HEALTH BENEFITS
BOARD OF DIRECTORS MEETING
JULY 18, 2024
1:00 P.M.

AGENDA

I. Consent Agenda

A. Approval of Minutes for June 2024 Board of Directors Meeting — Dave Ostash

B. Report of Activity for the Month of June 2024 and the Ratification of Payment as follows: — Dave Ostash

DELTA DENTAL CLAIMS		12,118,364.59	
DELTA DENTAL ASO		707,703.57	
ANTHEM DENTAL CLAIMS		295,398.15	
ANTHEM DENTAL ASO		12,700.00	
			13,134,166.31
VSP CLAIMS		1,608,291.82	

EYE MED CLAIMS		105,800.26	
VSP ASO		159,630.21	
EYEMED ASO		12,262.09	
		TOTAL VISION	1,885,984.38
ANTHEM BLUE CROSS HEALTH CLAIMS		111,546,958.37	
BLUE SHIELD HEALTH CLAIMS		33,921,511.77	
ANTHEM BC COMPANION CARE RETIREE CLAIMS		754,746.46	
	TOTAL HEALTH CLAIMS	146,223,216.60	
ANTHEM BLUE CROSS ASO		4,564,273.22	
BLUE SHIELD PPO ASO		711,105.93	
AMERIBEN PPO ASO		86,996.82	
ANTHEM BC COMPANION CARE RETIREE ASO		125,457.66	
FOUNDATION CLMS PROCESSING ASO		649,782.48	
	TOTAL HEALTH ASO	6,137,616.11	
		TOTAL HEALTH	152,360,832.71
EXPRESS SCRIPTS CLAIMS		10,233,298.98	
NAVITUS RX CLAIMS		42,837,276.92	
EXPRESS SCRIPTS ASO		723,520.52	
NAVITUS RX ASO		591,449.55	
RX N GO		35,243.28	
		TOTAL RX	54,420,789.25
INSURED PRODUCTS			
ANTHEM BC HMO CLAIMS		7,704,949.22	
ANTHEM BC HMO ADMIN FEE		0.00	
ANTHEM BC EAP		339,608.00	
ANTHEM VIVITY		0.00	
ANTHEM HMO CAPITATION		7,709,286.07	
BLUE SHIELD HMO CLAIMS		2,304,756.35	
BLUE SHIELD HMO ADMIN FEE		4,899,017.97	
KAISER HMO		66,431,612.98	
SIMNSA		584,239.00	

DELTACARE/PMI DENTAL		32,893.92	
EYEMED-FULLY INSURED		75,209.44	
BLUE SHIELD MEDICARE ADVANTAGE		21,574.30	
LINCOLN FINANCIAL LIFE INSURANCE		424,662.94	
		TOTAL INSURED	90,527,810.19
WELLNESS			353,780.00
ALL OTHER			2,600,952.78
		TOTAL III PAYMENTS	315,284,315.62

Moved_____________________2nd______________________

Yes_____No______Abstain______Roll Call Vote__________

II. Public Comment

III. Action Items

A. Financial Report – Presentation of Financial Statements for the Month of June 2024 Will Be Submitted for Approval — Kim Sloan

Moved________________________2nd______________________

Yes______No______Abstain______Roll Call Vote____________

B. Request Approval of the 2024-2025 GASB 45 Budget — Kim Sloan

Moved________________________2nd______________________

Yes______No______Abstain______Roll Call Vote____________

C. Request Approval of the Defined Benefit Audit for the Year Ended December 31, 2023 — Kim Sloan

Moved________________________2nd______________________

Yes______No______Abstain______Roll Call Vote____________

D. Election of a Vice Chairman (3 year term) — Dave Ostash

Moved________________________2nd______________________

Yes______No______Abstain______Roll Call Vote____________

E. Election of a Secretary (3 year term) — Dave Ostash

Moved______________________2nd____________________

Yes______No______Abstain______Roll Call Vote____________

F. Election of a Treasurer (3 year term) — Dave Ostash

Moved______________________2nd____________________

Yes______No______Abstain______Roll Call Vote____________

IV. Information and Discussion Items

A. Review Monthly Budget-to-Actual through May 2024 — John Stenerson

B. Review of Funding History and Recent Claims Experience — John Stenerson

C. Annual Investment Policy Review — Kim Sloan

D. Comments from the Board of Directors Will Be Heard — Dave Ostash

E. Next Meeting: — Dave Ostash
Thursday, August 22, 2024
1:00 p.m.
SISC Board Room, 4th Floor – Larry E. Reider Education Center
2000 K Street, Bakersfield, CA 93301

F. Adjournment — Dave Ostash

Moved__________________2nd__________________

Yes______No______Abstain______Roll Call Vote______

Any materials required by law to be made available to the public prior to a meeting of the Governing Board of the SISC III JPA can be inspected at the following address during normal business hours at:
2000 K Street, Bakersfield, CA. 93301
For more information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation to participate in the public meeting, please contact Kristy Comstock at 661-636-4682 or krcomstock@siscschools.org

*The number of Board Members needed to form a quorum for this meeting is eight

HEALTH BENEFITS TERMINOLOGY

Adjudication: Refers to the process of paying claims submitted or denying them after comparing claims to the benefit or coverage requirements.

Administrative Services Only (ASO): An arrangement under which an insurance carrier or an independent organization will, for a fee, handle the administration of claims, benefits and other administrative functions for a self-insured group but does not assume any financial risk for the payment of benefits.

Balance bill: The amount you could be responsible for (in addition to any co-payments, deductibles or coinsurance) if you use an out-of-network provider and the fee for the particular service exceeds the allowable charge.

Calendar Year Deductible: The dollar amount for covered services that must be paid during the calendar year (January 1 – December 31) by members before any benefits are paid by the Plan.

Centers of Medical Excellence (CME): Health care providers designated as a selected facility for specified medical services. Providers participating in a CME network have an agreement to accept an agreed upon amount as payment in full for covered services.

Coinsurance: An arrangement under which the member pays a fixed percentage of the cost of medical care after the deductible has been paid. For example, an insurance plan might pay 80% of the allowable charge, with the member responsible for the remaining 20%, which is then referred to as the coinsurance amount.

Coordination of Benefits: This is the process by which a health insurance company determines if it should be the primary or secondary payer of medical claims for a patient who has coverage from more than one health insurance policy.

Co-Payment: A specific charge that a health plan may require a member to pay for a specific medical service or supply, after which the insurance company pays the remainder of the charge.

Deductible: An amount the covered person must pay before payments for covered services begin. The deductible is usually a fixed amount. For example, an insurance plan might require the insured to pay the first $250 of covered expense during a calendar year.

Dependent: Person, (spouse or child), other than the subscriber who is covered under the subscriber's benefit certificate.

Employee Assistance Program (EAP): A program that is designed to provide employees and their dependents with access to resources to support various life situations. It also provides confidential, short-term counseling by qualified practitioners, in person or virtually.

Explanation of Benefits (EOB): A form sent to the covered person after a claim for payment has been processed by the carrier that explains the action taken on that claim. This explanation might include the amount that will be paid, the benefits available, reasons for denying payment, or the claims appeal process.

Flexible Spending Account: Financial account that allows employees to set aside pre-tax money from their paycheck toward premiums or costs not covered by their health plan, such as co-payments. Generally, all the money must be used within the plan year or it is lost.

Health Assessment: A health screening that provides participants with basic health results and actionable steps for improving them.

Health Insurance Portability and Accountability Act (HIPAA): A federal health benefits law passed in 1996, effective July 1, 1997, which among other things, protects the privacy rights of heath plan participants.

Health Maintenance Organization (HMO): A plan that offers a wide range of health care services through a network of providers who agree to provide services to members at a pre-negotiated rate. Members of an HMO choose a primary care physician who manages all healthcare and refers to specialists as needed.

Health Savings Account: A tax advantaged savings account to be used in conjunction with certain high-deductible (low premium) health insurance plans to pay for qualifying medical expenses, such as deductibles. Contributions may be made to the account on a tax-free basis. Funds remain in the account from year to year and may be invested at the discretion of the individual owning the account. Interest or investment returns accrue tax-free. Penalties may apply when funds are withdrawn to pay for anything other than qualifying medical expenses. Employers can also fund such plans.

ID Card/Identification Card: A card issued by a carrier to a covered person, which allows the individual to identify himself or his covered dependents to a provider for health care services.

IBNR: An acronym for "incurred but not reported". This is an accounting estimate used by health plans to accrue for care that was provided "incurred" in one accounting period, but not paid or "reported" until another accounting period.

In-Network: Refers to the use of providers who participate in the carrier's provider network. Many benefit plans encourage covered persons to use participating (in-network) providers to reduce the individual's out of pocket expense.

Medical Tourism: To have medical care outside the United States.

Medigap: Refers to various private health insurance plans sold to supplement Medicare.

Negotiated Rate: The amount participating providers agree to accept as payment in full for covered services. It is usually lower than their normal charge. Negotiated rates are determined by Participating Provider Agreements.

Open Enrollment: A time period during which eligible employees can select among the plans offered by their employer as well as make any other dependent changes.

Out-Of-Network: The use of health care providers who have not contracted with the carrier to provide services. Members are generally not reimbursed if they go out-of-network except in emergency situations.

Out-Of-Pocket: The most a member would pay for covered medical expenses in a plan year through copays, deductibles and coinsurance before your insurance plan begins to pay 100 percent of the covered medical expense.

Participating Provider: A physician, hospital, pharmacy, laboratory or other appropriately licensed provider of health care services or supplies, that has entered into an agreement with a managed care entity to provide such services or supplies to a patient enrolled in a health benefit plan.

Pre-Authorization: A procedure used to review and assess the medical necessity and appropriateness of elective hospital admissions and non-emergency outpatient services before the services are provided.

Preferred Provider Organization (PPO): A type of managed care organization that has a panel of preferred providers who are paid according to a discounted fee schedule. The enrollees do have the option to go to out-of-network providers at a higher level of cost sharing.

Reasonable and Customary: This refers to the standard or most common charge for a particular medical service when rendered in a particular geographic area. Also known as Usual, Customary and Reasonable (UCR).

Skilled Nursing Facility: An inpatient healthcare facility with the staff and equipment to provide skilled care, rehabilitation and other related health services to patients who need nursing care, but do not require hospitalization.

Subscriber: The individual in whose name a contract is issued or the employee covered under an employer's group health contract.

Transparency: The ability for patients to have easy access to understandable information about the cost and quality of their health care options. They should be able to obtain this information from their health plan and medical providers prior to the time of treatment.

SISC
Self-Insured Schools of California
Schools Helping Schools

HEALTH BENEFITS
BOARD OF DIRECTORS MEETING
JUNE 20, 2024
1:00 P.M.

MINUTES

The Regular Meeting of the Board of Directors of SISC III Health Benefits Program was called to order by Director Ostash at 1:00 p.m. on Thursday, June 20, 2024 in the SISC Board Room of the Larry E. Reider Building, 2000 K Street, Bakersfield, California 93301. The following individuals were in attendance:

MEMBERS PRESENT:	ALTERNATES PRESENT:	OTHERS PRESENT:
Dave Ostash	Christian Shannon	Kim Sloan
Ty Bryson	Kimberly McAbee	Megan Hanson
Rhonda Phinney	Eduardo Martinez	Kristy Comstock
Stacey Larson-Everson	Katie Gonzalez	Rich Edwards
Ramon Hendrix		Fred Bayles
Sherry Gladin		Nicole Henry
Dr. Mike Zulfa		John Stenerson
Brad Pawlowski		Lola Nickell
Joyce Nunes		Frank Impastato
		Armando Cabrera
		Shawna Smith
		Carmen Gonzales
		JoeAnna Todd
		Paola Ferruzo
		Annette Charlton
		Debbie Hankins
		Brent Boyd
		Tiffany Garcia
		Tara Hernandez
		Gus Fausto

Consent Agenda
Motion was made by Director Bryson seconded, by Director Hendrix and by roll call vote of 10-Yes, 0-No, and 0 Abstentions (10-0-0) to approve the Consent Agenda as follows:

Minutes
Approval of minutes for May 2024 Board of Directors Meeting.

DELTA DENTAL CLAIMS		12,882,461.29	
DELTA DENTAL ASO		752,335.56	
ANTHEM DENTAL CLAIMS		430,786.87	
ANTHEM DENTAL ASO		12,660.00	
			14,078,243.72
VSP CLAIMS		1,310,342.14	
EYE MED CLAIMS		97,479.26	
VSP ASO		159,652.44	
EYEMED ASO		12,212.46	
		TOTAL VISION	1,579,686.30
ANTHEM BLUE CROSS HEALTH CLAIMS		124,142,629.86	
BLUE SHIELD HEALTH CLAIMS		38,489,329.85	
ANTHEM BC COMPANION CARE RETIREE CLAIMS		808,892.57	
	TOTAL HEALTH CLAIMS	163,440,852.28	
ANTHEM BLUE CROSS ASO		4,364,757.50	
BLUE SHIELD PPO ASO		655,874.47	
AMERIBEN PPO ASO		86,996.82	
ANTHEM BC COMPANION CARE RETIREE ASO		126,286.12	
FOUNDATION CLMS PROCESSING ASO		650,772.10	
	TOTAL HEALTH ASO	5,884,687.01	
		TOTAL HEALTH	169,325,539.29
EXPRESS SCRIPTS CLAIMS		9,402,359.74	
NAVITUS RX CLAIMS		48,009,903.26	
EXPRESS SCRIPTS ASO		671,098.24	
NAVITUS RX ASO		586,403.65	
RX N GO		41,628.55	
		TOTAL RX	58,711,393.44

INSURED PRODUCTS			
ANTHEM BC HMO CLAIMS		9,569,290.15	
ANTHEM BC HMO ADMIN FEE		887,215.31	
ANTHEM BC EAP		339,868.00	
ANTHEM VIVITY		1,125,631.26	
ANTHEM HMO CAPITATION		7,462,894.64	
BLUE SHIELD HMO CLAIMS		3,259,620.06	
BLUE SHIELD HMO ADMIN FEE		4,758,886.45	
KAISER HMO		133,660,942.00	
SIMNSA		588,201.00	
DELTACARE/PMI DENTAL		32,435.14	
EYEMED-FULLY INSURED		75,837.00	
BLUE SHIELD MEDICARE ADVANTAGE		18,076.30	
LINCOLN FINANCIAL LIFE INSURANCE		424,611.90	
		TOTAL INSURED	162,203,509.21
WELLNESS			254,586.00
ALL OTHER			1,719,342.08
		TOTAL III PAYMENTS	407,872,300.04

Public Comment

Susan Wooden, Kern High School District Retiree had a few questions about the process of adding Medicare to her spouse's medical coverage.

Action Items

Financial Report

Kim Sloan reviewed with the Board the Financial Report for the period ending May 31, 2024. Kim reported the LAIF rate for the month of May 2024 increased to 4.33% from last month at 4.27%. After discussion, motion was made by Director Gladin, seconded by Director Hendrix and by roll call vote of 10-0-0, approving the Financial Reports as submitted.

Request Approval of the 2024-2025 Board Meeting Times, Dates and Places

Director Ostash discussed the meeting times, dates and places for the upcoming year. He noted the meetings in August is one week later than usual, June will be on a Wednesday instead of Thursday and October is at Lucia Mar Unified School District. After discussion motion was made by Director Pawlowski, seconded by Director McAbee and by roll call vote of 10-0-0, approving the board meeting schedule for 2024-2025.

Information and Discussion Items

Review Monthly Budget-to-Actual through May 2024

John Stenerson reviewed the monthly budget-to-actual with the Board for the month of May 2024.

Health Benefits Operations Update
Nicole Mata discussed what is currently going on in our Health Benefits Program and what to look forward to in the future. Nicole also introduced Shawna Smith as the new Supervisor for the Health Benefits Program effective July 1st.

SISC Oncology Program – Cancer Care Direct
Nicole Mata informed the Board that we have changed from Contigo to Cancer Care Direct for our Oncology Program. Nicole gave a brief overview of what to expect from Cancer Care Direct.

Comments from the Board
Dave informed the Board that the SISC Annual Board Meeting invites will be sent out on July 1st via email.

Adjournment
There being no further business to come before the Board, motion was made by Director Larson-Everson, seconded by Director Pawlowski, and by roll call vote of 10-0-0, adjourning the meeting at 1:33 p.m.

Next Meeting
The next meeting of the Board of Directors will be held **Thursday, July 18th at 1:00 p.m.** in the SISC Board Room, 4th Floor – Larry E. Reider Education Center, 2000 K Street, Bakersfield, CA 93301

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Ramon Hendrix, Secretary

SISC III
INCOME STATEMENT
JUNE 2024

		BUDGET	YEAR-TO-DATE	CURRENT MONTH
REVENUES				
8660.00	Interest-County Treasurer	$6,300,000.00	$1,754,347.04	$229,700.34
8660.03	LAIF	$9,617.00	$5,167.62	$0.00
8660.04	Investments	$23,683,954.00	$15,192,182.25	$0.00
8660.05	Bank	$675,000.00	$542,923.47	$32,362.64
8674.03	Premiums-PPO Medical	$1,926,624,492.00	$1,397,619,661.71	$157,513,187.40
8674.04	Dental	$148,765,232.00	$120,867,004.50	$13,584,318.89
8674.08	Pharmacy	$409,177,100.00	$328,615,475.80	$37,179,420.79
8674.25	Vision	$22,469,995.00	$17,095,521.75	$1,933,246.25
8674.05	HMO	$1,086,474,675.00	$823,221,538.24	$93,370,911.42
8674.06	Life	$4,739,736.00	$3,748,338.98	$422,086.18
8674.09	Insured Retiree Progams	$399,024.00	$210,399.00	$20,781.00
8674.10	Insured Vision	$872,803.00	$682,887.08	$75,596.79
8674.18	Insured Dental	$377,627.00	$295,487.30	$33,039.54
8699.00	IRC 125 Flex Plan Contributions	$0.00	$313,475.88	$88,750.11
8699.07	Administration Fees	$231,983.00	$158,050.56	$18,671.17
8699.08	Penalities/Late Fees	$225,000.00	$205,704.97	$22,318.12
8699.10	SISC Access Fee	$1,468,892.00	$1,036,267.75	$115,027.50
TOTAL REVENUES		$3,632,495,130.00	$2,711,564,433.90	$304,639,418.14
EXPENSES				
3900.00	Benefits Paid - IRC 125 Flex Plan	$0.00	$0.00	$0.00
4300.00	Supplies	$100,000.00	$115,779.17	$0.00
5200.00	Travel/Conference	$120,000.00	$163,905.10	($1,880.56)
5300.00	Dues and Membership	$35,000.00	$33,609.94	$72.98
5450.03	E & O Insurance	$140,627.00	$0.00	$0.00
5450.05	Premiums - HMO	$919,613,821.00	$701,672,547.39	$81,353,165.29
5450.08	Insured Dental	$377,627.00	$296,833.37	$32,893.92
5450.09	Insured Retiree Progams	$399,024.00	$232,881.30	$21,574.30
5450.10	Insured Vision	$872,803.00	$683,161.64	$75,209.44
5450.21	Life	$4,675,003.00	$3,787,676.48	$424,662.94
5800.00	Miscellaneous	$25,000.00	$0.00	$0.00
5800.02	Audit	$35,185.00	$32,935.00	$0.00
5800.10	Consulting	$617,800.00	$375,349.93	$31,446.52
5800.32	Bank Fees	$372,000.00	$257,925.72	$0.00
5800.33	Government Fees	$824,547.00	$784,409.43	$784,409.43
5800.35	Admin Fees	$84,548.00	$66,404.55	$7,588.80
5800.40	Wellness Program	$1,300,000.00	$1,188,246.08	$353,780.00
5800.41	Healthcare Specialists	$5,931,338.00	$3,845,551.78	$545,496.12
5800.50	Administration - KCSOS	$8,185,292.00	$6,674,763.30	$768,988.27
5800.60	Claims - PPO Medical	$1,803,236,543.00	$1,380,356,011.30	$143,053,676.50
5800.61	Claims - Dental	$137,622,374.00	$110,593,039.23	$12,413,762.74
5800.63	Claims - Vision	$19,812,115.00	$14,670,446.59	$1,713,074.08
5800.64	Claims - HMO Flex	$150,614,347.00	$92,258,037.12	$9,577,334.32
5800.68	Claims - Pharmacy	$392,829,631.00	$331,119,604.58	$28,915,386.63
5800.70	Admin - PPO Medical	$64,242,742.00	$44,467,099.71	$5,120,357.19
5800.71	Admin - Claims Processing	$8,400,000.00	$6,506,883.57	$676,901.01
5800.72	Admin - Dental	$8,037,147.00	$6,410,625.81	$720,403.57
5800.73	Admin - Vision	$1,988,812.00	$1,539,589.36	$171,276.70
5800.75	Admin - Pharmacy	$15,374,636.00	$10,828,834.42	$1,298,158.61
5800.79	EAP Expense	$3,608,950.00	$3,025,214.00	$339,608.00
5800.94	Other Distributions/Contributions	$6,660,880.00	$4,862,448.58	$619,880.22
5800.95	Unpaid Claims Liability Adjustment	$20,248,153.00	$15,186,115.00	$1,687,346.00
TOTAL EXPENSES		$3,576,385,945.00	$2,742,035,929.45	$290,704,573.02
CHANGE IN NET ASSETS		$56,109,185.00	($30,471,495.55)	$13,934,845.12
NET ASSETS - BEGINNING		$698,568,274.65	$698,568,274.65	$654,161,933.98
NET ASSETS - ENDING		$754,677,459.65	$668,096,779.10	$668,096,779.10

SISC III
BALANCE SHEET
June 30, 2024

		October 1, 2023 BALANCE	June 30, 2024 BALANCE
ASSETS			
9110.00	Cash in County Treasury	$110,780,738.98	$108,307,491.77
9120.00	Bank Account-Health Claims	$162,963,108.78	$182,897,760.80
9130.00	Revolving Fund	$1,500.00	$1,500.00
9150.01	Local Agency Investment Fund	$245,771.10	$253,154.98
9150.03	Investments	$518,909,265.11	$509,101,447.36
9200.00	Accounts Receivable	$126,494,090.92	$95,748,925.21
9330.00	Prepaid Expenditures	$60,980,164.28	$66,431,612.98
9335.00	Reserve Fund	$13,722,357.00	$14,087,525.81
TOTAL ASSETS		$994,096,996.17	$976,829,418.91
LIABILITIES			
9500.00	Current Liabilities	$80,350,572.36	$80,037,702.73
9650.00	Deferred Income	$7,580,704.23	$5,911,377.15
9668.00	Unpaid Claims Liability	$207,597,444.93	$222,783,559.93
TOTAL LIABILITIES		$295,528,721.52	$308,732,639.81
NET ASSETS - Funding Stabilization Reserves		$698,568,274.65	$668,096,779.10
TOTAL LIABILITIES AND NET ASSETS		$994,096,996.17	$976,829,418.91

AUTHORIZED SIGNATURE

PREPARED BY: Nancy Russo

SISC III
Investments
June 30, 2024

24-HOUR LIQUID FUNDS

SISC III maintains much of its cash in the Kern County Treasury and Local Agency Investment Fund. Both agencies pool these funds with those of other entities in the state. These pooled funds are carried at cost which approximates market value.

AGENCY	BALANCE	RETURN	PERIOD	DATES
COUNTY OF KERN	$108,307,491.77	3.37%	LAST QUARTER	JAN-MAR 2024
		1.81%	5 YEAR AVERAGE	APR 2019 - MAR 2024
LOCAL AGENCY INVESTMENT FUND	$253,154.98	4.48%	CURRENT MONTH	June, 2024
		4.30%	LAST QUARTER	JAN-MAR 2024
		1.79%	5 YEAR AVERAGE	APR 2019 - MAR 2024

INVESTMENT MANAGEMENT ACCOUNTS

The investment securities portfolio is comprised of securities carried at fair market value.

The fair market value of the investment securities available for sale at March 31, 2024 was:

INVESTMENT FIRM	MARKET VALUE	QUARTERLY RETURN	ANNUALIZED RETURN	PERIOD	DATES
MADISON INVESTMENTS (SISC INVESTMENT POOL)	$68,042,575.00	0.30%	1.19%	LAST QUARTER	JAN-MAR 2024
			1.19%	5 YEAR AVERAGE	APR 2019 - MAR 2024
			4.74%	YIELD TO MATURITY	AS OF MAR 31, 2024
MORGAN STANLEY (FRED BAYLES)	$237,185,833.72	0.67%	2.68%	LAST QUARTER	JAN-MAR 2024
			1.32%	5 YEAR AVERAGE	APR 2019 - MAR 2024
			4.58%	YIELD TO MATURITY	AS OF MAR 31, 2024
WELLS FARGO ADVISORS (RICH EDWARDS)	$228,873,038.64	0.54%	2.16%	LAST QUARTER	JAN-MAR 2024
			0.77%	5 YEAR AVERAGE	APR 2019 - MAR 2024
			4.86%	YIELD TO MATURITY	AS OF MAR 31, 2024
	$534,101,447.36				

5-YEAR HISTORY OF RETURNS

Quarter Ending:	Co of Kern	LAIF	Investment Pool	Fred Morgan Stanley	Rich Wells Fargo	Combined Weighted Average Return
3/31/2024	3.37%	4.30%	1.19%	2.68%	2.16%	2.45%
12/31/2023	3.15%	4.00%	10.98%	8.18%	10.02%	8.11%
9/30/2023	2.91%	3.53%	2.14%	3.48%	2.33%	2.83%
6/30/2023	2.65%	3.15%	-0.66%	0.45%	-1.03%	0.30%
3/31/2023	2.42%	2.74%	6.06%	5.83%	6.15%	5.43%
12/31/2022	2.16%	2.07%	3.47%	3.55%	3.49%	3.16%
9/30/2022	1.06%	1.35%	-4.79%	-5.11%	-8.00%	-3.40%
6/30/2022	1.00%	0.75%	-2.22%	-2.09%	-3.28%	-1.12%
3/31/2022	0.95%	0.32%	-9.06%	-6.20%	-11.03%	-4.35%
12/31/2021	0.84%	0.23%	-2.39%	-1.48%	-2.67%	-0.65%
9/30/2021	1.24%	0.24%	-0.20%	0.03%	-0.24%	0.50%
6/30/2021	1.00%	0.33%	0.80%	0.31%	-0.04%	0.51%
3/31/2021	1.07%	0.44%	-1.86%	-1.15%	-1.49%	-0.32%
12/31/2020	1.16%	0.63%	0.18%	0.03%	0.19%	0.46%
9/30/2020	1.30%	0.84%	0.43%	0.43%	0.53%	0.91%
6/30/2020	1.70%	1.47%	2.89%	2.95%	3.26%	2.28%
3/31/2020	2.10%	2.03%	8.05%	6.39%	5.47%	4.11%
12/31/2019	2.13%	2.29%	1.12%	1.63%	1.98%	1.93%
9/30/2019	2.03%	2.45%	2.85%	2.47%	2.51%	2.31%
6/30/2019	2.03%	2.57%	4.84%	3.95%	5.12%	3.24%

SISC DEFINED BENEFIT PLAN and GASB 45 TRUST A
Investment Returns
As of : 3-31-2024

SISC DEFINED BENEFIT PLAN (DBP)

The SISC Defined Benefit Plan was established to provide a retirement benefit for part-time, temporary and seasonal employees. The Defined Benefit Plan portfolio will focus on growth and income through a balanced account of equities and fixed income. Funds may be invested with the County Treasurer and Local Agency Investment Fund (LAIF), however a majority of the assets are in a portfolio managed by Morgan Stanley/Graystone Consulting and held by the trustee, Prudential Retirement.

Investment Consultant: Fredric S. Bayles, III, Executive Director-Institutional Consulting Director, Morgan Stanley
Trustee/Custodian of Assets: Prudential Retirement

Morgan Stanley Return on Investment (net of all fees & expenses)				Benchmark Comparison Morgan Stanley Moderate Growth & Income
Current Quarter:	Jan-Mar 2024	6.94%	VS.	5.48%
Calendar Yr-To-Date:	Jan-Mar 2024	6.94%	VS.	5.48%
Rolling 4 Quarters:	Apr 2023-Mar 2024	20.04%		
5-Year History of Returns:	2023	19.05%		
	2022	-18.94%		
	2021	15.33%		
	2020	17.56%		
	2019	25.08%		

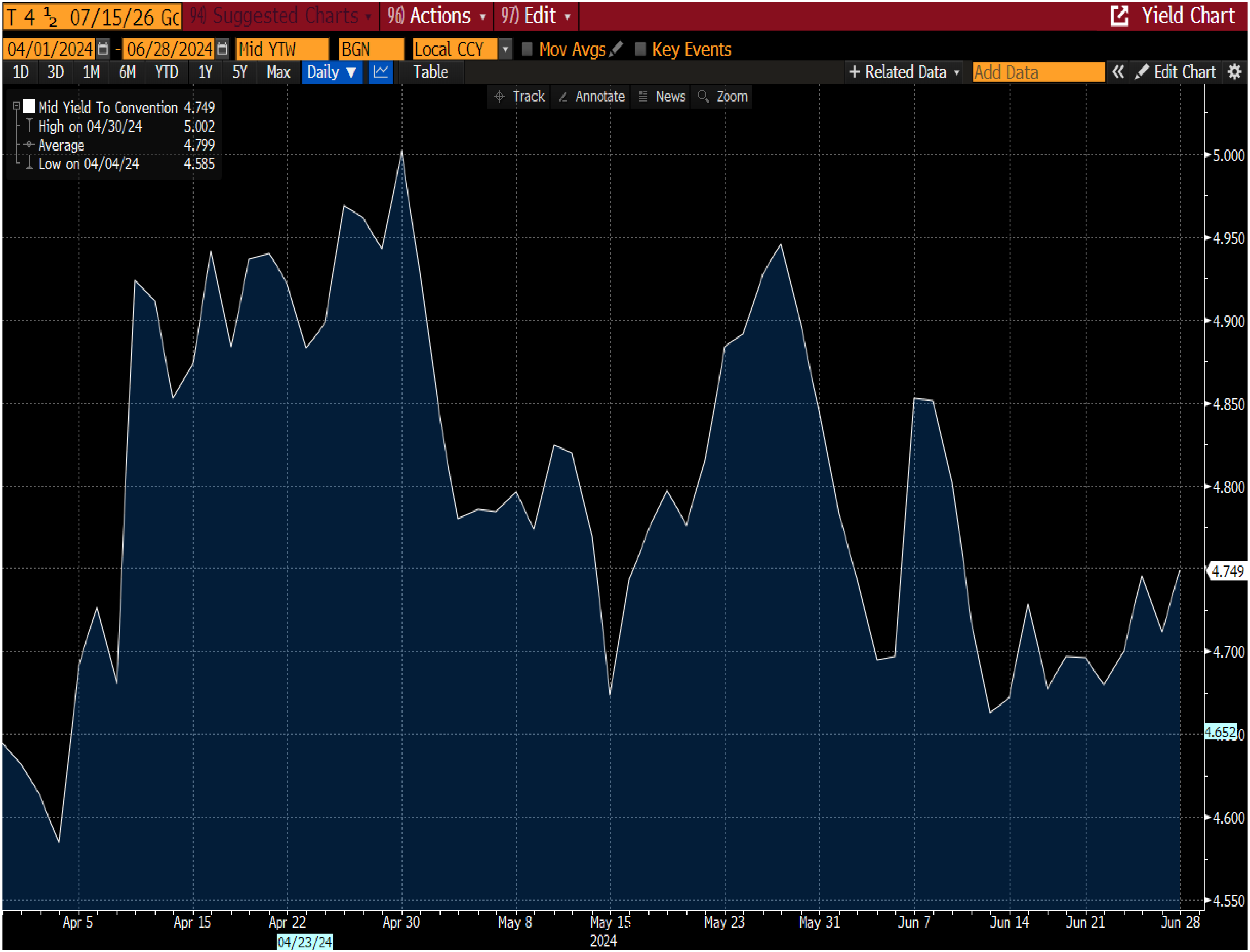
SISC GASB 45 TRUST A

As of : 3-31-2024

The GASB 45 Trust program was established to provide a mechanism for pre-funding Other Post-Employment (OPEB) liabilities. The GASB 45 Trust portfolios will focus on growth and income through a balanced account of equities and fixed income. Funds may be invested with the County Treasurer and Local Agency Investment Fund (LAIF), however a majority of the assets are in a portfolio managed by Morgan Stanley/Graystone Consulting and held at U.S. Bank.

Investment Consultant: Fredric S. Bayles, III, Executive Director-Institutional Consulting Director, Morgan Stanley
Trustee/Custodian of Assets: U.S. Bank

Morgan Stanley Return on Investment (net of all fees & expenses)				Benchmark Comparison Morgan Stanley Moderate Growth & Income
Current Quarter:	Jan-Mar 2024	5.22%	VS.	5.48%
Calendar Yr-to-Date:	Jan-Mar 2024	5.22%	VS.	5.48%
Fiscal Year-To-Date:	Jul 2023-Mar 2024	9.70%		
Rolling 4 Quarters:	Apr 2023-Mar 2024	12.68%		
5-Year History of Returns:	2022-23	10.83%		
	2021-22	-9.71%		
	2020-21	29.13%		
	2019-20	-0.02%		
	2018-19	6.17%		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94) Suggested Charts
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97) Edit
Yield Chart
04/01/2024 - 06/28/2024
Mid YTW
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Local CCY
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Key Events
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Mid Yield To Convention 4.749
High on 04/30/24 5.002
Average 4.799
Low on 04/04/24 4.585
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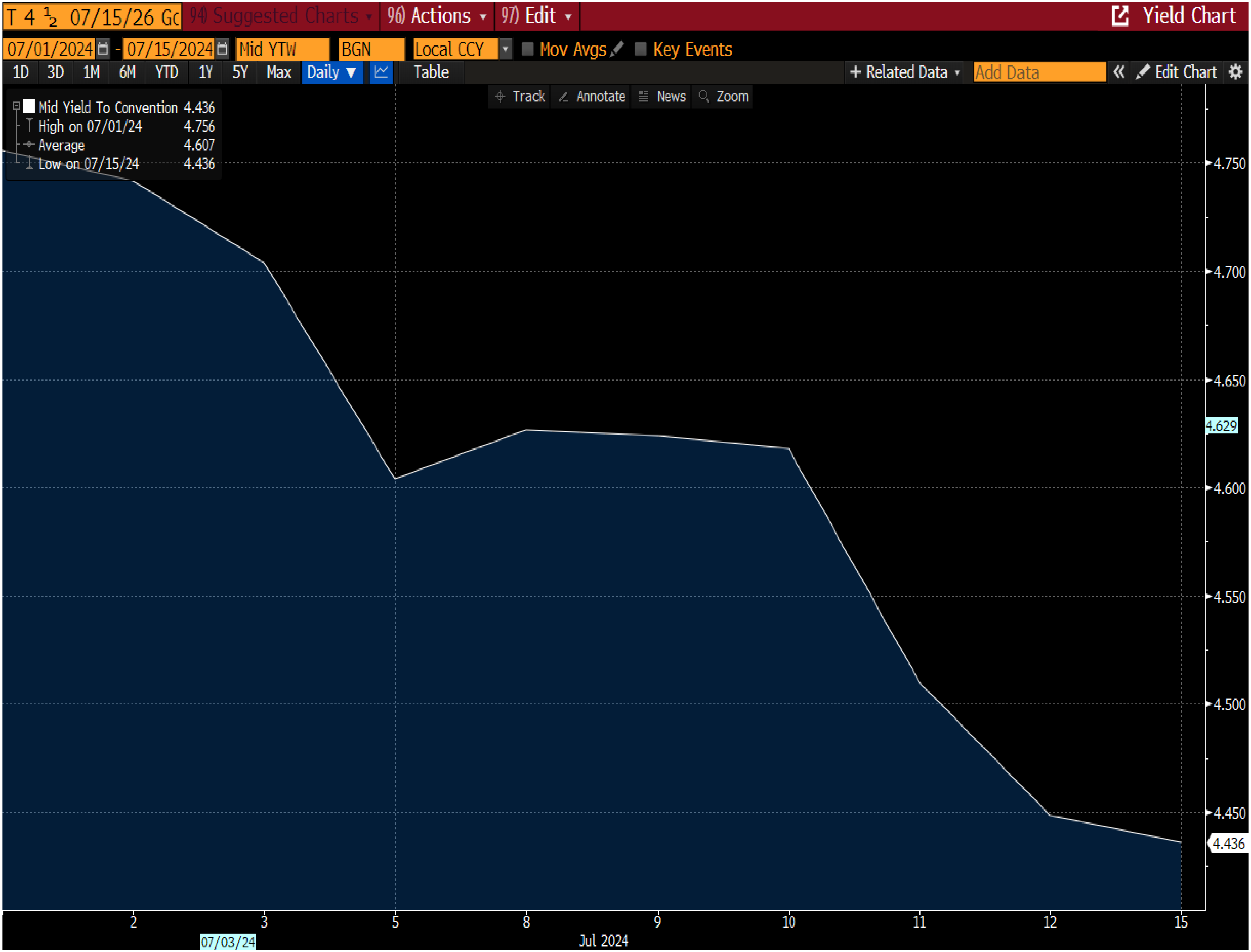

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Yield Chart
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Key Events
1D 3D 1M 6M YTD 1Y 5Y Max Daily
Table
+ Related Data
Add Data
Edit Chart
Track
Annotate
News
Zoom
Mid Yield To Convention 4.436
High on 07/01/24 4.756
Average 4.607
Low on 07/15/24 4.436
4.750
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4.629
4.600
4.550
4.500
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2
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07/03/24
Jul 2024

SISC OPEB (GASB 45) TRUST
2024-25 BUDGET

7/11/2024

OBJECT CODE	DESCRIPTION	July 1, 2023	July 1, 2023	Projected July 1, 2024
ASSETS & LIABILITIES				
9110.00	CASH - COUNTY TREASURER	$1,084,068.35	$1,084,068.35	$1,285,859.90
9120.11	BANK ACCOUNT	$1,355.57	$1,355.57	$3,445.97
9150.00	INVESTMENTS-TRUST A	$336,169,700.76	$336,169,700.76	$375,713,653.98
9200.00	ACCOUNTS RECEIVABLE	$65,282.21	$65,282.21	$67,419.00
9500.00	CURRENT LIAB-TRUST A	($336,169,700.76)	($336,169,700.76)	($375,713,653.98)
9510.00	CURRENT LIAB-Other	($4,536.22)	($4,536.22)	($4,471.00)
NET ASSETS - BEGINNING		**$1,146,169.91**	**$1,146,169.91**	**$1,352,253.87**

		2023-24 BUDGET	PROJECTED YTD @ June 30, 2024	2024-25 BUDGET
REVENUES				
8660.00	Interest-County Auditor	$33,250.00	$27,193.67	$45,000.00
8660.05	Interest-Bank	$75.00	$15.87	$20.00
8699.07	Admin Fees	$231,404.00	$248,585.63	$262,066.00
TOTAL REVENUES		**$264,729.00**	**$275,795.17**	**$307,086.00**
		Bdgt vs Proj 6/30	$11,066.17	
			Higher Admin Fees	
EXPENSES				
4300.00	Supplies	300.00	0.00	300.00
5200.00	Travel/Conference	300.00	0.00	300.00
5800.00	Miscellaneous	200.00	0.00	200.00
5800.02	Audit	10,000.00	10,000.00	10,250.00
5800.10	Consulting	$8,000.00	$6,000.00	8,000.00
5800.32	Bank Fees	0.00	0.00	0.00
5800.50	Admin - KCSOS	51,202.00	53,711.21	55,279.00
TOTAL EXPENSES		**$70,002.00**	**$69,711.21**	**$74,329.00**
		Bdgt vs Proj 6/30	($290.79)	
			Consulting lower/KCSOS exp higher than expt'd	
CHANGE IN NET ASSETS		**$194,727.00**	**$206,083.96**	**$232,757.00**
NET ASSETS - BEGINNING		$1,146,169.91	$1,146,169.91	$1,352,253.87
NET ASSETS - ENDING		$1,340,896.91	**$1,352,253.87**	**$1,585,010.87** *

* **Note: Admin fees are low with intent to be a break-even program, but we do need some reserves to cover:**

1) Expenses when mkt/invest return is down
2) Unexpected expenses; change in laws; consulting; etc.
3) Increase in salary & benefit costs (KCSOS)

SISC
Self-Insured Schools of California
Schools Helping Schools

SISC DEFINED BENEFIT PLAN

FINANCIAL REPORT

December 31, 2023

DANIELLS PHILLIPS VAUGHAN & BOCK
CPAs and Advisors

C O N T E N T S

DANIELLS PHILLIPS
VAUGHAN & BOCK
CPAs and Advisors

Member of AICPA Division for Firms
Private Companies Practice Section

PATRICK W. PAGGI

INDEPENDENT AUDITOR'S REPORT

Board of Directors
SISC Defined Benefit Plan
Bakersfield, California

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of **SISC Defined Benefit Plan** (the Plan), which comprise the statements of fiduciary net position as of December 31, 2023 and 2022, the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Plan, as of December 31, 2023 and 2022, and the respective changes in financial position 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 Plan 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 Plan'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 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.

300 New Stine Road – Bakersfield, CA 93309 – Tel. 661.834.7411 – Fax. 661.834.4839 – www. dpvb.com

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 Plan'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 Plan'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, schedules of changes in net pension liability, schedule of net pension liability, schedules of employer contributions, schedules of annual money-weighted returns, and note to required supplementary information on pages 3-7 and 20-28 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2024 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Daniells Phillips Vaughan & Bock

Bakersfield, California
July 8, 2024

SISC DEFINED BENEFIT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

The following report reflects on the financial condition of SISC Defined Benefit Plan for the year ended December 31, 2023. It is provided in order to enhance the information in the financial audit, and should be reviewed in conjunction with that report.

Financial Highlights

- Total additions were $14,609,789, an increase of 241.89% from the previous year of ($10,296,509). The increase is related to a combination of higher contributions and higher investment income. Contributions increased due to an increase in the contribution rate from 2.7% in 2022 to 3.8% in 2023. In 2022, the return on investment was (18.94%) compared to 19.04% in 2023, this led to higher investment returns.
- Total deductions were $5,392,550, an increase of 13.37% or $635,983. This is mainly due to an increase in benefits paid. The benefits paid in 2023 are based on the 2022 terminations. There were 2,376 terminations in 2022, versus 2,269 in 2021 and the amount paid increased from $3,774,645 to $4,280,342. Trustee fees increased as well due to higher investment balances.
- Total fiduciary net position restricted for pensions increased $9,217,239 from $57,866,139 in 2022 to $67,083,378 in 2023. This increase is due to the higher performance in the investment market.

Overview of the Financial Statements

The SISC Defined Benefit Plan's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and necessarily include amounts based upon reliable estimates and judgments. The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position are included along with Notes to Financial Statements to clarify unique accounting policies and financial information.

The Statements of Fiduciary Net Position provide information regarding the SISC Defined Benefit Plan's assets and liabilities, with the difference reported as Net Position Restricted for Pensions. Net Position Restricted for Pensions may be an indicator of the overall financial changes across years. The Statements of Changes in Fiduciary Net Position present information showing total additions versus total deductions and the resulting outcome on Fiduciary Net Position Restricted for Pensions.

Daniells Phillips Vaughan & Bock (DPV&B) performed an independent audit examination of our financial statements in accordance with auditing standards generally accepted in the United States of America. An opinion from DPV&B regarding the financial position of the SISC Defined Benefit Plan at December 31, 2023 is provided in the Independent Auditor's Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Assets and Liabilities

Total assets increased from $57,947,147 at December 31, 2022 to $67,129,909 at December 31, 2023, an increase of $9,182,762. This is attributable to an increase in the fair market value of investments at year end. Current cash and investment instruments include the Kern County Treasury and mutual funds held by Empower Retirement.

Total liabilities decreased from $81,008 at December 31, 2022 to $46,531 at December 31, 2023. Payables include both trustee fees and KCSOS expenses.

Statements of Fiduciary Net Position

	2023	%	2022	%	2021	%
ASSETS						
Cash and cash equivalents	$ 1,064,903	1.58%	$ 912,015	1.58%	$ 493,214	0.68%
Receivables						
Employer	112,486	0.17%	117,399	0.20%	108,811	0.15%
Investments	65,952,520	98.25%	56,917,733	98.22%	72,361,474	99.17%
Total assets	67,129,909	100.00%	57,947,147	100.00%	72,963,499	100.00%
LIABILITIES						
Liabilities						
Refunds payable and other	46,531	100.00%	81,008	100.00%	44,284	100.00%
Fiduciary net position restricted for pensions	$ 67,083,378	100.00%	$ 57,866,139	100.00%	$ 72,919,215	100.00%

Additions and Deductions

Additions increased from ($10,296,509) for the year ended December 31, 2022 to $14,609,789 for the year ended December 31, 2023. This was due to a higher contribution rate and significantly higher investment returns.

Total deductions increased $635,983 or 13.37%. This was mainly due to an increase in benefit payments of $588,601. The number of participants requesting benefit payments increased, and the total amount paid out also increased. The amount paid out is based on the factors of age and salary.

Statements of Changes in Fiduciary Net Position

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Additions:			
Contributions, both	$ 4,192,926	$ 2,931,393	$ 3,103,828
Investment income (loss)	10,416,863	(13,227,902)	9,553,395
Total additions	14,609,789	(10,296,509)	12,657,223
Deductions:			
Benefit payments	4,892,104	4,303,503	4,803,632
Administrative expense	402,035	360,385	333,278
Trustee fees	98,411	92,679	110,701
Total deductions	5,392,550	4,756,567	5,247,611
Net increase (decrease) in fiduciary net position	9,217,239	(15,053,076)	7,409,612
Fiduciary net position restricted for pensions			
Beginning of year	57,866,139	72,919,215	65,509,603
End of year	$ 67,083,378	$ 57,866,139	$ 72,919,215

SISC DEFINED BENEFIT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Budgetary Highlights

Each year the SISC Defined Benefit Plan Board of Directors approves the budget set forth by management. The SISC Defined Benefit Plan follows a calendar year. The budget is brought to the Board in December for approval. The budget incorporates various fiscal and economic factors such as investment performance, employer payroll trends, benefit payments, and administrative costs. Below is a summary of the 2023 budget information with a comparison to actual results.

Discussion follows regarding significant changes between the final budget and actual results.

	Budget	Actual Results	$ Variance	% Variance
Additions:				
Contributions, both	$ 4,218,000	$ 4,192,926	$ (25,074)	-0.59%
Investment income	2,865,505	10,416,863	7,551,358	263.53%
Total additions	7,083,505	14,609,789	7,526,284	106.25%
Deductions:				
Benefit payments	4,339,992	4,892,104	552,112	12.72%
Administrative expense	378,025	402,035	24,010	6.35%
Trustee fees	95,725	98,411	2,686	2.81%
Total deductions	4,813,742	5,392,550	578,808	12.02%
Net increase in fiduciary net position	2,269,763	9,217,239	6,947,476	306.09%
Fiduciary net position restricted for pensions				
Beginning of year	57,866,139	57,866,139	-	
End of year	$ 60,135,902	$ 67,083,378	$ 6,947,476	

- Market appreciation of investments was $7,551,358 more than budgeted. This was the result of higher market returns than anticipated.
- Benefits paid were $552,112 more than projected due to participant balances paid out being higher on average per participant.
- Administrative expenses were $24,010 more than expected due to supplies and consulting expense being over budget.
- Trustee fees were $2,686 more than budgeted due to higher than anticipated investment balances. Trustee fees are based on a percentage of the ending investment balance every quarter.

Factors Bearing on SISC Defined Benefit Plan's Future

In addition to historical information, the Management's Discussion and Analysis includes certain forward-looking statements, which involve currently known facts and certain risks and uncertainties. SISC Defined Benefit Plans' actual results, performance, and achievements may differ from the results, performance, and achievements expressed or implied in such forward-looking statements due to a wide range of factors, including changes in interest rates, changes in the securities markets, general economic conditions, legislative changes, and other factors.

Other Information

The SISC Defined Benefit Plan is a 401 (a) qualified pension plan used by employers as an alternative to Social Security. The Defined Benefit Plan falls under the SISC III – Health Benefits umbrella. A Joint Powers Agreement created SISC III in July 1979, in accordance with the California Government Code Sections 53200, etc. seq. Our philosophy is "Schools Helping Schools."

The purpose of the SISC Defined Benefit Plan is to provide a less costly retirement alternative to Social Security for part-time, temporary, and seasonal participants. The participating employers pay the full cost of the Plan for those participants hired before January 1, 2014 and share the cost of the Plan with participants hired on or after January 1, 2014. All employer and employee contributions are held and invested by the Trustee appointed by SISC. Benefits are designed to be paid out at age 65; however, benefits can be paid in cash as a full lump sum distribution after an employee leaves employment with all participating employers or retirees. Benefits are 100% vested beginning on the date of participation.

To be eligible to participate in the Plan, employees must not be participating in any other retirement plan of the employer, county, or state. If an employee becomes eligible for Public Employees' Retirement System (PERS) or State Teachers' Retirement System (STRS), the employer contributions to the SISC Defined Benefit Plan end.

Contacting the Plan's Financial Management

This financial report is designed to provide the Board and participating employers with a general overview of the Plan's accountability for the assets it receives and manages.

If you have questions about this report or need additional information, please contact Kim Sloan, CFO, at P.O. Box 1808, Bakersfield, California 93303-1808.

SISC DEFINED BENEFIT PLAN

STATEMENTS OF FIDUCIARY NET POSITION
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	**$ 1,064,903**	$ 912,015
Receivables:		
Employer	**112,486**	117,399
Investments:		
Fixed income mutual funds	**11,025,718**	9,763,717
Equity mutual funds	**54,926,802**	47,154,016
Total investments	**65,952,520**	56,917,733
Total assets	**67,129,909**	57,947,147
Liabilities		
Refunds payable and other -		
Total liabilities	**46,531**	81,008
Fiduciary net position restricted for pensions	**$ 67,083,378**	$ 57,866,139

See Notes to Financial Statements.

SISC DEFINED BENEFIT PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Years Ended December 31, 2023 and 2022

	2023	2022
Additions		
Contributions:		
Employer	**$ 2,999,225**	$ 1,746,092
Member	**1,193,701**	1,185,301
Total contributions	**4,192,926**	2,931,393
Investment income (loss)	**10,416,863**	(13,227,902)
Total additions	**14,609,789**	(10,296,509)
Deductions		
Benefit payments	**4,892,104**	4,303,503
Administrative expense	**402,035**	360,385
Trustee fees	**98,411**	92,679
Total deductions	**5,392,550**	4,756,567
Net increase (decrease) in fiduciary net position	**9,217,239**	(15,053,076)
Fiduciary net position restricted for pensions		
Beginning of year	**57,866,139**	72,919,215
End of year	**$ 67,083,378**	$ 57,866,139

See Notes to Financial Statements.

Note 1. Plan Description

Plan administration: Self-Insured Schools of California (SISC) administers the SISC Defined Benefit Plan (SDBP) which is a cost-sharing, multi-employer defined benefit pension plan that provides benefits for the part-time employees of 63 participating school districts and county offices of education (participating employers).

California Government Code Section 6507 created Self-Insured Schools of California, a Joint Powers Agency with the authority to establish and amend the benefit provisions of the plan.

Management of SDBP is vested in the SISC III Health and Welfare Benefits Program board of directors. As of December 31, 2023 and 2022 the board had 24 and 25 members, respectively, who are elected from and by representatives of SISC III member districts.

Plan membership: At December 31, 2023 and 2022 pension plan membership consisted of the following:

	2023	2022
Inactive plan members or beneficiaries currently receiving benefits	282	256
Inactive plan members entitled to but not yet receiving benefits	1,907	2,169
Active plan members	123,015	118,754
	125,204	121,179

Benefits provided: Benefits are designed to be paid out as a monthly lifetime benefit after reaching age 65 or older. Participants may choose to cash-out the full value of their benefits after retirement or termination of employment with participating employers. Lump sum distributions from the Plan occur once a year. A participant who has attained at least age 62 by the end of the plan year but has not incurred a termination of employment may be eligible to receive a distribution of the present value of the participant's vested accrued benefit in the form of a lump sum payment only. Participants are not required to retire and receive benefits once they attain age 65.

The Plan document and Internal Revenue Service requires that participants begin to receive benefit payments, also known as the required minimum distribution, when they reach age 73 and are no longer working. If the present value of the benefit at age 73 is greater than $5,000, participants will be given the option between an annual lump sum payment or monthly life annuity payments. The annual benefit is calculated as 1.5% of the highest three consecutive calendar years of pay. Credited service begins upon the date of enrollment in the plan. All employment with a participating employer is counted as credited service as long as the participant worked for the employer, received compensation during the calendar year, and was covered by the plan. The maximum service amount a participant can earn is 30 years.

Contributions: Per the state of California Public Employees' Pension Reform Act of 2013 (PEPRA) plan members entering the plan after December 31, 2013 are required to contribute one-half of the normal cost of the plan. For the years ended December 31, 2023 and 2022, the new plan members were required to contribute 1.3 percent of their annual pay. The participating employers' contractually required contribution rates for the years ended December 31, 2023 and 2022, were 3.8 percent and 2.7 percent, respectively. This is less the amount contributed by new members, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. In addition, the administrative costs of the plan are financed by the employers through an adjustment of 0.5 percent to the actuarially determined rate.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The financial statements of the SISC Defined Benefit Plan are prepared on the accrual basis of accounting.

Investments: Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements. Purchases and sales are recorded at the trade date. The fair value of investments is based on published market prices and quotations from major investment brokers, when available.

The Board utilizes and directs the fund manager to provide whatever investment management and custodial functions the Board has determined best achieves the Plan's investment objectives. The Board monitors overall investment performance and periodically evaluates the performance of the fund manager. The Board has adopted an investment policy including policy related to deposit and investment risks identified in Governmental Accounting Standards Board (GASB) Statement No. 40, Deposit and Investment Risk Disclosures.

Investment expenses, including fees and commissions related to public equity transactions, are captured within the net asset value for investments as reported in the statements of plan fiduciary net position and the statements of changes in plan fiduciary net position.

Use of estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and liabilities, disclosure of contingent liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Authoritative pronouncement not yet adopted: In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting -- understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Subsequent events: The Plan has evaluated subsequent events through July 8, 2024, the date on which the financial statements were available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

Note 3. Deposits and Investments

Deposits

SDBP maintains cash in the Kern County Treasury which pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly and any investment gains or losses are proportionately shared by all entities in the pool.

Investments

Investments of the pension trust funds are reported at fair value. See Note 1 for more details. The Board maintains a formal Statement of Investment Policy, which addresses governing provisions and additional guidelines for the investment process. This includes policies pertaining to asset allocation and risk described in subsequent sections.

Investment Policy: The Administration of SISC shall implement the SDBP's Investment Policy. SDBP assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The policy will be reviewed on an annual basis, and the SISC III Board of Directors must approve any modifications made thereto.

The SDBP investment policy restricts the investment allocation of the plan. It is the guideline of the plan to maintain the following set maximum limits by asset category. Assets will not exceed a maximum allocation percentage by category of: equities - 70%, fixed income - 70% and non-correlating assets - 20% for the years ending December 31, 2023 and 2022. It is also understood that from time to time, this will fluctuate in either direction and can be rebalanced due to market conditions.

Disclosures Relating to Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

SDBP's investments in the County of Kern Treasury have a maturity of three months or less and are therefore classified as cash equivalents.

Disclosures Relating to Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Mutual funds and the County of Kern do not have ratings provided by a nationally recognized statistical rating organization, and they are exempt from disclosure under GASB No. 40 due to credit risk.

Concentration of Credit Risk: The investment policy of SDBP contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. SDBP policy does not require diversification of the investment portfolio in such a manner not to obligate the SDBP toward dependence in one investment instrument.

Custodial Credit Risk: Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secures deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unity). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Rate of Return: For the years ended December 31, 2023 and 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.11% and (18.26%), respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 4. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the SDBP has the ability to access.

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the SDBP are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the SDBP are deemed to be actively traded.

The following table sets forth by level, within the fair value hierarchy, the SDBP's assets at fair value as of December 31, 2023 and 2022:

		Fair Value Measurements Using		
	12/31/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Mutual funds				
Fixed Income	$ 11,025,718	$ 11,025,718	$ -	$ -
Large Cap Stock	29,144,321	29,144,321	-	-
Mid Cap Stock	5,746,433	5,746,433	-	-
Small Cap Stock	4,568,478	4,568,478	-	-
Real Estate Stock	1,091,558	1,091,558	-	-
Global / International Stock	7,760,310	7,760,310	-	-
Other	6,615,702	6,615,702	-	-
Total Investments by Fair Value Level	$ 65,952,520	$ 65,952,520	$ -	$ -

	12/31/2022	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Mutual funds				
Fixed Income	$ 9,763,717	$ 9,763,717	$ -	$ -
Large Cap Stock	24,752,352	24,752,352	-	-
Mid Cap Stock	4,863,761	4,863,761	-	-
Small Cap Stock	3,848,279	3,848,279	-	-
Real Estate Stock	1,003,739	1,003,739	-	-
Global / International Stock	6,939,525	6,939,525	-	-
Other	5,746,360	5,746,360	-	-
Total Investments by Fair Value Level	$ 56,917,733	$ 56,917,733	$ -	$ -

The Plan invests in a professionally managed portfolio that contains common shares and bonds of publicly traded companies, U.S. Government obligations, mutual funds, and money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Note 5. Net Pension Liability of Participating Employers

The components of the net pension liability of the participating employers at December 31, 2023 and 2022 were as follows:

	2023	2022
Total pension liability	$ 72,473,661	$ 70,123,381
Plan fiduciary net position	(67,083,378)	(57,866,139)
Participating employers' net pension liability	$ 5,390,283	$ 12,257,242
Plan fiduciary net position as a percentage of the total pension liability	92.56%	82.52%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2023 and 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

December 31, 2023	
Inflation	2.50 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

December 31, 2022	
Inflation	2.50 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the 2014 Employee and Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2023 through December 31, 2023. The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2022 through December 31, 2022.

The long-term expected rate of return on pension plan investments was determined using the "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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2023 and 2022 (see the discussion of the pension plan's investment policy in Note 3) are summarized in the following table:

December 31, 2023 Asset Class	Long-Term Expected Real Rate of Return
Fixed income mutual funds	1.75%
Equity mutual funds	4.75%
Cash	0.75%

December 31, 2022 Asset Class	Long-Term Expected Real Rate of Return
Fixed income mutual funds	1.75%
Equity mutual funds	4.75%
Cash	0.75%

Discount rate: The discount rate used to measure the total pension liability was 6.50 percent for the years ended December 31, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the participating employers calculated using the discount rate, as well as what the participating employers' 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:

School districts' net pension liability	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
December 31, 2023	$ 11,341,632	$ 5,390,283	$ 212,760

School districts' net pension liability	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
December 31, 2022	$ 18,085,147	$ 12,257,242	$ 7,181,005

Note 6. Transactions with Related Party

SDBP is related to the Kern County Superintendent of Schools (KCSOS) through common management. KCSOS provides office space, equipment, and administrative personnel to SDBP. SDBP reimbursed KCSOS $225,138 and $209,851 for the years ended December 31, 2023 and 2022, respectively.

REQUIRED

SUPPLEMENTARY INFORMATION

SISC DEFINED BENEFIT PLAN

SCHEDULES OF CHANGES IN NET PENSION LIABILITY
For the Years Ended December 31
(Page 1 of 2)
Last 10 Years

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	$ 3,542,416	$ 2,608,509	$ 2,843,100	$ 3,139,342	$ 3,033,181
Interest	4,629,283	4,204,844	4,183,240	3,950,992	3,425,187
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(929,315)	3,380,378	579,957	971,558	1,826,177
Changes of assumptions	-	-	2,111,024	-	-
Benefit payments, including refunds of member contributions	(4,892,104)	(4,303,503)	(4,803,632)	(4,092,020)	(3,732,744)
Net change in total pension liability	2,350,280	5,890,228	4,913,689	3,969,872	4,551,801
Total pension liability - beginning	70,123,381	64,233,153	59,319,284	55,349,412	50,797,611
Total pension liability - ending (a)	$ 72,473,661	$ 70,123,381	$ 64,233,153	$ 59,319,284	$ 55,349,412
Plan fiduciary net position					
Contributions - employer	$ 2,999,225	$ 1,746,092	$ 2,032,002	$ 1,846,770	$ 2,566,560
Contributions - member	1,193,702	1,185,301	1,071,826	928,464	1,268,264
Net investment income (loss)	10,416,862	(13,227,902)	9,553,395	9,696,527	11,250,371
Benefit payments, including refunds of member contributions	(4,892,104)	(4,303,503)	(4,803,632)	(4,092,020)	(3,732,744)
Administrative expense	(402,035)	(360,385)	(333,278)	(352,845)	(304,335)
Trustee fees	(98,411)	(92,679)	(110,701)	(34,868)	(89,922)
Net change in plan fiduciary net position	9,217,239	(15,053,076)	7,409,612	7,992,028	10,958,194
Plan fiduciary net position - beginning	57,866,139	72,919,215	65,509,603	57,517,575	46,559,381
Plan fiduciary net position - ending (b)	$ 67,083,378	$ 57,866,139	$ 72,919,215	$ 65,509,603	$ 57,517,575
Net pension (overpayment) liability - ending (a)-(b)	$ 5,390,283	$ 12,257,242	$ (8,686,062)	$ (6,190,319)	$ (2,168,163)

SISC DEFINED BENEFIT PLAN

SCHEDULES OF CHANGES IN NET PENSION LIABILITY
For the Years Ended December 31
(Page 2 of 2)
Last 10 Years

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 2,916,565	$ 4,949,289	$ 4,469,584	$ 4,223,724	$ 3,820,933
Interest	3,704,768	3,169,006	2,927,822	2,662,109	2,488,846
Changes of benefit terms	-	-	-	-	38,338
Differences between expected and actual experience	(7,017,104)	2,729,553	(1,443,477)	(823,239)	(927,691)
Changes of assumptions	-	-	-	343,286	-
Benefit payments, including refunds of member contributions	(3,406,167)	(2,989,088)	(3,093,224)	(2,419,866)	(2,834,380)
Net change in total pension liability	(3,801,938)	7,858,760	2,860,705	3,986,014	2,586,046
Total pension liability - beginning	54,599,549	46,740,789	43,880,084	39,894,070	37,308,024
Total pension liability - ending (a)	$ 50,797,611	$ 54,599,549	$ 46,740,789	$ 43,880,084	$ 39,894,070
Plan fiduciary net position					
Contributions - employer	$ 2,565,594	$ 2,569,133	$ 3,187,725	$ 2,044,714	$ 2,026,425
Contributions - member	1,198,785	1,090,402	949,991	749,627	468,440
Net investment income (loss)	(4,191,774)	7,504,148	3,253,782	(230,941)	1,882,417
Benefit payments, including refunds of member contributions	(3,406,167)	(2,989,088)	(3,093,224)	(2,419,866)	(2,834,380)
Administrative expense	(265,898)	(257,021)	(257,884)	(258,461)	(307,641)
Trustee fees	(84,040)	(80,058)	(69,382)	(65,455)	(65,982)
Net change in plan fiduciary net position	(4,183,500)	7,837,516	3,971,008	(180,382)	1,169,279
Plan fiduciary net position - beginning	50,742,881	42,905,365	38,934,357	39,114,739	37,945,460
Plan fiduciary net position - ending (b)	$ 46,559,381	$ 50,742,881	$ 42,905,365	$ 38,934,357	$ 39,114,739
Net pension liability - ending (a)-(b)	$ 4,238,230	$ 3,856,668	$ 3,835,424	$ 4,945,727	$ 779,331

SISC DEFINED BENEFIT PLAN

SCHEDULES OF NET PENSION LIABILITY
December 31
(Page 1 of 2)
Last 10 Years

	2023	2022	2021	2020	2019
Total pension liability	$ 72,473,661	$ 70,123,381	$ 64,233,153	$ 59,319,284	$ 55,349,412
Plan fiduciary net position	(67,083,378)	(57,866,139)	(72,919,215)	(65,509,603)	(57,517,575)
Net pension (overpayment) liability	$ 5,390,283	$ 12,257,242	$ (8,686,062)	$ (6,190,319)	$ (2,168,163)
Plan fiduciary net position as a percentage of the total pension liability	92.56%	82.52%	113.52%	110.44%	103.92%
Covered-employee payroll	$112,414,042	$108,946,395	$84,060,167	$75,042,881	$104,235,082
Net pension (overpayment) liability as a percentage of covered-employee payroll	4.80%	11.25%	-10.33%	-8.25%	-2.08%

SISC DEFINED BENEFIT PLAN

SCHEDULES OF NET PENSION LIABILITY
December 31
(Page 2 of 2)
Last 10 Years

	2018	2017	2016	2015	2014
Total pension liability	$ 50,797,611	$ 54,599,549	$ 46,740,789	$ 43,880,084	$ 39,894,070
Plan fiduciary net position	(46,559,381)	(50,742,881)	(42,905,365)	(38,934,357)	(39,114,739)
Net pension liability	$ 4,238,230	$ 3,856,668	$ 3,835,424	$ 4,945,727	$ 779,331
Plan fiduciary net position as a percentage of the total pension liability	91.66%	92.94%	91.79%	88.73%	98.05%
Covered-employee payroll	$101,739,973	$98,906,351	$94,039,000	$87,323,156	$80,479,516
Net pension liability as a percentage of covered-employee payroll	4.17%	3.90%	4.08%	5.66%	0.97%

SISC DEFINED BENEFIT PLAN

SCHEDULES OF EMPLOYER CONTRIBUTIONS
For the Years Ended December 31
(Page 1 of 2)
Last 10 Years

	2023	2022	2021	2020	2019
Actuarially determined contribution	$ 3,078,032	$ 1,429,412	$ 1,449,979	$ 1,097,694	$ 2,566,560
Contributions in relation to the actuarially determined contribution	2,999,225	1,746,092	2,032,002	1,846,770	2,566,560
Contribution deficiency (excess)	$ 78,807	$ (316,680)	$ (582,023)	$ (749,076)	$ -
Covered-employee payroll	$112,414,042	$108,946,395	$84,060,167	$75,042,881	$104,235,082
Contributions as a percentage of covered-employee payroll	2.67%	1.60%	2.42%	2.46%	2.46%

SISC DEFINED BENEFIT PLAN

SCHEDULES OF EMPLOYER CONTRIBUTIONS
For the Years Ended December 31
(Page 2 of 2)
Last 10 Years

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 2,848,719	$ 2,569,133	$ 3,187,725	$ 2,044,714	$ 2,026,425
Contributions in relation to the actuarially determined contribution	2,565,594	2,569,133	3,187,725	2,044,714	2,026,425
Contribution deficiency (excess)	$ 283,125	$ -	$ -	$ -	$ -
Covered-employee payroll	$101,739,973	$98,906,351	$94,039,000	$87,323,156	$80,479,516
Contributions as a percentage of covered-employee payroll	2.52%	2.60%	3.39%	2.34%	2.52%

SISC DEFINED BENEFIT PLAN

SCHEDULES OF ANNUAL MONEY- WEIGHTED RETURNS

December 31

(Page 1 of 2)

Last 10 Years

	2023	2022	2021	2020	2019
Annual money-weighted rate of return, net of investment expenses	19.11%	-18.26%	15.73%	17.70%	25.30%

SISC DEFINED BENEFIT PLAN

SCHEDULES OF ANNUAL MONEY- WEIGHTED RETURNS

December 31
(Page 2 of 2)
Last 10 Years

	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	-8.66%	18.08%	8.20%	-0.54%	4.79%

SISC DEFINED BENEFIT PLAN

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Methods and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of participating employers' contributions are calculated as of December 31, 2023 and 2022 one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

December 31, 2023	
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, open period
Remaining amortization period	15 years
Asset valuation method	Fair market value, projected from preceding November 24 with expected contributions, distributions and earnings on investments
Inflation	2.50 percent
Salary increases	3.25 percent
Investment rate of return	6.50 percent, net of pension plan investment expense including inflation

December 31, 2022	
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, open period
Remaining amortization period	15 years
Asset valuation method	Fair market value, projected from preceding November 24 with expected contributions, distributions and earnings on investments
Inflation	2.50 percent
Salary increases	3.25 percent
Investment rate of return	6.50 percent, net of pension plan investment expense including inflation

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

Board of Directors
SISC Defined Benefit Plan
Bakersfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of **SISC Defined Benefit Plan** (the Plan) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated July 8, 2024.

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

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

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

300 New Stine Road – Bakersfield, CA 93309 – Tel. 661.834.7411 – Fax. 661.834.4839 – www. dpvb.com

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

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

Daniells Phillips Vaughan & Bock

Bakersfield, California
July 8, 2024

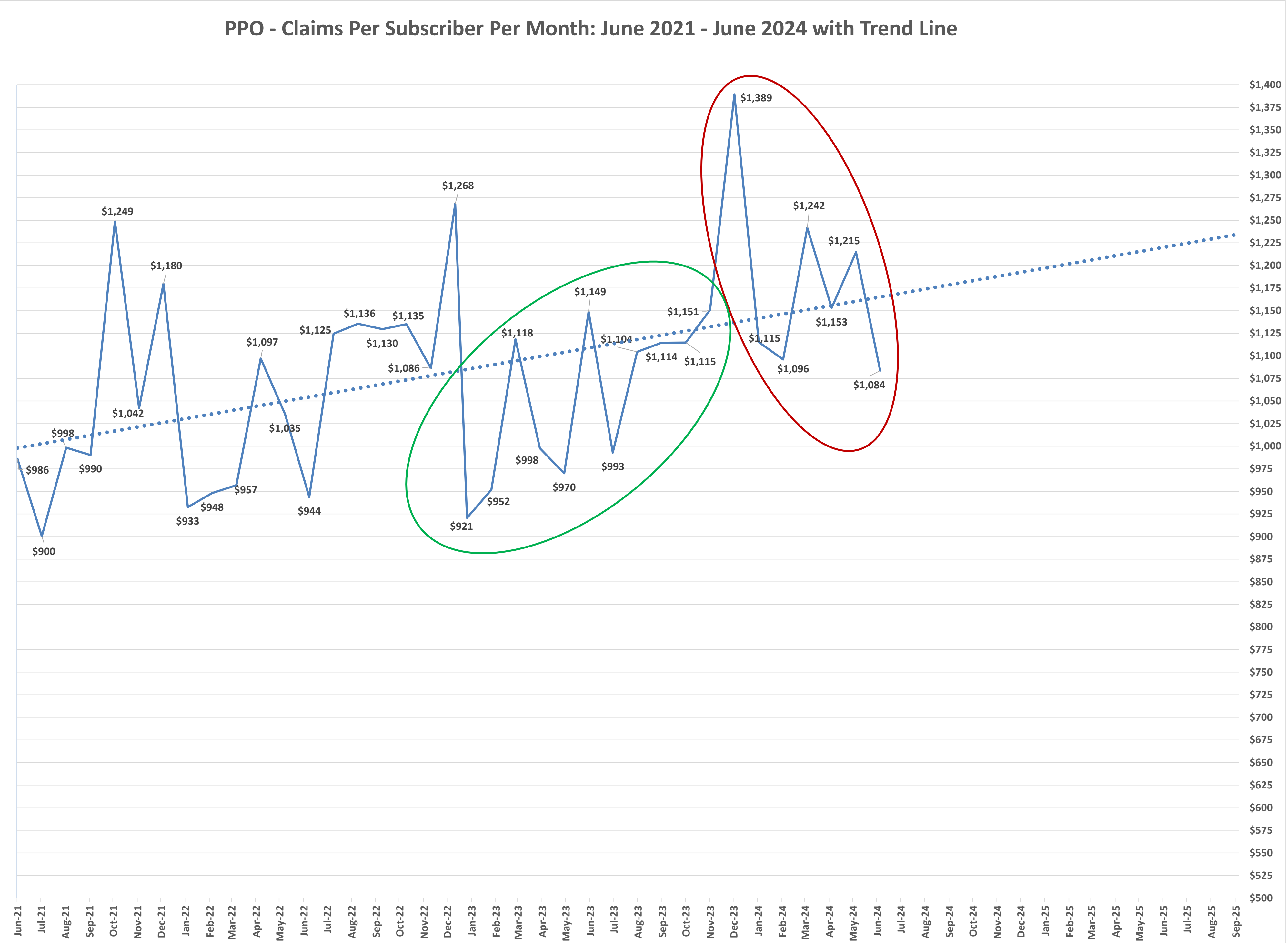
SISC III

Comparison of Budget to Actual

2023-24

	Revenues Monthly	Revenues YTD	Expenses Monthly	Expenses YTD	Surplus/Deficit Monthly	Surplus/Deficit YTD	Exp/Rev Monthly	Exp/Rev YTD	Act/Bgt YTD
Budget									
Oct-23	$290,502,388	$290,502,388	$296,759,466	$296,759,466	($6,257,079)	($6,257,079)	102.2%	102.2%	
Nov-23	$293,349,292	$583,851,680	$289,724,378	$586,483,844	$3,624,914	($2,632,165)	98.8%	100.5%	
Dec-23	$293,349,292	$877,200,972	$313,267,310	$899,751,154	($19,918,018)	($22,550,183)	106.8%	102.6%	
Jan-24	$310,750,649	$1,187,951,621	$281,611,717	$1,181,362,871	$29,138,932	$6,588,749	90.6%	99.4%	
Feb-24	$303,083,506	$1,491,035,127	$282,506,117	$1,463,868,989	$20,577,389	$27,166,138	93.2%	98.2%	
Mar-24	$303,083,506	$1,794,118,633	$294,743,624	$1,758,612,613	$8,339,882	$35,506,021	97.2%	98.0%	
Apr-24	$310,750,649	$2,104,869,282	$300,051,193	$2,058,663,806	$10,699,456	$46,205,476	96.6%	97.8%	
May-24	$303,083,506	$2,407,952,789	$297,590,704	$2,356,254,510	$5,492,803	$51,698,279	98.2%	97.9%	
Jun-24	**$303,083,506**	**$2,711,036,295**	**$298,846,502**	**$2,655,101,012**	**$4,237,004**	**$55,935,283**	**98.6%**	**97.9%**	
Jul-24	$307,843,457	$3,018,879,752	$297,367,376	$2,952,468,388	$10,476,081	$66,411,364	96.6%	97.8%	
Aug-24	$300,176,314	$3,319,056,066	$310,746,112	$3,263,214,500	($10,569,797)	$55,841,567	103.5%	98.3%	
Sep-24	$313,439,065	$3,632,495,131	$313,171,445	$3,576,385,945	$267,619	$56,109,186	99.9%	98.5%	
Actual									
Oct-23	$285,608,414	$285,608,414	$285,552,298	$285,552,298	$56,116	$56,116	100.0%	100.0%	97.9%
Nov-23	$292,667,843	$578,276,257	$300,015,641	$585,567,939	($7,347,798)	($7,291,682)	102.5%	101.3%	100.8%
Dec-23	$292,899,192	$871,175,449	$332,325,943	$917,893,882	($39,426,751)	($46,718,433)	113.5%	105.4%	102.7%
Jan-24	$315,692,139	$1,186,867,589	$307,861,694	$1,225,755,576	$7,830,446	($38,887,987)	97.5%	103.3%	103.9%
Feb-24	$301,429,578	$1,488,297,166	$297,929,524	$1,523,685,100	$3,500,054	($35,387,933)	98.8%	102.4%	104.3%
Mar-24	$306,856,099	$1,795,153,265	$313,837,429	$1,837,522,529	($6,981,331)	($42,369,264)	102.3%	102.4%	104.4%
Apr-24	$307,178,987	$2,102,332,251	$299,269,456	$2,136,791,985	$7,909,531	($34,459,733)	97.4%	101.6%	103.9%
May-24	$304,592,764	$2,406,925,016	$314,539,372	$2,451,331,356	($9,946,607)	($44,406,341)	103.3%	101.8%	104.1%
Jun-24	**$304,639,418**	**$2,711,564,434**	**$290,704,573**	**$2,742,035,929**	**$13,934,845**	**($30,471,496)**	**95.4%**	**101.1%**	**103.3%**
Year End Scenarios									
Scenario #1 Revenue based		$3,633,202,780		$3,693,486,129		($60,283,349)		101.7%	103.3%
Scenario #2 on recent revenue		$3,633,202,780		$3,663,500,373		($30,297,593)		100.8%	102.4%
Scenario #3 continuing		$3,633,202,780		$3,688,988,266		($55,785,486)		101.5%	103.1%

Scenario #1: Expenses based on the pattern of actuals from October through June continuing throughout the year
Scenario #2: Expenses based on the July through September surplus/deficit coming in as originally budgeted
Scenario #3: Expenses based on a mix of Scenario #1 weighted at 85% and Scenario #2 weighted at 15%


PPO - Claims Per Subscriber Per Month: June 2021 - June 2024 with Trend Line
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SISC III - Health Benefits

Funding History
2014-2024

	Premium	Net Costs	Difference	%
2014-15	$1,640,028,973	($1,588,795,053)	$51,233,920	96.9%
	Net Assets	**Run-Out**	**Balance**	**Ratio**
09/30/15	$303,318,771	($106,493,439)	$196,825,332	2.8

	Premium	Net Costs	Difference	%
2015-16	$1,899,957,794	($1,834,195,395)	$65,762,399	96.5%
	Net Assets	**Run-Out**	**Balance**	**Ratio**
09/30/16	$377,367,873	($114,780,142)	$262,587,731	3.3

	Premium	Net Costs	Difference	%
2016-17	$2,086,066,738	($1,981,674,583)	$104,392,155	95.0%
	Net Assets	**Run-Out**	**Balance**	**Ratio**
09/30/17	$489,249,731	($122,269,845)	$366,979,886	4.0

	Premium	Net Costs	Difference	%
2017-18	$2,309,956,322	($2,231,930,834)	$78,025,488	96.6%
	Net Assets	**Run-Out**	**Balance**	**Ratio**
09/30/18	$585,625,754	($140,620,380)	$445,005,374	4.2

	Premium	Net Costs	Difference	%
2018-19	$2,478,782,216	($2,396,812,713)	$81,969,503	96.7%
	Net Assets	**Run-Out**	**Balance**	**Ratio**
09/30/19	$677,066,077	($150,091,200)	$526,974,877	4.5

	Premium	Net Costs	Difference	%
2019-20	$2,626,057,424	($2,468,830,141)	$157,227,283	94.0%
	Net Assets	**Run-Out**	**Balance**	**Ratio**
09/30/20	$833,966,284	($149,764,124)	$684,202,160	5.6

	Premium	Net Costs	Difference	%
2020-21	$2,723,597,102	($2,619,002,641)	$104,594,461	96.2%
	Net Assets	**Run-Out**	**Balance**	**Ratio**
09/30/21	$960,575,960	($171,779,339)	$788,796,621	5.6

	Premium	Net Costs	Difference	%
2021-22	$2,900,795,981	($2,990,589,010)	($89,793,029)	103.1%
	Net Assets	**Run-Out**	**Balance**	**Ratio**
09/30/22	$896,513,945	($196,722,117)	$699,791,828	4.6

	Premium	Net Costs	Difference	%
2022-23	$3,195,882,663	($3,195,965,706)	($83,043)	100.0%
	Net Assets	**Run-Out**	**Balance**	**Ratio**
09/30/23	$907,306,230	($207,597,445)	$699,708,785	4.4

Projected	Revenue	Expenses	Difference	%
2023-24	$3,633,202,780	($3,688,988,266)	($55,785,486)	101.5%
	Net Assets	**Run-Out**	**Balance**	**Ratio**
09/30/24	$883,545,563	($239,622,264)	$643,923,299	3.7

SELF-INSURED SCHOOLS OF CALIFORNIA (SISC)

Bond Investment Policy

2000 K Street – Larry E. Reider Bldg
P.O. Box 1808
Bakersfield, CA 93303-1808

Rev. August 2018

1.0 POLICY STATEMENT

It is the policy of Self-Insured Schools of California (SISC) to invest funds in a manner which will provide maximum security of principal invested. The secondary objective is the liquidity of capital to meet expenditure requirements. The third objective is to achieve a positive return on the funds invested. This policy shall conform to all applicable State statutes governing the investment of public funds. (CA Gov. Code 53601)

2.0 SCOPE

This investment policy applies to all surplus funds not required for the immediate operating need of Self-Insured Schools of California. These funds are accounted for in the monthly financial report and include all or a portion of:

- 9110.00 Kern County Treasurer
- 9150.01 California Local Agency Investment Fund (LAIF)
- 9150.03 Investments

3.0 PRUDENCE

SISC is a Joint Powers Agreement (JPA), comprised of public school districts and county offices that have come together to self-insure various programs. Investment law imposes the role of trustee on California's local government agencies or persons authorized to make investment decisions for them, in effect making them a fiduciary subject to the prudent investor standard (CA Gov. Code 53600.3).

A fiduciary is "a person who has legal responsibility for the conservation and management of property in which another person has a beneficial interest." As a governing body and fiduciary investing public funds, the standard of prudence to be used when investing SISC funds shall be the "Prudent Investor Standard." This Standard states that the fiduciary shall act with care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with those matters, would use in the conduct of funds of a like character and with like aims to safeguard the principal and to maintain the liquidity needs of the agency.

4.0 OBJECTIVE

The primary objectives, in order of priority, of the Self-Insured Schools of California's investment activities shall be:

4.1 Safety: Safety of principal is the foremost objective of the investment program. SISC investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2 Liquidity: SISC's investment portfolio will remain sufficiently liquid to enable SISC to meet all operating requirements which might be reasonably anticipated.

4.3 Return on Investment: SISC's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account SISC's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 DELEGATION OF AUTHORITY

The SISC Board is responsible for the management and oversight of the investment program. The SISC Finance Department shall monitor and review all investments for consistency and compliance with this investment policy. The Board may delegate the daily investment decision making execution authority to the Chief Executive Officer or his designee. The Chief Executive Officer shall follow this policy and such other written instructions as provided. Further, he or she shall be responsible for all transactions undertaken and will establish a system of controls to regulate the activities of appropriate staff members.

6.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

Investment services may be provided only by institutions and security broker/dealers authorized by SISC. Criteria used to select broker/dealers shall be credit worthiness and verification of authorization to provide investment services in California. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply SISC with the following:

- Annual Audited Financial Statements

- Proof of National Association of Security Dealers Certification
- Proof of California Registration
- Verification of having read SISC's Investment Policy and agreement to comply with said Policy

Where applicable, the broker/dealer will facilitate a competitive pricing approach when purchasing securities. It is also understood that the broker/dealer will adhere to applicable Government Code specifications and stay abreast of Government Code revisions and advise the client in a timely fashion of changes that may affect the investment policy or portfolio assets.

7.0 AUTHORIZED & SUITABLE INVESTMENTS

SISC is empowered by California Government Code 53601 to invest in the following types of securities:

- U.S. Treasury obligations
- Federal agency securities
- Repurchase Agreements
- Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Medium-Term Notes
- Mortgage Pass-Through Securities
- Equipment Lease-Backed Certificates
- Consumer Receivable Pass-Through Certificates
- California Local Agency Investment Fund
- Local Treasury
- Obligations of the State of California, its agencies, and local agencies within California
- Shares of beneficial interest issued by diversified management companies
- Insured savings account or money market account

SISC further reduces its investment risk by establishing a fixed income portfolio restricted to the types of securities listed below. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase.

- U.S. Treasury obligations: 10 year maximum maturity
- Federal agency securities: 10 year maximum maturity
- Corporate Medium-Term Notes, including corporate bonds: 5 year maximum maturity
- Mortgage Pass-Through Securities: 5 year maximum maturity
- Consumer Receivable Pass-Through Certificates (Asset-Backed Securities): 5 year maximum maturity
- Commercial Paper: 270 days maximum maturity
- Bankers' Acceptances: 180 days maximum maturity
- Negotiable Certificates of Deposit (CD): 10 year maximum maturity
- Cash Equivalent Securities

Funds may also be invested with: • California Local Agency Investment Fund • Local Treasury

Additionally, each individual portfolio established by an approved broker/dealer will adhere to the following guidelines:

1. Corporate securities shall be rated at least 'A' by Moody's and 'A' by Standard and Poor's. If a security rating drops below 'A,' the security will be evaluated by the SISC Finance Department for continuance in the portfolio. A report of the downgrade and the course of action taken will be presented to the SISC Board at the next regularly scheduled meeting.

2. No security shall have a stated maturity date in excess of five years, except those investment types approved by the SISC Board for a maximum maturity up to ten years.

3. The portfolio shall be comprised of no more than 30 percent in Medium-Term Notes or corporate bonds, or any combination of the two.

4. The portfolio shall be comprised of no more than 20 percent in Mortgage Pass-Through Securities, or Consumer Receivable Pass-Through Certificates, or any combination of the two.

5. Purchases of eligible Commercial Paper may not exceed 270 days maturity nor represent more than 10 percent of the portfolio.

6. Purchases of Bankers' Acceptances may not exceed 180 days maturity or 40 percent of the portfolio.

7. The portfolio shall be comprised of no more than 30 percent in negotiable CDs.

8. All assets selected for the portfolio must have a readily available market value and be marketable.

Further, SISC or a SISC approved security broker/dealer shall not invest in derivatives, such as, but not limited to, inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity.

Note: Although funds held in SISC's bank accounts are not considered surplus under this Policy, they are deposited in a Premium Interest Checking account that is fully collateralized at 110%, provides daily liquidity, and earns a competitive rate of interest.

8.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by SISC shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the SISC Board and evidenced by safekeeping receipts (CA Gov Code 53635).

9.0 DIVERSIFICATION

In an effort to reduce overall portfolio risk while attaining market average rates of return, diversification will be utilized in terms of maturity, as well as security type and issuer. The portfolio will be well diversified to avoid undue exposure to any single economic sector, industry group, or individual security.

10.0 MAXIMUM MATURITIES

The SISC Finance Department will match its investments with anticipated cash flow requirements. Furthermore, SISC will not invest in any single security with a stated maturity date in excess of five years, except the security types approved by the SISC Board for a maximum ten year maturity. Further, at any one time no more than 30% of the portfolio shall be invested in securities with maturities up to ten years.

11.0 INTERNAL CONTROL

Internal controls shall be utilized to maintain efficiency and prevent fraud. Controls may include, but are not limited to, separation of functions, checks and balances, screening of employees and consultants, and training. The SISC Finance Department shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

12.0 PERFORMANCE STANDARDS

The investment portfolio will be designed to obtain a positive market rate of return, taking into account SISC's investment risk constraints and cash flow needs.

12.1 Market Return-On-Investment (Benchmark):
The basis used by the SISC Finance Department to determine whether market returns are being achieved shall be the return for the California Local Agency Investment Fund (LAIF).

13.0 REPORTING

The SISC Finance Department is charged with the responsibility of including a market report on investment activity and returns in SISC's Financial Statements. Quarterly Investment Reports will include:

- Type of Investment
- Purchase Date
- Dollar amount invested (cost)
- Security Rating at Current Quarter
- Maturity Date
- Principal Balance (%)
- Issuer
- Par/Face Value
- Security Rating at Purchase
- Yield-to-Maturity at Current Quarter
- Security Reduced by Principal Payments (%)
- Market Value and source of valuation
- A description of funds or investments under the management of contracted parties:
  California Local Agency Investment Fund
  Kern County Treasurer

Further, the Quarterly Report shall verify that the SISC investment portfolio is in compliance with SISC's investment policy. The report will also include a statement indicating the ability of SISC to meet its cash requirements for the ensuing six months or to provide an explanation as to why sufficient money shall not or will not be available. A copy of the Quarterly Report will be rendered to SISC's Chief Executive Officer, the internal auditor, and the Board within 60 days following the end of the quarter (CA Gov. Code 53646).

14.0 INVESTMENT POLICY ADOPTION

SISC's Investment Policy shall be adopted by the Board. The Policy will be reviewed on an annual basis by the SISC Finance Department, and any modifications made thereto must be approved by the SISC Board.

Adopted: January 4, 1989
Revised: September 16, 1992
Revised: September 15, 1993
Revised: June 19, 1996
Revised: October 16, 1996
Revised: July 15, 1998
Revised: October 19, 2005
Revised: July 26, 2012
Revised: August 23, 2018