



**HEALTH BENEFITS
BOARD OF DIRECTORS MEETING
JULY 23, 2026
1:00 P.M.**

AGENDA

I. Consent Agenda

A. Approval of Minutes for June 2026 Board of Directors Meeting

Dave Ostash

B. Report of Activity for the Month of June 2026 and the Ratification of
Payment as follows:

Dave Ostash

DELTA DENTAL CLAIMS		11,931,187.71	
DELTA DENTAL ASO		696,781.38	
ANTHEM DENTAL CLAIMS		317,104.53	
ANTHEM DENTAL ASO		15,195.60	
		TOTAL DENTAL	12,960,269.22
VSP CLAIMS		1,913,154.96	

EYE MED CLAIMS		105,731.25	
VSP ASO		130,262.74	
EYEMED ASO		11,973.91	
		TOTAL VISION	2,161,122.86
ANTHEM BLUE CROSS HEALTH CLAIMS		112,277,380.89	
BLUE SHIELD HEALTH CLAIMS		27,635,352.49	
ANTHEM BC COMPANION CARE RETIREE CLAIMS		816,896.67	
	TOTAL HEALTH CLAIMS	140,729,630.05	
ANTHEM BLUE CROSS ASO		5,010,153.35	
BLUE SHIELD PPO ASO		819,907.58	
PROACTIVE CARE PPO ASO		47,412.00	
ANTHEM BC COMPANION CARE RETIREE ASO		135,424.20	
FOUNDATION CLMS PROCESSING ASO		710,300.29	
	TOTAL HEALTH ASO	6,723,197.42	
		TOTAL HEALTH	147,452,827.47
NAVITUS RX CLAIMS		60,225,965.01	
NAVITUS RX ASO		688,639.30	
		TOTAL RX	60,914,604.31
INSURED PRODUCTS			
ANTHEM BC HMO CLAIMS		9,589,802.54	
ANTHEM BC HMO ADMIN FEE		1,007,390.80	
ANTHEM BC EAP		377,424.00	
ANTHEM VIVITY		2,791,360.61	
ANTHEM HMO CAPITATION		6,995,932.22	
BLUE SHIELD HMO CLAIMS		3,768,350.94	
BLUE SHIELD HMO ADMIN FEE		6,090,467.62	
KAISER HMO		78,672,099.15	
SIMNSA		758,180.00	
DELTACARE/PMI DENTAL		36,847.26	
EYEMED-FULLY INSURED		78,587.16	
XP HEALTH VISION		37,512.87	

BLUE SHIELD MEDICARE ADVANTAGE		27,514.00	
LINCOLN FINANCIAL LIFE INSURANCE		467,452.37	
		TOTAL INSURED	110,698,921.54
WELLNESS			242,634.85
ALL OTHER			4,121,795.12
		TOTAL III PAYMENTS	338,552,175.37

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 2026 Will Be Submitted for Approval

Kim Sloan

Moved _____ 2nd _____

Yes _____ No _____ Abstain _____ Roll Call Vote _____

- B. Request Approval of the 2026-2027 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, 2025

Felipe Reyes

Moved _____ 2nd _____

Yes _____ No _____ Abstain _____ Roll Call Vote _____

IV. Information and Discussion Items

- A. Review Monthly Budget-to-Actual through June 2026

John Stenerson

- B. Health Benefits Operations Update

Nicole Mata

- C. Annual Bond Investment Policy Review

Kim Sloan

- D. SISC 2026 Annual Report Alex Fisher
- E. Comments from the Board of Directors Will Be Heard Dave Ostash
- F. Next Meeting: Dave Ostash
 Thursday, August 20, 2026
 1:00 p.m.
 SISC Board Room, 4th Floor – Larry E. Reider Education Center
 2000 K Street, Bakersfield, CA 93301
- G. 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 health 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 18, 2026
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 18, 2026 in the SISC Room at the Larry E. Reider Building, 2000 K Street, Bakersfield, CA 93301. The following individuals were in attendance:

MEMBERS PRESENT:

Dave Ostash
Katie Gonzalez
Sherry Gladin
Brad Pawlowski
Eduardo Martinez
Rhonda Phinney
Robert Hughes
Helio Brasil

ALTERNATES PRESENT:

Fernie Marroquin
Christian Shannon

OTHERS PRESENT:

Kim Sloan
Kristy Comstock
Alex Fisher
Fred Bayles
Rich Edwards
Tara Hernandez
Monica Matallana
Annette Charlton
Debbie Hankins
Robert Hunter
John Stenerson
Alex Brum
Carmen Gonzales
Roy Marchetti
Maria Stout
Paola Ferruzo
Nicole Mata
Lola Nickell
Sarah Vermillion

Consent Agenda

Motion was made by Director Brasil seconded, by Director Gonzalez and by roll call vote of 8-Yes, 0-No, and 0 Abstentions (8-0-0) to approve the Consent Agenda as follows:

Minutes

Approval of minutes for May 2026 Board of Directors Meeting.

DELTA DENTAL CLAIMS		10,948,630.68	
DELTA DENTAL ASO		639,400.13	
ANTHEM DENTAL CLAIMS		251,716.96	
ANTHEM DENTAL ASO		15,191.40	
		TOTAL DENTAL	11,854,939.17
VSP CLAIMS		1,415,554.36	
EYE MED CLAIMS		100,883.45	
VSP ASO		130,203.78	
EYEMED ASO		12,068.63	
		TOTAL VISION	1,658,710.22
ANTHEM BLUE CROSS HEALTH CLAIMS		154,016,865.57	
BLUE SHIELD HEALTH CLAIMS		25,658,279.40	
ANTHEM BC COMPANION CARE RETIREE CLAIMS		1,191,702.13	
	TOTAL HEALTH CLAIMS	180,866,847.10	
ANTHEM BLUE CROSS ASO		4,891,749.61	
BLUE SHIELD PPO ASO		820,287.66	
PROACTIVE CARE PPO ASO		53,694.30	
ANTHEM BC COMPANION CARE RETIREE ASO		134,937.87	
FOUNDATION CLMS PROCESSING ASO		711,543.86	
	TOTAL HEALTH ASO	6,612,213.30	
		TOTAL HEALTH	187,479,060.40
NAVITUS RX CLAIMS		59,034,442.83	
NAVITUS RX ASO		666,100.87	
		TOTAL RX	59,700,543.70
INSURED PRODUCTS			
ANTHEM BC HMO CLAIMS		6,473,354.34	
ANTHEM BC HMO ADMIN FEE		1,007,458.46	
ANTHEM BC EAP		377,762.00	
ANTHEM VIVITY		2,793,990.81	

ANTHEM HMO CAPITATION		6,988,574.17	
BLUE SHIELD HMO CLAIMS		4,401,485.22	
BLUE SHIELD HMO ADMIN FEE		6,119,275.81	
KAISER HMO		78,808,497.18	
SIMNSA		754,044.00	
DELTACARE/PMI DENTAL		36,653.01	
EYEMED-FULLY INSURED		78,805.38	
XP HEALTH VISION		35,696.67	
BLUE SHIELD MEDICARE ADVANTAGE		29,604.00	
LINCOLN FINANCIAL LIFE INSURANCE		466,633.13	
		TOTAL INSURED	108,371,834.18
WELLNESS			345,825.60
ALL OTHER			3,417,841.14
		TOTAL III PAYMENTS	372,828,754.41

Public Comment

None

Action Items

Financial Report

Kim Sloan reviewed with the Board the Financial Report for the period ending May 31, 2026. Kim reported the LAIF rate for the month of May 2026 stayed the same from last month at 3.81%. After discussion, motion was made by Director Gonzalez, seconded by Director Hughes and by roll call vote of 8-0-0, approving the Financial Reports as submitted.

Approval of the 2026-2027 Board Meeting Times, Dates and Places

Director Ostash discussed the meeting times, dates and places for the upcoming fiscal year. He noted the meeting in July and September are one week later due to scheduling conflicts and the October meeting is at Lucia Mar Unified School District. After discussion, motion was made by Director Hughes, seconded by Director Phinney and by roll call vote of 8-0-0, approving the board meeting schedule for 2026-2027.

Information and Discussion Items

Review Monthly Budget-to-Actual through May 2026

John Stenerson reviewed the monthly budget-to-actual and the large claim by month summary with the Board for the month of May 2026.

Health Benefits Operations Update

Nicole Mata updated the Board on operations in the Health Benefits program. Highlighting that there will be a Midi Menopause Care Webinar on June 30th, Focusing on Mental Health Resources for Kern County SISC Members, Preparations for open enrollment and working on the SISC Symposium Invitation Launch.

Comments from the Board

Dave Ostash informed the Board that the SISC Annual Board Meeting invites will be sent out on July 1st. He also informed the Board that this is Helio Brasil's last board meeting due to retirement.

Adjournment

There being no further business to come before the Board, motion was made by Director Brasil, seconded by Director Hughes, and by roll call vote of 8-0-0, adjourning the meeting at 1:30 p.m.

Next Meeting

The next meeting of the Board of Directors will be held **Thursday, July 23rd at 1:00 p.m.** in the SISC Board Room, 4th Floor – Larry E. Reider Education Center, 2000 K Street, Bakersfield, CA 93301.

Ramon Hendrix, Secretary

**SISC III
INCOME STATEMENT
JUNE 2026**

		BUDGET	YEAR-TO-DATE	CURRENT MONTH
<u>REVENUES</u>				
8660.00	Interest-County Treasurer	\$3,750,000.00	\$258,263.70	\$361,012.72
8660.03	LAIF	\$11,620.00	\$5,544.65	\$0.00
8660.04	Investments	\$15,092,738.00	\$4,592,546.75	\$0.00
8660.05	Bank	\$4,800,000.00	\$3,182,955.86	\$277,916.27
8674.03	Premiums-PPO Medical	\$1,692,015,606.00	\$1,281,412,181.57	\$143,261,649.83
8674.04	Dental	\$134,192,807.00	\$101,485,874.85	\$11,267,324.38
8674.08	Pharmacy	\$418,762,561.00	\$312,899,401.74	\$34,878,527.43
8674.25	Vision	\$21,357,661.00	\$16,253,090.97	\$1,807,516.45
8674.05	HMO	\$1,276,233,861.00	\$969,719,629.05	\$108,308,136.79
8674.06	Life	\$5,342,945.00	\$4,161,926.83	\$467,183.72
8674.09	Insured Retiree Programs	\$294,132.00	\$249,575.00	\$27,526.00
8674.10	Insured Vision	\$1,276,626.00	\$1,039,640.13	\$116,018.29
8674.18	Insured Dental	\$371,153.00	\$335,265.47	\$36,632.12
8699.00	IRC 125 Flex Plan Contributions	\$0.00	\$501,261.19	\$25,855.05
8699.07	Administration Fees	\$288,304.00	\$179,778.83	\$19,937.97
8699.08	Penalties/Late Fees	\$350,000.00	\$200,281.93	\$13,332.46
8699.10	SISC Access Fee	\$495,437.00	\$350,180.26	\$42,048.00
TOTAL REVENUES		\$3,574,635,451.00	\$2,696,827,398.78	\$300,910,617.48
<u>EXPENSES</u>				
3900.00	Benefits Paid - IRC 125 Flex Plan	\$0.00	\$0.00	\$0.00
4300.00	Supplies	\$120,000.00	\$131,979.30	\$5,184.27
5200.00	Travel/Conference	\$150,000.00	\$252,610.51	(\$43,466.80)
5300.00	Dues and Membership	\$46,000.00	\$34,966.12	\$1,968.20
5450.03	E & O Insurance	\$131,850.00	\$0.00	\$0.00
5450.05	Premiums - HMO	\$1,117,496,109.00	\$879,480,080.52	\$95,070,975.63
5450.08	Insured Dental	\$371,153.00	\$336,116.51	\$36,847.26
5450.09	Insured Retiree Programs	\$294,132.00	\$253,770.80	\$27,514.00
5450.10	Insured Vision	\$1,276,626.00	\$1,042,058.90	\$116,100.03
5450.21	Life	\$5,262,598.00	\$4,162,911.05	\$467,452.37
5800.00	Miscellaneous	\$25,000.00	\$0.00	\$0.00
5800.01	Professional Services	\$50,000.00	\$1,935.00	\$0.00
5800.02	Audit	\$36,815.00	\$34,565.00	\$250.00
5800.10	Consulting	\$749,105.00	\$782,721.34	\$79,250.00
5800.32	Bank Fees	\$0.00	\$0.00	\$0.00
5800.33	Government Fees	\$982,635.00	\$989,288.59	\$989,288.59
5800.35	Admin Fees	\$96,635.00	\$72,147.15	\$8,267.10
5800.40	Wellness Program	\$2,000,000.00	\$1,367,766.75	\$242,634.85
5800.41	Healthcare Specialists	\$7,611,060.00	\$9,300,222.24	\$1,433,858.37
5800.50	Administration - KCSOS	\$10,105,591.00	\$7,226,158.16	\$904,637.06
5800.60	Claims - PPO Medical	\$1,769,071,216.00	\$1,351,147,252.59	\$133,154,079.42
5800.61	Claims - Dental	\$126,617,332.00	\$90,527,431.12	\$9,605,720.31
5800.63	Claims - Vision	\$19,806,260.00	\$13,941,333.38	\$1,825,624.64
5800.64	Claims - HMO Flex	\$140,201,068.00	\$94,031,591.62	\$12,625,153.92
5800.68	Claims - Pharmacy	\$409,546,805.00	\$292,406,794.05	\$34,415,793.13
5800.70	Admin - PPO Medical	\$70,138,088.00	\$48,652,928.98	\$5,821,363.97
5800.71	Admin - Claims Processing	\$8,275,800.00	\$4,934,516.84	\$542,312.60
5800.72	Admin - Dental	\$7,394,452.00	\$5,258,163.98	\$557,565.87
5800.73	Admin - Vision	\$1,689,600.00	\$1,144,887.65	\$125,137.30
5800.75	Admin - Pharmacy	\$7,385,386.00	\$5,728,031.67	\$658,778.53
5800.79	EAP Expense	\$4,113,048.00	\$3,380,186.00	\$377,314.00
5800.94	Other Distributions/Contributions	\$6,889,153.00	\$5,823,883.86	\$500,094.33
5800.95	Unpaid Claims Liability Adjustment	(\$43,061,886.00)	(\$47,721,414.00)	\$1,553,176.00
TOTAL EXPENSES		\$3,674,871,631.00	\$2,774,724,885.68	\$301,102,874.95
CHANGE IN NET ASSETS		(\$100,236,180.00)	(\$77,897,486.90)	(\$192,257.47)
NET ASSETS - BEGINNING		\$413,839,428.10	\$413,839,428.10	\$336,134,198.67
NET ASSETS - ENDING		\$313,603,248.10	\$335,941,941.20	\$335,941,941.20

SISC III
BALANCE SHEET
June 30, 2026

		October 1, 2025	June 30, 2026
		BALANCE	BALANCE
<u>ASSETS</u>			
9110.00	Cash in County Treasury	\$57,001,926.86	\$4,439,748.40
9120.00	Bank Account-Health Claims	\$229,538,272.95	\$167,491,168.39
9150.01	Local Agency Investment Fund	\$267,850.78	\$276,321.38
9150.02	US Bank Investments	\$0.00	\$50,090,488.65
9150.03	Investments	\$321,541,855.15	\$303,234,401.90
9200.00	Accounts Receivable	\$188,275,869.24	\$125,566,555.15
9330.00	Prepaid Expenditures	\$315,944.96	\$253,724.00
9335.00	Reserve Fund	\$16,062,525.81	\$15,469,244.25
TOTAL ASSETS		\$813,004,245.75	\$666,821,652.12
<u>LIABILITIES</u>			
9500.00	Current Liabilities	\$107,269,565.08	\$86,110,335.22
9650.00	Deferred Income	\$2,058,946.57	\$2,654,483.70
9668.00	Unpaid Claims Liability	\$289,836,306.00	\$242,114,892.00
TOTAL LIABILITIES		\$399,164,817.65	\$330,879,710.92
NET ASSETS - Funding Stabilization Reserves		\$413,839,428.10	\$335,941,941.20
TOTAL LIABILITIES AND NET ASSETS		\$813,004,245.75	\$666,821,652.12

AUTHORIZED SIGNATURE

PREPARED BY: Nancy Russo

**SISC III
Investments
June 30, 2026**

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	\$4,439,748.40	X.XX 2.41%	LAST QUARTER 5 YEAR AVERAGE	JAN-MAR 2026 APR 2021 - MAR 2026
LOCAL AGENCY INVESTMENT FUND	\$276,321.38	3.82% 3.98% 2.91%	CURRENT MONTH LAST QUARTER 5 YEAR AVERAGE	June, 2026 JAN-MAR 2026 APR 2021 - MAR 2026

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, 2026 was:

INVESTMENT FIRM	MARKET VALUE	QUARTERLY RETURN	ANNUALIZED RETURN	PERIOD	DATES
MADISON INVESTMENTS (SISC INVESTMENT POOL)	\$74,596,881.00	0.32%	1.31% 2.12% 3.96%	LAST QUARTER 5 YEAR AVERAGE YIELD TO MATURITY	JAN-MAR 2026 APR 2021 - MAR 2026 AS OF MAR 31, 2026
MORGAN STANLEY (FRED BAYLES)	\$125,106,351.51	0.48%	1.94% 2.27% 2.86%	LAST QUARTER 5 YEAR AVERAGE YIELD TO MATURITY	JAN-MAR 2026 APR 2021 - MAR 2026 AS OF MAR 31, 2026
WELLS FARGO ADVISORS (RICH EDWARDS)	\$126,431,169.39	0.36%	1.46% 1.62% 3.47%	LAST QUARTER 5 YEAR AVERAGE YIELD TO MATURITY	JAN-MAR 2026 APR 2021 - MAR 2026 AS OF MAR 31, 2026
	<u>\$326,134,401.90</u>				

5-YEAR HISTORY OF RETURNS

Quarter Ending:	Co of Kern	LAIF	Investment Pool	Fred Morgan Stanley	Rich Wells Fargo	Combined Weighted Average Return
3/31/2026	X.XX	3.98%	1.31%	1.94%	1.46%	X.XX
12/31/2025	3.88%	4.20%	3.95%	4.23%	3.99%	4.05%
9/30/2025	3.87%	4.34%	4.63%	4.29%	4.27%	4.29%
6/30/2025	3.44%	4.40%	5.25%	4.69%	4.55%	4.42%
3/31/2025	3.75%	4.48%	7.48%	6.17%	6.41%	5.73%
12/31/2024	3.56%	4.62%	-0.76%	-0.21%	0.11%	0.82%
9/30/2024	3.53%	4.71%	11.61%	10.53%	9.81%	9.26%
6/30/2024	3.46%	4.55%	3.67%	4.10%	3.96%	3.89%
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%
5-Yr Average	2.41%	2.91%	2.12%	2.27%	1.62%	2.31%

SISC DEFINED BENEFIT PLAN and GASB 45 TRUST A
Investment Returns
As of : 03-31-2026

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: Empower

Morgan Stanley Return on Investment (net of all fees & expenses)			Benchmark Comparison Morgan Stanley Moderate Growth & Income	
Current Quarter:	Jan-Mar 2026	-1.13%	VS.	-1.88%
Calendar Yr-To-Date:	Jan-Mar 2026	-1.13%	VS.	-1.88%
Rolling 4 Quarters:	Apr 2025-Mar 2026	14.41%		

5-Year History of Returns:	2025	14.82%
	2024	14.83%
	2023	19.05%
	2022	-18.94%
	2021	15.33%

SISC GASB 45 TRUST A

As of : 03-31-2026

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 2026	0.64%	VS.	-1.88%
Calendar Yr-to-Date:	Jan-Mar 2026	0.64%	VS.	-1.88%
Fiscal Year-To-Date:	Jul 2025-Mar 2026	7.88%		
Rolling 4 Quarters:	Apr 2025- Mar 2026	13.77%		

5-Year History of Returns:	2024-25	9.03%
	2023-24	10.75%
	2022-23	10.83%
	2021-22	-9.71%
	2020-21	29.13%

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★ Research and view property tax information.

★ View previous years taxes.

click here

Quarterly Report

For Quarter Ended December 31, 2025

[Letter to the Board](#)

[Portfolio Report](#)

Investment Earnings

Kern County Treasurer-Tax Collector's
Comparative Statement of Interest Earnings and Statistical Data

Quarter Ending	Interest Earnings	Net Avg. Daily Balance	Co. Treasury Annualized Yield	T-Bill (91 day) Daily Avg.	Money Market Fund Daily Avg.
December 31, 2025	\$65,396,447.38	\$6,686,241,821.79	3.88 %	3.62 %	3.71 %
September 30, 2025	\$66,315,464.49	\$6,802,943,341.74	3.87 %	3.93 %	4.06 %
June 30, 2025	\$61,141,794.66	\$7,125,329,931.95	3.44 %	4.29 %	4.24 %
March 31, 2025	\$64,002,270.76	\$6,925,520,985.44	3.75 %	4.29 %	4.26 %

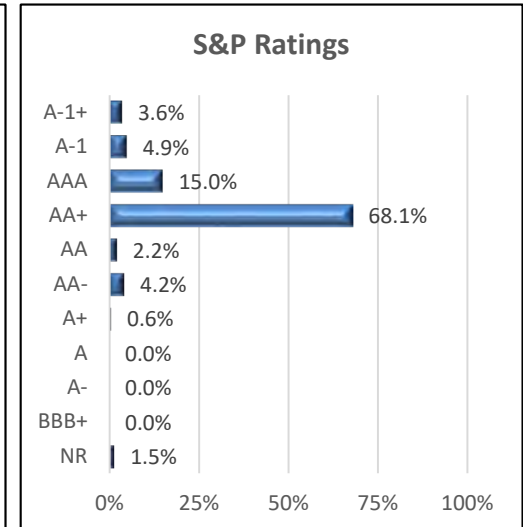
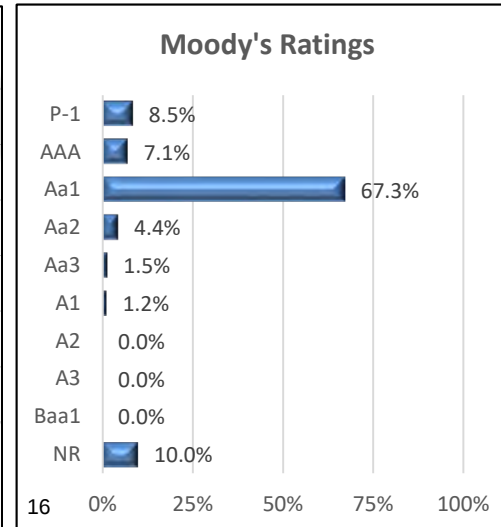
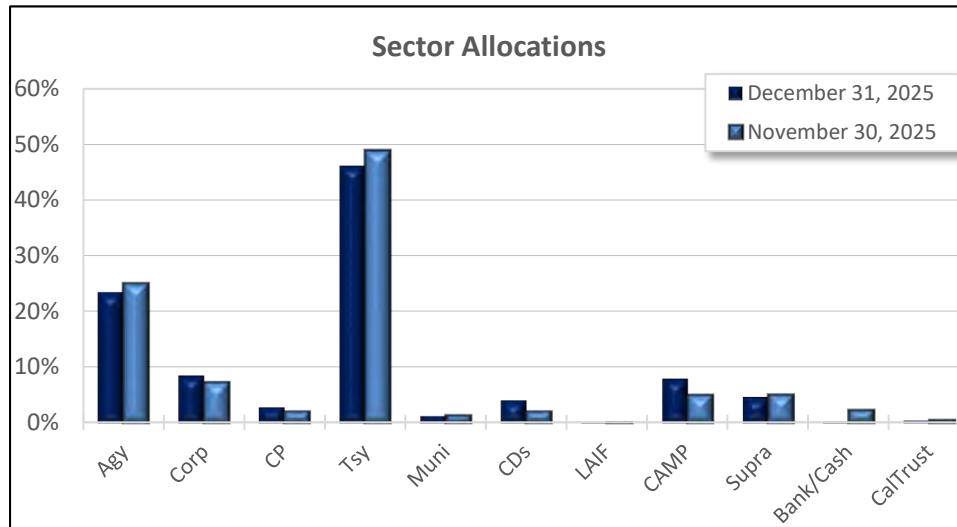
Interest is computed on the accrual basis of accounting on the average daily balance method of apportionment, simple interest method, and net of all administrative costs.





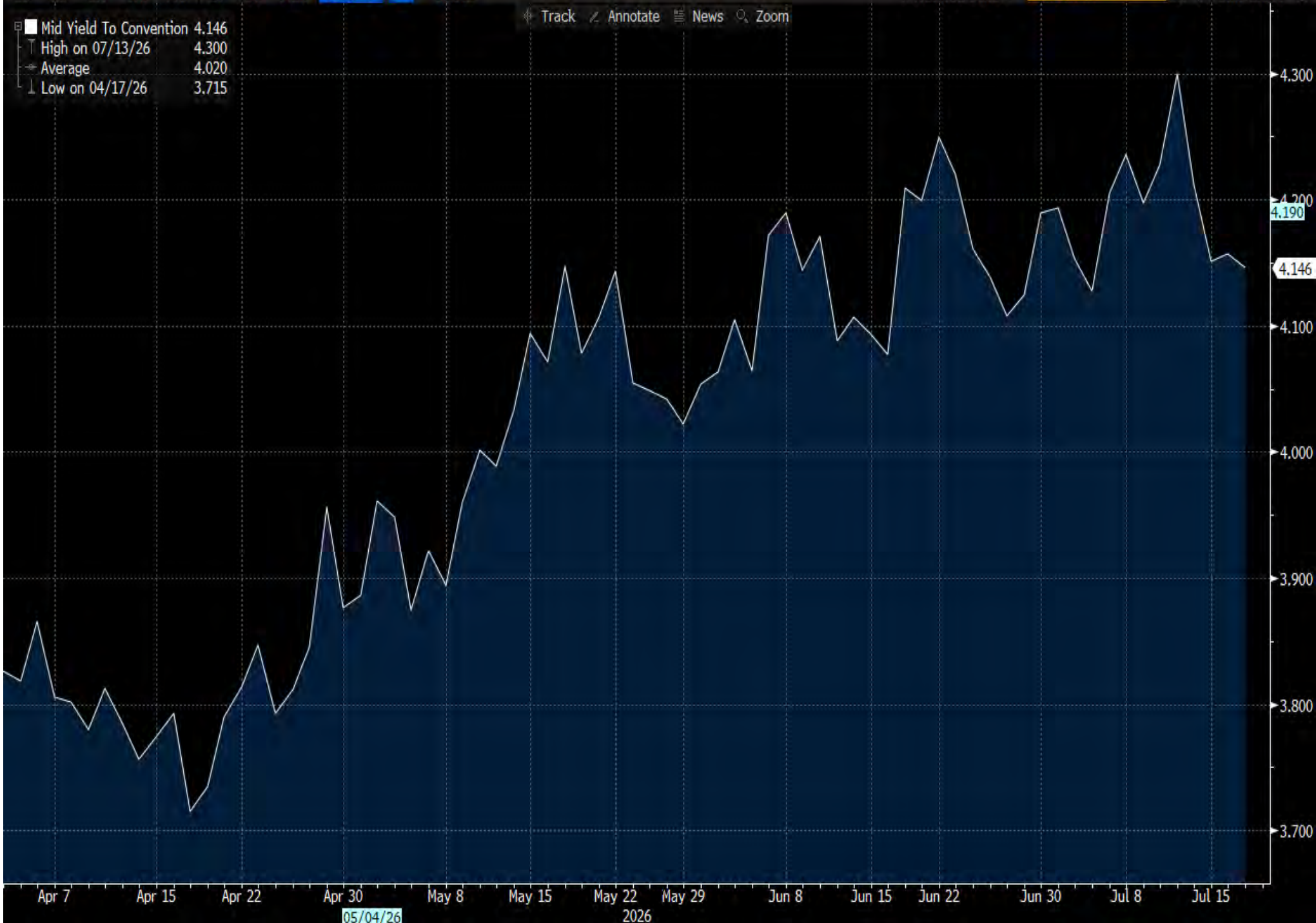
Kern County Treasurer's Pooled Cash Portfolio Summary 12/31/2025

Sector	Par Amount	Original Cost	Market Value	Original Yield	% of Total Assets	Policy Limit Rating	Days to Maturity
Local Agency Investment Fund	1,566,790	1,566,790	1,566,790	4.03%	0.02%	\$75 Million	1
California Asset Management Program	570,753,143	570,753,143	570,753,143	3.95%	7.84%	10%	1
CalTRUST	36,973,293	36,973,293	36,973,293	3.90%	0.51%	10%	1
CalFIT	5,018,510	5,018,510	5,018,510	3.88%	0.07%	10%	1
Money Markets	105,773,285	105,773,285	105,773,285	3.72%	1.45%	10%	1
Bank Sweep (ICS)	22,244,816	22,244,816	22,244,816	3.34%	0.31%	10%	1
U.S. Treasuries	3,456,000,000	3,292,189,864	3,393,685,328	3.92%	46.62%	100%	697
Federal Agencies	1,687,791,000	1,677,465,914	1,692,034,373	3.79%	23.24%	75%	726
Municipal Bonds	89,590,000	91,850,580	92,686,985	4.10%	1.27%	10%	1,482
Supranationals	343,650,000	336,938,346	344,596,964	4.27%	4.73%	10%	1,024
Negotiable CDs	295,000,000	295,000,000	295,258,526	4.03%	4.06%	30%	170
Commercial Paper	210,000,000	206,286,717	207,262,563	3.89%	2.85%	40%	243
Corporate Notes	631,328,000	613,375,653	620,739,274	3.74%	8.53%	30%	1,081
Total Securities	7,455,688,837	7,255,436,911	7,388,593,849	3.90%	101.50%		656
Total Cash	(109,456,668)	(109,456,668)	(109,456,668)		-1.50%		
Total Assets	7,346,232,168	7,145,980,242	7,279,137,181		100.00%		



04/01/2026 - 07/17/2026 Mid YTW BGN Local CCY Mov Avgs Key Events

1D 3D 1M 6M YTD 1Y 5Y Max Daily Table + Related Data Add Data Edit Chart



SISC OPEB (GASB 45) TRUST

2026-27 BUDGET

7/21/2026

OBJECT CODE	DESCRIPTION	July 1, 2025	July 1, 2025	Projected July 1, 2026
ASSETS & LIABILITIES				
9110.00	CASH - COUNTY TREASURER	\$1,453,205.09	\$1,453,205.09	\$1,790,262.88
9120.11	BANK ACCOUNT	\$71,046.00	\$71,046.00	\$8,522.55
9150.00	INVESTMENTS-TRUST A	\$413,575,900.42	\$413,575,900.42	\$495,796,659.40
9200.00	ACCOUNTS RECEIVABLE	\$101,215.71	\$101,215.71	\$115,817.00
9500.00	CURRENT LIAB-TRUST A	(\$413,575,900.42)	(\$413,575,900.42)	(\$495,796,659.40)
9510.00	CURRENT LIAB-Other	(\$4,774.18)	(\$4,774.18)	(\$4,550.00)
NET ASSETS - BEGINNING		\$1,620,692.62	\$1,620,692.62	\$1,910,052.43
		2025-26 BUDGET	PROJECTED YTD @ June 30, 2026	2026-27 BUDGET
REVENUES				
8660.00	Interest-County Auditor	\$50,625.00	\$55,373.46	\$50,625.00
8660.05	Interest-Bank	\$1,400.00	\$562.43	\$600.00
8699.07	Admin Fees	\$284,371.00	\$308,803.55	\$341,996.00
TOTAL REVENUES		\$336,396.00	\$364,739.44	\$393,221.00
		Bdgt vs Proj 6/30 \$28,343.44 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	10,510.00	10,510.00	10,775.00
5800.10	Consulting	\$8,300.00	\$6,000.00	8,000.00
5800.32	Bank Fees	20.00	0.00	0.00
5800.50	Admin - KCSOS	51,355.00	58,869.63	53,291.00
TOTAL EXPENSES		\$70,985.00	\$75,379.63	\$72,866.00
		Bdgt vs Proj 6/30 \$4,394.63 Admin-KCSOS higher		
CHANGE IN NET ASSETS		\$265,411.00	\$289,359.81	\$320,355.00
NET ASSETS - BEGINNING		\$1,620,692.62	\$1,620,692.62	\$1,910,052.43
NET ASSETS - ENDING		\$1,886,103.62	\$1,910,052.43	\$2,230,407.43

SISC DEFINED BENEFIT PLAN

Report to the Board of Directors
July 7, 2026



Board of Directors
SISC Defined Benefit Plan
P.O. Box 1847
Bakersfield California 93303-1847

Attention: Dave Ostash, CEO

We are pleased to present this report related to our audit of the financial statements of **SISC Defined Benefit Plan** for the year ended December 31, 2025. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for **SISC Defined Benefit Plan**'s financial reporting process.

This report is intended solely for the information and use of the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to **SISC Defined Benefit Plan**.

Daniells Phillips Vaughan & Bock

July 7, 2026

Contents

Required Communications.....	1-2
Summary of Significant Accounting Estimates.....	3
Exhibit A – Representation Letters.....	4-8

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated December 29, 2025. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	Preferability of Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.
	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Plan. The Plan did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.
	Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
	Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates".

Area	Comments
Audit Adjustments	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Certain Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the Plan, including the representation letters provided to us by management, are attached as Exhibit A.

SISC DEFINED BENEFIT PLAN

Summary of Significant Accounting Estimates Year Ended December 31, 2025

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. There are no significant estimates reflected in the December 31, 2025 financial statements.

Exhibit A
Representation Letters



July 6, 2026

Daniells Phillips Vaughan & Bock
300 New Stine Road
Bakersfield California, 93309

This representation letter is provided in connection with your audits of the financial statements of **SISC Defined Benefit Plan** (the Plan), as of and for the years December 31 2025 and 2024 for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of July 6, 2026, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 29, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We identified no unrecorded misstatements in the financial statements.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.

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2000 K St. • Larry E. Reider Education Center, Bakersfield, CA 93301
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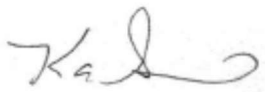
A Joint Powers Authority administered by the Kern County Superintendent of Schools Office, John G. Mendiburu, Ed.D., Superintendent

- c) Unrestricted access to persons within the Plan whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of directors and committee of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
 - 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - 13) We have no knowledge of any fraud or suspected fraud that affects the Plan and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
 - 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan's financial statements communicated by employees, former employees, regulators, or others.
 - 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
 - 16) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
 - 17) We have disclosed to you the names of the Plan's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 22) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24) The Plan has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

- 27) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 28) The Plan has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Plan has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all fiduciary activities required by [GASBS No. 84](#), as amended.
- 31) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#), as amended.
- 32) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 35) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 36) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 37) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 38) With respect to the supplementary information presented in relation to the financial statements as a whole:
- a) We acknowledge our responsibility for presenting such information in accordance with accounting principles generally accepted in the United States of America, and we believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.



Kim Sloan, Chief Financial Officer



Dave Ostash, Chief Executive Officer

July 6, 2026

Daniells Phillips Vaughan & Bock
300 New Stine Road
Bakersfield California, 93309

This representation letter is provided in connection with your audit of the employer allocations and collective pension amounts of **SISC Defined Benefit Plan** (the Plan) as of and for the years ended December 31, 2025 for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of July 6, 2026, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 1, 2026, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We identified no unrecorded misstatements in the financial statements.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

Information Provided

- 10) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other.
- b) Additional information that you have requested from us for the purpose of the audit.

P.O. Box 1847, Bakersfield, CA 93303-1847

2000 K St. • Larry E. Reider Education Center, Bakersfield, CA 93301

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- c) Unrestricted access to persons within the Plan from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the Plan and involves—
- Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 16) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 17) We have disclosed to you the names of the Plan's related parties and all the related party relationships and transactions, including any side agreements.
- 18) We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.



Kim Sloan, Chief Financial Officer



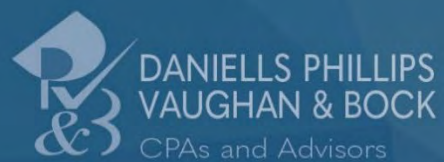
David Ostash, Chief Executive Officer



SISC DEFINED BENEFIT PLAN

FINANCIAL REPORT

December 31, 2025



CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
------------------------------	-----

MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
--------------------------------------	-----

FINANCIAL STATEMENTS	
Statements of fiduciary net position	8
Statements of changes in fiduciary net position	9
Notes to financial statements	10-19

REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of changes in net pension liability	20-21
Schedules of net pension liability	22-23
Schedules of employer contributions	24-25
Schedules of annual money-weighted returns	26-27
Note to required supplementary information	28

OTHER INDEPENDENT AUDITOR'S REPORT	
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 <i>Government Auditing Standards</i>	29-30

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, 2025 and 2024, 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, 2025 and 2024, and the respective changes in net 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, schedules 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 21-29 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 6, 2026 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 6, 2026

The following report reflects on the financial condition of SISC Defined Benefit Plan for the year ended December 31, 2025. 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 \$15,965,536, an increase of 9.85% from the previous year of \$14,534,218. The increase was primarily due to higher-than-expected investment returns compared to the previous year. Although the return on investment was 14.82% in 2024 and 2025, the higher investment balance in 2025 led to higher investment returns.
- Total deductions were \$5,239,581, an increase of 1.77% or \$91,348. This was primarily due to an increase in trustee fees. Trustee fees are based on a percentage of the ending investment balances each month. Trustee fees increased due to higher investment balances. Trustee fees were \$191,676 in 2025, versus \$117,634 in 2024, or an increase of \$74,042.
- Total fiduciary net position restricted for pensions increased \$10,725,955 from \$76,469,363 in 2024 to \$87,195,318 in 2025. 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, 2025 is provided in the Independent Auditor's Report.

Assets and Liabilities

Total assets increased from \$76,559,458 at December 31, 2024 to \$87,287,457 at December 31, 2025, an increase of \$10,727,999 or 14.01%. 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 increased from \$90,095 at December 31, 2024 to \$92,139 at December 31, 2025. This is attributable to higher trustee fees at year end. Payables include both trustee fees and KCSOS expenses.

Statements of Fiduciary Net Position

	2025	%	2024	%	2023	%
ASSETS						
Cash and cash equivalents	\$ 1,929,699	2.21%	\$ 1,482,924	1.94%	\$ 1,064,903	1.58%
Receivables						
Employer	263,926	0.30%	583,460	0.76%	112,486	0.17%
Investments	85,029,912	97.42%	74,434,717	97.22%	65,952,520	98.25%
Prepaid expenses	63,920	0.07%	58,357	0.08%	-	0.00%
Total assets	87,287,457	100.00%	76,559,458	100.00%	67,129,909	100.00%
LIABILITIES						
Liabilities						
Refunds payable and other	92,139	100.00%	90,095	100.00%	46,531	100.00%
Fiduciary net position restricted for pensions	\$ 87,195,318	100.00%	\$ 76,469,363	100.00%	\$ 67,083,378	100.00%

Additions and Deductions

Additions increased from \$14,534,218 for the year ended December 31, 2024 to \$15,965,536 for the year ended December 31, 2025. This was mainly due to higher-than-expected investment returns.

Total deductions increased \$91,348 or 1.77%. This was mainly due to an increase in trustee fees of \$74,042. Trustee fees are based on a percentage of the ending investment balance at year end.

Statements of Changes in Fiduciary Net Position

	Year Ended December 31, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
Additions:			
Contributions, both	\$ 5,054,739	\$ 4,990,923	\$ 4,192,926
Investment income	10,910,797	9,543,295	10,416,863
Total additions	15,965,536	14,534,218	14,609,789
Deductions:			
Benefit payments	4,612,797	4,611,459	4,892,104
Administrative expense	435,108	419,140	402,035
Trustee fees	191,676	117,634	98,411
Total deductions	5,239,581	5,148,233	5,392,550
Net increase in fiduciary net position	10,725,955	9,385,985	9,217,239
Fiduciary net position restricted for pensions			
Beginning of year	76,469,363	67,083,378	57,866,139
End of year	\$ 87,195,318	\$ 76,469,363	\$ 67,083,378

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 2025 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	\$ 5,054,000	\$ 5,054,739	\$ 739	0.01%
Investment income	5,648,300	10,910,797	5,262,497	93.17%
Total additions	10,702,300	15,965,536	5,263,236	49.18%
Deductions:				
Benefit payments	4,800,000	4,612,797	(187,203)	-3.90%
Administrative expense	520,884	435,108	(85,776)	-16.47%
Trustee fees	123,600	191,676	68,076	55.08%
Total deductions	5,444,484	5,239,581	(204,903)	-3.76%
Net increase in fiduciary net position	5,257,816	10,725,955	5,468,139	104.00%
Fiduciary net position restricted for pensions				
Beginning of year	76,469,363	76,469,363	-	
End of year	<u>\$81,727,179</u>	<u>\$ 87,195,318</u>	<u>\$ 5,468,139</u>	

- Market appreciation of investments was \$5,262,497 more than budgeted. This was the result of higher market returns than anticipated.
- Benefits paid were \$187,203 less than projected due to participant balances paid out being lower on average per participant.
- Administrative expenses were \$85,776 less than expected due to supplies and consulting expense being under budget.
- Trustee fees were \$68,076 more than budgeted due to higher than anticipated investment balances. Trustee fees are based on a percentage of the ending investment balance every month.

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, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	<u>\$ 1,929,699</u>	<u>\$ 1,482,924</u>
Receivables:		
Employer	<u>263,926</u>	<u>583,460</u>
Investments:		
Fixed income mutual funds	22,500,129	19,169,267
Equity mutual funds	<u>62,529,783</u>	<u>55,265,450</u>
Total investments	<u>85,029,912</u>	<u>74,434,717</u>
Prepaid expenses	<u>63,920</u>	<u>58,357</u>
Total assets	<u>87,287,457</u>	<u>76,559,458</u>
Liabilities		
Refunds payable and other -		
Total liabilities	<u>92,139</u>	<u>90,095</u>
Fiduciary net position restricted for pensions	<u>\$ 87,195,318</u>	<u>\$ 76,469,363</u>

See Notes to Financial Statements.

SISC DEFINED BENEFIT PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Years Ended December 31, 2025 and 2024

	2025	2024
Additions		
Contributions:		
Employer	\$ 3,491,178	\$ 3,427,260
Member	1,563,561	1,563,663
Total contributions	5,054,739	4,990,923
Investment income	10,910,797	9,543,295
Total additions	15,965,536	14,534,218
Deductions		
Benefit payments	4,612,797	4,611,459
Administrative expense	435,108	419,140
Trustee fees	191,676	117,634
Total deductions	5,239,581	5,148,233
Net increase in fiduciary net position	10,725,955	9,385,985
Fiduciary net position restricted for pensions		
Beginning of year	76,469,363	67,083,378
End of year	\$ 87,195,318	\$ 76,469,363

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 64 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, 2025 and 2024 the board had 25 members, who are elected from and by representatives of SISC III member districts.

Plan membership: At December 31, 2025 and 2024 pension plan membership consisted of the following:

	2025	2024
Inactive plan members or beneficiaries currently receiving benefits	330	303
Inactive plan members entitled to but not yet receiving benefits	2,255	1,875
Active plan members	<u>131,819</u> <u>134,404</u>	<u>127,702</u> <u>129,880</u>

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, 2025 and 2024, the new plan members were required to contribute 1.3 percent of their annual pay. The participating employers' contractually required contribution rate for the years ended December 31, 2025 and 2024, was 3.8 percent. 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 Pronouncements not yet adopted: The following statements issued by the GASB are effective for years ending after December 31, 2025 and management is evaluating the impact of the implementation of these statements on their financial statements.

- In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication --RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

- In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date of the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed.

This Statement clarifies the subsequent events that constitute recognized and non-recognized events and establishes specific note disclosure requirements for non-recognized events.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

Subsequent events: The Plan has evaluated subsequent events through July 6, 2026, 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, 2025 and 2024. 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 secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total 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, 2025 and 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.22% and 15.18%, 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, 2025 and 2024.

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, 2025 and 2024:

		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)
12/31/2025				
Investments by Fair Value Level				
Mutual funds				
Fixed Income	\$ 22,500,129	\$ 22,500,129	\$ -	\$ -
Large Cap Stock	40,887,522	40,887,522	-	-
Mid Cap Stock	3,149,622	3,149,622	-	-
Small Cap Stock	4,663,883	4,663,883	-	-
Global / International Stock	8,153,033	8,153,033	-	-
Other	5,675,723	5,675,723	-	-
Total Investments by Fair Value Level	<u>\$ 85,029,912</u>	<u>\$ 85,029,912</u>	<u>\$ -</u>	<u>\$ -</u>

	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)
12/31/2024			

Investments by Fair Value Level

Mutual funds

Fixed Income	\$ 19,169,267	\$ 19,169,267	\$ -	\$ -
Large Cap Stock	37,728,468	37,728,468	-	-
Mid Cap Stock	2,827,388	2,827,388	-	-
Small Cap Stock	4,238,736	4,238,736	-	-
Global / International Stock	5,961,014	5,961,014	-	-
Other	4,509,844	4,509,844	-	-
Total Investments by Fair Value Level	\$ 74,434,717	\$ 74,434,717	\$ -	\$ -

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, 2025 and 2024 were as follows:

	2025	2024
Total pension liability	\$ 82,158,719	\$ 79,319,503
Plan fiduciary net position	(87,195,318)	(76,469,363)
Participating employers' net pension liability	\$ (5,036,599)	\$ 2,850,140

Plan fiduciary net position as a percentage of the total pension liability	106.13%	96.41%
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Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2025 and 2024, using the following actuarial assumptions, applied to all prior periods included in the measurement:

December 31, 2025

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, 2024

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, 2025 valuation were based on the results of an actuarial experience study for the period January 1, 2025 through December 31, 2025. The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2024 through December 31, 2024.

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, 2025 and 2024 (see the discussion of the pension plan's investment policy in Note 3) are summarized in the following table:

December 31, 2025 Asset Class	Long-Term Expected Real Rate of Return
Fixed income mutual funds	1.75%
Equity mutual funds	4.75%
Cash	0.75%

SISC DEFINED BENEFIT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 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, 2025 and 2024. 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, 2025	\$ 1,640,384	\$ (5,036,599)	\$ (10,836,070)

School districts' net pension liability	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
December 31, 2024	\$ 9,316,850	\$ 2,850,140	\$ (2,775,671)

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 \$254,801 and \$246,130 for the years ended December 31, 2025 and 2024, 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

	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 4,141,472	\$ 3,564,401	\$ 3,542,416	\$ 2,608,509	\$ 2,843,100
Interest	5,275,047	4,792,602	4,629,283	4,204,844	4,183,240
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(1,964,506)	3,100,298	(929,315)	3,380,378	579,957
Changes of assumptions	-	-	-	-	2,111,204
Benefit payments, including refunds of member contributions	(4,612,797)	(4,611,459)	(4,892,104)	(4,303,503)	(4,803,632)
Net change in total pension liability	2,839,216	6,845,842	2,350,280	5,890,228	4,913,869
Total pension liability - beginning	79,319,503	72,473,661	70,123,381	64,233,153	59,319,284
Total pension liability - ending (a)	\$ 82,158,719	\$ 79,319,503	\$ 72,473,661	\$ 70,123,381	\$ 64,233,153
Plan fiduciary net position					
Contributions - employer	\$ 3,491,178	\$ 3,427,260	\$ 2,999,225	\$ 1,746,092	\$ 2,032,002
Contributions - member	1,563,561	1,563,663	1,193,702	1,185,301	1,071,826
Net investment income (loss)	10,910,797	9,543,295	10,416,862	(13,227,902)	9,553,395
Benefit payments, including refunds of member contributions	(4,612,797)	(4,611,459)	(4,892,104)	(4,303,503)	(4,803,632)
Administrative expense	(435,108)	(419,140)	(402,035)	(360,385)	(333,278)
Trustee fees	(191,676)	(117,634)	(98,411)	(92,679)	(110,701)
Net change in plan fiduciary net position	10,725,955	9,385,985	9,217,239	(15,053,076)	7,409,612
Plan fiduciary net position - beginning	76,469,363	67,083,378	57,866,139	72,919,215	65,509,603
Plan fiduciary net position - ending (b)	\$ 87,195,318	\$ 76,469,363	\$ 67,083,378	\$ 57,866,139	\$ 72,919,215
Net pension (overpayment) liability - ending (a)-(b)	\$ (5,036,599)	\$ 2,850,140	\$ 5,390,283	\$ 12,257,242	\$ (8,686,062)

SISC DEFINED BENEFIT PLAN

SCHEDULES OF CHANGES IN NET PENSION LIABILITY

For the Years Ended December 31

(Page 2 of 2)

Last 10 Years

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 3,139,342	\$ 3,033,181	\$ 2,916,565	\$ 4,949,289	\$ 4,469,584
Interest	3,950,992	3,425,187	3,704,768	3,169,006	2,927,822
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	971,558	1,826,177	(7,017,104)	2,729,553	(1,443,477)
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds of member contributions	(4,092,020)	(3,732,744)	(3,406,167)	(2,989,088)	(3,093,224)
Net change in total pension liability	3,969,872	4,551,801	(3,801,938)	7,858,760	2,860,705
Total pension liability - beginning	55,349,412	50,797,611	54,599,549	46,740,789	43,880,084
Total pension liability - ending (a)	\$ 59,319,284	\$ 55,349,412	\$ 50,797,611	\$ 54,599,549	\$ 46,740,789
Plan fiduciary net position					
Contributions - employer	\$ 1,846,770	\$ 2,566,560	\$ 2,565,594	\$ 2,569,133	\$ 3,187,725
Contributions - member	928,464	1,268,264	1,198,785	1,090,402	949,991
Net investment income (loss)	9,696,527	11,250,371	(4,191,774)	7,504,148	3,253,782
Benefit payments, including refunds of member contributions	(4,092,020)	(3,732,744)	(3,406,167)	(2,989,088)	(3,093,224)
Administrative expense	(352,845)	(304,335)	(265,898)	(257,021)	(257,884)
Trustee fees	(34,868)	(89,922)	(84,040)	(80,058)	(69,382)
Net change in plan fiduciary net position	7,992,028	10,958,194	(4,183,500)	7,837,516	3,971,008
Plan fiduciary net position - beginning	57,517,575	46,559,381	50,742,881	42,905,365	38,934,357
Plan fiduciary net position - ending (b)	\$ 65,509,603	\$ 57,517,575	\$ 46,559,381	\$ 50,742,881	\$ 42,905,365
Net pension (overpayment) liability - ending (a)-(b)	\$ (6,190,319)	\$ (2,168,163)	\$ 4,238,230	\$ 3,856,668	\$ 3,835,424

SISC DEFINED BENEFIT PLAN

SCHEDULES OF NET PENSION LIABILITY

December 31

(Page 1 of 2)

Last 10 Years

	2025	2024	2023	2022	2021
Total pension liability	\$ 82,158,719	\$ 79,319,503	\$ 72,473,661	\$ 70,123,381	\$ 64,233,153
Plan fiduciary net position	(87,195,318)	(76,469,363)	(67,083,378)	(57,866,139)	(72,919,215)
Net pension (overpayment) liability	<u>\$ (5,036,599)</u>	<u>\$ 2,850,140</u>	<u>\$ 5,390,283</u>	<u>\$ 12,257,242</u>	<u>\$ (8,686,062)</u>
Plan fiduciary net position as a percentage of the total pension (overpayment) liability	106.13%	96.41%	92.56%	82.52%	113.52%
Covered-employee payroll	\$133,193,940	\$129,740,989	\$112,414,042	\$108,946,395	\$84,060,167
Net pension (overpayment) liability as a percentage of covered-employee payroll	-3.78%	2.20%	4.80%	11.25%	-10.33%

SISC DEFINED BENEFIT PLAN

SCHEDULES OF NET PENSION LIABILITY

December 31

(Page 2 of 2)

Last 10 Years

	2020	2019	2018	2017	2016
Total pension liability	\$ 59,319,284	\$ 55,349,412	\$ 50,797,611	\$ 54,599,549	\$ 46,740,789
Plan fiduciary net position	(65,509,603)	(57,517,575)	(46,559,381)	(50,742,881)	(42,905,365)
Net pension (overpayment) liability	\$ (6,190,319)	\$ (2,168,163)	\$ 4,238,230	\$ 3,856,668	\$ 3,835,424
Plan fiduciary net position as a percentage of the total pension (overpayment) liability	110.44%	103.92%	91.66%	92.94%	91.79%
Covered-employee payroll	\$75,042,881	\$104,235,082	\$101,739,973	\$98,906,351	\$94,039,000
Net pension (overpayment) liability as a percentage of covered-employee payroll	-8.25%	-2.08%	4.17%	3.90%	4.08%

SISC DEFINED BENEFIT PLAN

SCHEDULES OF EMPLOYER CONTRIBUTIONS

For the Years Ended December 31

(Page 1 of 2)

Last 10 Years

	2025	2024	2023	2022	2021
Actuarially determined contribution	\$ 2,432,257	\$ 3,496,236	\$ 3,078,032	\$ 1,429,412	\$ 1,449,979
Contributions in relation to the actuarially determined contribution	3,491,178	3,427,260	2,999,225	1,746,092	2,032,002
Contribution deficiency (excess)	<u>\$ (1,058,921)</u>	<u>\$ 68,976</u>	<u>\$ 78,807</u>	<u>\$ (316,680)</u>	<u>\$ (582,023)</u>
Covered-employee payroll	\$133,193,940	\$129,740,989	\$112,414,042	\$108,946,395	\$84,060,167
Contributions as a percentage of covered-employee payroll	2.62%	2.64%	2.67%	1.60%	2.42%

SISC DEFINED BENEFIT PLAN

SCHEDULES OF EMPLOYER CONTRIBUTIONS

For the Years Ended December 31

(Page 2 of 2)

Last 10 Years

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,097,694	\$ 2,566,560	\$ 2,848,719	\$ 2,569,133	\$ 3,187,725
Contributions in relation to the actuarially determined contribution	1,846,770	2,566,560	2,565,594	2,569,133	3,187,725
Contribution deficiency (excess)	\$ (749,076)	\$ -	\$ 283,125	\$ -	\$ -
Covered-employee payroll	\$75,042,881	\$104,235,082	\$101,739,973	\$98,906,351	\$94,039,000
Contributions as a percentage of covered-employee payroll	2.46%	2.46%	2.52%	2.60%	3.39%

SISC DEFINED BENEFIT PLAN

SCHEDULES OF ANNUAL MONEY- WEIGHTED RETURNS

December 31

(Page 1 of 2)

Last 10 Years

	2025	2024	2023	2022	2021
Annual money-weighted rate of return, net of investment expenses	15.22%	15.18%	19.11%	-18.26%	15.73%

SISC DEFINED BENEFIT PLAN

SCHEDULES OF ANNUAL MONEY- WEIGHTED RETURNS

December 31

(Page 2 of 2)

Last 10 Years

	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expenses	17.70%	25.30%	-8.66%	18.08%	8.20%

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, 2025 and 2024 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, 2025

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 September 30 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, 2024

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

PATRICK W. PAGGI

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 (*Government Auditing Standards*), the financial statements of **SISC Defined Benefit Plan** (the Plan) as of and for the year ended December 31, 2025, 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 6, 2026.

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.

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 6, 2026

SISC III

Comparison of Budget-to-Actual

2025-26

Revenues			Expenses			Surplus/Deficit		Exp/Rev		Act/Bgt
Monthly	YTD Cumulative		Monthly	YTD Cumulative		Monthly	YTD Cumulative	Monthly	YTD	YTD

Budget

Oct-25	\$294,160,110	\$294,160,110	\$323,512,314	\$323,512,314	(\$29,352,204)	(\$29,352,204)	110.0%	110.0%	
Nov-25	\$294,160,110	\$588,320,220	\$279,772,364	\$603,284,679	\$14,387,746	(\$14,964,459)	95.1%	102.5%	
Dec-25	\$294,160,110	\$882,480,330	\$288,491,935	\$891,776,614	\$5,668,175	(\$9,296,284)	98.1%	101.1%	
Jan-26	\$302,810,211	\$1,185,290,541	\$315,798,223	\$1,207,574,837	(\$12,988,012)	(\$22,284,296)	104.3%	101.9%	
Feb-26	\$296,896,622	\$1,482,187,163	\$299,238,984	\$1,506,813,821	(\$2,342,362)	(\$24,626,657)	100.8%	101.7%	
Mar-26	\$296,896,622	\$1,779,083,785	\$299,044,857	\$1,805,858,678	(\$2,148,235)	(\$26,774,893)	100.7%	101.5%	
Apr-26	\$302,810,211	\$2,081,893,996	\$308,470,636	\$2,114,329,313	(\$5,660,424)	(\$32,435,317)	101.9%	101.6%	
May-26	\$296,896,622	\$2,378,790,618	\$319,222,981	\$2,433,552,294	(\$22,326,359)	(\$54,761,676)	107.5%	102.3%	
Jun-26	\$296,896,622	\$2,675,687,240	\$295,737,479	\$2,729,289,773	\$1,159,143	(\$53,602,533)	99.6%	102.0%	
Jul-26	\$299,491,149	\$2,975,178,390	\$332,161,608	\$3,061,451,381	(\$32,670,458)	(\$86,272,991)	110.9%	102.9%	
Aug-26	\$293,577,560	\$3,268,755,950	\$314,137,009	\$3,375,588,390	(\$20,559,449)	(\$106,832,440)	107.0%	103.3%	
Sep-26	\$305,879,502	\$3,574,635,452	\$299,283,241	\$3,674,871,631	\$6,596,261	(\$100,236,179)	97.8%	102.8%	

Actual

Oct-25	\$297,196,038	\$297,196,038	\$341,585,833	\$341,585,833	(\$44,389,795)	(\$44,389,795)	114.9%	114.9%	104.5%
Nov-25	\$296,372,781	\$593,568,820	\$283,837,089	\$625,422,923	\$12,535,692	(\$31,854,103)	95.8%	105.4%	102.8%
Dec-25	\$296,383,647	\$889,952,467	\$285,723,269	\$911,146,192	\$10,660,378	(\$21,193,725)	96.4%	102.4%	101.3%
Jan-26	\$305,340,065	\$1,195,292,531	\$309,331,378	\$1,220,477,570	(\$3,991,314)	(\$25,185,039)	101.3%	102.1%	100.2%
Feb-26	\$299,627,526	\$1,494,920,057	\$288,327,586	\$1,508,805,156	\$11,299,940	(\$13,885,099)	96.2%	100.9%	99.3%
Mar-26	\$298,885,950	\$1,793,806,007	\$306,573,638	\$1,815,378,794	(\$7,687,689)	(\$21,572,787)	102.6%	101.2%	99.7%
Apr-26	\$301,356,642	\$2,095,162,649	\$319,702,071	\$2,135,080,865	(\$18,345,429)	(\$39,918,216)	106.1%	101.9%	100.3%
May-26	\$300,754,133	\$2,395,916,781	\$338,541,146	\$2,473,622,011	(\$37,787,013)	(\$77,705,229)	112.6%	103.2%	100.9%
Jun-26	\$300,910,617	\$2,696,827,399	\$301,102,875	\$2,774,724,886	(\$192,257)	(\$77,897,487)	100.1%	102.9%	100.9%

Year End Scenarios

Scenario #1	Revenue based	\$3,602,878,050	\$3,736,048,061	(\$133,170,011)	103.7%	100.9%
Scenario #2	on recent revenue	\$3,602,878,050	\$3,727,409,183	(\$124,531,133)	103.5%	100.6%
Scenario #3	continuing	\$3,602,878,050	\$3,733,456,398	(\$130,578,347)	103.6%	100.8%

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 70% and Scenario #2 weighted at 30%

Individual Claims > \$250,000 by Month

Mo-Yr	Total		Childbirth		Cancer		Circulatory		Other	
	Paid	#	Paid	#	Paid	#	Paid	#	Paid	#
Difference	(\$2,724,055)		\$26,976		(\$246,496)		(\$1,373,144)		(\$1,131,390)	
Prior 24Mo Avg	\$14,403,976	28	\$2,264,080	3	\$3,303,271	7	\$2,320,373	5	\$6,516,253	13
Jun-26	\$11,679,922	25	\$2,291,056	3	\$3,056,775	6	\$947,228	3	\$5,384,863	13
May-26	\$23,413,279	42	\$3,077,350	4	\$5,569,131	12	\$5,188,841	8	\$9,577,958	18
Apr-26	\$15,823,046	30	\$1,620,621	2	\$1,944,973	4	\$2,603,970	6	\$9,653,481	18
Mar-26	\$17,547,621	38	\$1,333,972	2	\$4,418,923	9	\$2,999,555	7	\$8,795,172	20
Feb-26	\$13,078,765	25	\$1,643,032	1	\$3,512,320	7	\$2,812,765	5	\$5,110,648	12
Jan-26	\$15,764,178	40	\$1,343,710	4	\$3,733,860	8	\$3,593,872	9	\$7,092,736	19
Dec-25	\$11,340,037	19	\$1,201,731	2	\$4,892,471	6	\$294,799	1	\$4,951,036	10
Nov-25	\$10,163,223	22	\$843,294	2	\$2,171,502	5	\$1,387,233	3	\$5,761,194	12
Oct-25	\$19,887,850	38	\$2,842,975	7	\$7,338,775	11	\$2,451,963	5	\$7,254,137	15
Sep-25	\$12,790,598	29	\$286,494	1	\$4,572,458	10	\$1,799,691	4	\$6,131,956	14
Aug-25	\$18,373,737	39	\$1,879,896	3	\$3,278,340	7	\$3,003,555	7	\$10,211,946	22
Jul-25	\$10,044,979	15	\$1,775,042	2	\$1,123,893	3	\$1,984,716	3	\$5,161,329	7
Jun-25	\$7,927,394	17	\$1,979,063	3	\$1,346,563	4	\$991,667	3	\$3,610,100	7
May-25	\$14,612,586	28	\$1,048,943	2	\$1,989,596	6	\$2,082,548	5	\$9,491,499	15
Apr-25	\$7,736,673	17	\$2,530,087	5	\$620,380	2	\$1,195,390	3	\$3,390,816	7
Mar-25	\$15,306,429	29	\$2,804,065	5	\$4,439,779	9	\$1,990,579	5	\$6,072,007	10
Feb-25	\$23,408,672	30	\$5,911,655	5	\$3,747,625	7	\$4,479,442	6	\$9,269,950	12
Jan-25	\$16,065,416	33	\$3,148,778	4	\$3,171,532	6	\$3,235,045	6	\$6,510,061	17
Dec-24	\$9,276,829	19	\$337,418	1	\$4,305,235	7	\$1,285,244	3	\$3,348,933	8
Nov-24	\$12,006,617	26	\$3,988,202	5	\$2,275,058	7	\$931,372	2	\$4,811,985	12
Oct-24	\$17,507,016	38	\$2,658,561	5	\$5,380,418	14	\$3,379,801	5	\$6,088,237	14
Sep-24	\$16,879,741	30	\$3,326,125	5	\$2,680,714	6	\$1,456,588	2	\$9,416,315	17
Aug-24	\$16,823,966	33	\$4,394,343	7	\$2,510,970	6	\$3,925,163	8	\$5,993,490	12
Jul-24	\$10,267,979	23	\$1,232,191	1	\$3,108,971	8	\$1,969,517	4	\$3,957,300	10
Jun-24	\$9,648,795	13	\$3,130,370	3	\$1,145,019	3	\$645,626	2	\$4,727,780	5
May-24	\$12,594,113	20	\$6,914,425	6	\$1,343,909	3	\$1,226,126	2	\$3,109,654	9
Apr-24	\$15,311,611	22	\$4,981,696	6	\$2,759,721	4	\$2,252,295	6	\$5,317,900	6
Mar-24	\$11,415,358	26	\$2,424,231	4	\$3,236,280	8	\$1,565,678	4	\$4,189,169	10
Feb-24	\$14,874,651	27	\$4,883,017	4	\$3,293,014	6	\$1,532,914	4	\$5,165,707	13
Jan-24	\$25,661,725	37	\$4,065,236	7	\$3,485,502	6	\$3,075,871	6	\$15,035,116	18
Dec-23	\$23,373,186	46	\$7,466,268	10	\$1,864,919	6	\$2,987,790	7	\$11,054,209	23
Nov-23	\$19,377,051	32	\$2,443,713	4	\$3,361,298	8	\$7,463,414	11	\$6,108,626	9
Oct-23	\$8,434,710	19	\$1,117,939	2	\$1,089,496	3	\$1,609,293	2	\$4,617,983	12
Sep-23	\$5,044,390	14	\$303,576	1	\$681,954	2	\$640,957	2	\$3,417,902	9
Aug-23	\$11,617,846	17	\$2,788,436	3	\$1,158,150	3	\$1,509,549	2	\$6,161,711	9
Jul-23	\$6,420,410	16					\$1,015,283	3	\$5,405,127	13
Jul-25-Jun-26 Avg	\$14,992,270	30	\$1,678,264	3	\$3,801,118	7	\$2,422,349	5	\$7,090,538	15
Jul-24-Jun-25 Avg	\$13,984,943	27	\$2,779,953	4	\$2,964,737	7	\$2,243,530	4	\$5,996,724	12
Jul-23-Jun-24 Avg	\$13,647,821	24	\$3,683,537	5	\$2,129,024	5	\$2,127,066	4	\$6,192,574	11

>=\$16,000

\$11,000-\$15,999

<=\$10,999

SELF-INSURED SCHOOLS OF CALIFORNIA (SISC)

Bond Investment Policy

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

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)
- 9150.02 US Bank Investments
- 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
- Repurchase Agreements
- Bankers' Acceptances
- Medium-Term Notes
- Equipment Lease-Backed Certificates
- California Local Agency Investment Fund
- 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
- Federal agency securities
- Certificates of Deposit
- Commercial Paper
- Mortgage Pass-Through Securities
- Consumer Receivable Pass-Through Certificates
- Local Treasury

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 | • Issuer |
| • Purchase Date | • Par/Face Value |
| • Dollar amount invested (cost) | • Security Rating at Purchase |
| • Security Rating at Current Quarter | • Yield-to-Maturity at Current Quarter |
| • Maturity Date | • Security Reduced by Principal Payments (%) |
| • Principal Balance (%) | • 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
Revised: July 21, 2026