The Group does not place limits on the amount it may invest in any one issuer. At June 30, 2023 and 2022, the Group had no concentration of credit risk.

NOTE 3 - RECEIVABLES

Accounts receivable at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Contributions receivable	$ 2,675,602	$ 1,463,851
Interest receivable	104,311	177,418
Other receivable	2,313,287	1,005,718
	$ 5,093,200	$ 2,646,987

(Continued)

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the years ended June 30, 2023 and 2022, is shown below.

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Non-depreciable:				
Land	$ 506,369	$ -	$ -	$ 506,369
Depreciable:				
Building	5,269,549	-	-	5,269,549
Equipment	129,627	20,535	-	150,162
Software	4,519	-	-	4,519
Totals, at cost	5,910,064	20,535	-	5,930,599
Less accumulated depreciation:				
Building	(520,294)	(169,180)	-	(689,474)
Equipment	(73,782)	(17,246)	-	(91,028)
Software	(4,519)	-	-	(4,519)
Total accumulated depreciation	(598,595)	(186,426)	-	(785,021)
Total capital assets	$ 5,311,469	$ (165,891)	$ -	$ 5,145,578

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Non-depreciable:				
Land	$ 506,369	$ -	$ -	$ 506,369
Depreciable:				
Building	4,954,290	315,259	-	5,269,549
Equipment	147,582	19,033	(36,988)	129,627
Software	58,598	-	(54,079)	4,519
Totals, at cost	5,666,839	334,292	(91,067)	5,910,064
Less accumulated depreciation:				
Building	(354,745)	(165,549)	-	(520,294)
Equipment	(94,748)	(16,022)	36,988	(73,782)
Software	(58,598)	-	54,079	(4,519)
Total accumulated depreciation	(508,091)	(181,571)	91,067	(598,595)
Total capital assets	$ 5,158,748	$ 152,721	$ -	$ 5,311,469

(Continued)

NOTE 5 - UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

As discussed in Note 1, the Group established a liability for both reported and unreported insured events for the Program Coverages. The following represents changes in those aggregate liabilities during the years ended June 30, 2023, 2022 and 2021:

	2023	2022	2021
Unpaid claims and claim adjustment expenses, beginning of year	$ 8,437,705	$ 8,204,761	$ 7,869,262
Incurred claims and claim adjustment expenses:			
Provision for covered events of the current year	48,771,228	39,221,377	40,536,999
Change in provision for covered events of prior years	584,206	(985,584)	(4,778,559)
Total incurred claims and claim adjustment expenses	49,355,434	38,235,793	35,758,440
Payments:			
Claims and claim adjustment expenses attributable to covered events of the current year	42,487,110	33,183,037	33,332,767
Claims and claim adjustment expenses attributable to covered events of prior years	2,978,478	4,819,812	2,090,174
Total payments	45,465,588	38,002,849	35,422,941
Total unpaid claims and claim adjustment expenses, end of year	$ 12,327,551	$ 8,437,705	$ 8,204,761

The change related to prior years is generally the result of ongoing analysis of loss development trends as the program periods continue to increase. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

The components of the unpaid claims and claim adjustment expenses as of June 30, 2023 and 2022 were as follows:

	2023	2022
Claims incurred, but not reported (IBNR)	$ 9,503,204	$ 7,227,940
Unallocated loss adjustment expenses (ULAE)	621,149	622,510
Accrued claims reserves	2,203,198	587,255
Total unpaid claims and claim adjustment expenses	12,327,551	8,437,705
Current portion	(9,809,745)	(7,200,010)
Non-current portion	$ 2,517,806	$ 1,237,695

(Continued)

NOTE 6 - NET PENSION LIABILITY

Plan Description: The Group contributes to the Miscellaneous 2.7% at 55 Risk Pool Plan and a 2% at 62 Risk Pool Plan under the California Public Employees' Retirement System (CalPERS) Public Employers Retirement Fund C (PERF C) a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues a publicly available annual financial report that can be obtained at their website.

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the Pool, are credited with a market value adjustment in determining contribution rates.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2023 were as follows:

Members – The member contribution rate for classic was 8% of applicable member earnings for fiscal years 2022-23 and 2021-22. The member contribution rate of California Public Employees' Pension Reform Act (PEPRA) was 6.75% for fiscal years 2022-23 and 2021-22.

Employers – The employer contribution rate for classic was 14.03% and 14.02% of applicable member earnings, for fiscal years 2022-23 and 2021-22, respectively. The employer contribution rate for California Public Employees' Pension Reform Act (PEPRA) was 7.47% and 7.59% of applicable member earnings, for fiscal years 2022-23 and 2021-22, respectively.

The Group's contributions to CalPERS for the fiscal years ending June 30, 2023 and 2022 were $116,060 and $101,610, respectively, and equal 100% of the required contributions for each year.

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

At June 30, 2023, the Group reported a liability of $1,046,703 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The Group's proportion of the net pension liability was based on a projection of the Group's long-term share of contributions to the pension plan relative to the projected contributions of all participating JPAs, actuarially determined.

(Continued)

NOTE 6 - NET PENSION LIABILITY (Continued)

At June 30, 2022, the Group reported a liability of $499,890 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Group's proportion of the net pension liability was based on a projection of the Group's long-term share of contributions to the pension plan relative to the projected contributions of all participating JPAs, actuarially determined.

At June 30, 2023, the Group's proportion was 0.022%, which was an decrease of 0.004% from its proportion measured as of June 30, 2022. At June 30, 2022, the Group's proportion was 0.026%, which was an increase of 0.005% from its proportion measured as of June 30, 2021.

For the years ended June 30, 2023 and 2022, the Group recognized pension (benefit) expense of $(8,367) and $162,374, respectively. At June 30, 2023, the Group 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
Difference between expected and actual experience	$ 21,022	$ 14,077
Change of assumptions	107,256	-
Net differences between projected and actual earnings on investments	191,728	-
Changes in proportion and differences between Group contributions and proportionate share of contributions	8,392	72,362
Contributions made subsequent to measurement date	116,060	-
Total	$ 444,458	$ 86,439

NOTE 6 - NET PENSION LIABILITY (Continued)

At June 30, 2022, the Group 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
Difference between expected and actual experience	$ 56,059	$ -
Change of assumptions	-	-
Net differences between projected and actual earnings on investments	-	436,378
Changes in proportion and differences between Group contributions and proportionate share of contributions	20,363	54,874
Contributions made subsequent to measurement date	101,610	-
Total	$ 178,032	$ 491,252

At June 30, 2023, $444,458 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended June 30,	
2024	$ 50,635
2025	$ 47,139
2026	$ 26,915
2027	$ 117,267
2028	$ -

(Continued)

NOTE 6 - NET PENSION LIABILITY (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	1997 to 2015
Actuarial Cost Method	Varies by entry age and service
Investment Rate of Return	6.90%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2% thereafter

The probabilities of mortality are based on the 2020 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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

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

** An expected inflation of 2.00% used for this period.
*** An expected inflation of 2.92% used for this period.

(Continued)

NOTE 6 - NET PENSION LIABILITY (Continued)

Discount rate: At June 30, 2023 and 2022, the discount rate used to measure the total pension liability was 6.90% and 7.15%, respectively. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Sensitivity of the JPA's proportionate share of the net pension liability to changes in the discount rate. For the year ended June 30, 2023 and 2022, the following presents the JPA's proportionate share of the net pension liability calculated using the discount rate of 6.90% and 7.15%, respectively, as well as what the JPA'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:

	June 30, 2023		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Group's proportionate share of the net pension liability	$ 1,589,690	$ 1,046,703	$ 599,957

	June 30, 2022		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Group's proportionate share of the net pension liability	$ 990,703	$ 499,890	$ 94,142

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

(Continued)

NOTE 7 - JOINT POWERS AGREEMENTS

Participation in Joint Powers Authorities: The Group participates in a joint venture under joint powers agreement (JPA) with Schools Excess Liability Fund (SELF). The relationship between the Group and the JPAs is such that the JPAs are not a component unit of the Group for financial reporting purposes.

The JPAs arrange for and provides the services and other items necessary and appropriate for the establishment, operation, and maintenance of workers' compensation, excess liability, other risk pooling and insured plans. Boards consisting of a representative from each member agency govern the JPAs. The Boards control the operations of the JPAs including approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. Each member's agency pays a premium commensurate with the actuarial determination proportionate to their ADA. There have been no significant reductions in insurance coverage from coverage in the prior year.

The most recent condensed financial information as of the date of issuance for SELF is for the year ended June 30, 2023:

Total assets	$ 279,749,592
Deferred outflow of resources	706,136
Total liabilities	241,775,359
Deferred inflow of resources	104,291
Total net position	$ 38,576,078
Total revenues	$ 54,590,707
Total expenses	108,529,460
Change in net position	$ (53,938,753)

NOTE 8 - RENTAL INCOME

The Group owns an office building located at 1174 Live Oak Boulevard in Yuba City, California. The Group occupies a portion of this building with the remaining space available for lease to outside tenants.

Future minimum lease payments to be received under the leases in place as of June 30, 2023 are as follows:

Years Ended June 30,	
2024	$ 476,129
2025	490,412
2026	82,134
Total	1,048,675
Less: Interest	5,337
Deferred inflows of resources - leases	$ 1,043,338

REQUIRED SUPPLEMENTARY INFORMATION

TRI-COUNTY SCHOOLS INSURANCE GROUP
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
For the Years Ended June 30, 2023 and 2022

	Property and Casualty		Medical Benefits		Dental Benefits		Vision Benefits		Workers' Compensation		Totals	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Unpaid claims and claim adjustment expenses, beginning of year	$ 631,070	$ 906,467	$ 6,378,000	$ 6,044,000	$ 157,000	$ 135,000	$ 45,000	$ 38,000	$ 1,226,635	$ 1,081,294	$ 8,437,705	$ 8,204,761
Incurred claims and claim adjustment expenses:												
Provision for covered events of the current year	1,724,000	474,000	42,678,794	34,967,734	2,745,365	2,572,946	543,069	482,697	1,080,000	724,000	48,771,228	39,221,377
Change in provision for covered events of prior years	(295,162)	(623,924)	846,940	(116,241)	(48,571)	(135,000)	(45,000)	(38,000)	125,999	(72,419)	584,206	(985,584)
Total incurred claims and claim adjustment expense	1,428,838	(149,924)	43,525,734	34,851,493	2,696,794	2,437,946	498,069	444,697	1,205,999	651,581	49,355,434	38,235,793
Payments:												
Claims and claim adjustment expenses attributable to covered events of the current year	186,710	138,333	38,966,887	30,037,658	2,576,365	2,415,946	497,069	437,697	260,079	153,403	42,487,110	33,183,037
Claims and claim adjustment expenses attributable to covered events of prior years	(72,277)	(12,860)	2,495,847	4,479,835	108,429	-	-	-	446,479	352,837	2,978,478	4,819,812
Total payments	114,433	125,473	41,462,734	34,517,493	2,684,794	2,415,946	497,069	437,697	706,558	506,240	45,465,588	38,002,849
Total unpaid claims and claim adjustment expenses, end of year	$ 1,945,475	$ 631,070	$ 8,441,000	$ 6,378,000	$ 169,000	$ 157,000	$ 46,000	$ 45,000	$ 1,726,076	$ 1,226,635	$ 12,327,551	$ 8,437,705
Claims incurred, but not reported (IBNR)	$ 347,810	$ 444,937	$ 7,926,000	$ 5,877,000	$ 141,000	$ 125,000	$ 23,000	$ 21,000	$ 1,065,394	$ 760,003	$ 9,503,204	$ 7,227,940
Unallocated loss adjustment expenses (ULAE)	23,149	33,510	515,000	501,000	28,000	32,000	23,000	24,000	32,000	32,000	621,149	622,510
Accrued claims reserves	1,574,516	152,623	-	-	-	-	-	-	628,682	434,632	2,203,198	587,255
Total unpaid claims and claim adjustment expenses	$ 1,945,475	$ 631,070	$ 8,441,000	$ 6,378,000	$ 169,000	$ 157,000	$ 46,000	$ 45,000	$ 1,726,076	$ 1,226,635	$ 12,327,551	$ 8,437,705

The tables that follow illustrate how the Group's earned revenues and investment income compare to related costs of loss and other expenses assumed by the Group as of the end of each of the previous ten years. The rows of the tables are defined as follows:

(1) Total of each fiscal year's gross earned contribution and investment revenues, contribution revenue ceded to reinsurers, and net earned contribution and investment revenues.

(2) Each fiscal year's other operating costs of the Group including overhead and claims expenses not allocable to individual claims (for the medical, dental and vision programs, unallocated loss adjustment expenses are included in lines 3 and 6).

(3) The Group's gross incurred claims and claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

(4) Cumulative amounts paid as of the end of successive years for each policy year.

(5) The latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.

(6) Each policy year's net incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, as well as emergence of new claims not previously known.

(7) Compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

(Continued)

	Fiscal and Policy Year Ended June 30,									
1. Required contributions and investment revenue:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Earned	$1,652,844	$1,693,848	$1,733,439	$2,064,990	$2,266,532	$1,553,266	$1,721,184	$2,600,791	$3,259,330	$4,463,354
Ceded	(994,541)	(1,017,605)	(1,038,572)	(945,037)	(1,125,526)	(819,080)	(1,005,477)	(2,214,864)	(2,843,918)	(2,960,841)
Net earned	658,303	676,243	694,867	1,119,953	1,141,006	734,186	715,707	385,927	415,412	1,502,513
2. Unallocated expenses	191,421	82,502	49,412	207,100	246,493	241,305	251,248	578,436	772,887	696,784
3. Estimated incurred claims and expenses, end of policy year:										
Incurred	795,597	828,092	898,555	1,318,499	1,025,001	576,414	483,000	424,000	474,000	1,724,000
Ceded	-	-	-	-	-	-	-	-	-	-
Net	795,597	828,092	898,555	1,318,499	1,025,001	576,414	483,000	424,000	474,000	1,724,000
4. Paid (cumulative) as of:										
End of year	233,971	217,164	283,089	197,320	124,001	141,690	76,457	51,164	138,333	186,710
One year later	447,436	254,418	356,699	434,529	193,132	160,610	129,283	130,680	179,984	
Two years later	514,895	342,097	647,196	835,541	707,774	210,957	203,493	115,488		
Three years later	766,458	368,215	741,264	914,117	724,877	208,597	203,493			
Four years later	701,811	535,089	758,465	914,117	755,761	208,597				
Five years later	701,811	557,424	758,465	901,383	794,973					
Six years later	765,620	628,374	758,465	901,383						
Seven years later	765,620	628,374	758,465							
Eight years later	765,620	628,374								
Nine years later	765,620									
5. Reestimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of year	795,597	828,092	898,555	1,318,499	1,025,001	576,414	483,000	424,000	474,000	1,724,000
One year later	1,133,801	760,897	869,578	1,302,928	971,109	419,000	353,000	210,000	234,000	
Two years later	792,409	761,526	713,056	1,129,836	947,359	262,400	218,702	122,711		
Three years later	789,012	482,519	757,811	982,461	872,359	220,363	209,702			
Four years later	786,620	652,285	774,516	947,461	911,359	216,363				
Five years later	764,216	635,034	758,465	901,383	865,359					
Six years later	765,620	628,374	758,465	901,383						
Seven years later	765,620	628,374	758,465							
Eight years later	765,620	628,374								
Nine years later	765,620									
7. (Decrease) increase in estimated incurred claims expenses from end of policy year	$ (29,977)	$ (199,718)	$ (140,090)	$ (417,116)	$ (159,642)	$ (360,051)	$ (273,298)	$ (301,289)	$ (240,000)	$ -

(Continued)

TRI-COUNTY SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
MEDICAL BENEFITS
June 30, 2023

	Fiscal and Policy Year Ended June 30,									
1. Required contributions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
and investment revenue:										
Earned	$ 55,324,127	$ 59,652,397	$ 46,261,123	$ 37,386,751	$ 38,239,446	$ 38,668,600	$ 39,223,469	$ 38,603,711	$ 39,330,018	$ 40,783,833
Ceded	(2,639,431)	(2,971,772)	(2,082,997)	(2,120,700)	(2,486,721)	(2,179,804)	(2,302,994)	(2,200,833)	(2,150,868)	(2,154,494)
Net earned	52,684,696	56,680,625	44,178,126	35,266,051	35,752,725	36,488,796	36,920,475	36,402,878	37,179,150	38,629,339
2. Unallocated expenses	4,205,282	5,163,063	4,215,653	3,024,294	2,783,182	3,360,398	3,287,055	2,759,361	2,746,254	3,203,962
3. Estimated incurred claims and expenses, end of policy year:										
Incurred	57,549,698	55,711,049	39,690,639	31,483,857	31,460,157	31,727,681	36,626,815	36,274,107	34,967,734	42,678,794
Ceded	(1,008,672)	(744,718)	(1,262,933)	(1,114,212)	(687,949)	(615,622)	(666,992)	(551,542)	(1,447,923)	(1,335,819)
Net	56,541,026	54,966,331	38,427,706	30,369,645	30,772,208	31,112,059	35,959,823	35,722,565	33,519,811	41,342,975
4. Paid (cumulative) as of:										
End of year	47,712,177	47,491,331	32,192,706	25,174,645	25,677,208	26,985,059	30,424,823	30,230,107	30,037,658	38,966,887
One year later	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958	31,091,814	34,709,942	32,533,505	
Two years later	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958	31,091,814	39,189,777		
Three years later	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958	31,091,814			
Four years later	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958				
Five years later	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564					
Six years later	53,296,814	53,964,652	36,665,398	30,960,063						
Seven years later	53,296,814	53,964,652	36,665,398							
Eight years later	53,296,814	53,964,652								
Nine years later	53,296,814									
5. Reestimated ceded claims and expenses	1,920,065	2,007,651	2,377,345	1,114,212	687,949	615,622	666,992	551,542	(1,447,923)	-
6. Reestimated net incurred claims and expenses:										
End of year	56,541,026	54,966,331	38,427,706	30,369,645	30,772,208	31,112,059	35,959,823	35,722,565	33,519,811	41,342,975
One year later	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958	31,091,814	34,709,942	32,533,505	
Two years later	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958	31,091,814	39,189,777		
Three years later	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958	31,091,814			
Four years later	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958				
Five years later	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564					
Six years later	53,296,814	53,964,652	36,665,398	30,960,063						
Seven years later	53,296,814	53,964,652	36,665,398							
Eight years later	53,294,814	53,964,652								
Nine years later	53,294,814									
7. (Decrease) increase in estimated incurred claims expenses from end of policy year	$ (3,246,212)	$ (1,001,679)	$ (1,762,308)	$ 590,418	$ (423,644)	$ (2,937,101)	$ (4,868,009)	$ 3,467,212	$ (986,306)	$ -

(Continued)

TRI-COUNTY SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
DENTAL BENEFITS
June 30, 2023

	Fiscal and Policy Year Ended June 30,									
1. Required contributions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
and investment revenue:										
Earned	$3,393,867	$3,564,258	$3,761,711	$2,947,151	$3,061,229	$3,129,869	$3,222,032	$3,198,491	$3,272,264	$3,452,986
Ceded	-	-	-	-	-	-	-	-	-	-
Net earned	3,393,867	3,564,258	3,761,711	2,947,151	3,061,229	3,129,869	3,222,032	3,198,491	3,272,264	3,452,986
2. Unallocated expenses	252,763	280,445	255,200	214,054	217,367	219,441	184,973	239,052	236,949	258,253
3. Estimated incurred claims and expenses,										
end of policy year:										
Incurred	3,571,998	3,472,990	3,380,590	2,622,000	2,751,972	2,729,491	2,314,765	2,668,605	2,572,946	2,745,365
Ceded	-	-	-	-	-	-	-	-	-	-
Net	3,571,998	3,472,990	3,380,590	2,622,000	2,751,972	2,729,491	2,314,765	2,668,605	2,572,946	2,745,365
4. Paid (cumulative) as of:										
End of year	3,267,697	3,232,990	3,155,590	2,467,000	2,545,472	2,565,491	2,150,765	2,533,605	2,415,946	2,576,365
One year later	3,416,587	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491	2,150,765	2,533,605	2,524,375	
Two years later	3,416,587	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491	2,150,765	2,533,605		
Three years later	3,416,587	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491	2,150,765			
Four years later	3,416,587	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491				
Five years later	3,416,587	3,381,858	3,283,961	2,574,229	2,550,909					
Six years later	3,416,587	3,381,858	3,283,961	2,574,229						
Seven years later	3,416,587	3,381,858	3,283,961							
Eight years later	3,416,587	3,381,858								
Nine years later	3,416,587									
5. Reestimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of year	3,571,998	3,472,990	3,380,590	2,622,000	2,751,972	2,729,491	2,314,765	2,668,605	2,572,946	2,745,365
One year later	3,436,634	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491	2,150,765	2,533,605	2,524,375	
Two years later	3,436,634	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491	2,150,765	2,533,605		
Three years later	3,436,634	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491	2,150,765			
Four years later	3,436,634	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491				
Five years later	3,436,634	3,381,858	3,283,961	2,574,229	2,550,909					
Six years later	3,416,587	3,381,858	3,283,961	2,574,229						
Seven years later	3,416,587	3,381,858	3,283,961							
Eight years later	3,416,587	3,381,858								
Nine years later	3,416,587									
7. (Decrease) increase in estimated incurred claims expenses from end of policy year	$ (155,411)	$ (91,132)	$ (96,629)	$ (47,771)	$ (201,063)	$ (164,000)	$ (164,000)	$ (135,000)	$ (48,571)	$ -

(Continued)

TRI-COUNTY SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
VISION BENEFITS
June 30, 2023

	Fiscal and Policy Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. Required contributions and investment revenue:										
Earned	$ 776,361	$ 777,723	$ 758,361	$ 640,353	$ 666,184	$ 692,544	$ 714,110	$ 708,602	$ 717,210	$ 759,334
Ceded	-	-	-	-	-	-	-	-	-	-
Net earned	776,361	777,723	758,361	640,353	666,184	692,544	714,110	708,602	717,210	759,334
2. Unallocated expenses	99,154	101,896	98,090	80,978	88,115	101,576	120,668	122,778	127,247	139,260
3. Estimated incurred claims and expenses, end of policy year:										
Incurred	656,660	617,894	607,177	445,301	482,056	471,342	435,479	470,287	482,697	543,069
Ceded	-	-	-	-	-	-	-	-	-	-
Net	656,660	617,894	607,177	445,301	482,056	471,342	435,479	470,287	482,697	543,069
4. Paid (cumulative) as of:										
End of year	598,923	577,894	567,177	415,804	443,056	433,342	397,479	432,287	437,697	497,069
One year later	626,194	596,495	588,833	437,460	432,694	433,342	397,479	432,287	437,697	
Two years later	626,194	596,495	588,833	437,460	432,694	433,342	397,479	432,287		
Three years later	626,194	596,495	588,833	437,460	432,694	433,342	397,479			
Four years later	626,194	596,495	588,833	437,460	432,694	433,342				
Five years later	626,194	596,495	588,833	437,460	432,694					
Six years later	626,194	596,495	588,833	437,460						
Seven years later	626,194	596,495	588,833							
Eight years later	626,194	596,495								
Nine years later	626,194									
5. Reestimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of year	656,660	617,894	607,177	445,301	482,056	471,342	435,479	470,287	482,697	543,069
One year later	626,194	596,495	588,833	437,460	432,694	433,342	397,479	432,287	437,697	
Two years later	626,194	596,495	588,833	437,460	432,694	433,342	397,479	432,287		
Three years later	626,194	596,495	588,833	437,460	432,694	433,342	397,479			
Four years later	626,194	596,495	588,833	437,460	432,694	433,342				
Five years later	626,194	596,495	588,833	437,460	432,694					
Six years later	626,194	596,495	588,833	437,460						
Seven years later	626,194	596,495	588,833							
Eight years later	626,194	596,495								
Nine years later	626,194									
7. (Decrease) increase in estimated incurred claims expenses from end of policy year	$ (30,466)	$ (21,399)	$ (18,344)	$ (7,841)	$ (49,362)	$ (38,000)	$ (38,000)	$ (38,000)	$ (45,000)	$ -

TRI-COUNTY SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
WORKERS' COMPENSATION
June 30, 2023

	Fiscal and Policy Year Ended June 30,			
1. Required contributions	2020	2021	2022	2023
and investment revenue:				
Earned	$ 1,608,426	$ 1,856,566	$ 1,899,137	$ 2,338,167
Ceded	(100,000)	(100,000)	(105,765)	(163,286)
Net earned	1,508,426	1,756,566	1,793,372	2,174,881
2. Unallocated expenses	228,407	472,365	606,561	617,182
3. Estimated incurred claims and expenses,				
end of policy year:				
Incurred	1,173,775	700,000	724,000	1,080,000
Ceded	-	-	-	-
Net	1,173,775	700,000	724,000	1,080,000
4. Paid (cumulative) as of:				
End of year	183,601	85,604	153,403	260,079
One year later	605,102	239,237	361,892	
Two years later	806,725	368,497		
Three years later	915,456			
5. Reestimated ceded claims and expenses	-	-	-	-
6. Reestimated net incurred claims and expenses:				
End of year	1,173,775	700,000	724,000	1,080,000
One year later	1,040,000	570,000	750,000	
Two years later	1,100,000	600,000		
Three years later	1,170,000			
7. (Decrease) increase in estimated incurred claims expenses from end of policy year	$ (3,775)	$ (100,000)	$ 26,000	$ -

TRI-COUNTY SCHOOLS INSURANCE GROUP
SCHEDULE OF THE GROUP'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Years Ended June 30, 2023 and 2022

Public Employer's Retirement Fund
Last 7 Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023
The Group's proportion of the net pension liability	0.018%	0.017%	0.019%	0.019%	0.020%	0.021%	0.026%	0.022%
The Group's proportionate share of the net pension liability	$ 494,235	$ 580,486	$ 757,935	$ 741,937	$ 809,923	$ 879,983	$ 499,890	$ 1,046,702
The Group's covered payroll	$ 415,000	$ 318,000	$ 282,000	$ 264,000	$ 277,000	$ 287,000	$ 307,000	$ 324,000
The Group's proportionate share of the net pension liability as a percentage of its covered payroll	119.09%	182.54%	268.77%	281.04%	292.39%	306.61%	162.83%	323.06%
Plan fiduciary net position as a percentage of the total pension liability	79.90%	75.90%	75.40%	75.26%	75.26%	75.10%	88.30%	76.20%

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

All years prior to 2016 are not available.

Public Employer's Retirement Fund
Last 7 Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	$ 57,338	$ 54,758	$ 64,969	$ 66,592	$ 78,518	$ 89,699	$ 101,610	$ 116,060
Contributions in relation to the contractually required contribution	(57,338)	(54,758)	(64,969)	(66,592)	(78,518)	(89,699)	(101,610)	(116,060)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Group's covered payroll	$ 318,000	$ 282,000	$ 264,000	$ 277,000	$ 287,000	$ 307,000	$ 324,000	$ 370,443
Contributions as a percentage of covered payroll	18.03%	19.42%	24.61%	24.04%	27.36%	29.22%	31.36%	31.33%

All years prior to 2016 are not available.

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of the Group's Proportionate Share of the Net Pension Liability: The Schedule of the Group's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the Group's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the Group's Contributions: The Schedule of the Group's Contributions is presented to illustrate the Group's required contributions relating to the pension. There is a requirement to show information for 10 years. However, until a full 10- year trend is compiled, governments should present information for those years for which information is available.

Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions: The discount rate for Public Employer's Retirement Fund C was 7.50%, 7.65%, 7.65%, 7.15%, 7.15%, 7.15%, 7.15%, 7.15% and 6.90% in the June 30, 2013, June 30, 2014, June 30, 2015, June 30, 2016, June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, and June 30, 2021 actuarial reports, respectively.

SUPPLEMENTARY INFORMATION

TRI-COUNTY SCHOOLS INSURANCE GROUP
COMBINING STATEMENT OF NET POSITION
June 30, 2023

	Property and Casualty	Medical	Dental	Vision	Worker's Compensation	Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ 3,058,246	$11,720,540	$ 3,112,471	$ 1,147,329	$ 3,333,290	$22,371,876
Receivables	262,761	3,867,878	586,957	222,372	153,232	5,093,200
Vendor deposits	-	50,000	-	-	-	50,000
Leases receivable	23,806	414,232	23,806	14,284	-	476,128
Prepaid expenses	3,750	36,500	750	750	13,345	55,095
Total current assets	3,348,563	16,089,150	3,723,984	1,384,735	3,499,867	28,046,299
Leases receivable	28,360	493,472	28,360	17,016	-	567,208
Property and equipment, net	265,456	4,457,173	258,328	155,710	8,911	5,145,578
Total assets	3,642,379	21,039,795	4,010,672	1,557,461	3,508,778	33,759,085
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources - pensions	74,401	261,742	24,155	20,290	63,870	444,458
LIABILITIES						
Current liabilities:						
Accounts payable	30,479	289,711	3,168	3,189	16,105	342,652
Claims payable	-	1,067,674	73,525	44,841	-	1,186,040
Unearned revenue	2,083	97,847	(4,668)	(495)	101,514	196,281
Current portion of unpaid claims and claim adjustment expenses	56,351	8,441,000	169,000	46,000	1,097,394	9,809,745
Total current liabilities	88,913	9,896,232	241,025	93,535	1,215,013	11,534,718
Due to member districts	-	37,529	5,437	1,364	-	44,330
Net pension liability	107,790	770,593	60,434	44,236	63,650	1,046,703
Unpaid claims and claim adjustment expenses less current portion	1,889,124	-	-	-	628,682	2,517,806
Total noncurrent liabilities	1,996,914	808,122	65,871	45,600	692,332	3,608,839
Total liabilities	2,085,827	10,704,354	306,896	139,135	1,907,345	15,143,557
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - leases	52,166	907,704	52,168	31,300	-	1,043,338
Deferred inflows of resources - pensions	6,417	69,320	5,121	3,522	2,059	86,439
Total deferred inflows of resources	58,583	977,024	57,289	34,822	2,059	1,129,777
NET POSITION						
Net investment in capital assets	265,456	4,457,173	258,328	155,710	8,911	5,145,578
Unrestricted	1,306,914	5,162,986	3,412,314	1,248,084	1,654,333	12,784,631
Total net position	$ 1,572,370	$ 9,620,159	$ 3,670,642	$ 1,403,794	$ 1,663,244	$17,930,209

TRI-COUNTY SCHOOLS INSURANCE GROUP
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended June 30, 2023

	Property and Casualty	Medical	Dental	Vision	Workers' Compensation	Total
Operating revenue:						
Member contributions	$ 4,420,850	$40,571,591	$ 3,409,544	$ 743,431	$ 2,295,911	$51,441,327
Expenses						
Operating expenses:						
Provision for claims and claim adjustment expenses	1,428,838	43,525,734	2,696,794	498,069	1,205,999	49,355,434
Insurance premiums	2,960,841	2,154,494	-	-	163,286	5,278,621
Contract services	248,862	2,383,004	173,118	57,163	260,452	3,122,599
Total operating expenses	4,638,541	48,063,232	2,869,912	555,232	1,629,737	57,756,654
General and administrative expenses	447,922	820,958	85,135	82,097	356,730	1,792,842
Total expenses	5,086,463	48,884,190	2,955,047	637,329	1,986,467	59,549,496
Operating (loss) income	(665,613)	(8,312,599)	454,497	106,102	309,444	(8,108,169)
Nonoperating revenue:						
Interest	42,504	212,242	43,442	15,903	42,256	356,347
Rental income	18,066	314,357	18,066	10,840	-	361,329
Total nonoperating revenue	60,570	526,599	61,508	26,743	42,256	717,676
Change in net position	(605,043)	(7,786,000)	516,005	132,845	351,700	(7,390,493)
Net position, beginning of year	2,177,406	17,406,159	3,154,640	1,270,951	1,311,546	25,320,702
Net position, end of year	$ 1,572,363	$ 9,620,159	$ 3,670,645	$ 1,403,796	$ 1,663,246	$17,930,209

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 THE *STATE CONTROLLER'S MINIMUM AUDIT REQUIREMENTS FOR CALIFORNIA SPECIAL DISTRICTS* AND *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors and Members
Tri-County Schools Insurance Group
Yuba City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *State Controller's Minimum Audit Requirements for California Special Districts* 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 Tri-County Schools Insurance Group as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Tri-County Schools Insurance Group's financial statements, and have issued our report thereon dated March 18, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tri-County Schools Insurance Group's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tri-County Schools Insurance Group's internal control. Accordingly, we do not express an opinion on the effectiveness of Tri-County Schools Insurance Group's internal controls.

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

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

(Continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tri-County Schools Insurance Group's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

CROWE LLP

Crowe LLP

Boston, Massachusetts
March 18, 2024