TRI-COUNTY SCHOOLS INSURANCE GROUP

FINANCIAL STATEMENTS

June 30, 2022 and 2021

TRI-COUNTY SCHOOLS INSURANCE GROUP
Yuba City, California

FINANCIAL STATEMENTS
June 30, 2022 and 2021

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Crowe LLP
Independent Member Crowe Global

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, 2022 and 2021, 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, 2022 and 2021, 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.

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 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 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 February 9, 2023 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

West Hartford, Connecticut
February 9, 2023

Tri-County Schools Insurance Group
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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 formed in 1983. Our Mission is to pool risk and purchasing power of public entities to provide quality programs to our participants in an effective manner while emphasizing customer satisfaction, stability, financial solvency, and cost. Programs include Property & Liability, Workers' Compensation, Medical, Dental, and Vision benefits. Life Insurance benefits and Employee Assistance Programs (EAP) are included within the Medical program. TCSIG was established during the very turbulent and harsh public entity insurance market of the early 1980's. This was a time when districts stood alone when negotiating their coverage. It was an "Insurance Sellers" market. The educational leaders of Yuba, Colusa, and Sutter Counties realized that by operating "Alone" to negotiate coverage, their districts failed. They soon realized that by "pooling their risk" and operating "Together" to negotiate coverage, their districts succeeded. By continuing to follow this philosophy, TCSIG has expanded into eighteen counties. The current markets for property and liability are seeing the same trends once again, with TCSIG's philosophy of operating "Together" we will be able to weather the storm once again.

TCSIG is a public entity operating in accordance with the Ralph M. Brown Act. TCSIG is governed by a Board of Directors comprised of representatives from each member public entity. Employee input is provided by the Employee Benefits Advisory Committee (EBAC) at meetings throughout the year. Two of the EBAC representatives sit as ex-officio members of the Executive Committee. The Executive Committee is comprised of seventeen (17) Board members. The twelve (12) largest contributors are appointed to the Executive Committee and five (5) members are elected. The Executive Committee elects a President, Vice President, and Secretary as its officers.

The Executive Committee hires an Executive Director/Administrator/Consultant to administer TCSIG's day-to-day operations. The Executive Director/Administrator/Consultant is responsible for the administration of policies as set forth by the JPA Agreement, Bylaws, the Board of Directors, and the Executive Committee.

Description of Basic Financial Statements

Individual program accounting is maintained in-house and is provided as supplemental information to 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 provides information about the financial position of TCSIG as of June 30, 2022, and 2021. The Statement of Revenues, Expenses and Change in Net Position reports the operations of the organization for the years ended June 30, 2022, and 2021. The Statement of Cash Flows is presented in the direct method to reflect the operations of TCSIG for the years ended June 30, 2022, and 2021 based on the inflow and outflow of cash.

The notes to the financial statements provide information on TCSIG's accounting policies such as development of estimates of incurred but not reported liabilities and the provision for claim adjustment expenses.

For information regarding the Management's Discussion and Analysis contact Mathew D. Evans; 400 Plumas Boulevard, Suite 230, Yuba City, CA 95991; (530)822-5299.

CONDENSED FINANCIAL INFORMATION
Statement of Net Position
June 30, 2022, 2021 and 2020

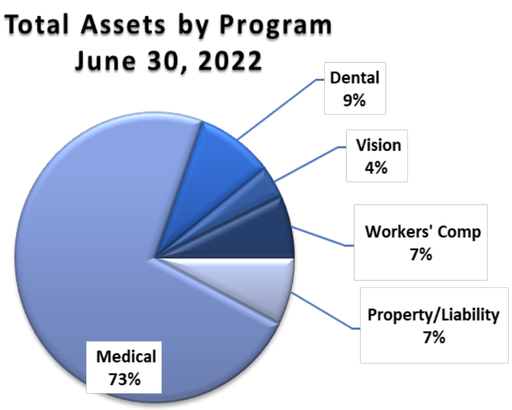
ASSETS	2022	2021	2020
Current assets	$ 33,707,757	$ 30,528,620	$ 26,197,768
Leases receivable - noncurrent	1,037,526	-	-
Capital assets, net	5,311,469	5,158,748	4,965,065
Total assets	40,056,752	35,687,368	31,162,833
DEFERRED OUTFLOWS			
Deferred Outflows of resources-pensions	178,032	189,048	193,233
LIABILITIES			
Current liabilities	11,141,128	8,998,889	7,208,167
Long-term liabilities	1,781,915	2,256,113	2,282,869
Total liabilities	12,923,043	11,255,002	9,491,036
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources – leases	1,499,787	-	-
Deferred inflows of resources-pensions	491,252	61,411	79,963
NET POSITION			
Invested in capital assets, net	5,311,469	5,158,748	4,965,065
Unrestricted, designated	9,422,439	9,635,996	10,032,899
Unrestricted, undesignated	10,586,794	9,765,260	6,787,104
Total net position	$ 25,320,702	$ 24,560,004	$ 21,785,068

Statement of Revenues, Expenses and Change in Net Position
For the Years Ended June 30, 2022, 2021 and 2020

	2022	2021	2020
REVENUES			
Member contributions	$ 48,340,612	$ 46,766,666	$ 46,035,768
EXPENSES			
Operating expenses:			
Provision for claims and claim adjustment expenses	38,235,793	35,758,440	36,730,921
Insurance premiums	5,100,551	4,515,697	3,408,471
Contract services	2,663,415	2,500,756	2,500,624
General and administrative expenses	1,863,278	1,671,236	1,571,727
Total operating expenses	47,863,037	44,446,129	44,211,743
Operating (loss) income	477,575	2,320,537	1,824,025
OTHER INCOME			
Rental	145,776	252,904	288,168
Interest	137,347	201,495	453,455
Total other income	283,123	454,399	741,623
(Decrease) increase in net position	760,698	2,774,936	2,565,648
NET POSITION, beginning of year	24,560,004	21,785,068	19,219,420
NET POSITION, end of year	$ 25,320,702	$ 24,560,004	$ 21,785,068

Analysis of Overall Financial Position and Results of Operations

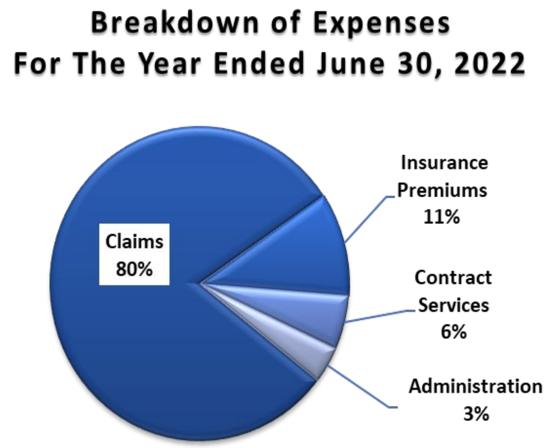
Total assets increased $4.4M and total liabilities increased $2M from June 30, 2021, through June 30, 2022. As a result of these changes in assets and liabilities, the total net position increased again this year by almost $1M from June 30, 2021, through June 30, 2022. This pie chart shows the breakdown of Total Assets between the programs.



TCSIG completed a third successful year for their new Workers' Compensation program, which attributed in part to the increase in net position. The new program has provided at least $4M in premium savings to the member districts participating in the Workers' Compensation Program in the first three years. Other contributing factors to the increase in Net Position are the culture of health and wellness in the Employee Benefit Programs and strong risk management across all programs. TCSIG continues increase access to the Wellness Center, which helps to cultivate the culture of health and wellness. The Wellness Center is a "Members Only" medical clinic that provides medical care and education to the covered participants. It is an essential part of the TCSIG Employee Health and Wellness program. Over the last six years, TCSIG has been able to provide zero rate increases in the Medical/Dental/Vision programs, while increasing net position and enhancing the Health and Wellness program.

The continual upgrade of the "TCSIG Corner" Building in downtown Yuba City, makes it the

"Gem on the Corner" that is appreciated by prominent leaders in the medical community. The rental income from "TCSIG Corner" offsets costs in each of the programs, plus provides administrative offices for TCSIG and our very own Board Room. This pie chart illustrates the breakdown of expenses by major category.



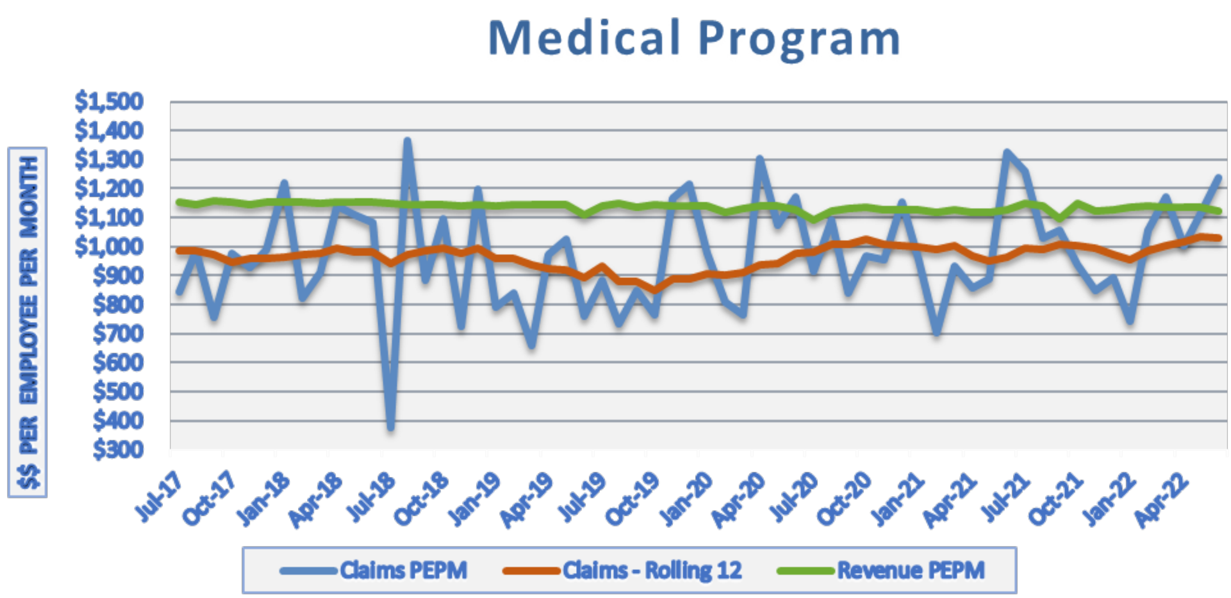
Total assets increased $4.5M and total liabilities increased $1.8M from June 30, 2020, through June 30, 2021. As a result of these changes in assets and liabilities, the total net position increased again this year by $2.7M from June 30, 2020, through June 30, 2021.

For nearly 40 years, TCSIG has provided member districts with cost-effective property and liability solutions. Through a Memorandum of Coverage (MOC), TCSIG has provided its members with comprehensive coverage terms at the most competitive price. Over the years, we have been able to keep our MOC language broad with the intent to provide coverage when a district needs it most - at the time of loss. Member districts benefit from minimal deductibles on vehicles, while having no deductibles and no drop downs on all other property and liability claims. TCSIG is able to continue offering coverage to our booster clubs, things other JPA's do not provide. In addition to past catastrophic losses from wildfires and hurricanes, insurance carriers are factoring in future financial exposure due to the risks brought about by new threats such as A.B. 218 and COVID-19. TCSIG remains committed to providing high quality Property & Liability coverage. To do this we are transforming from the "diamond in the rough" JPA to a high-quality gem with best-in-class risk management practices and superior coverages resulting in the lowest ratio of property and liability losses among JPA's in the state of California. The Property & Liability program has a healthy net position of $2.2M at June 30, 2022.

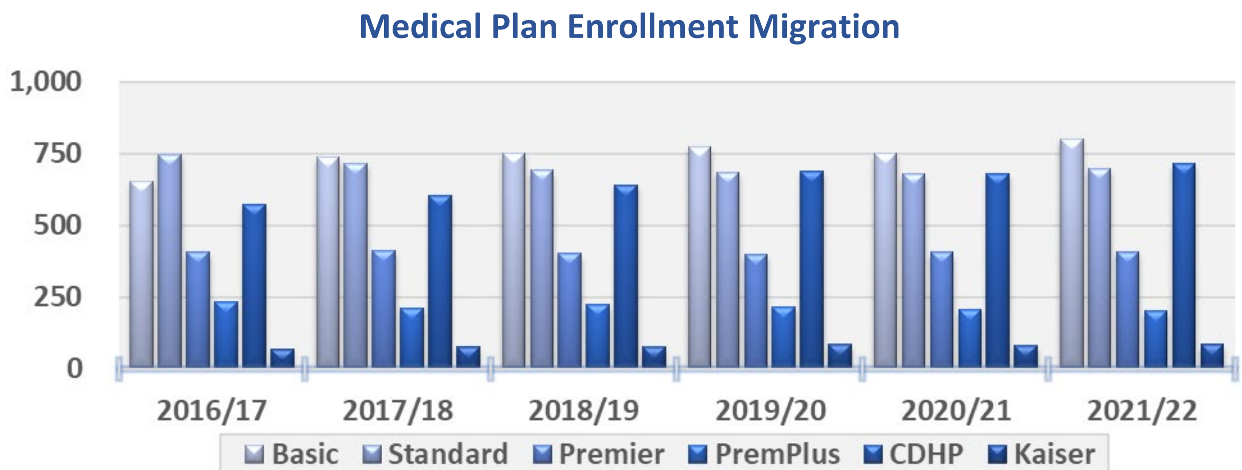
TCSIG launched its Workers' Compensation Program effective July 1, 2019, and just completed its third successful year. Over the three years, TCSIG saved its member districts at least $4M in premiums. TCSIG provides a quality program in an effective manner while emphasizing satisfaction, stability, financial solvency, and controlling cost, which will curb the trend of the required contributions. A Risk Management Committee meets on a quarterly basis to analyze and discuss loss trends, industry trends, legislative changes, program enhancements, and ensure that proper practices are in place to manage risk.

The Employee Benefit premium rates remained the same into the 2021/22 year and will enjoy the six-year ZERO percent trend into the 2022/2023 year. Having ZERO percent increase in rates, while enhancing health and wellness programs, is an immense testimonial to how well our participating members are working to better their health. TCSIG has provided many tools to help empower individuals, such as Disease Management Programs through our Wellness Center, using Tele-health (health care via electronic technology, e.g., telephone), searching for the best providers at HealthCare Bluebook, and participating in the annual Biometric Screening to gain knowledge about one's own health. In the Medical/Dental/Vision Programs during the 2021/22-year Net Position remained at approximately $22M while having a ZERO rate increase in these trying times of high health care trends.

The chart below illustrates the Medical Program's revenue and claims on a per employee per month (PEPM) basis over the last five 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 remained fairly level with the prior years, which allowed TCSIG to maintain premium rates at the same level for the next fiscal year.



The TCSIG culture of wellness has a major impact to the average claim per member, curbing the claims trend line and causing it to be fairly level across the last five years, while the national average continues to climb. There is a wide variety of plans for employees to make choices that fit their needs. The Basic plan is the most popular of the medical programs, with an ACA rating of Gold. The Consumer Driven Health Plan (CDHP), a federally qualified high deductible plan with an ACA rating of Silver, continues to be popular, ending the year with greater enrollment than the Premier, Premier Plus, and Standard Plans. The CDHP allows members to save for future medical costs exempt from federal tax. The chart below shows the medical program enrollment for the last six years. It illustrates how the enrollment has been fairly stable among plans.



Preventive medical care is encouraged, with 100% of the cost paid by the medical program for routine in-network preventive care. Also, free comprehensive health screenings are incentivized to help employees understand their own health condition. Access to the TCSIG Wellness Center, which opened January 2013, is an additional benefit for members. It is staffed with Physician Assistants, Nurse Practitioners, and Medical Assistants, all overseen by a collaborating medical physician. Members have primary and preventive care, free of charge at the Wellness Center. Members with chronic conditions receive personalized care and help with management and control of their condition. The Wellness Center is centrally located in Yuba City, where much of the membership resides. The Wellness Center also provides tele-health for its members, expanding the access to outlying membership. These initiatives are believed to have a long-term impact on claims cost, which benefits the member agencies by curtailing the premium rate increases. Below is an image of the TCSIG Wellness Center on Live Oak Boulevard in Yuba City.

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	283,123	763,000	(479,877)	-62.9%
Total Revenues	$48,623,735	$ 48,444,129	$ 179,606	-0.4%
EXPENSES				
Provision for Claims And Claim Adjustment	$38,235,793	$ 38,268,000	$ (32,207)	-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	1,863,278	1,779,500	83,778	4.7%
Total Expenses	47,863,278	47,793,803	69,234	0.1%
Change in net position	$ 760,698	$ 650,326	$ 110,372	17.0%

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.

Comparison of Budget to Actual
For the Year Ended June 30, 2021

	ACTUAL	BUDGET	DOLLAR VARIANCE	PERCENTAGE VARIANCE
REVENUES				
Contributions	$46,766,666	$ 47,440,705	$ (674,039)	-1.0%
Other Income	454,399	795,000	(340,601)	-42.8%
Total Revenues	$47,221,064	$ 48,235,705	$ (1,014,640)	-2.1%
EXPENSES				
Provision for Claims And Claim Adjustment	$35,758,440	$ 36,780,265	$ (1,021,825)	-2.8%
Insurance Premiums	4,515,697	4,057,300	458,397	11.3%
Contract Services	2,500,756	2,707,000	(206,244)	-7.6%
General and Administrative	1,671,236	1,736,000	(64,764)	-3.7%
Total Expenses	44,446,129	45,280,565	(834,436)	-1.8%
Change in net position	$ 2,774,936	$ 2,955,140	$ (180,204)	-6.1%

The decrease in budget to actual Contributions is minimal and due to a slight migration in enrollment among the various medical plans offered in the Employee Benefit plans.

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 due to the COVID pandemic causing a decrease in utilization of dental and vision benefits and to settling liability claims at a better than anticipated amount.

The decrease in budget to actual Contract Services is due to renegotiations in contracts for third-party administration fees and pharmacy benefit management fees.

The decrease in budget to actual General and Administrative is due to GASB 68 pension adjustment not being as much as anticipated.

FINANCIAL STATEMENTS

TRI-COUNTY SCHOOLS INSURANCE GROUP
STATEMENTS OF NET POSITION
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	$ 29,565,350	$ 28,033,474
Receivables (Note 3)	2,646,987	1,761,653
Vendor deposits	50,000	50,000
Leases receivable	462,261	-
Prepaid expenses	983,159	683,493
Total current assets	33,707,757	30,528,620
Noncurrent assets:		
Leases receivable	1,037,526	-
Non-depreciable capital assets (Note 4)	506,369	506,369
Depreciable capital assets, net of accumulated depreciation (Note 4)	4,805,100	4,652,379
Total assets	40,056,752	35,687,368
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pensions (Note 6)	178,032	189,048
LIABILITIES		
Current liabilities:		
Accounts payable	492,600	470,104
Claims payable	3,246,771	1,443,479
Unearned revenue	201,747	212,345
Current portion of unpaid claims and claim adjustment expenses (Note 5)	7,200,010	6,872,961
Total current liabilities	11,141,128	8,998,889
Noncurrent liabilities:		
Due to member districts, less current potion	44,330	44,330
Net pension liability (Note 6)	499,890	879,983
Unpaid claims and claim adjustment expenses less current portion (Note 5)	1,237,695	1,331,800
Total noncurrent liabilities	1,781,915	2,256,113
Total liabilities	12,923,043	11,255,002
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - leases	1,499,787	-
Deferred inflows of resources - pensions (Note 6)	491,252	61,411
Total deferred inflows of resources	1,991,039	61,411
NET POSITION		
Net investment in capital assets	5,311,469	5,158,748
Unrestricted	20,009,233	19,401,256
Total net position	$ 25,320,702	$ 24,560,004

See accompanying notes to basic financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

For the Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenue:		
Member contributions	$ 48,340,612	$ 46,766,666
Expenses		
Operating expenses:		
Provision for claims and claim adjustment expenses (Note 5)	38,235,793	35,758,440
Insurance premiums	5,100,551	4,515,697
Contract services	2,663,415	2,500,756
Total operating expenses	45,999,759	42,774,893
General and administrative expenses	1,863,278	1,671,236
Total expenses	47,863,037	44,446,129
Operating income	477,575	2,320,537
Nonoperating revenue:		
Interest	137,347	201,495
Rental income	145,776	252,904
Total nonoperating revenue	283,123	454,399
Change in net position	760,698	2,774,936
Net position, beginning of year	24,560,004	21,785,068
Net position, end of year	$ 25,320,702	$ 24,560,004

See accompanying notes to basic financial statements.

TRI-COUNTY SCHOOLS INSURANCE GROUP
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Cash received for premium contributions	$ 47,445,203	$ 46,813,365
Cash paid for insurance claims	(36,199,557)	(34,492,036)
Cash paid for insurance premiums	(5,400,217)	(4,882,030)
Cash paid to employees, member districts and vendors	(4,261,862)	(3,748,043)
Net cash provided by operating activities	1,583,567	3,691,256
Cash flows used in capital and related financing activities		
Purchase of capital assets	(334,291)	(339,118)
Cash flows from investing activities		
Interest received	136,824	278,762
Rental income	145,776	252,904
Net cash provided by investing activities	282,600	531,666
Net increase in cash and cash equivalents	1,531,876	3,883,804
Cash and cash equivalents, beginning of year	28,033,474	24,149,670
Cash and cash equivalents, end of year	$ 29,565,350	$ 28,033,474

	2022	2021
Reconciliation of operating income to net cash provided by operating activites:		
Operating income	$ 477,575	$ 2,320,537
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	181,570	145,435
Increase in receivables	(884,811)	(149,015)
Increase in prepaid expenses	(299,666)	(366,333)
Decrease in deferred outflows	11,016	4,185
Increase in accounts payable	22,497	222,821
Increase in claims payable	1,803,292	930,905
(Decrease) increase in unearned revenue	(10,598)	195,714
(Decrease) increase in net pension liability	(380,093)	70,060
Increase in unpaid claims and claims adjustment expenses	232,944	335,499
Increase (decrease) in deferred inflows	429,841	(18,552)
Net cash provided by operating activities	$ 1,583,567	$ 3,691,256

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 $500,000 of loss and allocated loss adjustment expense per occurrence for liability and $100,000 for property. Claims administration services are provided by George Hills Co. 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 $750,000 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, 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 statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(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 statement 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 year ended June 30, 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 $500,000 and for 2021-22 and 2020-21, respectively, for liability excess insurance from this level up to $55,000,000 per occurrence. The Group provides the workers' compensation program with a $750,000 per occurrence retention. Settlements have not exceeded insurance coverage in each of the past two 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 $500,000 for 2021-22 and 2020-21 in the Property and Casualty program. The stabilization reserve at June 30, 2022 and 2021 was $7,500,000 for the Medical program. The stabilization reserve at June 30, 2022 and 2021 was $1,922,439 and $2,135,996, 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.

New Accounting Pronouncements: In June 2017, the GASB issued GASB Statement No. 87, Leases (GASB 87). GASB 87 requires the recognition of certain assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement a lease is required to be recognized as a lease liability and an intangible right to use lease asset and the lessor is required to recognize a lease receivable and deferred inflow of resources. This statement was originally effective for fiscal years beginning after December 15, 2019, but due to the adoption of GASB Statement No. 95, the implementation date was extended to reporting periods beginning after June 15, 2021. The implementation of GASB 87 did not have an impact on the Group's July 1, 2021 net position or depreciable premises and equipment.

Subsequent Events: The Group has reviewed all events occurring from June 30, 2022 through February 9, 2023, the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Cash in Yuba County Treasury	$ 29,035,728	$ 27,884,538
Cash on hand and in banks	529,622	151,427
Claims disbursement account	-	(2,491)
Total cash and cash equivalents	$ 29,565,350	$ 28,033,474

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, 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 cash balances held in banks are insured up to $250,000 and non-interest bearing cash balances held in banks are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. 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. At June 30, 2021, the carrying amount of the Group's accounts was $151,427 and the bank balances were $387,722, 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, 2022 and 2021, 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, 2022 and 2021, the Group had no concentration of credit risk.

(Continued)

NOTE 3 - RECEIVABLES

Accounts receivable at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Contributions receivable	$ 1,463,851	$ 1,353,758
Interest receivable	177,418	49,999
Other receivable	1,005,718	357,896
	$ 2,646,987	$ 1,761,653

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the years ended June 30, 2022 and 2021, is shown below.

	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	-	166,615
Software	58,598	-	-	58,598
Totals, at cost	5,666,839	334,292	-	6,001,131
Less accumulated depreciation:				
Building	(354,745)	(165,549)	-	(520,294)
Equipment	(94,748)	(16,022)	-	(110,770)
Software	(58,598)	-	-	(58,598)
Total accumulated depreciation	(508,091)	(181,571)	-	(689,662)
Total capital assets	$ 5,158,748	$ 152,721	$ -	$ 5,311,469

(Continued)

NOTE 4 - CAPITAL ASSETS (Continued)

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Non-depreciable:				
Land	$ 506,369	$ -	$ -	$ 506,369
Depreciable:				
Building	4,615,172	339,118	-	4,954,290
Equipment	147,582	-	-	147,582
Software	58,598	-	-	58,598
Totals, at cost	5,327,721	339,118	-	5,666,839
Less accumulated depreciation:				
Building	(223,982)	(130,763)	-	(354,745)
Equipment	(80,076)	(14,672)	-	(94,748)
Software	(58,598)	-	-	(58,598)
Total accumulated depreciation	(362,656)	(145,435)	-	(508,091)
Total capital assets	$ 4,965,065	$ 193,683	$ -	$ 5,158,748

(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, 2022, 2021 and 2020:

	2022	2021	2020
Unpaid claims and claim adjustment expenses, beginning of year	$ 8,204,761	$ 7,869,262	$ 6,525,000
Incurred claims and claim adjustment expenses:			
Provision for covered events of the current year	39,221,377	40,536,999	40,366,842
Change in provision for covered events of prior years	(985,584)	(4,778,559)	(3,635,921)
Total incurred claims and claim adjustment expenses	38,235,793	35,758,440	36,730,921
Payments:			
Claims and claim adjustment expenses attributable to covered events of the current year	33,183,037	33,332,767	33,233,125
Claims and claim adjustment expenses attributable to covered events of prior years	4,819,812	2,090,174	2,153,534
Total payments	38,002,849	35,422,941	35,386,659
Total unpaid claims and claim adjustment expenses, end of year	$ 8,437,705	$ 8,204,761	$ 7,869,262

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, 2022 and 2021 were as follows:

	2022	2021
Claims incurred, but not reported (IBNR)	$ 7,227,940	$ 6,849,470
Unallocated loss adjustment expenses (ULAE)	622,510	676,285
Accrued claims reserves	587,255	679,006
Total unpaid claims and claim adjustment expenses	8,437,705	8,204,761
Current portion	(7,200,010)	(6,872,961)
Non-current portion	$ 1,237,695	$ 1,331,800

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, 2022 were as follows:

Members – The member contribution rate for classic was 7% of applicable member earnings for fiscal years 2021-22 and 2020-21. The member contribution rate of California Public Employees' Pension Reform Act (PEPRA) was 7.00% and 6.75% for fiscal years 2021-22 and 2020-21, respectively.

Employers – The employer contribution rate was 22.91% and 20.70% of applicable member earnings, for fiscal years 2021-22 and 2020-21, respectively.

The Group's contributions to CalPERS for the fiscal years ending June 30, 2022 and 2021 were $101,610 and $89,699, 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, 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.

(Continued)

NOTE 6 - NET PENSION LIABILITY (Continued)

At June 30, 2021, the Group reported a liability of $879,983 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2022, the Group's proportion was 0.026%, which was an increase of 0.005% from its proportion measured as of June 30, 2021. At June 30, 2021, the Group's proportion was 0.021%, which was an increase of 0.001% from its proportion measured as of June 30, 2020.

For the years ended June 30, 2022 and 2021, the Group recognized pension expense of $162,374 and $145,392, respectively. 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	$ 56,057	$ -
Change of assumptions	-	-
Net differences between projected and actual earnings on investments	-	436,377
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	$ 178,030	$ 491,251

(Continued)

NOTE 6 - NET PENSION LIABILITY (Continued)

At June 30, 2021, 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	$ 45,348	$ -
Change of assumptions	-	6,276
Net differences between projected and actual earnings on investments	26,141	-
Changes in proportion and differences between Group contributions and proportionate share of contributions	27,859	55,135
Contributions made subsequent to measurement date	89,700	-
Total	$ 189,048	$ 61,411

At June 30, 2022, $101,610 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, 2023. 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,	
2023	$ (95,652)
2024	$ (96,672)
2025	$ (101,916)
2026	$ (120,592)
2027	$ -

(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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	1997 to 2015
Actuarial Cost Method	Varies by entry age and service
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.50% 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, 2020 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	50.0%	4.80%	5.98%
Fixed Income	28.0	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Estate	13.0	3.75	4.93
Liquidity	1.0	-	(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, 2022 and 2021, the discount rate used to measure the total pension liability was 7.15%. 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, 2022 and 2021, the following presents the JPA's proportionate share of the net pension liability calculated using the discount rate of 7.15% 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, 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

	June 30, 2021		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Group's proportionate share of the net pension liability	$ 1,357,871	$ 879,984	$ 485,120

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

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 for the year ended June 30, 2021:

	2021 SELF
Total assets	$ 193,642,022
Deferred outflow of resources	$ 241,554
Total liabilities	$ 153,709,630
Deferred inflow of resources	$ 5,124
Total net position	$ 40,168,822
Total revenues	$ 44,573,829
Total expenses	$ 38,080,919
Change in net position	$ 6,492,910

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, 2022 are as follows:

Years Ended June 30,	
2023	$ 462,261
2024	476,129
2025	490,412
2026	82,134
Total	1,510,936
Less: Interest	11,149
Deferred inflows of resources - leases	$ 1,499,787

REQUIRED SUPPLEMENTARY INFORMATION

TRI-COUNTY SCHOOLS INSURANCE GROUP
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
For the Years Ended June 30, 2022 and 2021

	Property and Casualty		Medical Benefits		Dental Benefits		Vision Benefits		Workers' Compensation		Totals	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Unpaid claims and claim adjustment expenses, beginning of year	$ 906,467	$ 1,142,088	$ 6,044,000	$ 5,535,000	$ 135,000	$ 164,000	$ 38,000	$ 38,000	$ 1,081,294	$ 990,174	$ 8,204,761	$ 7,869,262
Incurred claims and claim adjustment expenses:												
Provision for covered events of the current year	474,000	424,000	34,967,734	36,274,107	2,572,946	2,668,605	482,697	470,287	724,000	700,000	39,221,377	40,536,999
Change in provision for covered events of prior years	(623,924)	(224,252)	(116,241)	(4,250,532)	(135,000)	(164,001)	(38,000)	(38,000)	(72,419)	(101,774)	(985,584)	(4,778,559)
Total incurred claims and claim adjustment expenses	(149,924)	199,748	34,851,493	32,023,575	2,437,946	2,504,604	444,697	432,287	651,581	598,226	38,235,793	35,758,440
Payments:												
Claims and claim adjustment expenses attributable to covered events of the current year	138,333	51,164	30,037,658	30,230,107	2,415,946	2,533,605	437,697	432,287	153,403	85,604	33,183,037	33,332,767
Claims and claim adjustment expenses attributable to covered events of prior years	(12,860)	384,205	4,479,835	1,284,468	-	(1)	-	-	352,837	421,502	4,819,812	2,090,174
Total payments	125,473	435,369	34,517,493	31,514,575	2,415,946	2,533,604	437,697	432,287	506,240	507,106	38,002,849	35,422,941
Total unpaid claims and claim adjustment expenses, end 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
Claims incurred, but not reported (IBNR)	$ 444,937	$ 504,829	$ 5,877,000	$ 5,509,000	$ 125,000	$ 106,000	$ 21,000	$ 23,000	$ 760,003	$ 706,641	$ 7,227,940	$ 6,849,470
Unallocated loss adjustment expenses (ULAE)	33,510	65,285	501,000	535,000	32,000	29,000	24,000	15,000	32,000	32,000	622,510	676,285
Accrued claims reserves	152,623	336,353	-	-	-	-	-	-	434,632	342,653	587,255	679,006
Total unpaid claims and claim adjustment expenses	$ 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

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)

TRI-COUNTY SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
PROPERTY AND CASUALTY
June 30, 2022

	Fiscal and Policy Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1. Required contributions and investment revenue:										
Earned	$ 1,651,409	$ 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
Ceded	(933,911)	(994,541)	(1,017,605)	(1,038,572)	(945,037)	(1,125,526)	(819,080)	(1,005,477)	(2,214,864)	(2,843,918)
Net earned	717,498	658,303	676,243	694,867	1,119,953	1,141,006	734,186	715,707	385,927	415,412
2. Unallocated expenses	57,721	191,421	82,502	49,412	207,100	246,493	241,305	251,248	578,436	772,887
3. Estimated incurred claims and expenses, end of policy year:										
Incurred	705,659	795,597	828,092	898,555	1,318,499	1,025,001	576,414	483,000	424,000	474,000
Ceded	-	-	-	-	-	-	-	-	-	-
Net	705,659	795,597	828,092	898,555	1,318,499	1,025,001	576,414	483,000	424,000	474,000
4. Paid (cumulative) as of:										
End of year	263,647	233,971	217,164	283,089	197,320	124,001	141,690	76,457	51,164	138,333
One year later	579,097	447,436	254,418	356,699	434,529	193,132	160,610	129,283	130,680	
Two years later	752,692	514,895	342,097	647,196	835,541	707,774	210,957	203,493		
Three years later	937,112	766,458	368,215	741,264	914,117	724,877	208,597			
Four years later	1,175,392	701,811	535,089	758,465	914,117	755,761				
Five years later	1,192,704	701,811	557,424	758,465	901,383					
Six years later	1,192,704	765,620	628,374	758,465						
Seven years later	1,269,907	765,620	628,374							
Eight years later	1,269,907	765,620								
Nine years later	1,269,907									
5. Reestimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of year	705,659	795,597	828,092	898,555	1,318,499	1,025,001	576,414	483,000	424,000	474,000
One year later	1,100,812	1,133,801	760,897	869,578	1,302,928	971,109	419,000	353,000	210,000	
Two years later	1,323,944	792,409	761,526	713,056	1,129,836	947,359	262,400	218,702		
Three years later	1,345,308	789,012	482,519	757,811	982,461	872,359	220,363			
Four years later	1,490,371	786,620	652,285	774,516	947,461	911,359				
Five years later	1,490,891	764,216	635,034	758,465	901,383					
Six years later	1,268,981	765,620	628,374	758,465						
Seven years later	1,269,907	765,620	628,374							
Eight years later	1,269,907	765,620								
Nine years later	1,269,907									
7. (Decrease) increase in estimated incurred claims expenses from end of policy year	$ 564,248	$ (29,977)	$ (199,718)	$ (140,090)	$ (417,116)	$ (113,642)	$ (356,051)	$ (264,298)	$ (214,000)	$ -

(Continued)

TRI-COUNTY SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
MEDICAL BENEFITS
June 30, 2022

	Fiscal and Policy Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1. Required contributions and investment revenue:										
Earned	$ 52,793,308	$ 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
Ceded	(2,456,284)	(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)
Net earned	50,337,024	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
2. Unallocated expenses	3,948,467	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. Estimated incurred claims and expenses, end of policy year:										
Incurred	51,418,622	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
Ceded	(1,387,854)	(1,008,672)	(744,718)	(1,262,933)	(1,114,212)	(687,949)	(615,622)	(666,992)	(551,542)	(1,447,923)
Net	50,030,768	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
4. Paid (cumulative) as of:										
End of year	42,422,749	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
One year later	49,901,703	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958	31,091,814	34,709,942	
Two years later	49,901,703	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958	31,091,814		
Three years later	49,901,703	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958			
Four years later	49,901,703	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564				
Five years later	49,901,703	53,296,814	53,964,652	36,665,398	30,960,063					
Six years later	49,901,703	53,296,814	53,964,652	36,665,398						
Seven years later	49,901,703	53,296,814	53,964,652							
Eight years later	49,901,703	53,296,814								
Nine years later	49,901,703									
5. Reestimated ceded claims and expenses	2,184,019	1,920,065	2,007,651	2,377,345	1,114,212	687,949	615,622	666,992	551,542	-
6. Reestimated net incurred claims and expenses:										
End of year	53,030,768	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
One year later	49,901,703	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958	31,091,814	34,709,942	
Two years later	49,901,703	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958	31,091,814		
Three years later	49,901,703	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564	28,174,958			
Four years later	49,901,703	53,296,814	53,964,652	36,665,398	30,960,063	30,348,564				
Five years later	49,901,703	53,296,814	53,964,652	36,665,398	30,960,063					
Six years later	49,901,703	53,296,814	53,964,652	36,665,398						
Seven years later	49,901,703	53,296,814	53,964,652							
Eight years later	49,901,703	53,294,814								
Nine years later	49,901,703									
7. (Decrease) increase in estimated incurred claims expenses from end of policy year	$ (129,065)	$ (3,246,212)	$ (1,001,679)	$ (1,762,308)	$ 590,418	$ (423,644)	$ (2,937,101)	$ (4,868,009)	$ (1,012,623)	$ -

(Continued)

TRI-COUNTY SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
DENTAL BENEFITS
June 30, 2022

	Fiscal and Policy Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1. Required contributions and investment revenue:										
Earned	$ 3,164,691	$ 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
Ceded	-	-	-	-	-	-	-	-	-	-
Net earned	3,164,691	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
2. Unallocated expenses	259,438	252,763	280,445	255,200	214,054	217,367	219,441	184,973	239,052	236,949
3. Estimated incurred claims and expenses, end of policy year:										
Incurred	3,727,484	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
Ceded	-	-	-	-	-	-	-	-	-	-
Net	3,727,484	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
4. Paid (cumulative) as of:										
End of year	3,268,008	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
One year later	3,436,634	3,416,587	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491	2,150,765	2,533,605	
Two years later	3,436,634	3,416,587	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491	2,150,765		
Three years later	3,436,634	3,416,587	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491			
Four years later	3,436,634	3,416,587	3,381,858	3,283,961	2,574,229	2,550,909				
Five years later	3,436,634	3,416,587	3,381,858	3,283,961	2,574,229					
Six years later	3,436,634	3,416,587	3,381,858	3,283,961						
Seven years later	3,436,634	3,416,587	3,381,858							
Eight years later	3,436,634	3,416,587								
Nine years later	3,436,634									
5. Reestimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of year	3,727,484	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
One year later	3,436,634	3,436,634	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491	2,150,765	2,533,605	
Two years later	3,436,634	3,436,634	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491	2,150,765		
Three years later	3,436,634	3,436,634	3,381,858	3,283,961	2,574,229	2,550,909	2,565,491			
Four years later	3,436,634	3,436,634	3,381,858	3,283,961	2,574,229	2,550,909				
Five years later	3,436,634	3,436,634	3,381,858	3,283,961	2,574,229					
Six years later	3,436,634	3,416,587	3,381,858	3,283,961						
Seven years later	3,436,634	3,416,587	3,381,858							
Eight years later	3,436,634	3,416,587								
Nine years later	3,436,634									
7. (Decrease) increase in estimated incurred claims expenses from end of policy year	$ (290,850)	$ (155,411)	$ (91,132)	$ (96,629)	$ (47,771)	$ (201,063)	$ (164,000)	$ (164,000)	$ (135,000)	$ -

(Continued)

TRI-COUNTY SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
VISION BENEFITS
June 30, 2022

	Fiscal and Policy Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1. Required contributions and investment revenue:										
Earned	$ 719,691	$ 776,361	$ 777,723	$ 758,361	$ 640,353	$ 666,184	$ 692,544	$ 714,110	$ 708,602	$ 717,210
Ceded	-	-	-	-	-	-	-	-	-	-
Net earned	719,691	776,361	777,723	758,361	640,353	666,184	692,544	714,110	708,602	717,210
2. Unallocated expenses	98,065	99,154	101,896	98,090	80,978	88,115	101,576	120,668	122,778	127,247
3. Estimated incurred claims and expenses, end of policy year:										
Incurred	676,058	656,660	617,894	607,177	445,301	482,056	471,342	435,479	470,287	482,697
Ceded	-	-	-	-	-	-	-	-	-	-
Net	676,058	656,660	617,894	607,177	445,301	482,056	471,342	435,479	470,287	482,697
4. Paid (cumulative) as of:										
End of year	616,630	598,923	577,894	567,177	415,804	443,056	433,342	397,479	432,287	437,697
One year later	636,706	626,194	596,495	588,833	437,460	432,694	433,342	397,479	432,287	
Two years later	636,706	626,194	596,495	588,833	437,460	432,694	433,342	397,479		
Three years later	636,706	626,194	596,495	588,833	437,460	432,694	433,342			
Four years later	636,706	626,194	596,495	588,833	437,460	432,694				
Five years later	636,706	626,194	596,495	588,833	437,460					
Six years later	636,706	626,194	596,495	588,833						
Seven years later	636,706	626,194	596,495							
Eight years later	636,706	626,194								
Nine years later	636,706									
5. Reestimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of year	676,058	656,660	617,894	607,177	445,301	482,056	471,342	435,479	470,287	482,697
One year later	636,706	626,194	596,495	588,833	437,460	432,694	433,342	397,479	432,287	
Two years later	636,706	626,194	596,495	588,833	437,460	432,694	433,342	397,479		
Three years later	636,706	626,194	596,495	588,833	437,460	432,694	433,342			
Four years later	636,706	626,194	596,495	588,833	437,460	432,694				
Five years later	636,706	626,194	596,495	588,833	437,460					
Six years later	636,706	626,194	596,495	588,833						
Seven years later	636,706	626,194	596,495							
Eight years later	636,706	626,194								
Nine years later	636,706									
7. (Decrease) increase in estimated incurred claims expenses from end of policy year	$ (39,352)	$ (30,466)	$ (21,399)	$ (18,344)	$ (7,841)	$ (49,362)	$ (38,000)	$ (38,000)	$ (38,000)	$ -

	Fiscal and Policy Year Ended June 30,		
	2020	2021	2022
1. Required contributions and investment revenue:			
Earned	$ 1,608,426	$ 1,856,566	$ 1,899,137
Ceded	(100,000)	(100,000)	(105,765)
Net earned	1,508,426	1,756,566	1,793,372
2. Unallocated expenses	228,407	472,365	606,561
3. Estimated incurred claims and expenses, end of policy year:			
Incurred	1,173,775	700,000	724,000
Ceded	-	-	-
Net	1,173,775	700,000	724,000
4. Paid (cumulative) as of:			
End of year	183,601	85,604	153,403
One year later	605,102	239,237	
Two years later	806,725		
5. Reestimated ceded claims and expenses	-	-	-
6. Reestimated net incurred claims and expenses:			
End of year	1,173,775	700,000	724,000
One year later	1,040,000	570,000	
Two years later	1,100,000		
7. (Decrease) increase in estimated incurred claims expenses from end of policy year	$ (73,775)	$ (130,000)	$ -

Public Employer's Retirement Fund
Last 7 Fiscal Years

	2016	2017	2018	2019	2020	2021	2022
The Group's proportion of the net pension liability	0.018%	0.017%	0.019%	0.019%	0.020%	0.021%	0.026%
The Group's proportionate share of the net pension liability	$ 494,235	$ 580,486	$ 757,935	$ 741,937	$ 809,923	$ 879,983	$ 499,890
The Group's covered payroll	$ 415,000	$ 318,000	$ 282,000	$ 264,000	$ 277,000	$ 287,000	$ 307,000
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%
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%

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

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% and 7.15% in the June 30, 2013, June 30, 2014, June 30, 2015, June 30, 2016, June 30, 2017, June 30, 2018, June 30, 2019, and June 30, 2020 actuarial reports, respectively.

SUPPLEMENTARY INFORMATION

TRI-COUNTY SCHOOLS INSURANCE GROUP
COMBINING STATEMENT OF NET POSITION
June 30, 2022

	Property and Casualty	Medical	Dental	Vision	Worker's Compensation	Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ 1,781,916	$21,430,680	$ 2,872,489	$ 1,099,046	$ 2,381,219	$29,565,350
Receivables	33,354	2,065,545	280,943	133,583	133,562	2,646,987
Vendor deposits	-	50,000	-	-	-	50,000
Leases receivable	23,111	402,173	23,111	13,866	-	462,261
Prepaid expenses	820,125	-	-	-	163,034	983,159
Total current assets	2,658,506	23,948,398	3,176,543	1,246,495	2,677,815	33,707,757
Leases receivable	51,870	902,661	51,870	31,125	-	1,037,526
Property and equipment, net	270,158	4,609,939	266,623	160,328	4,421	5,311,469
Total assets	2,980,534	29,460,998	3,495,036	1,437,948	2,682,236	40,056,752
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources - pensions	7,794	155,172	10,834	6,969	(2,737)	178,032
LIABILITIES						
Current liabilities:						
Accounts payable	23,670	445,534	7,778	6,023	9,595	492,600
Claims payable	-	3,160,172	50,611	35,988	-	3,246,771
Unearned revenue	2,494	100,829	(3,032)	(58)	101,514	201,747
Current portion of unpaid claims and claim adjustment expenses	169,378	6,378,000	157,000	45,000	450,632	7,200,010
Total current liabilities	195,542	10,084,535	212,357	86,953	561,741	11,141,128
Due to member districts	-	37,529	5,437	1,364	-	44,330
Net pension liability	(28,913)	551,868	33,093	16,895	(73,053)	499,890
Unpaid claims and claim adjustment expenses less current portion	461,692	-	-	-	776,003	1,237,695
Total noncurrent liabilities	432,779	589,397	38,530	18,259	702,950	1,781,915
Total liabilities	628,321	10,673,932	250,887	105,212	1,264,691	12,923,043
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - leases	74,981	1,304,834	74,981	44,991	-	1,499,787
Deferred inflows of resources - pensions	107,620	231,245	25,362	23,763	103,262	491,252
Total deferred inflows of resources	182,601	1,536,079	100,343	68,754	103,262	1,991,039
NET POSITION						
Net investment in capital assets	270,158	4,609,939	266,623	160,328	4,421	5,311,469
Unrestricted	1,907,248	12,796,220	2,888,017	1,110,623	1,307,125	20,009,233
Total net position	$ 2,177,406	$17,406,159	$ 3,154,640	$ 1,270,951	$ 1,311,546	$25,320,702

TRI-COUNTY SCHOOLS INSURANCE GROUP
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended June 30, 2022

	Property and Casualty	Medical	Dental	Vision	Workers' Compensation	Total
Operating revenue:						
Member contributions	$ 3,249,886	$39,230,505	$ 3,259,078	$ 712,173	$ 1,888,970	$48,340,612
Expenses						
Operating expenses:						
Provision for claims and claim adjustment expenses	(149,924)	34,851,493	2,437,946	444,697	651,581	38,235,793
Insurance premiums	2,843,918	2,150,868	-	-	105,765	5,100,551
Contract services	205,631	1,968,133	156,691	50,335	282,625	2,663,415
Total operating expenses	2,899,625	38,970,494	2,594,637	495,032	1,039,971	45,999,759
General and administrative expenses	582,447	778,046	83,296	79,650	339,839	1,863,278
Total expenses	3,482,072	39,748,540	2,677,933	574,682	1,379,810	47,863,037
Operating (loss) income	(232,186)	(518,035)	581,145	137,491	509,160	477,575
Nonoperating revenue:						
Interest	9,444	99,513	13,186	5,037	10,167	137,347
Rental income	7,288	126,827	7,288	4,373	-	145,776
Total nonoperating revenue	16,732	226,340	20,474	9,410	10,167	283,123
Change in net position	(215,454)	(291,695)	601,619	146,901	519,327	760,698
Net position, beginning of year	2,392,860	17,697,854	2,553,021	1,124,050	792,219	24,560,004
Net position, end of year	$ 2,177,406	$17,406,159	$ 3,154,640	$ 1,270,951	$ 1,311,546	$25,320,702

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, 2022, 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 February 9, 2023.

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.

We did identify a significant deficiency in internal control, outlined below:

When reviewing the financial information, we identified that management did not perform a GASB 87 analysis to determine if the pronouncement was applicable for the year ending June 30, 2022. This resulted in an adjustment of approximately $1,500,000 that increased total assets and deferred outflows of resources – leases. We recommend the client implement controls to review new GASB standards to ensure they are up-to-date with any new pronouncements that may need to be adopted.

(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

West Hartford, Connecticut
February 9, 2023