SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP

FINANCIAL STATEMENTS
June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Members
Santa Clara County Schools' Insurance Group
San Jose, California

Opinion

We have audited the financial statements of the Santa Clara County Schools' Insurance Group, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Santa Clara County Schools' Insurance Group's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Santa Clara County Schools' Insurance Group, as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the *State Controller's Minimum Audit Requirements for California Special Districts* and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Santa Clara County Schools' Insurance Group, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, the Reconciliation of Claims Liabilities by Type of Contract on pages 31 through 34, and the Claims Development Information on pages 35 through 38, the Schedule of the Group's Proportionate Share of the Net Pension Liability on page 39 and the Schedule of the Group's Contributions on page 40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise Santa Clara County Schools' Insurance Group's basic financial statements. The Combining Statements of Net Position and Combining Statements of Revenues, Expenses and Change in Net Position are presented on pages 42 through 45 for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

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

Crowe LLP

Crowe LLP

West Hartford, Connecticut
December 14, 2022

The following report reflects on the financial condition of Santa Clara County Schools' Insurance Group (SCCSIG) as of and for the fiscal years ended June 30, 2022, and 2021. It is provided in order to enhance the information in the independent financial audit, basic financial statements, and notes to the basic financial statements included in the financial audit report. Please read it in conjunction with the Group's financial statements, which immediately follow this section.

Introduction and Background:

Santa Clara County Schools' Insurance Group (SCCSIG) was established on October 1, 1978 by a Joint Powers Agreement to provide mutual risk management and insurance programs for member districts. Under such an agreement, two or more public agencies may jointly exercise any power common to the contracting parties. SCCSIG had 31 members participating in any number of individual programs/funds: Workers' Compensation, Property and Liability, Medical, Vision, and Dental. For financial reporting purposes, SCCSIG operates as a special-purpose government engaged in business type activities.

SCCSIG is governed by a seven-member Executive Committee, elected for two-year terms by the Board of Directors. The Executive Committee elects a President, Vice President, and Secretary/Treasurer for a one-year term from the members of the Executive Committee. The full Board of Directors is comprised of a representative and alternate from each member district, as designated by the district's superintendent.

The Executive Committee is responsible for the ongoing operations of SCCSIG and is empowered to implement and enforce all provisions of the Joint Powers Agreement, SCCSIG Bylaws, and all approved policies and procedures. The Executive Committee has delegated the responsibility of the daily operation of SCCSIG to the Executive Director and staff. The Executive Director provides reports on activities to the Executive Committee at regular Board meetings, which includes Treasury Reports and Financial Statements, with comparative analysis with the adopted budget and prior year audited financials throughout the year, as well as other reports and updates as necessary.

Mission Statement

The purpose of Santa Clara County Schools' Insurance Group is to provide to the members the long-term cost-effective benefit of self-insurance pooling and the joint purchase of insurance.

Program Overview:

SCCSIG's Dental, Vision, Medical, Workers' Compensation, and Property/Liability programs are comprised of Members from K-12 Schools Districts, Community Colleges, and Other Organizations, throughout the State of California. Membership varies by program.

Benefits:

- The benefit programs are comprised of Dental, Vision, and Medical. Rates for the self-insured Vision and Dental plans are calculated by their underwriters for all members, and rate changes are determined by SCCSIG Fringe Benefit Committee and approved by the Executive Committee. Benefit plans are on a calendar year basis.

Dental:

- Established July 1, 1986. The Dental program was a self-insured program with Delta Dental and administrated by Keenan & Associates through their California Dental Coalition.
- Effective January 1, 2018, Willis Towers Watson became the administrator for the Dental program, and it was moved from California Dental Coalition to SISC III.

Vision:

- Established October 1, 1985. The Vision program was a self-insured program with VSP and administrated by Keenan & Associates through their California Vision Coalition.
- Effective January 1, 2018, Willis Towers Watson became the administrator for the Vision program and it was moved from California Vision Coalition to SISC III.

Medical:

- The Medical fund was established in 2011/2012 with federal funds received through the Early Retiree Reinsurance Program, a component of the Patient Protection and Affordable Care Act of 2010. This program provides reimbursement of part of the cost of providing medical coverage to early retirees. Keenan & Associates was the administrator.
- These funds provided by the United States Department of Health and Human Services are restricted by the Code of Federal Regulations; 45 CFR Part 149 § 149.200, and will benefit SCCSIG's 13 Anthem Blue Cross plan members and 11 Kaiser plan members. Both plans are fully insured.
- The contract with Keenan & Associates applied funds through the Federal Early Retiree Reinsurance Program (ERRP), medical carriers would pay the $25,000 contract through additional service override compensation, collected through fully insured premiums. These fees were collected on their contracts between 2010 and 2012.
- Effective 01/01/2017, Board approved change in Medical Administrator to Willis Towers Watson.

Workers' Compensation:

- Established October 1, 1978.
- SCCSIG was self-insured from October 1, 1978 through December 31, 1995, purchasing various levels of excess coverage from $100,000 to $250,000 through Fremont Insurance, ERC (Westport Ins. Corp), Safety Mutual/Safety National, and Schools Alliance for Workers' Compensation Excess (SAWXC II).
- From January 1, 1996 through June 30, 2003, the SCCSIG was fully insured through Fremont Insurance (1/1/1996 to 6/30/2000), then ACE Insurance Co. of North America (7/1/2000 to 6/30/2003).
- Since July 1, 2003, SCCSIG has been self-insured, participating in the Protected Insurance Program for Schools (PIPS), which provides excess coverage from the first dollar to statutory limits. Rates paid to PIPS is their base rate times an experience modification factor (x-mod), based on the SCCSIG individual loss history. The PIPS base rate has fluctuated each year, as has the experience modification factor. Costs initially increased 39% from $1.58 per $100 of payroll in 2002/2003, under a fully insured program with ACE. As of 2012/2013, the base rate has increased 39%, while the final rate has increased only 1.5%, since the SCCSIG's x-mod had decreased 21% over this time period. Net Position Equity in PIPS is vested at 10% per year, with full equity participation after 10 consecutive years, for each policy year of participation. In 2009/2010, SCCSIG gave PIPS notice of potential withdrawal, due to our request for proposal for the workers' compensation program. SCCSIG's Executive Committee elected to retain PIPS membership and continues membership.
- Deficit assessments between 2001/2002 and 2007/2008 by the Schools Alliance for Workers' Compensation Excess (SAWCX II) reduced assets by $2,462,529, with assessments on excess coverage at $150,000 from 1988/1989 through 1993/1994 and $250,000 from 1994/1995 through December 31, 1995.
- Revisions in the reserving practice for the Workers' Compensation's self-insured claims between 1979 through 1996 resulted in a deficit position for the program in 2004/2005. Therefore, a 6year recovery plan was adopted beginning in 2005/2006 to resolve this deficit position. The Recovery Plan collected an additional $0.05 per $100 of payroll, for a total of $1.5 million over four years, when the plan had positive equity the plan was discontinued.
- The net effect of Claims paid and the Change in Claims Reserves for Workers' Compensation in 2012/2013 was a $741,278 increased expense for the self-insured claims from October 1, 1978 to December 31, 1995; these costs are recorded as liabilities when known and therefore no expense is budgeted in current years. Claims with incident dates of 1996 and subsequent do not have claims liabilities, being either fully-insured or insured from first dollar to statutory limits.

- SCCSIG has added two members and lost five members from the Workers' Compensation program, including the Santa Clara County Office of Education (SCCOE) who withdrew in July 1999 and was awarded a $1 million settlement, which was paid over seven years from 2002/2003 through 2008/2009.
- SCCSIG set a 15% cap on experience modification factors, as of July 1, 2009 to stabilize rates from wide fluctuations and ease the burden on districts, due to members' loss history.

Property and Liability:

- Established July 1, 1980
- SCCSIG maintains $100,000 self-insured retention in both Property and Liability, with lower retained limits for special coverage for auto property, crime, and electronic data processing.
- SCCSIG joined the Alliance of Schools for Cooperative Insurance Program (ASCIP), as of July 1, 2008, for excess property and liability coverage from SCCSIG retained limits to $500 million in property and $5 million in liability. ASCIP provides claims administration for all claims with loss dates after June 30, 2008; including those below our retention levels at no additional cost. The change in carriers resulted in a reduction of 30% in total excess insurance costs in the first year. Between 2007/2008 and 2012/2013, excess insurance costs have decreased 11%, including a 10% increase in premium in 2012/2013.
- SCCSIG rejoined Schools Excess Liability Fund (SELF) in July 1, 2008 for excess liability coverage from $5 million to $25 million. SCCSIG had withdrawn from SELF June 30, 2007.
- Equity of over $13 million has been returned to members, including $2.1 million in 2009/2010 and $1 million in 2010/2011 closing out program years through 2003/2004.
- An equity rebate of $1.9 million was declared in 2017/2018 and returned to Members in 2020/2021.
- In June 2021, the Board approved a revised Capital Target and Equity Return Policy.
- Based upon the revised policy, an equity rebate of $1.6 million was returned to the Members in 2020/2021.

Financial Highlights:

In 2021/2022, SCCSIG's net position increased by $1.5 million to $21.9 million, as of 06/30/2022. The net position at 06/30/2021 was $20.4 million. The net position at 06/30/2022 is $21.9 million.

Workers' Compensation

The Worker's Compensation program continues to improve, the increase in 2021/2022 was $854 thousand, to a net position of $3.6 million.

The net position of $3.6 million is $3.4 million greater than what is required to fund the designated Capital Target. The Capital Target is set at an actuarially determined 80% probability level, set using the estimated liability for the old tail claims, of $202 thousand.

Property/Liability

The Property Liability program increased by $546 thousand in 2021/2022. The net position, as of 06/30/2022 is $3.7 million.

The $546 thousand increase in net position is primarily attributed to funding at an 80% actuarily determined confidence level, which gives you a contingency margin against adverse claims development. And these additional factors, the change is attributed to actual claim cost development, more/less than, actuarial expected claim costs, and more/less than funding, based upon actuarial projections. The actual claim cost development for 2021/2022 was less than original actuarial projections used for funding.

The net position of $3.7 million is $1.3 million greater than what is required to fund the designated Capital Target. The Capital Target is set at an actuarially determined 90% probability level with an additional $2 million added, $2.4 million.

Dental

The Dental Program continues to perform positively, with an increase to the net position of $116 thousand, net assets increased from $10.9 million, as of 06/30/2021, to $11. million, as of 06/30/2022.

This increase is attributed to funding in excess of actual costs. All liabilities are fully reserved in this program.

Vision

The Vision Program continues to perform positively, with an increase to the net position of $408 thousand, net assets increased from $2.9 million, as of 06/30/2021, to $3.3 million, as of 06/30/2022.

This increase is attributed to funding in excess of actual costs. All liabilities are fully reserved in this program.

Medical & Wellness

The Medical & Wellness Program continues to retain a positive net asset position, as of 06/30/2022 of $240 thousand, down from $649 thousand, as of 06/30/2021. The balance represents possible future expenditures to benefit the SCCSIG membership in the Wellness programs.

The decrease is attributed to utilization of this account to fund Wellness expenditures. These expenditures are offset by an increase in funding due to receipt of other medical rebates.

Financial Management and Control:

SCCSIG is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The Executive Director and staff provides financial oversight and cash management. This includes budgeting, accounts receivable, accounts payable, and, at a minimum, quarterly financial updates.

SCCSIG has also contracted an independent actuarial to review their programs. These studies confirm the adequacy and reasonableness of the liabilities recorded as outstanding claim reserves for all program years. Bickmore Insurance Services - Actuarial Consultants review the Worker's Compensation and Property Liability programs. Actuaries provide estimates of outstanding liabilities (IBNR) for the Dental and Vision programs.

Crowe LLP is contracted to perform the annual independent audit examination of the financial statements in accordance with generally accepted auditing principles (GAAP).

SCCSIG does not contract with an investment advisor and did not hold any private investments. The majority of SCCSIG's funds are held in the Santa Clara County Treasury Pool, since the principal is 100% protected while yields are routinely higher than other comparable options available per SCCSIG's Investment Policy. Operating accounts, including two trust accounts, are held at Union Bank of California. These accounts are funded monthly for expected operating expenses and balances are kept to the minimum.

SCCSIG is accredited by California Association of Joint Powers Authorities (CAJPA) with Excellence. Their accreditation is based on a model of professional standards for risk management pools. CAJPA standards require a Capital Reserve, which sets a safety reserve to safeguard against future financial uncertainty, and measures for financial stability.

SCCSIG obtained accreditation with the California Association of Joint Powers Authorities, as of November 1, 2005. As of 2009/2010, SCCSIG earned the distinction of Accreditation with Excellence. The CAJPA accreditation program is a national model of professional standards for risk management pools. To comply with standards for accreditation, in 2004/2005 SCCSIG established Capital Targets for each program. These are designated equity amounts held to provide a reserve to safeguard against future financial uncertainty. The Capital Targets for the Workers' Compensation and Property & Liability funds are both set at an Actuarial determined probability level of 80%. The Capital Targets for the Vision and Dental funds are set at approximately 2.5 months of monthly average claims expense. CAJPA reaccreditation is required every three years with the last service provided in 2020/2021, and the next due in 2023/2024.

Basic Financial Statements:

SCCSIG's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and necessarily include amounts based upon reliable estimates and judgments. The Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, and the Statements of Cash Flows are included.

The Statement of Net Position provides information on SCCSIG's program assets and liabilities, with the difference reported as Net Position. The Statement of Revenues, Expenses and Change in Net Position presents information showing total operating revenues versus operating expenses and the resulting effect on Net Position. The Statement of Cash Flows is presented to reflect the operation based on inflows and outflows of cash.

Statement of Net Position:

For comparative purposes, below is a consolidated summary of the Statement of Net Position as of 06/30/2020, 06/30/2021, and 06/30/2022, showing total assets versus total liabilities, with a percentage of change between program years.

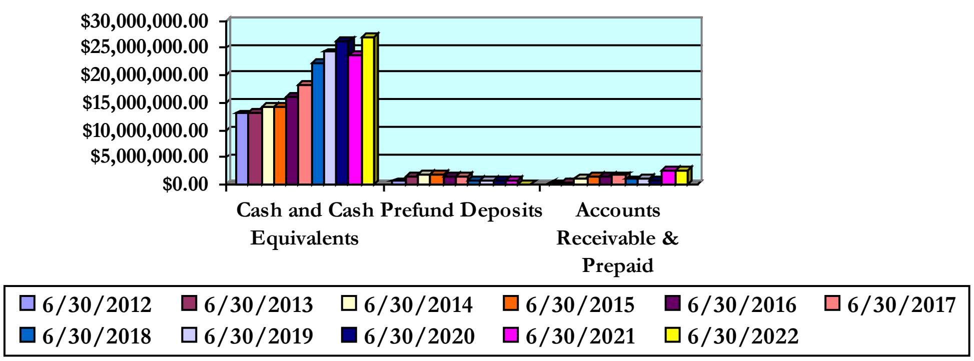
	As of		2020/2021			2021/2022	
	06/30/20	06/30/21	Variance	%	06/30/22	Variance	%
ASSETS							
Current Assets							
Cash and Cash Equivalents	$ 26,219,153	$ 23,713,449	$ (2,505,704)	(9.56) %	$ 26,988,138	$ 3,274,689	13.81 %
Prefunding deposits	780,000	780,000	- -	0.00	780,000	- -	0.00
Accounts receivable and prepaid expenses	842,106	2,587,448	1,745,342	207.26	2,642,950	55,502	2.15
Total Assets	27,841,259	27,080,897	(760,362)	(2.73)	30,411,088	3,330,191	12.30
Deferred outflow of resources							
Deferred outflow of resources - pension	198,991	210,723	11,732	5.90	199,914	(10,809)	(5.13)
LIABILITIES							
Current Liabilities							
Accounts payable	3,157,015	1,433,395	(1,723,620)	(54.60)	1,707,736	274,341	19.14
Safety Credits payable	1,141,588	1,435,787	294,199	25.77	1,618,012	182,225	12.69
Insurance Premiums payable	- -	- -	- -	0.00	1,538,552	1,538,552	0.00
Current portion of unpaid claims and claim adjustment expenses	1,545,020	1,704,601	159,581	10.33	1,666,257	(38,344)	(2.25)
Total current Liabilities	5,843,623	4,573,783	(1,269,840)	(21.73)	6,530,557	1,956,774	42.78
Net Pension liability	689,317	769,369	80,052	11.61	302,522	(466,847)	(60.68)
Noncurrent Liabilities - claim liability	1,380,848	1,471,067	90,219	6.53	1,516,130	45,063	3.06
Total Liabilities	7,913,788	6,814,219	(1,099,569)	(13.89)	8,349,209	1,534,990	22.53
Deferred inflow of resources							
Deferred inflow of resources - pension	67,496	74,414	6,918	10.25	341,228	266,814	358.55
NET POSITION	$ 20,058,966	$ 20,402,987	$ 344,021	1.72 %	$ 21,920,565	$ 1,517,578	7.44 %

Assets:

An increase in assets is mainly attributed to the retention and increase in cash. Cash variances are mainly attributed to receipt of member contributions, which are less, or greater than, claim payments, insurance premiums, and other operating expense. Investment income increases cash and cash equivalents. The payment of a Board elected Member rebate or Safety Credits can decrease cash within the program year. Also, a decrease in cash will occur if the prepaid expense balance increases.

In 2021/2022, the assets of SCCSIG increased by $3.3 million, or 12.3%. In 2020/2021, the assets of SCCSIG decreased by 2.73% or $760 thousand. In 2019/2020, the assets of SCCSIG increased by 6.65% or $1.7 million.

Annual variance in assets can be seen below.



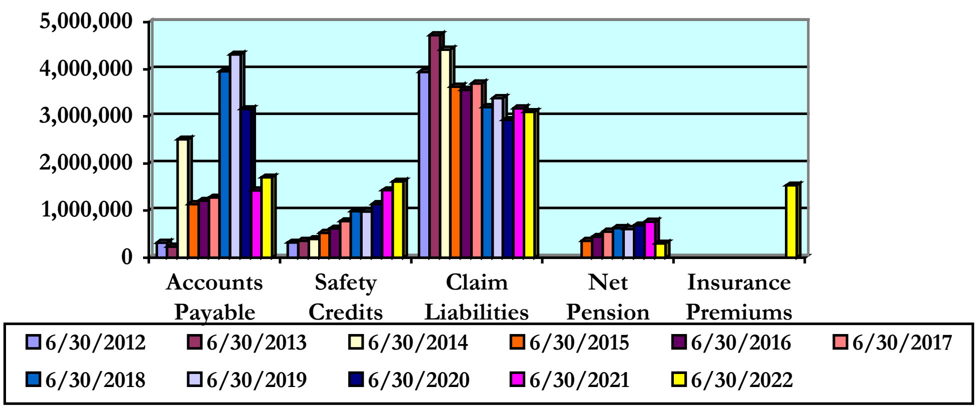
Liabilities:

In 2021/2022, the liabilities for SCCSIG increased by $1.5 million, or 22.53%. In 2020/2021, the liabilities of SCCSIG decreased by 13.89%, or $1.1 million. In 2019/2020, the liabilities of SCCSIG decreased by 14.92%, or $1.4 million.

These variances are mainly attributed to revisions in claim liabilities or accounts payable, which may include a dividend payable.

Other factors that influence the change in liabilities is the annual, independent actuary review claim liabilities are updated based upon these evaluations. The annual actuarial review and re-estimate of the ultimate cost associated with payment, for the life of the claim, on the self-insured retained program years, is an integral factor in keeping the financials relevant.

The annual variance in liabilities can be seen below.

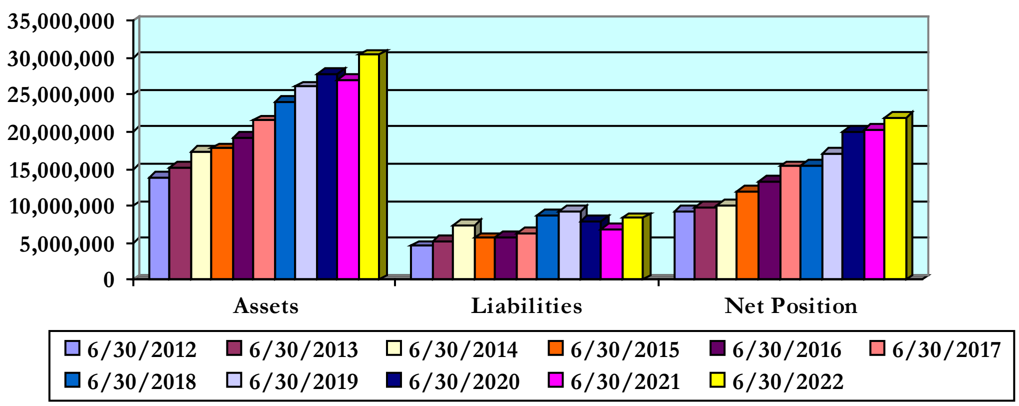


<u>Net Position:</u>

In 2021/2022, as of 06/30/2022, SCCSIG's ending Net Position is $21.9 million. This position reflects an increase to the prior year net position of $20.4 million, as of 06/30/2021, by 7.44% or $1.5 million. This was due to the following factors.

1) Increase in net assets from net operating income, greater than operating expenditures of $1.3 million
2) Increase in net assets from non-operating investment income of $200 thousand.

Statement of Net Position year variances can be seen below.



Statements of Revenues, Expenses and Change in Net Position:

For comparative purposes below is the Condensed Statements of Revenues, Expenses, and Changes in Net Position for the most recent three years. In 2021/2022, revenues exceeded expenses by $1.5 million. In 2020/2021, revenues exceeded expense by $344 thousand. In 2019/2020, revenues exceeded expenses by $3 million.
Details of these changes are shown below.

	Fiscal Year Ended		Increase/ (Decrease) 2020/2021		Fiscal Year Ended	Increase/(Decrease) 2021/2022	
	06/30/20	06/30/21	Variance	Percentage	06/30/22	Variance	Percentage
Operating Revenue:							
Member Contributions	$ 36,864,056	$ 39,612,010	$ 2,747,954	7.45 %	$ 40,762,531	$ 1,150,521	2.90 %
Safety Credits	372,592	372,711	119	0.03	402,278	29,567	7.93
Other	1,100,974	834,080	(266,894)	(24.24)	808,911	(25,169)	(3.02)
Total Operating Revenue	38,337,622	40,818,801	2,481,179	6.47	41,973,720	1,154,919	2.83
Operating Expenses:							
Claims and Claims Adj Expense	8,065,992	9,097,911	1,031,919	12.79	9,167,072	69,161	0.76
Insurance Premiums	25,087,763	26,664,388	1,576,625	6.28	28,571,341	1,906,953	7.15
Safety Credits	372,592	372,711	119	0.03	402,278	29,567	7.93
Claims administration	901,325	1,335,622	434,297	48.18	1,448,811	113,189	8.47
General and administrative expense	1,273,708	1,501,458	227,750	17.88	1,028,775	(472,683)	(31.48)
Total Operating Expenses	35,701,380	38,972,090	3,270,710	9.16	40,618,277	1,646,187	4.22
Net Operating Income/(loss)	2,636,242	1,846,711	(789,531)	(29.95)	1,355,443	(491,268)	(26.60)
Investment Income	405,214	149,416	(255,798)	(63.13)	162,135	12,719	8.51
Dividends to Members	- -	(1,652,106)	- -	- -	- -	1,652,106	- -
Non Operating Income/(Expense)	405,214	(1,502,690)	(1,907,904)	(470.84)	162,135	1,664,825	(110.79)
Change in Net Position	3,041,456	344,021	(2,697,435)	(88.69)	1,517,578	1,173,557	341.13
Beginning Net Position	17,017,510	20,058,966	3,041,456	17.87	20,402,987	344,021	1.72
Cumulative effect of GASB 68	- -	- -	- -	- -	- -	- -	- -
Ending Net Position	$ 20,058,966	$ 20,402,987	$ 344,021	1.72 %	$ 21,920,565	$ 1,517,578	7.44 %

In 2021/2022, operating revenues increased by $1.2 million, or 2.83%. In 2020/2021, operating revenues increased by $2.5 million, or 6.47%. In 2019/2020, operating revenues increased by $690 thousand, or 1.83%.

In 2021/2022, operating expenses increased by $1.6 million, or 4.0%. In 2020/2021, operating expenses increased by $3.3 million, or 9.16%. In 2019/2020 operating expenses decreased $743 thousand, or 2.04%.

The Statement of Revenues, Expenses & Change in Net Position shows the activity of SCCSIG fiscal year from July 1, through June 30. There are four basic parts to this statement: Operating Revenues, Program Expenses, General and Administration Expenses, and Non-operating Revenues and Expenses.

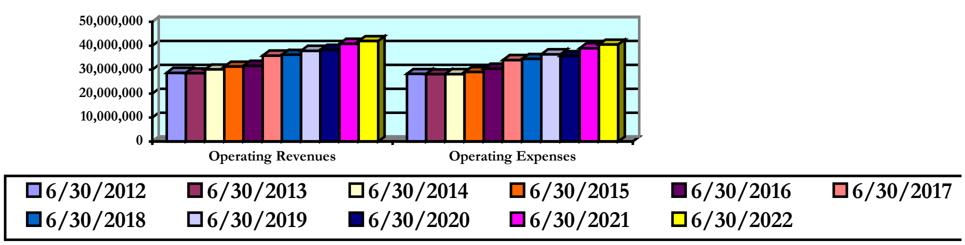
Operating Revenue is primarily the premiums or contribution by SCCSIG's members for financing pool-funding requirements.

Program Expenses are expenses directly related to the program's main function, such as claims and claim administration expenses for self-funded program years and insurance or excess insurance premiums for fully or partially insured program years. These are required costs of the fund that would be incurred by our members directly, even if the SCCSIG did not exist and account for 97% of all expenses. Claims and claim administration expenses and Insurance Premiums, including state self-insurance assessments.

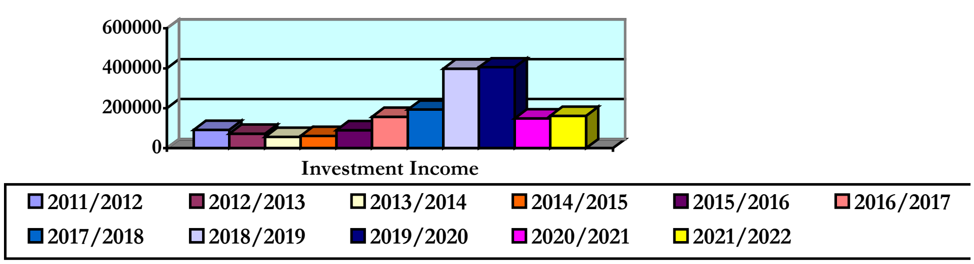
General and Administration Expenses are costs of SCCSIG to manage and maintain each program and indirect costs, such as actuarial reports, claims audits, and audit fees, which are required by law. SCCSIG varies the scheduling of required reports, as to minimize fluctuation in overhead from year to year.

Non-operating Revenues and Expenses are income and/or costs not directly related to the operation of the programs, including investment income or loss and dividends or other equity returns or assessments. They are reported in a separate section to comply with GASB 34, allowing financial statement users to see the true operating income or loss before any additional or non-typical items are included. In 2017/2018, SCCSIG declared $1.9 million dividend in the property & liability program. No dividends were declared in 2014/2015, 2015/2016, or 2016/2017. In 2020/2021, SCCSIG declared a $1.6 million dividend in the property & liability program. No rebates were declared in 2021/2022.

Below is a graph showing historical variances in the operating income and expense.



Below is a graph showing historical variances in the Investment Income.



Budget vs. Actual

SCCSIG operates as a pass-though organization, collecting premiums/contributions from members each fiscal year based on the necessary funding for the current year. The budget for current operations should always net to zero income/loss. The General & Administrative Expense budget for fiscal year is approved by the Executive Committee at the March meeting; the full budget is approved in May.

	Budget	Actual	Variance	Percentage
Operating Revenue:	$ 43,514,204	$ 41,973,720	$ (1,540,484)	(3.54) %
Program Expense	(40,823,559)	(39,589,502)	1,234,057	(3.02)
General & Adminitration expense	(1,284,726)	(1,028,775)	255,951	(19.92)
Net Operating Revenue/(loss)	1,405,919	1,355,443	(50,476)	
Non-operating Revenue/(loss)	186,000	162,135	(23,865)	(12.83)
Dividend Expense/Rebate	- -	- -	- -	
Change in Net Position	$ 1,591,919	$ 1,517,578	$ (74,341)	

Actual amounts for the fiscal year versus the adopted budget and actual amounts versus the prior years audited financial statement amounts are included to show SCCSIG's financial performance in relation to the annual plan for the programs and on a continuing basis. Revenues were 3.54% under the adopted budget and program expense was 3.02% under budget. Non-operating revenue from investment income was under budget by 12.83%. General & Administration expense was under budget by 19.92%.

Description of Facts or Conditions that are expected to have a Significant Effect on Financial Position or Results of Operations:

SCCSIG's Executive Director and Board of Director's are continuing to evaluate the changing market environment, to explore for new opportunities to improve programs and save costs in all SCCSIG's programs.

The Workers' Compensation program, with PIPS, is performing at a more than 99% actuarial determined probability level, with all liabilities fully funded.

The Property & Liability program has been financially strong, as loss history continually remains below actuarial estimates. SCCSIG's policy allows close out of program years, with no open claims, older than six years. In the last eight years, SCCSIG was able to close prior policy years, returning over $6.3 million in equity to participating members. SCCSIG's Board annually evaluates the potential to close out additional policy years and return equity to members. The Board declared an additional rebate of $1.9 million in 2017/2018, they utilized the audited financial position presented in the 06/30/2018 financial statements. After Board review, they approved in 2018/2019 utilization of the rebate to offset the deficit in the Workers Compensation program. Those eligible for a return will receive the rebate in 2020/2021. An additional rebate of $1.6 million was declared in 2020/2021 and was returned in compliance with the revised rebate policy elected in June of 2021. No rebate was declared in 2021/2022.

At present there are no known facts or conditions that are expected to have a significant effect on the financial position or results of operations for SCCSIG.

FINANCIAL STATEMENTS

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP
STATEMENTS OF NET POSITION
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	$ 26,988,138	$ 23,713,449
Prefund deposits (Note 3)	780,000	780,000
Receivable:		
Members	2,519,202	482,379
Other	58,781	187,538
Interest	58,135	29,776
Excess insurance	6,832	-
Prepaid expenses	-	1,887,755
Total assets	30,411,088	27,080,897
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pension (Note 6)	199,914	210,723
LIABILITIES		
Current liabilities:		
Accounts payable	1,441,374	1,272,295
Member dividend payable	166,484	81,502
Payroll payable	99,878	79,598
Safety credits (Note 4)	1,618,012	1,435,787
Insurance premium payable	1,538,552	-
Current portion of unpaid claims and claim adjustment expenses (Note 5)	1,666,257	1,704,601
Total current liabilities	6,530,557	4,573,783
Net pension liability (Note 6)	302,522	769,369
Unpaid claims and claim adjustment expenses, less current portion (Note 5)	1,516,130	1,471,067
Total liabilities	8,349,209	6,814,219
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	341,228	74,414
NET POSITION		
Net position - unrestricted	$ 21,920,565	$ 20,402,987

See accompanying notes to financial statements.

	2022	2021
Operating revenues:		
Member contributions	$ 40,762,531	$ 39,612,010
Safety credits	402,278	372,711
Other	808,911	834,080
Total operating revenues	41,973,720	40,818,801
Operating expenses:		
Provision for claims and claim adjustment expenses (Note 5)	9,167,072	9,097,911
Excess insurance premiums	28,571,341	26,993,073
Safety credits	402,278	372,711
Claims administration	1,448,811	1,335,622
General administrative expenses (Notes 6, 7 and 8)	1,028,775	1,172,773
Total operating expenses	40,618,277	38,972,090
Operating income	1,355,443	1,846,711
Non-operating revenues (expenses):		
Investment income	162,135	149,416
Dividend expense	-	(1,652,106)
Total non-operating revenue (expenses)	162,135	(1,502,690)
Change in net position	1,517,578	344,021
Net position, beginning of year	20,402,987	20,058,966
Net position, end of year	$ 21,920,565	$ 20,402,987

See accompanying notes to financial statements.

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Cash received from members and others	$ 41,953,409	$ 41,062,468
Cash payments for claims	(9,160,353)	(8,848,111)
Cash payments for insurance premiums	(27,039,621)	(27,124,606)
Cash payments to members for safety program	(220,053)	(78,512)
Cash payments to employees for services and benefits	(938,728)	(697,479)
Cash payment to suppliers for goods and services	(1,538,723)	(3,521,062)
Net cash provided by operating activities	3,055,931	792,698
Cash flows from capital and related financing activities:		
Interest received	133,776	201,203
Dividends to members	84,982	(3,499,605)
Net cash provided by (used in) capital and related investing activities	218,758	(3,298,402)
Net change in cash and cash equivalents	3,274,689	(2,505,704)
Cash and cash equivalents, beginning of year	23,713,449	26,219,153
Cash and cash equivalents, end of year	$ 26,988,138	$ 23,713,449
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 1,355,443	$ 1,846,711
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease (increase) in:		
Receivables:		
Members	(2,036,823)	243,667
Excess insurance	(6,832)	33,847
Other	128,757	(187,538)
Prepaid expenses	1,887,755	(1,887,105)
Deferred outflows	10,809	(11,732)
(Decrease) increase in:		
Accounts payable	169,079	267,960
Payroll payable	20,280	21,299
Insurance premiums payable	1,538,552	(165,380)
Net pension liability	(466,847)	294,199
Safety credits	182,225	80,052
Unpaid claims and claim adjustment expenses	6,719	249,800
Deferred inflows	266,814	6,918
Net cash provided by operating activities	$ 3,055,931	$ 792,698

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Santa Clara County Schools' Insurance Group (the "Group") was established by a Joint Powers Agreement on October 1, 1978, in accordance with Title I, Division 7, Chapter 5, Article I Sections 6500, et.seq. of the California Government Code. The purpose is for the operation of a common risk management and insurance program for member school districts related to workers' compensation, property/liability, medical, vision and dental benefits for member governmental agencies. The Group also purchases excess insurance and provides risk management services.

The Group is governed by a board consisting of one representative from each member entity. Member entities and the programs that they participate in at June 30, 2022 were as follows:

	Workers' Compensation	Property/ Liability	Medical	Vision	Dental
• Berryessa Union School District	X			X	X
• Cambrian School District	X	X	X	X	X
• Cupertino Union School District	X				
• East Side Union High School District	X				
• East Valley Schools Transportation Agency (EVSTA)		X			
• Franklin-McKinley School District	X	X	X		
• Fremont Union High School District	X				
• Gilroy Unified School District	X	X			
• Lakeside Joint School District	X				X
• Loma Prieta Joint Union School District	X	X	X		X
• Los Altos Elementary School District	X				
• Los Gatos Union School District	X	X	X	X	X
• Los Gatos/Saratoga Joint Union High School District	X			X	X
• Los Gatos/Saratoga Department of Community Education & Recreation	X	X	X	X	X
• Luther Burbank School District	X	X	X	X	X
• Metropolitan Education District	X				
• Milpitas Unified School District	X		X	X	X
• Moreland School District	X	X		X	X
• Morgan Hill Unified School District	X	X			X
• Mount Pleasant School District	X	X	X	X	X
• Mountain View Whisman School District	X		X	X	X
• Mountain View - Los Altos Union High School District	X				
• Oak Grove School District	X	X			
• Orchard School District	X	X	X	X	X
• Santa Clara Unified School District	X				
• Saratoga Union School District	X	X			
• Silicon Valley Schools Transportation JPA		X			
• South East Consortium for Special Education (SELPAs V&VI)		X			
• Sunnyvale School District	X	X	X	X	X
• Union School District	X	X		X	X
• West Valley Schools Transportation JPA		X			
	27	19	11	13	16

Admission and Withdrawal of Members: Entities applying for membership must be approved by a two-thirds vote of the Executive Committee.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Entities may withdraw from any program after having completed three consecutive years as members upon written notification to the Executive Committee by the dates specified in the bylaws. The effect of withdrawal (or termination) from the pooling programs does not terminate the responsibility of the entity to continue paying its share of assessments or other financial obligations incurred by reason of its previous participation.

Reporting Entity: The reporting entity includes all activities considered to be part of the Group. This includes financial activity relating to all of the membership years of the Group.

In determining the reporting entity, the Group considered all governmental units that were members of the Group since inception. The criteria does not require the inclusion of these entities in the Group's financial statements principally because the Group does not exercise oversight responsibility over any members.

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

Insurance Programs: The Group’s insurance programs are described below. The general and administrative accounts of the Group are allocated to each program based on services provided.

1. Workers' Compensation Program: The Workers' Compensation Program was established on October 1, 1978 to account for the payment of workers' compensation claims and administrative costs. Funding is based on contributions established by the Executive Committee on behalf of the Joint Powers Board. Through December 31, 1995, the Workers' Compensation program was self-funded by the Group. As of January 1, 1996, the Group purchased commercial insurance from various commercial insurance companies for claims incurred between January 1, 1996 and June 30, 2003. Claims incurred prior to January 1, 1996 were administered by Claims Management, Inc. (CMI) until December 31, 1998, when the administration of the claims was turned over to Keenan & Associates. As of July 1, 2003, the Group became fully insured through the Protected Insurance Program for Schools Joint Powers Authority (PIPS).

2. Property/Liability Program: The self-insured Property/Liability Program was established on July 1, 1980. Funding is based on contributions established by the Executive Committee on behalf of the Joint Powers Board. Claims incurred prior to July 1, 2008 were administered by George Hills Company. Beginning July 1, 2008, the Group purchased excess insurance through Alliance of Schools for Cooperative Insurance Programs (ASCIP) for claims liabilities over $100,000. ASCIP also provides claims administration on self-insured claims up to $100,000.

3. Benefit Programs: The Benefit Programs account for the activity related to the Early Retiree Reinsurance Program and the payment of self-insured vision and dental claims as well as related administration costs. The consultant for the vision and dental programs is Keenan & Associates.

    a. *Medical Program* - The Medical Program was established as of September 29, 2011. This program was started with and handles the Federal funds received through the Early Retiree Reinsurance Program, a component of the Patient Protection and Affordable Care Act of 2010.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. *Vision Program* - The Vision Program was established as of October 1, 1985. This program handles the vision program for member agencies. Funding is accomplished through contributions established by the consultant based upon claims experience as approved by the Executive Committee. The claims are administered by Self-Insured Schools of California Health and Welfare Benefits Program (SISC III), which contracts with Vision Service Plan. In addition, the Group also contracts with Medical Eye Services for a fully-insured vision program for certain members.

c. *Dental Program* - The Dental Program was established as of July 1, 1986. This program handles the dental program for member agencies. Funding is accomplished through contributions established by the consultant based upon claims experience as approved by the Executive Committee. The claims are administered by Self-Insured Schools of California Health and Welfare Benefits Program (SISC III) which contracts with Delta Dental.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Group considers all highly liquid assets with a maturity of three months or less when purchased to be cash and cash equivalents.

Prefund deposits: Prefund deposits represent amounts on deposit with the claims administrators which are to be used for the payment of claims to beneficiaries. These are classified as current assets.

Provision for Unpaid Claims and Claim Adjustment Expenses: The Group's policy is to establish claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported (IBNR). The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation and insurance recoverable on unpaid claims are deducted from the liability for unpaid claims. The Group increases the liability for allocated and unallocated claims adjustment expenses. Because actual claims costs depend on such complex factors as inflation, changes in doctrine of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed quarterly using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the period in which they are made. The portion of claims considered currently payable has been actuarially determined for the property/liability program.

The unpaid claims and claims adjustment expenses (claim reserves and IBNR) are recorded on the statement of net position at the expected 50% confidence level in accordance with accounting principles generally accepted in the United States of America. The Board of Directors has elected, however, to fund both the liability and workers' compensation pools at an 80% confidence level.

Excess Insurance: The Group enters into reinsurance agreements whereby it cedes various amounts of risk to other insurance companies. The Group and its member entities retain the first $100,000 of liability and $100,000 of property risk per incident with the member entities covering the first $1,000 to $10,000 of loss. The Group does not report excess insured risk as a liability unless it is probable that a risk will not be covered by excess insurers. Settlements have not exceeded insurance coverage in each of the past three years.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Excess workers' compensation policies were purchased with the following retentions:

Fiscal Years		Retention
October 1978 - September 1979	$	150,000
October 1979 - June 1983	$	250,000
July 1983 - June 1985	$	100,000
July 1985 - June 1986	$	125,000
July 1986 - June 1987	$	200,000
July 1987 - June 1988	$	250,000
July 1988 - June 1994	$	150,000
July 1994 - December 1995	$	250,000
July 2003 - June 2022	$	-

The program was fully insured with no deductible for the period between January 1, 1996 and June 30, 2003.

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

In addition to liabilities, the Statements of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or resources, represents an acquisition of net position that applies to future periods and as such, will not be recognized as an inflow of resources (revenue) until that time. The Group has recognized a deferred inflow of resources related to the net pension liability reported in the Statements of Net Position.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miscellaneous 2% at 55 Risk Pool under the California Public Employees' Retirement System (CalPERS) Public Employers Retirement Fund C and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Pool. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments held by CalPERS for pensions are reported at fair value.

Revenue Recognition: Contributions are recognized as revenue when earned based upon the coverage period of the related insurance. To the extent that allocated losses exceed contributions previously paid, interest and other income, the Group can assess its members' additional contributions. Supplemental assessments are recognized as income in the period assessed. Operating revenues and expenses include all activities necessary to achieve the objectives of the Group. Non-operating revenues and expenses include investment activities, dividends expense and other non-essential activity.

Designated Net Position: As of June 30, 2022 and 2021, the Board has designated net position of $4,555,569 and $4,492,292, respectively.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Designated net position consists of:

	2022		2021	
Captial target	$	1,776,810	$	1,784,397
Confidence level funding to 80% WC, 90% plus $2,000,000 PL	$	2,639,075	$	2,568,211
Member grants	$	28,000	$	28,000
Early retiree reinsurance program	$	111,684	$	111,684

Dividends and Rate Stabilization: The Group's Executive Committee reviews the available net position and the appropriate actuarial information to determine if a contribution refund should be declared. Each members' pro rata share of the contributions refund shall be calculated in the same proportion as their contribution paid during the fiscal year for which the contribution refund is declared.

The Group did not decleare a dividend for the year ended June 30, 2022. The Group declared a dividend totaling $1,652,106 for the year ended June 30, 2021

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income Taxes: The Group is exempt from Federal income taxes under Internal Revenue Code Section 115, which excludes income derived from the exercise of any essential governmental function and accruing to a state political subdivision. As a public agency, the Group is also exempt from California state taxes. Accordingly, no provision for Federal or state income taxes has been made in the accompanying financial statements.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2022 and 2021 are reported at amortized cost and consisted of the following:

	2022	2021
Cash and cash equivalents:		
Cash in bank	$ 3,042,544	$ 7,098,846
Cash in County Treasury	23,923,929	16,592,998
Local Agency Investment Fund	21,665	21,605
Total cash and cash equivalents	$ 26,988,138	$ 23,713,449

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk: The Group limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2022 and 2021 the carrying amount of the Group's accounts was $3,042,544 and $7,098,846, respectively. As of June 30, 2022, the bank balances of the Group's accounts totaled $3,420,916, of which $433,682 was fully insured. As of June 30, 2021, the bank balances of the Group's accounts totaled $8,932,878, of which $359,724 was fully insured.

Cash in County Treasury: The Group maintains substantially all of its cash in the interest bearing Santa Clara County Treasurer's Pooled Investment Fund. The Group is considered to be an involuntary participant in an external investment pool. The fair value of the Group investment in the pool is reported in the financial statements at amounts based upon the Group’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. In accordance with applicable state laws, the Santa Clara County Treasurer may invest in derivative securities. However, at June 30, 2022 and 2021, the Santa Clara County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Local Agency Investment Fund: The Group is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the State of California and invests the cash. The Group’s investment in the pool is reported in the accompanying financial statements based upon the Group’s pro-rata share of the amortized cost as provided by LAIF in proportion to the amortized cost of entire LAIF portfolio. The funds held in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds may be withdrawn at any time up to the total amount on deposit with LAIF. Most withdrawals are accessible and transferable to the Group’s master account on the same day as the request, except for amounts greater than $10,000,000, which require twenty-four hours’ advance notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by Federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. As of June 30, 2022, this fund was yielding approximate interest rate of 0.75%, annually. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814.

Investment Interest Rate Risk: The Group's investment policy limits investment maturities to 5 years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk: The Group's investment policy limits investment choices to obligations of the United States Treasury, its agencies and instrumentalities, California state obligations, medium term notes that rate at least A or equivalent by a NRSRO, and prime commercial paper with maturities not exceeding 270 days with the highest ranking or of the highest letter and number rating as provided by a NRSRO, bankers' acceptances and repurchase agreements. As of June 30, 2022 and 2021, the Group did not hold any investments.

Concentration of Investment Credit Risk: The Group places limits on the amount it may invest in any one issuer, of 25% maximum by type (with no limits on U.S. Government Securities), no more than 10% in commercial paper and bankers' acceptances, and no more than 5% in medium term notes.

(Continued)

NOTE 3 - PREFUND DEPOSITS

This balance represents amounts on deposit with the claims administrators that are used for the payment of claims to beneficiaries. Balances as of June 30, 2022 and 2021 were as follows:

	2022	2021
Vision Service Plan	$ 80,000	$ 80,000
Delta Dental	700,000	700,000
Total prefund deposits	$ 780,000	$ 780,000

NOTE 4 - SAFETY CREDIT LIABILITY

Safety credits are treated as a liability to member entities. Participation in the program is optional. During the years ended June 30, 2022 and 2021, the Group maintained accounts for 14 member entities.

The safety credit balance of the participating members as of June 30, 2022 and 2021 are as follows:

	2022	2021
Berryessa Union School District	$ 93,093	$ 73,881
Cambrian School District	57,080	45,877
Campbell Union School District	7,647	7,647
East Side Union High School District	437,655	389,932
Franklin-McKinley School District	112,004	60,571
Los Altos School District	179,199	159,572
Los Gatos-Saratoga Joint Union School District	109,817	110,160
Luther Burbank School District	50,577	48,444
Metropolitan Education District	(584)	(584)
Milpitas Unified School District	115	115
Moreland Elementary School District	209,910	179,281
Morgan Hill	(922)	(922)
Oak Grove School District	119,127	140,991
Sunnyvale School District	243,294	220,822
Total	$ 1,618,012	$ 1,435,787

(Continued)

NOTE 5 - UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

As discussed in Note 1, the Group establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities during the years ended June 30, 2022 and 2021:

	2022	2021
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 3,175,668	$ 2,925,868
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	9,702,222	9,630,024
Change in provision for unallocated loss adjustment expense	(49,754)	(928)
Change in provision for covered events of prior years	(485,396)	(531,185)
Total incurred claims and claim adjustment expenses	9,167,072	9,097,911
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	8,291,556	8,233,818
Claims and claim adjustment expenses attributable to covered events of prior years	868,797	614,293
Total payments	9,160,353	8,848,111
Total unpaid claims and claim adjustment expenses, end of fiscal year	$ 3,182,387	$ 3,175,668

The components of the Group's unpaid claims and claim adjustment expenses as of June 30, 2022 and 2021 were as follows:

	2022	2021
Claims reserves	$ 844,869	$ 761,633
Claims incurred but not reported (IBNR)	2,250,722	2,277,484
Unallocated loss adjustment expenses (ULAE)	86,796	136,551
	$ 3,182,387	$ 3,175,668

The current and long-term portions were $1,666,257 and $1,516,130 respectively, as of June 30, 2022 and were $1,704,601 and $1,471,067 respectively, as of June 30, 2021. These liabilities for the Workers' Compensation, Property and Liability programs were reported at their present value using a discount rate of 2% for the years ended June 30, 2022 and 2021, respectively. The undiscounted liabilities were $3,292,326 and $3,260,524 at June 30, 2022 and 2021, respectively.

See required supplementary information on pages 30 - 39.

NOTE 6 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND

General Information about the Public Employer's Retirement Fund

Plan Description: The Group contributes to the Miscellaneous 2% at 55 Risk Pool under the California Public Employees' Retirement System (CalPERS) California Employers Retirement Fund C (PERF C), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan ("the Plan") administered by CalPERS. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The Plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues a publicly available financial report that can be obtained at https://www.calpers.ca.gov/docs/forms-publications/acfr-2021.pdf.

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

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2022 were as follows:

Plan Members – The plan member contribution rate was 7.00% percent of applicable plan member earnings for the years ended June 30, 2022 and 2021.

Employers – The employer contribution rates were 10.88% and 14.61% percent of applicable plan member earnings for the years ended June 30, 2022 and 2021.

For the years ended June 30, 2022 and 2021, the Group's annual pension cost and contributions to the plan were $106,464 and $95,746, respectively, which equated to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and related Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2022, the Group reported a liability of $302,522 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Group's proportion of the net pension liability was based on the Group's share of contributions to the pension plan relative to the contributions of all participating agencies, actuarially determined. At June 30, 2022, the Group's proportion was 0.016 percent, which was an decrease of .002 percent from its proportion measured as of June 30, 2021.

(Continued)

NOTE 6 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND (Continued)

At June 30, 2021, the Group reported a liability of $769,369 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The Group's proportion of the net pension liability was based on the Group's share of contributions to the pension plan relative to the contributions of all participating agencies, actuarially determined. At June 30, 2021, the Group's proportion was 0.018 percent, which was an increase of .001 percent from its proportion measured as of June 30, 2020.

For the years ended June 30, 2022 and 2021, the Group recognized pension expense of $295,687 and $170,986, respectively.

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

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 33,925	$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	264,086
Changes in proportion and differences between Group contributions and proportionate share of contributions	59,525	77,142
Contributions made subsequent to measurement date	106,464	-
Total	$ 199,914	$ 341,228

At June 30, 2022, $106,464 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2023	$ (56,752)
2024	$ (57,733)
2025	$ (60,315)
2026	$ (72,980)
2027	$ -

(Continued)

NOTE 6 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND (Continued)

Differences between expected and actual experience, changes in proportion, and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 3 years as of the June 30, 2019 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

At June 30, 2021, the Group reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 39,648	$ -
Changes of assumptions	-	5,487
Net differences between projected and actual earnings on investments	22,855	-
Changes in proportion and differences between Group contributions and proportionate share of contributions	52,474	68,927
Contributions made subsequent to measurement date	95,746	-
Total	$ 210,723	$ 74,414

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

Valuation Date	June 30, 2020
Experience Study	1997 to 2015
Actuarial Cost Method	Varies by entry age and service
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by Entry Age and Service
Post-retirement Benefit Increases	Contract COLA up to 2.5% until Purchasing Power Protection Allowance floor on Purchasing Power Applies, 2.50% thereafter

(Continued)

NOTE 6 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND (Continued)

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

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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

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

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

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

Discount rate: At June 30, 2022 and 2021, the discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long- term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 6 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND (Continued)

Sensitivity of the Group's proportionate share of the net pension liability to changes in the discount rate: For the years ended June 30, 2022 and 2021, the following presents the Group's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the Group's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2022		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Group's proportionate share of the net pension liability	$ 857,916	$ 302,522	$ (156,613)

	2021		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Group's proportionate share of the net pension liability	$ 1,228,298	$ 769,369	$ 340,595

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

NOTE 7 - GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses for the years ended June 30, 2022 and 2021 were as follows:

	2022	2021
Salaries and benefits	$ 769,784	$ 942,033
Consultants	98,623	98,428
Travel/Conference/Meeting	43,396	30,227
Rent/Lease	71,371	66,756
Office expenses	24,570	19,863
Dues/Publications/Memberships	1,957	3,346
Loss control	19,074	12,120
Total	$ 1,028,775	$ 1,172,773

(Continued)

NOTE 8 - OPERATING LEASE

The Group has entered into an annual operating lease for the years ended June 30, 2022 and 2021. The Group pays office rent on a monthly basis. Total rent paid to Franklin-McKinley School District for the years ending June 30, 2022 and 2021 was $71,371 and $66,756, respectively. No amounts were due to Franklin-McKinley School District as of June 30, 2022.

NOTE 9 - JOINT POWERS AUTHORITIES

The Group is a member in three separate joint powers authorities (collectively, the “JPAs”) under joint powers agreements with Protected Insurance Program for Schools Joint Powers Authority (PIPS), Alliance of Schools for Cooperative Insurance Programs (ASCIP) and Schools Excess Liability Fund (SELF). The relationship between the Group and the JPAs are such that the JPAs are not component units of the Group for financial reporting purposes.

PIPS arranges for and provides excess workers' compensation from $0 to $150,000,000. ASCIP arranges for and provides excess property/liability coverage from $100,000/100,000 to $500,000,000/5,000,000. SELF arranges for and provides excess liability coverage from $5,000,000 to $25,000,000. The JPAs are each governed by a board consisting of a representative from each of their respective member districts. These boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member pays a contribution commensurate with the level of coverage requested. There have been no significant reductions in insurance coverage, from the coverage provided in the prior year.

Condensed financial information for PIPS, ASCIP and SELF for the fiscal year ended June 30, 2021 (the latest information available) is presented below:

	PIPS	ASCIP	SELF
Total assets	$ 191,377,661	$ 529,148,018	$ 193,642,022
Total deferred outflows	-	1,367,076	241,554
Total liabilities	129,353,377	303,776,536	153,709,630
Total deferred inflows	-	18,113	5,124
Total net position	$ 62,024,284	$ 226,720,445	$ 40,168,822
Revenues	$ 329,018,404	$ 278,849,860	$ 44,573,829
Expenses	309,066,485	276,495,128	38,080,919
Change in net position	$ 19,951,919	$ 2,354,732	$ 6,492,910

NOTE 10 - CONTINGENCIES

The Group is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the Group.

REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 693,087	$ 783,112
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	-	-
Change in provision for unallocated loss adjustment expense	(6,664)	(24,019)
Change in provision for covered events of prior years	1,349	(60,823)
Total incurred claims and claim adjustment expenses	(5,315)	(84,842)
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	-	-
Claims and claim adjustment expenses attributable to covered events of prior years	45,080	5,183
Total payments	45,080	5,183
Total unpaid claims and claim adjustment expenses, end of fiscal year	$ 642,692	$ 693,087

The components of the unpaid claims and claim adjustment expenses as of June 30, 2022 and 2021 were as follows:

	2022	2021
Claims reserves	$ 454,295	$ 488,561
Claims incurred but not reported (IBNR)	101,601	111,066
Unallocated loss adjustment expenses (ULAE)	86,796	93,460
	$ 642,692	$ 693,087

(Continued)

	2022	2021
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 1,644,575	$ 1,525,756
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	1,243,000	867,000
Change in provision for unallocated loss adjustment expense	-	-
Change in provision for covered events of prior years	(486,745)	(470,362)
Total incurred claims and claim adjustment expenses	756,255	396,638
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	171,792	79,649
Claims and claim adjustment expenses attributable to covered events of prior years	414,793	198,170
Total payments	586,585	277,819
Total unpaid claims and claim adjustment expenses, end of fiscal year	$ 1,814,245	$ 1,644,575

The components of the unpaid claims and claim adjustment expenses as of June 30, 2022 and 2021 were as follows:

	2022	2021
Claims reserves	$ 390,575	$ 273,073
Claims incurred but not reported (IBNR)	1,423,670	1,371,502
	$ 1,814,245	$ 1,644,575

(Continued)

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
VISION PROGRAM
For the Years Ended June 30, 2022 and 2021

	2022	2021
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 83,271	$ 86,000
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	613,975	704,815
Change in provision for unallocated loss adjustment expense	(1,378)	1,379
Change in provision for covered events of prior years	-	-
Total incurred claims and claim adjustment expenses	612,597	706,194
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	617,520	671,682
Claims and claim adjustment expenses attributable to covered events of prior years	34,238	37,241
Total payments	651,758	708,923
Total unpaid claims and claim adjustment expenses, end of fiscal year	$ 44,110	$ 83,271

The components of the unpaid claims and claim adjustment expenses as of June 30, 2022 and 2021 were as follows:

	2022	2021
Claims incurred but not reported (IBNR)	$ 44,110	$ 81,893
Unallocated loss adjustment expenses (ULAE)	-	1,378
	$ 44,110	$ 83,271

(Continued)

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
DENTAL PROGRAM
For the Years Ended June 30, 2022 and 2021

	2022	2021
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 754,735	$ 531,000
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	7,845,247	8,058,209
Change in provision for unallocated loss adjustment expense	(41,712)	- 21,712
Change in provision for covered events of prior years	-	-
Total incurred claims and claim adjustment expenses	7,803,535	8,079,921
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	7,502,244	7,482,487
Claims and claim adjustment expenses attributable to covered events of prior years	374,686	373,699
Total payments	7,876,930	7,856,186
Total unpaid claims and claim adjustment expenses, end of fiscal year	$ 681,340	$ 754,735

The components of the unpaid claims and claim adjustment expenses as of June 30, 2022 and 2021 were as follows:

	2022	2021
Claims incurred but not reported (IBNR)	$ 681,340	$ 713,023
Unallocated loss adjustment expenses (ULAE)	-	41,712
	$ 681,340	$ 754,735

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

(1) Total of each fiscal year's gross earned deposit and reported investment revenue, amounts of excess insurance premiums paid, and reported premiums (net of reinsurance) and reported investment revenue.

(2) Each fiscal year's other operating costs of the program, including overhead and loss adjustment expenses not allocable to individual claims.

(3) Program's gross incurred losses and allocated loss adjustment expense, losses assumed by excess insurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called fiscal year).

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

(5) Latest reestimated amount of losses assumed by the excess insurers for each fiscal year.

(6) Each fiscal year's net incurred losses increases or decreases as of the end of successive years. This annual reestimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known.

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

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

(Continued)

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
PROPERTY/LIABILITY PROGRAM
June 30, 2022

	Fiscal and Policy Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1 Premiums and investment revenue:										
Earned	$ 3,710,308	$ 3,818,009	$ 3,836,010	$ 3,999,267	$ 4,171,044	$ 4,292,188	$ 4,813,917	$ 5,247,642	$ 6,241,866	$ 6,659,223
Ceded	(2,339,751)	(2,509,098)	(2,665,056)	(2,740,585)	(2,869,033)	(2,993,101)	(3,320,869)	(3,795,482)	(4,629,739)	(5,066,063)
Net earned	$ 1,370,557	$ 1,308,911	$ 1,170,954	$ 1,258,682	$ 1,302,011	$ 1,299,087	$ 1,493,048	$ 1,452,160	$ 1,612,127	$ 1,593,160
2 Unallocated expenses	$ 309,281	$ 317,226	$ 355,662	$ 373,713	$ 404,942	$ 442,998	$ 372,849	$ 487,678	$ 445,792	$ 290,280
3 Estimated incurred claims and expenses, end of fiscal year:										
Incurred	$ 894,740	$ 855,659	$ 711,108	$ 737,474	$ 713,561	$ 743,356	$ 739,000	$ 1,068,797	$ 841,444	$ 1,243,000
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	$ 894,740	$ 855,659	$ 711,108	$ 737,474	$ 713,561	$ 743,356	$ 739,000	$ 1,068,797	$ 841,444	$ 1,243,000
4 Net paid (cumulative) as of:										
End of fiscal year	$ 80,642	$ 24,134	$ 101,527	$ 203,115	$ 121,439	$ 247,950	$ 129,406	$ 291,041	$ 79,649	$ 171,792
One year later	$ 151,315	$ 198,083	$ 476,080	$ 372,047	$ 244,564	$ 522,665	$ 684,057	$ 520,134	$ 867,000	
Two years later	$ 286,902	$ 301,650	$ 472,144	$ 442,084	$ 261,238	$ 542,030	$ 725,190	$ 520,134		
Three years later	$ 326,609	$ 307,616	$ 652,144	$ 661,640	$ 271,502	$ 542,030	$ 725,190			
Four years later	$ 343,300	$ 307,616	$ 631,421	$ 791,640	$ 271,502	$ 542,030				
Five years later	$ 342,565	$ 337,699	$ 663,731	$ 791,640	$ 271,502					
Six years later	$ 342,565	$ 339,755	$ 633,731	$ 791,640						
Seven years later	$ 342,565	$ 339,755	$ 633,731							
Eight years later	$ 342,565	$ 339,755								
Nine years later	$ 342,565									
5 Reestimated ceded losses and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6 Reestimated net incurred losses and expenses:										
End of fiscal year	$ 894,740	$ 855,659	$ 711,108	$ 737,474	$ 713,561	$ 743,356	$ 739,000	$ 1,068,797	$ 841,444	$ 1,243,000
One year later	$ 556,726	$ 408,256	$ 771,056	$ 761,850	$ 520,144	$ 993,521	$ 1,067,259	$ 916,000	$ 867,000	
Two years later	$ 513,769	$ 386,665	$ 850,508	$ 727,573	$ 373,309	$ 773,871	$ 849,374			
Three years later	$ 360,890	$ 350,696	$ 772,580	$ 850,217	$ 338,372	$ 719,651				
Four years later	$ 343,300	$ 338,856	$ 632,921	$ 857,726	$ 322,849					
Five years later	$ 342,565	$ 350,259	$ 633,731	$ 853,237						
Six years later	$ 342,565	$ 339,755	$ 633,731							
Seven years later	$ 342,565	$ 339,755								
Eight years later										
7 (Decrease) increase in estimated net incurred losses and expenses from end of fiscal year	$ (552,175)	$ (515,904)	$ (77,377)	$ 115,763	$ (390,712)	$ (23,705)	$ 110,374	$ (152,797)	$ 25,556	$ -

(Continued)

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
VISION PROGRAM
June 30, 2022

	Fiscal and Policy Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1 Premiums and investment revenue:										
Earned	$ 1,269,012	$ 1,319,909	$ 1,268,527	$ 1,154,567	$ 1,185,976	$ 1,418,904	$ 1,634,500	$ 1,229,081	$ 1,223,259	$ 1,191,273
Ceded	-	-	-	-	-	-	-	-	-	-
Net earned	$ 1,269,012	$ 1,319,909	$ 1,268,527	$ 1,154,567	$ 1,185,976	$ 1,418,904	$ 1,634,500	$ 1,229,081	$ 1,223,259	$ 1,191,273
2 Unallocated expenses	$ 162,748	$ 164,632	$ 164,720	$ 159,494	$ 172,206	$ 218,601	$ 155,724	$ 206,133	$ 211,668	$ 170,055
3 Estimated incurred claims and expenses, end of fiscal year:										
Incurred	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714	$ 804,516	$ 804,116	$ 879,779	$ 634,991	$ 704,815	$ 613,975
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714	$ 804,516	$ 804,116	$ 879,779	$ 634,991	$ 704,815	$ 613,975
4 Net paid (cumulative) as of:										
End of fiscal year	$ 1,029,770	$ 958,035	$ 956,845	$ 797,262	$ 759,273	$ 772,050	$ 771,011	$ 613,951	$ 671,682	$ 617,520
One year later	$ 1,077,716	$ 994,238	$ 991,297	$ 831,714	$ 804,516	$ 804,116	$ 879,779	$ 634,991	$ 704,815	
Two years later	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714	$ 804,516	$ 804,116	$ 879,779	$ 634,991		
Three years later	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714	$ 804,516	$ 804,116	$ 879,779			
Four years later	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714	$ 804,516	$ 804,116				
Five years later	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714	$ 804,516					
Six years later	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714						
Seven years later	$ 1,077,716	$ 1,005,804	$ 993,049							
Eight years later	$ 1,077,716	$ 1,005,804								
Nine years later	$ 1,077,716									
5 Reestimated ceded losses and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6 Reestimated net incurred losses and expenses:										
End of fiscal year	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714	$ 804,516	$ 804,116	$ 879,779	$ 634,991	$ 671,682	$ 613,975
One year later	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714	$ 804,516	$ 804,116	$ 879,779	$ 634,991	$ 704,815	
Two years later	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714	$ 804,516	$ 804,116	$ 879,779	$ 634,991		
Three years later	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714	$ 804,516	$ 804,116	$ 879,779			
Four years later	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714	$ 804,516	$ 804,116				
Five years later	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714	$ 804,516					
Six years later	$ 1,077,716	$ 1,005,804	$ 993,049	$ 831,714						
Seven years later	$ 1,077,716	$ 1,005,804	$ 993,049							
Eight years later	$ 1,077,716	$ 1,005,804								
Nine years later	$ 1,077,716									
7 (Decrease) increase in estimated net incurred losses and expenses from end of fiscal year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(Continued)

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
DENTAL PROGRAM
June 30, 2022

	Fiscal and Policy Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1 Premiums and investment revenue:										
Earned	$ 9,492,264	$ 9,861,779	$ 9,416,390	$ 8,939,311	$ 9,201,910	$ 9,056,838	$ 8,859,107	$ 8,914,346	$ 8,755,829	$ 8,461,587
Ceded	-	-	-	-	-	-	-	-	-	-
Net earned	$ 9,492,264	$ 9,861,779	$ 9,416,390	$ 8,939,311	$ 9,201,910	$ 9,056,838	$ 8,859,107	$ 8,914,346	$ 8,755,829	$ 8,461,587
2 Unallocated expenses	$ 604,255	$ 626,879	$ 572,170	$ 591,986	$ 606,687	$ 601,424	$ 474,801	$ 480,815	$ 595,092	$ 541,529
3 Estimated incurred claims and expenses, end of fiscal year:										
Incurred	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330	$ 7,465,123	$ 7,704,211	$ 8,193,357	$ 6,420,771	$ 8,058,209	$ 7,845,247
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330	$ 7,465,123	$ 7,704,211	$ 8,193,357	$ 6,420,771	$ 8,058,209	$ 7,845,247
4 Net paid (cumulative) as of:										
End of fiscal year	$ 7,773,282	$ 7,957,771	$ 7,435,737	$ 7,337,114	$ 7,107,735	$ 7,457,924	$ 7,610,609	$ 6,210,594	$ 7,482,487	$ 7,502,244
One year later	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330	$ 7,465,123	$ 7,704,211	$ 7,610,609	$ 6,420,771	$ 8,058,209	
Two years later	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330	$ 7,465,123	$ 7,704,211	$ 7,774,131	$ 6,420,771		
Three years later	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330	$ 7,465,123	$ 7,704,211	$ 8,193,357			
Four years later	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330	$ 7,465,123	$ 7,704,211				
Five years later	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330	$ 7,465,123					
Six years later	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330						
Seven years later	$ 8,120,455	$ 8,473,446	$ 7,935,616							
Eight years later	$ 8,120,455	$ 8,473,446								
Nine years later	$ 8,120,455									
5 Reestimated ceded losses and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6 Reestimated net incurred losses and expenses:										
End of fiscal year	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330	$ 7,465,123	$ 7,704,211	$ 8,193,357	$ 6,420,771	$ 8,058,209	$ 7,845,247
One year later	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330	$ 7,465,123	$ 7,704,211	$ 8,193,357	$ 6,420,771	$ 8,058,209	
Two years later	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330	$ 7,465,123	$ 7,704,211	$ 8,193,357	$ 6,420,771		
Three years later	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330	$ 7,465,123	$ 7,704,211	$ 8,193,357			
Four years later	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330	$ 7,465,123	$ 7,704,211				
Five years later	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330	$ 7,465,123					
Six years later	$ 8,120,455	$ 8,473,446	$ 7,935,616	$ 7,857,330						
Seven years later	$ 8,120,455	$ 8,473,446	$ 7,935,616							
Eight years later	$ 8,120,455	$ 8,473,446								
Nine years later	$ 8,120,455									
7 (Decrease) increase in estimated net incurred losses and expenses from end of fiscal year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

See independent auditor's report.

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP
SCHEDULE OF THE GROUP'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2022

Public Employer's Retirement Fund C
Last 10 Fiscal years

	2015	2016	2017	2018	2019	2020	2021	2022
Group's proportion of the net pension liability	0.015%	0.015%	0.015%	0.016%	0.016%	0.017%	0.018%	0.016%
Group's proportionate share of the net pension liability	$ 359,786	$ 447,432	$ 557,905	$ 631,376	$ 610,445	$ 689,317	$ 769,369	$ 302,522
Group's covered payroll	$ 343,882	$ 351,000	$ 335,000	$ 328,000	$ 392,000	$ 408,000	$ 607,000	$ 655,000
Group's proportionate share of the net pension liability as a percentage of its covered payroll	104.62%	127.47%	166.54%	192.49%	155.73%	168.95%	126.75%	46.19%
Plan fiduciary net position as a percentage of the total pension liability	76.90%	79.90%	75.90%	187.65%	77.70%	66.30%	75.10%	88.30%

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

All years prior to 2015 are not required.

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP
SCHEDULE OF THE GROUP'S CONTRIBUTIONS
For the Year Ended June 30, 2022

Public Employer's Retirement Fund C
Last 10 Fiscal years

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	$ 51,053	$ 54,566	$ 63,750	$ 63,483	$ 81,731	$ 85,023	$ 95,746	$ 106,464
Contributions in relation to the contractually required contribution	(51,053)	(54,566)	(63,750)	(63,483)	(81,731)	(85,023)	(95,746)	(106,464)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Group's covered payroll	$ 351,000	$ 335,000	$ 328,000	$ 392,000	$ 408,000	$ 607,000	$ 655,000	$ 979,000
Contributions as a percentage of covered payroll	14.55%	16.29%	19.44%	16.19%	20.03%	14.01%	14.62%	10.87%

All years prior to 2015 are not required.

See independent auditor's report.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of the Group's Proportionate Share of the Net Pension Liability

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

B - Schedule of the Group's Contributions:

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

C - Changes of Benefit Terms:

There were no changes in benefit terms reported in the Required Supplementary Information.

D - Changes of Assumptions:

The discount rates for the Public Employer's Retirement Fund C was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15, 7.15, and 7.15% percent in the June 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020 actuarial reports, respectively.

SUPPLEMENTARY INFORMATION

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP
COMBINING STATEMENT OF NET POSITION
June 30, 2022
(Unaudited)

	Workers' Compensation Program	Property and Liability	Medical	Vision	Dental	2022 Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ 5,809,279	$ 5,893,684	$ 180,504	$ 3,311,614	$ 11,793,057	$ 26,988,138
Prefund deposits	-	-	-	80,000	700,000	780,000
Accounts receivable:						
Members	2,419,608	24,594	75,000	-	-	2,519,202
Interest	12,563	12,656	401	7,133	25,382	58,135
Excess Insurance	6,832	-	-	-	-	6,832
Other	-	58,781	-	-	-	58,781
Prepaid expenses	-	-	-	-	-	-
Total assets	8,248,282	5,989,715	255,905	3,398,747	12,518,439	30,411,088
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources - pension	98,840	85,756	3,832	5,744	5,742	199,914
LIABILITIES						
Current liabilities:						
Accounts payable	568,318	-	8,822	58,492	805,742	1,441,374
Member dividend payable	0	166,484	0	-	-	166,484
Payroll payable	37,332	53,407	2,509	3,314	3,316	99,878
Safety credits	1,618,012	-	-	-	-	1,618,012
Insurance Premium	1,538,552	-	-	-	-	1,538,552
Current portion of unpaid claims and claim adjustment expenses	97,686	843,121	-	44,110	681,340	1,666,257
Total current liabilities	3,859,900	1,063,012	11,331	105,916	1,490,398	6,530,557
Net pension liability	149,725	131,737	5,265	7,897	7,898	302,522
Unpaid claims and claim adjustment expenses, less current portion	545,006	971,124	-	-	-	1,516,130
Total liabilities	4,554,631	2,165,873	16,596	113,813	1,498,296	8,349,209
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - pension	169,876	161,076	2,572	3,856	3,848	341,228
NET POSITION						
Net position - unrestricted	$ 3,622,615	$ 3,748,522	$ 240,569	$ 3,286,822	$ 11,022,037	$ 21,920,565

(Continued)

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP
COMBINING STATEMENT OF NET POSITION
June 30, 2021
(Unaudited)

	Workers' Compensation Program	Property and Liability	Medical	Vision	Dental	2021 Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ 3,318,144	$ 5,242,991	$ 615,764	$ 2,965,146	$ 11,571,404	$ 23,713,449
Prefund deposits	-	-	-	80,000	700,000	780,000
Accounts receivable:						
Members	482,379	-	-	-	-	482,379
Interest	3,338	7,408	762	3,734	14,534	29,776
Other	187,538	-	-	-	-	187,538
Prepaid expenses	1,817,755	-	70,000	-	-	1,887,755
Total assets	5,809,154	5,250,399	686,526	3,048,880	12,285,938	27,080,897
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources - pension	104,185	90,393	4,038	6,055	6,052	210,723
LIABILITIES						
Current liabilities:						
Accounts payable	568,435	-	25,391	70,095	608,374	1,272,295
Member dividend payable	-	81,502	-	-	-	81,502
Payroll payable	30,248	42,660	1,804	2,443	2,443	79,598
Safety credits	1,435,787	-	-	-	-	1,435,787
Current portion of unpaid claims and claim adjustment expenses	107,321	759,274	-	83,271	754,735	1,704,601
Total current liabilities	2,141,791	883,436	27,195	155,809	1,365,552	4,573,783
Net pension liability	380,778	335,031	13,391	20,084	20,085	769,369
Unpaid claims and claim adjustment expenses, less current portion	585,766	885,301	-	-	-	1,471,067
Total liabilities	3,108,335	2,103,768	40,586	175,893	1,385,637	6,814,219
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - pension	37,046	35,127	561	841	839	74,414
NET POSITION						
Net position - unrestricted	$ 2,767,958	$ 3,201,897	$ 649,417	$ 2,878,201	$ 10,905,514	$ 20,402,987

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended June 30, 2022
(Unaudited)

	Workers' Compensation Program	Property and Liability	Medical	Vision	Dental	2022 Total
Operating revenues:						
Member contributions	$ 24,327,945	$ 6,605,678	$ 257,049	$ 1,174,965	$ 8,396,894	$ 40,762,531
Safety credits	402,278	-	-	-	-	$ 402,278
Other	650,682	-	158,229	-	-	808,911
Total operating revenues	25,380,905	6,605,678	415,278	1,174,965	8,396,894	41,973,720
Expenses:						
Provision for claims and claim adjustment expenses	(5,315)	756,255	-	612,597	7,803,535	9,167,072
Excess insurance premiums	23,505,278	5,066,063	-	-	-	28,571,341
Safety credits	402,278	-	-	-	-	402,278
Claims administration	36,271	-	776,648	128,533	507,359	1,448,811
General administrative expenses	613,028	290,280	49,775	41,522	34,170	1,028,775
Total operating expenses	24,551,540	6,112,598	826,423	782,652	8,345,064	40,618,277
Operating income	829,365	493,080	(411,145)	392,313	51,830	1,355,443
Non-operating revenues (expenses):						
Investment income	25,292	53,545	2,297	16,308	64,693	162,135
Dividend expense	-	-	-	-	-	-
Total non-operating Revenues (expenses)	25,292	53,545	2,297	16,308	64,693	162,135
Change in net position	854,657	546,625	(408,848)	408,621	116,523	1,517,578
Net position, beginning of year	2,767,958	3,201,897	649,417	2,878,201	10,905,514	20,402,987
Net position, end of year	$ 3,622,615	$ 3,748,522	$ 240,569	$ 3,286,822	$ 11,022,037	$ 21,920,565

(Continued)

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended June 30, 2021
(Unaudited)

	Workers' Compensation Program	Property and Liability	Medical	Vision	Dental	2021 Total
Operating revenues:						
Member contributions	$ 23,277,104	$ 6,192,522	$ 237,943	$ 1,208,230	$ 8,696,211	$ 39,612,010
Safety credits	372,711	-	-	-	-	372,711
Other	450,133	-	383,947	-	-	834,080
Total operating revenues	24,099,948	6,192,522	621,890	1,208,230	8,696,211	40,818,801
Expenses:						
Provision for claims and claim adjustment expenses	(84,842)	396,638	-	706,194	8,079,921	9,097,911
Excess insurance premiums	22,363,334	4,629,739	-	-	-	26,993,073
Safety credits	372,711	-	-	-	-	372,711
Claims administration	62,108	-	579,113	165,656	528,745	1,335,622
General administrative expenses	595,060	445,791	42,651	44,634	44,637	1,172,773
Total operating expenses	23,308,371	5,472,168	621,764	916,484	8,653,303	38,972,090
Operating income	791,577	720,354	126	291,746	42,908	1,846,711
Non-operating revenues (expenses):						
Investment income	23,308	49,344	2,117	15,029	59,618	149,416
Dividend expense	-	(1,652,106)	-	-	-	(1,652,106)
Total non-operating Revenues (expenses)	23,308	(1,602,762)	2,117	15,029	59,618	(1,502,690)
Change in net position	814,885	(882,408)	2,243	306,775	102,526	344,021
Net position, beginning of year	1,953,073	4,084,305	647,174	2,571,426	10,802,988	20,058,966
Net position, end of year	$ 2,767,958	$ 3,201,897	$ 649,417	$ 2,878,201	$ 10,905,514	$ 20,402,987

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH THE *STATE CONTROLLER'S MINIMUM AUDIT REQUIREMENTS FOR CALIFORNIA SPECIAL DISTRICTS* AND *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors and Members
Santa Clara County Schools' Insurance Group
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *State Controller's Minimum Audit Requirements for California Special Districts* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Santa Clara County Schools' Insurance Group as of and for the year then ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Santa Clara County Schools' Insurance Group's financial statements and have issued our report thereon December 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Santa Clara County Schools' Insurance Group'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 Santa Clara County Schools' Insurance Group's internal control. Accordingly, we do not express an opinion on the effectiveness of Santa Clara County Schools' Insurance Group's internal controls.

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

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Clara County Schools' Insurance Group'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.

Crowe LLP

Crowe LLP

West Hartford, Connecticut
December 14, 2022