

BUTTE SCHOOLS SELF-FUNDED PROGRAMS
(A JOINT POWERS AUTHORITY)

AUDIT REPORT

JUNE 30, 2024 AND 2023

BUTTE SCHOOLS SELF-FUNDED PROGRAMS
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JUNE 30, 2024 AND 2023

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FINANCIAL SECTION



Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

Governing Board
Butte Schools Self-Funded Programs
Chico, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Butte Schools Self-Funded Programs, a joint powers authority (the Authority), as of and for the year ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Butte Schools Self-Funded Programs, as of June 30, 2024 and 2023, and the changes in financial position and, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Butte Schools Self-Funded Programs and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Butte Schools Self-Funded Programs' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 generally accepted auditing standards 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 of the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Authority'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 Authority'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 required supplementary information, such as management's discussion and analysis, the claims development information and the reconciliation of claims liability, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of JPA contributions for pensions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc." The signature is written in a cursive, flowing style.

San Diego, California
February 3, 2025

BUTTE SCHOOLS SELF-FUNDED PROGRAMS MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of Butte Schools Self-Funded Programs (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2023 and June 30, 2024. It should be read in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Program revenues increased to \$76 million, an increase of \$5.8 million:
 - \$3.9 million reflects an average 7% increase in medical premiums as well as increases in enrollment.
 - Combined dental and vision revenues increased \$255,000 due to increases in enrollment and employee selection of higher-premium plans; there was no increase in plan rates.
 - Total premiums in the property and liability program increased by \$1.125 million (29%) due to underlying property values and increases in gross wages of member districts. Market conditions remained hard with unit rate increases in coverage as well.
 - Premiums for the pass-through workers compensation program increased \$364,000 (16%) due to increases in gross wages of member districts as well as new participation in the North Bay Schools Insurance Authority (NBSIA)'s safety program.
- Total program expenses reflect a similar increase of \$5.9 million:
 - Medical benefit expenses increased \$3.4 million, reflecting increases in premiums to the Self-Insured Schools of California.
 - \$2.6M was transferred to NBSIA for the pass-through workers compensation partnership.
 - Excess property and liability coverage increased \$760M (23%), due in part to additional insured values being covered as well as a continuing hard market.

OVERVIEW OF FINANCIAL STATEMENTS

Description of the Basic Financial Statements

The Authority's financial statements are prepared in conformity with generally accepted accounting principles and include amounts based upon estimates and judgments. The Statement of Net position, Statement of Revenues, Expenses & Changes in Net position, and the Statement of Cash Flows are included along with Notes to Financial Statements to clarify unique accounting policies and financial information.

The *Statement of Net Position* provides information on all Authority's program assets and liabilities, with the difference reported as net position. Net position is an indicator of the overall pool financial changes across years. The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing total revenues versus total expenses and the resulting affect on net position. Claims development information is provided as supplementary information and reflects financial information separated by the specific program to which it relates. The assets, liabilities, revenues and expenses for all programs are reported on a full accrual basis. There were no significant accounting changes during the year.

Christy White, Inc. has performed an independent financial audit of our financial statements in accordance with generally accepted auditing standards. Their opinion is included in the Financial Section of this report. Bickmore Actuarial provides an independent actuarial review of the Property/Liability Programs, which confirms the adequacy and reasonableness of the liabilities recorded as outstanding claim reserves for those programs. DFA Actuaries provides an independent actuarial review of the Dental and Vision programs which confirms the adequacy and reasonableness of the outstanding claims reserves for those programs.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Condensed Statement of Net Position

Below is a summary of the Statement of Net Position showing total assets and total liabilities.

	2024	2023	2022
Cash*	\$ 10,700,083	\$ 9,887,370	\$ 10,248,983
Other asset	28,533	46,972	71,377
Total Assets	10,728,616	9,934,342	10,320,360
Deferred outflow of resources	296,388	195,997	78,149
Claims payable, claims incurred but not reported and adjustment expenses on claims not reported	2,686,155	2,010,022	1,834,183
Other liabilities	1,267,487	991,249	967,319
Total Liabilities	3,953,642	3,001,271	2,801,502
Deferred inflow of resources	6,420	11,436	152,342
Unrestricted	7,064,942	7,106,029	7,421,157
Net investment in capital assets	-	11,603	23,508
Total Net Position	7,064,942	7,117,632	7,444,665
Total Liabilities and Net Position	\$ 11,025,004	\$ 10,130,339	\$ 10,398,509

*Cash includes fair value adjustments of \$167,605, \$1,478, and \$(340,933) at June 30, 2024, 2023 and 2022, respectively. Equal amounts of net position have been designated as a reserve against that adjustment.

ASSETS AND LIABILITIES

Assets

Total assets decreased with a reduction deferred revenue associated within reinsurance recoveries not yet paid.

All but \$33,808 of the Authority’s cash is invested with the Butte County Treasury in a pooled investment fund. These funds are invested in a manner that will protect principal, allow for cash flow needs and optimize returns, and are in conformity with all federal, state, and local statutes governing such investment of public funds.

The earnings rate for funds invested in the county treasury for the quarter ended June, 30, 2024 was 2.83% versus 1.93% and 0.72% for the quarters ended June 30, 2023 and 2022, respectively. The low earnings rate has had a direct effect on program rates. When investments fall short of projections, additional funding may be required to meet actuarial estimates.

Liabilities

Liabilities at June 30, 2024, increased due to timing of accounts payable payments at year end, as well as increases unpaid claims and claim adjustment expenses associated with increases in property and liability claim estimates.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Statements of Revenues, Expenses and Changes in Net Position

	2024	2023	Percent Change	2022	Percent Change
OPERATING REVENUE					
Member contributions and premiums	\$ 75,981,050	\$ 70,101,427	8%	\$ 62,731,068	12%
Total Operating Revenues	75,981,050	70,101,427	8%	62,731,068	12%
OPERATING EXPENSES					
Claims and insurance	76,129,955	70,265,249	8%	63,199,510	11%
General and administrative	389,470	337,774	15%	358,834	-6%
Total Operating Expense	76,519,425	70,603,023	8%	63,558,344	11%
Net Operating Income/(Loss)	(538,375)	(501,596)	7%	(827,276)	-39%
NON-OPERATING REVENUE (EXPENSE)					
Non-operating revenue, interest, and other	485,685	174,563	178%	(338,326)	-152%
CHANGE IN NET POSITION	(52,690)	(327,033)	-84%	(1,165,602)	-72%
Net Position - Beginning	7,117,632	7,444,665	-4%	8,610,267	-14%
Net Position - Ending	\$ 7,064,942	\$ 7,117,632	-1%	\$ 7,444,665	-4%

Revenues and Expenses

Contributions for the medical (fully-funded), dental (self-funded) and vision (self-funded) programs increased by \$4.2 million to \$67.6 million, due to notably to increases in the underlying medical usage and the cost of patient care. Dental and vision rates remained unchanged due to excess net assets. These three core benefit programs also experienced growth in enrollment volume as well.

Dental plan expenses remained flat on a per-employee-per-month (PEPM) basis; vision claims increased 2.7% PEPM. The of operating the Health and Wellness Centers decreased \$335K (13%) with a full year of self-management.

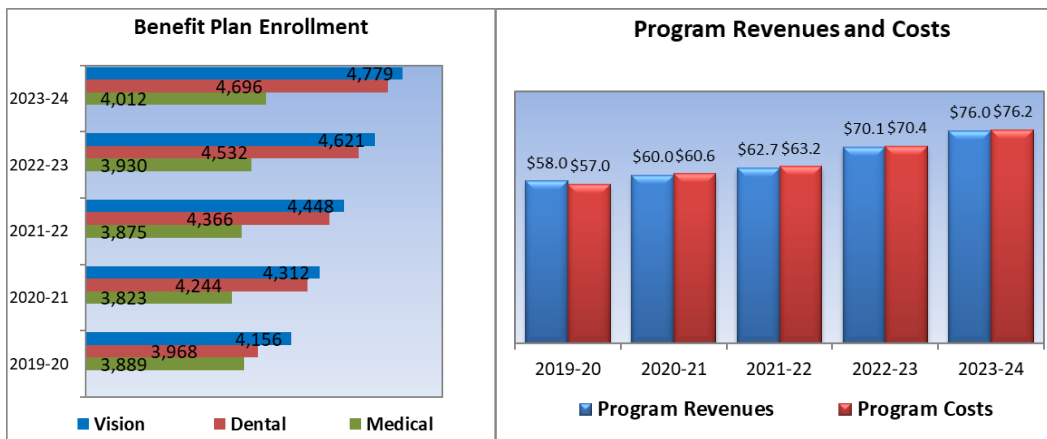
In the property and liability program, the multi-year national trend of catastrophic property losses and increasing sexual abuse and molestation cases continue to sustain a hard market. With new facilities coming online at a number of districts, total insured values also increased notably. These resulted in revenue increases of 29% and stop loss (excess coverage) of additional facilities These difficult market conditions led to a 19% increase in premiums and 23% increase in stop loss coverage.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Revenues and Expenses (continued)

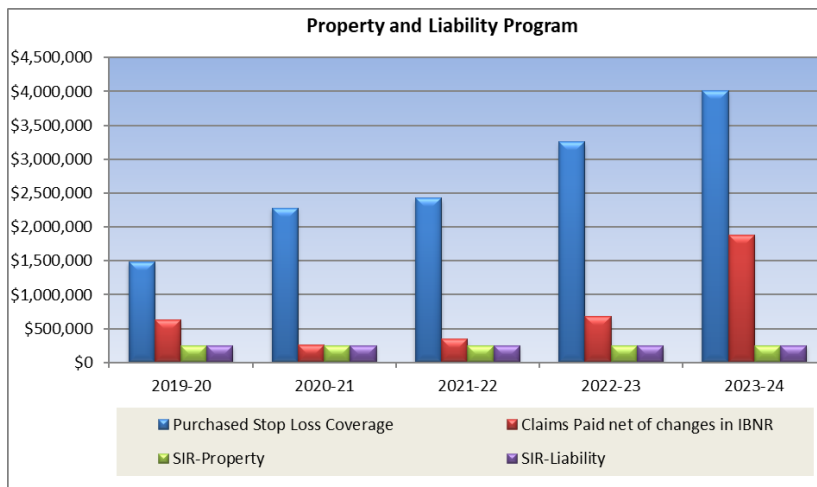
Effective July 1, 2023, the Authority offered a workers compensation coverage through a pass-through partnership with NBSIA. The Authority retained \$0.01/\$100 of payroll in premium for services and administration at the Authority; the remainder of collected premiums was pass-through to NBSIA. On July 1, 2023, those participating in the NBSIA workers compensation partnership also joined the NBSIA safety credit program at an additional cost of \$0.08/\$100 of payroll.



Insurance Expense

In the property and liability pool, the Authority maintains a self-insured retention limit of \$250,000 for each property or liability claim. The Authority participates with three other JPAs in the Bay Area Schools Insurance Cooperative (BASIC), an excess liability coverage pool with both self- and fully-insured layers. Along four other JPAs, the Authority is a member of Schools Program Alliance (SPA) to purchase excess property coverage beyond the Authority’s self-insured layer. Through both BASIC and SPA, the Authority’s property and liability program is supported in cost containment with the effective use of risk management and loss control programs.

In 2019-20, 2022-23 and 2023-24, \$13.7M was paid out to districts associated with catastrophic losses in the North Complex / Bear Fire. The estimate for claims incurred but not reported or paid as of June 30, 2024, also increased as a result of increases in liability claims filed in the fiscal year then ending.



**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023**

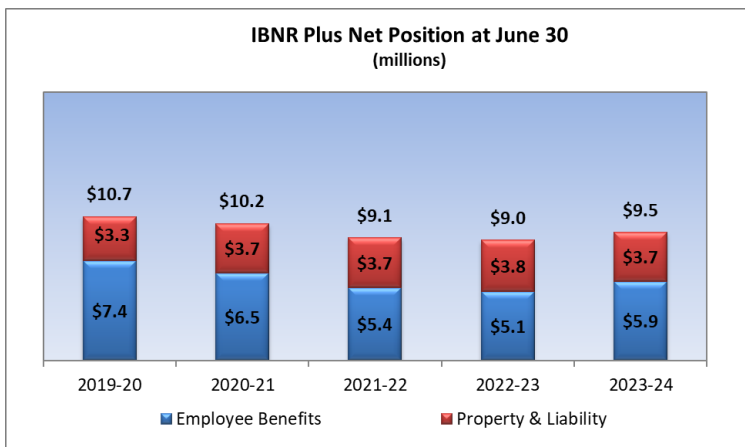
FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Provision for Insured Events

The Authority contracts with DFA Actuaries for the actuarial review of self-insured dental and vision benefit programs in compliance with California Education Code 17566(e) and Bickmore Actuarial to provide annual actuarial valuation of the property and liability claims. These reports are used to project the liabilities for claims incurred but not reported and claim adjustments expenses in future years as well as evaluate the adequacy of funding levels for current and prior years.

The estimated liability for claims and expenses incurred by not reported at June 30, 2024, reflected minor changes in the estimates for both dental and vision claims; these adjustments trended along with the most recent claims experience within each program. Estimates for property and liability claims increased slightly with new claims experience.

To further augment the financial stability of the Authority, net position has been designated for a fluctuation margin, adverse claims margin, claims run out margin and stop-loss margin to absorb sharp increases in costs, claims activity, or investment shortfalls, and provide additional financial resources when unanticipated events impact future premiums and/or claims.



JPA Administration

JPA administration expenses continue to be below 1%, although increases in the contribution towards PERS and the PERS unfunded liability have increased total costs.

Required Supplementary Information

Following the basic financial statements is required supplementary information which provides further detail and reconciliation of claims liabilities by program. This required supplementary information may be used to evaluate the historical accuracy of projected claim expenses.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Budgetary Highlights

Each year the Authority's Board of Directors approves a budget and establishes rates and funding levels for all programs and service funds. The preliminary budget is adopted in May or June and updates may be made throughout the year. The Authority is not required to make mid-year budget adjustments.

Cost Containment

Effective July 1, 2017, the Authority's medical benefit were purchased on a fully-funded basis from SISC, with additional costs of the Health and Wellness Centers funded through premium additions to the SISC premiums. SISC plans are managed with a high level of creative and innovative programs in order to provide broad and comprehensive coverage at the lowest cost to the membership. The Authority's Health and Wellness Centers continue to provide members a free or low-cost alternative to care, which helps to reduce to medical plan costs. Safety inspections and audits are provided bi- or tri-annually within the property and liability program, with credits for safety mitigation efforts available in the off-inspection years.

Financial Management and Control

The Authority's executive director 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 are compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles. The executive director is responsible for all accounting functions of the JPA with certain processes contracted out to and performed by the Butte County Office of Education (BCOE).

FACTS OR CONDITIONS EXPECTED TO HAVE A SIGNIFICANT EFFECT ON THE FINANCIAL POSITION OR RESULTS OF OPERATIONS

- ✓ Medical costs, the underlying driver of contribution rates, continue to outpace employer contributions towards medical plans. This results in migration to lower-rate plans.
- ✓ Property rates per unit of total insured value continue to increase as a result of catastrophic wildfires and weather-related claims throughout the nation. Additionally, member districts have recently passed bonds which will be used for construction projects. These future construction projects will increase the underlying value of the insured property, and correspondingly increase premiums as well.
- ✓ Liability rates per ADA or gross wages also continue to increase as a result of increases in reporting of claims and jury awards associated with sexual abuse and molestation. On October 13, 2020, California's governed sign AB 281, which extends the statute of limitations for filing of claims associated with childhood sexual assault to the later of 22 years from the date of majority or within five years of the date of discovery. This has brought additional claims to the program's primary layer as well as excess coverage programs. For this reason, the statute of limitations has effectively been eliminated for these claims, necessitating the need to retain equity in order to address future claims.
- ✓ Effective May 1, 2024, the Authority took over independent operation of its Health and Wellness Centers without a third-party contractor.
- ✓ Effective July 1, 2025, a number of members have withdrawn from the Authority's property and liability program, as well as its partnership with NBSIA for workers compensation.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023**

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, members, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the executive director who is responsible for all accounting functions of the JPA with certain processes contracted out to and performed by the Butte County Office of Education (BCOE).

BUTTE SCHOOLS SELF-FUNDED PROGRAMS
STATEMENT OF NET POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and investments	\$ 10,700,083	\$ 9,887,370
Accounts receivable	12,560	18,651
Prepaid expenses	15,973	16,718
Total Current Assets	<u>10,728,616</u>	<u>9,922,739</u>
Noncurrent Assets		
Capital assets, net of depreciation	-	11,603
Total Noncurrent Assets	<u>-</u>	<u>11,603</u>
Total Assets	<u>10,728,616</u>	<u>9,934,342</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflow of resources - pension	<u>296,388</u>	<u>195,997</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	704,389	412,784
Unearned revenue	353	70,274
Current portion of unpaid claims and claim adjustment expenses	2,686,155	2,010,022
Total Current Liabilities	<u>3,390,897</u>	<u>2,493,080</u>
Noncurrent Liabilities		
Net pension liability	414,109	382,458
OPEB	148,636	125,733
Total Liabilities	<u>3,953,642</u>	<u>3,001,271</u>
DEFERRED INFLOW OF RESOURCES		
Deferred inflow of resources - pension	<u>6,420</u>	<u>11,436</u>
NET POSITION		
Unrestricted	7,064,942	7,106,029
Net investment in capital assets	-	11,603
Total Net Position	<u>7,064,942</u>	<u>7,117,632</u>
Total Liabilities and Net Position	<u>\$ 11,025,004</u>	<u>\$ 10,130,339</u>

The accompanying notes are an integral part of these financial statements.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
OPERATING REVENUE		
Member contributions		
Medical	\$ 60,598,239	\$ 56,661,201
Dental	5,979,000	5,767,424
Vision	1,027,124	983,636
Life	231,103	218,735
Disability	252,083	229,545
Other voluntary benefits	239,065	107,477
Property and liability	4,942,665	3,819,456
Workers compensation	2,673,968	2,309,798
Other local income	37,803	4,155
Total Operating Revenues	<u>75,981,050</u>	<u>70,101,427</u>
OPERATING EXPENSES		
Premium, claims, claims adjustment, and other expense		
Medical	57,139,851	53,769,845
Dental	5,437,196	5,237,197
Vision	920,244	860,567
Life	231,103	218,735
Disability	252,083	229,545
Other voluntary benefits	237,014	107,477
Property and liability	1,229,642	509,202
Change in estimate of future dental, vision, property and liability claim costs	676,133	175,839
Workers compensation	2,584,450	2,299,422
Health and Wellness Center	2,601,845	2,937,130
Claims administration fees	634,334	605,846
Professional fees	90,486	65,191
Stop-loss, excess and reinsurance coverage	4,017,706	3,256,754
Risk reduction	77,868	(7,501)
Salaries and benefits	274,361	276,124
Other expenses	115,109	61,650
Total Operating Expense	<u>76,519,425</u>	<u>70,603,023</u>
Net Operating Income/(Loss)	<u>(538,375)</u>	<u>(501,596)</u>
NON-OPERATING REVENUE (EXPENSES)		
Interest income	313,775	173,085
Change in fair value	171,910	1,478
Total Non-Operating Revenue (Expenses)	<u>485,685</u>	<u>174,563</u>
CHANGE IN NET POSITION	<u>(52,690)</u>	<u>(327,033)</u>
Net Position - Beginning	<u>7,117,632</u>	<u>7,444,665</u>
Net Position - Ending	<u>\$ 7,064,942</u>	<u>\$ 7,117,632</u>

The accompanying notes are an integral part of these financial statements.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Member contributions received	\$ 75,917,220	\$ 69,841,243
Reinsurance paid	(4,017,706)	(3,256,754)
Medical insurance premiums paid	(57,139,851)	(53,769,845)
Dental insurance premiums paid	(5,437,196)	(5,237,197)
Vision insurance premiums paid	(920,244)	(860,567)
Life insurance premiums paid	(231,103)	(218,735)
Disability insurance premiums paid	(252,083)	(229,545)
Other voluntary benefits	(237,014)	(107,477)
Property and liability insurance premiums paid	(1,229,642)	(509,202)
Workers Compensation premiums paid	(2,584,450)	(2,299,422)
Health and wellness center expenses paid	(2,601,845)	(2,937,130)
Payments to employees for services and change in benefits	(325,214)	(266,311)
Payments to suppliers for goods and services	(613,844)	(685,234)
Net cash provided by (used in) operating activities	<u>327,028</u>	<u>(536,176)</u>
Cash flows from investing activities		
Interest received	313,775	173,085
Change in fair value of cash in county treasury	171,910	1,478
Net cash provided by (used in) investing activities	<u>485,685</u>	<u>174,563</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	812,713	(361,613)
CASH AND CASH EQUIVALENTS		
Beginning of year	9,887,370	10,248,983
End of year	<u>\$ 10,700,083</u>	<u>\$ 9,887,370</u>
Reconciliation of operating income to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (538,375)	\$ (501,596)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	11,603	11,905
(Increase) decrease in:		
Accounts receivable	6,091	12,420
Prepaid expenses	745	80
Deferred outflows	(100,391)	(117,848)
Increase (decrease) in:		
Accounts payable	291,605	27,967
Unearned revenue	(69,921)	(272,604)
Unpaid claims and claim adjustment expenses	676,133	175,839
Deferred inflows	(5,016)	(140,906)
OPEB liability	22,903	54,864
Net pension liability	31,651	213,703
Net cash provided by (used in) operating activities	<u>\$ 327,028</u>	<u>\$ (536,176)</u>

The accompanying notes are an integral part of these financial statements.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Butte Schools Self-Funded Programs (the “Authority”) utilizes the proprietary fund method of accounting in accordance with Governmental Accounting Standards Board (GASB) Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-January 30, 1989, FASB and AICPA Pronouncements. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. The accounting policies of the Authority conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The Authority was established by a joint powers agreement in October 1982. In accordance with the provisions of Title I, Division 7, Chapter 5, Article 1, of the California Government Code, all public educational agencies in California are eligible to participate as members (the Group). The Authority’s general objectives, on behalf of the Group, are to formulate, develop, and administer a program to pool employee medical benefits, property and general liability risks, and resources in order to self-fund or purchase related commercial insurance products on a collective basis.

Agencies, having completed three consecutive years of membership in the Authority, may withdraw by notifying the Board of Directors of the Authority in writing prior to January 31 of that fiscal year. Agencies applying for membership in the group may do so on approval of a weighted two-thirds vote of the Board of Directors. Group rate-setting policies are established following consultation with actuaries. Members are subject to supplemental assessments in the event of premium deficiencies. Agencies choosing to withdraw from the group continue to be subject to liabilities related to their pending claims.

The Board has contracted with a third-party administrator, Delta Dental (dental), and VSP (vision), to pay claims on behalf of participating members. The Board has contracted with Knak & Company, a third-party administrator, to pay property and liability claims. Membership consists of 13 school districts, the Butte County Office of Education, Butte-Glenn Community College District, and the Authority.

In January 2014, the Authority opened the Health and Wellness Center to provide an urgent, primary, and preventative care clinic as part of the medical program exclusively serving the members of the Authority at a reduced cost to both members and to the Authority.

Effective July 1, 2022, the Authority partnered with North Bay Schools Insurance Authority to offer a workers compensation program to member districts. All program assets and claim liabilities are recorded on the NBSIA financial statements.

B. Accounting Policies

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America (US GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024 AND 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting – Measurement Focus

Proprietary Fund Financial Statements

The Authority utilizes the proprietary fund method of accounting in accordance with Governmental Accounting Standard Board (GASB) Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-January 30, 1989, FASB and AICPA Pronouncements. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

The Authority also applies GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. These statements establish standards for reporting deferred outflows of resources, deferred inflows of resources, and net position for all state and local governments.

Revenues – Exchange and Non-Exchange Transactions

The Authority's statement of revenues, expenses, and change in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing program services, the Authority's principal activity. Operating expenses are all expenses incurred to provide program services, including premiums, claims and claim adjustments expenses, reinsurance costs and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Investments

The Authority's cash and investments consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments also include cash with county treasury balances for purposes of the statement of cash flows.

Accounts Receivable

Receivables consist of amounts due from members which were not received by the Authority at year end. The management of the Authority reviews the collectability of the accounts receivable periodically and believes that all amounts are collectible.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024 AND 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Capital Assets

Property and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 8 years. The Authority's capitalization policy includes all items with a unit cost of \$5,000 or more.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the Authority will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Authority will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Accounts Payable

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the Authority prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Unpaid Claims Liabilities

The Authority establishes unpaid claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustments expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The Authority utilizes lag reports and periodic actuarial studies to estimate both reported and unreported liabilities. 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 unpaid claims and claim adjustment expenses does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, other economic and social factors, and estimated payment dates. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed on both historical data that reflects 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 periods in which they are made.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024 AND 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources/deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS), and additions to/deductions from CalPERS's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Reinsurance

The Authority uses reinsurance agreements to reduce its exposure to large losses on claims. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Authority as direct insurer of the risks reinsured. The Authority does not report reinsured risks as liabilities unless it is probable that insurers will not recover those risks. Premiums ceded to reinsurers during the years ended June 30, 2024 and 2023, amounted to \$4,017,706 and \$3,064,362, respectively. The reinsurance level as of June 30, 2023, was \$250,000 per occurrence for property and liability claims.

E. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024 AND 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Income Tax

The Authority is exempt from federal income taxes under Internal Revenue Code Section 115 and California franchise taxes. Accordingly, no provision of federal or state income taxes has been made to the accompanying financial statements.

G. New Accounting Pronouncements

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The Authority has fully implemented this Statement as of June 30, 2024.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The Authority has fully implemented this Statement as of June 30, 2024.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The Authority has not yet determined the impact on the financial statements.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024 AND 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. New Accounting Pronouncements (continued)

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024. The Authority has not yet determined the impact on the financial statements.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The statement is effective for periods beginning after June 15, 2025. The Authority has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Fiscal Year Ended	
	2024	2023
Cash and investments		
Cash in county treasury	\$ 10,666,275	\$ 9,867,370
Cash in hand and in banks	33,808	20,000
Total cash and investments	\$ 10,700,083	\$ 9,887,370

B. Policies and Practices

The Authority is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The Authority maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Butte County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the Authority's investment in the pool is based upon the Authority'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.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024 AND 2023**

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest Authority funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker’s Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2024, the pooled investments in the County Treasury were not rated.

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority manages its exposure to interest rate risk by investing in the County Treasury. The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net change in the fair value of investments during the years ended June 30, 2024 and 2023, was \$171,910 and \$1,478, respectively. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The average weighted maturity for this pool is 729 in 2024 and 546 days in 2023.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024 AND 2023**

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2024 and 2023, the Authority's bank balance was not exposed to custodial credit risk.

G. Fair Value

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Authority's own data. The Authority should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the Authority are not available to other market participants.

Uncategorized - Investments in the Butte County Treasury Investment Pool are not measured using the input levels above because the Authority's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share. The uncategorized fair value of investments during the years ended June 30, 2024 and 2023, was \$10,680,083 and \$9,867,370 respectively.

NOTE 3 – PROPERTY AND EQUIPMENT

At June 30, 2024 and 2023, property and equipment consisted of leasehold improvements of \$233,479 and \$233,479 respectively. Accumulated depreciation as of June 30, 2024 and 2023, was \$233,479 and \$221,876, respectively. Depreciation expense for the years ended June 30, 2024 and 2023 was \$11,603 and \$11,905, respectively.

	Balance July 01, 2023	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets being depreciated				
Leasehold improvements	\$ 233,479	\$ -	\$ -	\$ 233,479
Total capital assets being depreciated	233,479	-	-	233,479
Less accumulated depreciation				
Leasehold improvements	221,876	11,603	-	233,479
Total accumulated depreciation	221,876	11,603	-	233,479
Governmental Activities Capital				
Assets, net	\$ 11,603	\$ (11,603)	\$ -	\$ -

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024 AND 2023**

NOTE 4 – UNPAID CLAIMS LIABILITIES

As discussed in Note 1, the Authority has established a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. Unpaid claims and claim adjustment expenses are presented at their current value, which is not discounted as claims reserves include an average of less than two months' claims.

	Fiscal Year Ended	
	2024	2023
Unpaid claims and claim adjustment expenses, beginning of fiscal year	\$ 2,010,022	\$ 1,834,183
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	7,519,793	6,981,628
Change in provision for covered events of prior years	676,133	175,839
Total incurred claims and claim adjustment expenses	\$ 8,195,926	\$ 7,157,467
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	7,429,946	6,487,787
Claims and claim adjustment expenses attributable to covered events of prior years	89,847	493,841
Total payments	7,519,793	6,981,628
Total unpaid claims and claim adjustment expenses, end of year	\$ 2,686,155	\$ 2,010,022

The components of unpaid claims and claim adjustment expenses by type of contract were as follows:

	2024	2023
Unpaid claims and claim adjustment expenses, end of year		
Dental	\$ 307,561	\$ 290,072
Vision	61,594	57,950
Property and liability	2,317,000	1,662,000
Total unpaid claims and claim adjustment expenses, end of year	\$ 2,686,155	\$ 2,010,022
Less current portion	(2,686,155)	(2,010,022)
Noncurrent portion	\$ -	\$ -

NOTE 5 – UNRESTRICTED NET POSITION

The Board of Directors has designated the Authority's unrestricted net position for future changes in estimates as follows:

	Employee Benefits	Property & Liability	Total 2024	Total 2023
Fluctuation margin	\$ 36,915	\$ 231,700	\$ 268,615	\$ 201,002
Stop-loss margin	-	1,000,000	1,000,000	1,000,000
Adverse claims margin	158,936	351,229	510,165	194,193
Reserve for HWC and admin	1,674,669	-	1,674,669	1,749,015
Rate stabilization	3,745,880	(134,387)	3,611,493	3,961,819
Unrestricted Net Position	\$ 5,616,400	\$ 1,448,542	\$ 7,064,942	\$ 7,106,029

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024 AND 2023**

NOTE 6 – PENSION PLAN

The employees of the Authority participate in the Miscellaneous Plan (the Plan) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS, an agency of the State of California. Benefit provisions are established by state statute, as legislatively amended, within the Public Employees’ Retirement Law. CalPERS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. Copies of the CAFR may be obtained from CalPERS, 400 Q Street, Sacramento, California, 95811, and at www.calpers.ca.gov. The Authority reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

<u>2024</u>	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
CalPERS Pension	\$ 414,109	\$ 296,388	\$ 6,420	\$ 87,019
Total	\$ 414,109	\$ 296,388	\$ 6,420	\$ 87,019

<u>2023</u>	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
CalPERS Pension	\$ 382,458	\$ 195,997	\$ 11,436	\$ 23,788
Total	\$ 382,458	\$ 195,997	\$ 11,436	\$ 23,788

California Public Employees’ Retirement System (CalPERS)

Plan Description

The Authority contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan 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

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees’ Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member’s contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024 AND 2023**

NOTE 6 – PENSION PLAN (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

Contributions (continued)

The Authority is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate was 24.88% of annual payroll for fiscal year 2024 and 24.79% of annual payroll for fiscal year 2023. Contributions to the plan from the Authority were \$72,315 and \$55,414 for the year ended June 30, 2024 and 2023, respectively.

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

At June 30, 2024 and 2023, the Authority reported a liability of \$414,109 and \$382,458 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023 and 2022, the Authority’s proportion was 0.007 percent and 0.007 percent, respectively.

For the year ended June 30, 2024 and 2023, the Authority recognized pension expense of \$87,019 and \$23,788 respectively. At June 30, 2024 and June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>2024</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 67,048	\$ -
Differences between expected and actual experience	21,155	3,282
Changes in assumptions	25,002	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	22,408	3,138
Authority contributions subsequent to the measurement date	160,775	-
	<u>\$ 296,388</u>	<u>\$ 6,420</u>
<u>2023</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 70,056	\$ -
Differences between expected and actual experience	7,680	5,144
Changes in assumptions	39,191	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	6,755	6,292
Authority contributions subsequent to the measurement date	72,315	-
	<u>\$ 195,997</u>	<u>\$ 11,436</u>

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024 AND 2023**

NOTE 6 – PENSION PLAN (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

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

The \$160,775 and \$72,315 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025 and 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>	
2025	\$	40,950
2026		30,296
2027		56,023
2028		1,924
	<u>\$</u>	<u>129,193</u>

<u>Year Ended June 30,</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>	
2024	\$	29,235
2025		25,333
2026		14,829
2027		42,849
	<u>\$</u>	<u>112,246</u>

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Discount Rate	7.50%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024 AND 2023

NOTE 6 – PENSION PLAN (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the 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 single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	<u>100.0%</u>		

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

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

Discount Rate

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 Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024 AND 2023**

NOTE 6 – PENSION PLAN (continued)

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (continued)

2024	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority’s proportionate share of the net pension liability	\$ 635,703	\$ 414,109	\$ 231,718
2023	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority’s proportionate share of the net pension liability	\$ 592,110	\$ 382,458	\$ 209,967

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 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The authority is a member of four joint power authorities (JPAs), Bay Area Schools Insurance Cooperative (BASIC), Schools Program Alliance (SPA), North Bay Schools Insurance Authority (NBSIA) and North Valley Schools Insurance Group (NVSIG). The JPAs arrange and provide for liability and property damage and workers’ compensation coverage, as well as risk management services, for their members.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Authority provides postemployment health care benefits to qualifying employees through a single-employer defined benefit healthcare plan administered by the Authority. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

The plan provides eligible retirees and dependents with medical, dental and vision benefits through age 65. The current executive director is eligible for these benefits. Benefits are capped at the family rate for the lowest non-Medicare retiree plan available on the date of retirement and will continue through age 65. All other employees are eligible for a \$971 monthly benefit through age 65 after 20 years of service and age 55. The monthly contribution is reduced to 75% with only 15 years of service and to 50% with only 12 years of service. A separate financial report is not prepared for the plan.

As of the June 30, 2024 actuarial valuation, there were no retirees and thirteen active employees covered by the benefit terms under the plan.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2024 AND 2023**

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

C. Contributions

Contribution requirements are established by agreement with the applicable employees and may be amended by agreements between the Authority and the employees. There are currently no retirees eligible to receive benefits.

D. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	-
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	13
Total number of participants**	13

*Information not provided

**As of the June 30, 2024 valuation date

E. Total OPEB Liability

The Authority’s total OPEB liability of \$148,636 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that same date.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of the same date using the following actuarial assumptions and other inputs.

Economic assumptions:

Inflation	2.50%
Salary increases	3.00%
Discount rate	3.97%
Healthcare cost trend rates	7.50%

Non-economic assumptions:

Pre-retirement Mortality: Preretirement Mortality Rates from CalPERS Experience Study (2000-2019). Postretirement Mortality: Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019).

The actuarial assumptions used in the June 30, 2024 valuation were based on a review of plan experience during the period July 1, 2023 to June 30, 2024.

The discount rate was based on the Bond Buyer 20 Bond Index. Discount rate that reflects the following: The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return; A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions are not met.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024 AND 2023**

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Total OPEB Liability

The changes in the total OPEB liability for the plan are as follows:

	<u>June 30, 2024</u>
Total OPEB Liability	
Service cost	\$ 32,227
Interest on total OPEB liability	6,097
Difference between expected and actual experience	(438)
Changes of assumptions	<u>(14,983)</u>
Net change in total OPEB liability	22,903
Total OPEB liability - beginning	<u>125,733</u>
Total OPEB liability - ending	<u>\$ 148,636</u>
Covered-employee payroll	\$ 1,562,733
Authority's total OPEB liability as a percentage of covered-employee payroll	9.51%

H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ending June 30, 2024.

	1% Decrease	Valuation	1% Increase
	(2.97%)	Discount Rate	(4.97%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB liability	\$ 162,842	\$ 148,636	\$ 135,644

I. Sensitivity of the Total OPEB Liability to Changes in Health Care Cost Trend Rates

The following presents the total OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ending June 30, 2024:

	1% Decrease*	Valuation Trend	1% Increase**
	(3.00%)	Rate	(5.00%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB liability	\$ 130,246	\$ 148,636	\$ 170,512

*Trend rate for each future year reduced by 1.00%.

**Trend rate for each future year increased by 1.00%.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2024 AND 2023**

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

J. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Authority recognized OPEB expense of \$39,715. At June 30, 2024, the Authority did not report any deferred outflows of resources and deferred inflows of resources related to OPEB as they were not material.

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Authority recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 6. At June 30, 2024, total deferred outflows related to pensions was \$296,388 and total deferred inflows related to pensions was \$6,420. At June 30, 2023, total deferred outflows related to pensions was \$195,997 and total deferred inflows related to pensions was \$11,436.

REQUIRED SUPPLEMENTARY INFORMATION

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total OPEB Liability						
Service cost	\$ 32,227	\$ 5,649	\$ 6,765	\$ 6,115	\$ 5,525	\$ 5,561
Interest on total OPEB liability	6,097	2,824	1,568	1,747	1,999	1,791
Difference between expected and actual experience	(438)	47,964	(7,384)	-	(1,875)	1,517
Changes of assumptions	(14,983)	(1,573)	(4,967)	1,849	1,187	-
Net change in total OPEB liability	22,903	54,864	(4,018)	9,711	6,836	8,869
Total OPEB liability - beginning	125,733	70,869	74,887	65,176	58,340	49,471
Total OPEB liability - ending	<u>\$ 148,636</u>	<u>\$ 125,733</u>	<u>\$ 70,869</u>	<u>\$ 74,887</u>	<u>\$ 65,176</u>	<u>\$ 58,340</u>
Covered-employee payroll	\$ 1,562,733	\$ 459,965	\$ 225,101	\$ 217,292	\$ 205,646	\$ 205,646
Authority's total OPEB liability as a percentage of covered-employee payroll	9.51%	27.34%	31.48%	34.46%	31.69%	28.37%

See accompanying note to required supplementary information.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Authority's proportion of the net pension liability	0.007%	0.007%	0.007%	0.007%	0.007%	0.007%	0.008%	0.007%	0.007%	0.003%
Authority's proportionate share of the net pension liability	\$ 592,110	\$ 382,458	\$ 168,755	\$ 331,648	\$ 308,900	\$ 286,745	\$ 298,438	\$ 259,993	\$ 201,554	\$ 198,452
Authority's covered-employee payroll	\$ 1,565,206	\$ 1,447,984	\$ 217,209	\$ 217,293	\$ 210,465	\$ 199,996	\$ 199,137	\$ 190,695	\$ 182,738	\$ 171,530
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.8%	26.4%	77.7%	152.6%	149.4%	139.4%	149.9%	136.3%	110.3%	115.7%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.0%	70.0%	70.0%	70.0%	77.7%	75.4%	75.9%	82.3%	79.9%

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

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
SCHEDULE OF AUTHORITY CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 72,315	\$ 55,414	\$ 48,049	\$ 44,659	\$ 26,058	\$ 18,965	\$ 17,551	\$ 17,014	\$ 15,892	\$ 25,480
Contributions in relation to the contractually required contribution	(72,315)	(55,414)	(48,049)	(44,659)	(26,058)	(18,965)	(17,551)	(17,014)	(15,892)	(25,480)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 1,565,206	\$ 1,447,984	\$ 217,209	\$ 217,293	\$ 210,465	\$ 199,996	\$ 199,137	\$ 190,695	\$ 182,738	\$ 171,530
Contributions as a percentage of covered-employee payroll	4.62%	3.83%	22.12%	20.55%	12.38%	9.48%	8.81%	8.92%	8.70%	14.85%

See accompanying note to required supplementary information.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation.

Changes in Assumptions

The discount rate has changed since the prior measurement date from 3.86% to 3.97%.

Schedule of the Authority's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the Authority's proportion (percentage) of the collective net pension liability, the Authority's proportionate share (amount) of the collective net pension liability, the Authority's covered payroll, the Authority's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalPERS.

Schedule of Authority Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the Authority's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the Authority's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the Authority's covered payroll.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
FOR THE YEAR ENDED JUNE 30, 2024**

	Dental	Vision	Property and Liability	2024 Total
Unpaid claims and claim adjustment expenses, beginning of fiscal year	\$290,072	\$57,950	\$1,662,000	\$2,010,022
Incurred claims and claim adjustment expenses:				
Provision for covered events of the current year	5,857,935	1,047,584	614,274	7,519,793
Change in provision for covered events of prior years	17,489	3,644	655,000	676,133
Total incurred claims and claim adjustment expenses	5,875,424	1,051,228	1,269,274	8,195,926
Payments:				
Claims and claim adjustment expenses attributable to insured events of the current year	5,875,424	1,051,227	503,295	7,429,946
Claims and claim adjustment expenses attributable to insured events of the prior years	(17,489)	(3,643)	110,979	89,847
Total Payments:	5,857,935	1,047,584	614,274	7,519,793
Total unpaid claims and claim adjustment expenses, end of year	\$ 307,561	\$ 61,594	\$ 2,317,000	\$ 2,686,155

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
CLAIMS DEVELOPMENT INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

The following tables illustrate how the Authority's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Authority as of the end of each of the past ten years. The rows of the table are defined as follows:

1. The total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs.
3. Gross incurred claims and allocated claims adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. The cumulative net amounts paid as of the end of successive years for each policy year.
5. The latest reestimated amount of losses assumed by reinsurers for each policy year.
6. Policy year's net incurred claims increase or decrease as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. Compares the latest reestimated net incurred claims amount (section 6) to the amount originally established (section 3) and shows whether this latest estimate of claims cost are greater or less than originally thought. As data for individually policy years mature, the correlation between original estimates and reestimated amounts commonly is used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
MEDICAL PROGRAM
FOR THE YEAR ENDED JUNE 30, 2024**

	For Policy Years Ended June 30,		
	2015	2016	2017
1 Required contribution and investment revenue			
Earned	\$ 45,402,707	\$ 47,371,410	\$ 48,321,008
Ceded	(1,028,402)	(1,139,229)	(1,278,816)
Investment income	104,799	163,641	33,488
Net earned	\$ 44,479,104	\$ 46,395,822	\$ 47,075,680
2 Unallocated expenses	\$ 2,542,721	\$ 2,442,627	\$ 2,237,035
3 Estimated losses and expenses, end of fiscal year:			
Incurred	\$ 46,569,411	\$ 52,398,616	\$ 45,533,411
Ceded	\$ (2,183,573)	\$ (2,553,352)	\$ (1,397,879)
Net incurred	\$ 44,385,838	\$ 49,845,264	\$ 44,135,532
4 Net paid (cumulative) as of:			
End of fiscal year	\$ 39,484,031	\$ 44,354,785	\$ 38,807,477
One year later	\$ 43,124,369	\$ 48,117,843	\$ 43,482,933
Two years later	\$ 43,124,369	\$ 48,117,843	\$ 43,535,721
Three years later	\$ 43,124,369	\$ 48,117,843	\$ -
Four years later	\$ 43,124,369	\$ -	\$ -
Five years later	\$ -	\$ -	\$ -
Six years later	\$ -	\$ -	\$ -
Seven years later	\$ -	\$ -	\$ -
Eight years later	\$ -	\$ -	\$ -
Nine years later	\$ -	\$ -	\$ -
5 Reestimated ceded losses and expenses	\$ (2,183,573)	\$ (2,553,352)	\$ (1,397,879)
6 Reestimated net incurred losses and expenses:			
End of fiscal year	\$ 44,385,838	\$ 49,845,264	\$ 44,135,532
One year later	\$ 43,124,369	\$ 48,117,843	\$ 43,482,933
Two years later	\$ 43,124,369	\$ 48,117,843	\$ 43,535,721
Three years later	\$ 43,124,369	\$ 48,117,843	\$ -
Four years later	\$ 43,124,369	\$ -	\$ -
Five years later	\$ -	\$ -	\$ -
Six years later	\$ -	\$ -	\$ -
Seven years later	\$ -	\$ -	\$ -
Eight years later	\$ -	\$ -	\$ -
Nine years later	\$ -	\$ -	\$ -
7 Increase (decrease) in estimated net incurred losses and expenses from end of fiscal year	\$ (1,261,469)	\$ (1,727,421)	\$ (599,811)

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
DENTAL PROGRAM
FOR THE YEAR ENDED JUNE 30, 2024**

	For Policy Years Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1 Required contribution and investment revenue										
Earned	\$ 5,608,152	\$ 5,468,017	\$ 5,283,661	\$ 5,304,183	\$ 5,542,500	\$ 5,398,229	\$ 5,390,621	\$ 5,568,670	\$ 5,767,424	\$ 5,978,999
Ceded	21,269	18,889	3,662	4,555	36,703	91,325	(26,267)	(110,907)	67,302	139,355
Net earned	\$ 5,629,421	\$ 5,486,906	\$ 5,287,323	\$ 5,308,738	\$ 5,579,203	\$ 5,489,554	\$ 5,364,354	\$ 5,457,763	\$ 5,834,726	\$ 6,118,354
2 Unallocated expenses	\$ 314,077	\$ 281,949	\$ 244,609	\$ 234,212	\$ 263,652	\$ 331,880	\$ 379,728	\$ 50,017	\$ 404,706	\$ 438,228
3 Estimated losses and expenses, end of fiscal year:										
Incurred	\$ 5,540,577	\$ 5,651,689	\$ 5,224,211	\$ 5,165,527	\$ 5,361,332	\$ 4,223,888	\$ 4,984,629	\$ 5,485,749	\$ 5,237,197	\$ 5,437,196
Net incurred	\$ 5,540,577	\$ 5,651,689	\$ 5,224,211	\$ 5,165,527	\$ 5,361,332	\$ 4,223,888	\$ 4,984,629	\$ 5,485,749	\$ 5,237,197	\$ 5,437,196
4 Net paid (cumulative) as of:										
End of fiscal year	\$ 5,089,619	\$ 5,197,277	\$ 4,797,990	\$ 4,738,987	\$ 4,929,566	\$ 4,457,863	\$ 4,733,420	\$ 5,134,486	\$ 5,404,891	\$ 5,875,424
One year later	\$ 5,407,734	\$ 5,401,858	\$ 5,040,313	\$ 4,965,973	\$ 5,163,296	\$ 4,708,055	\$ 5,035,298	\$ 5,351,943	\$ 5,655,943	\$ -
Two years later	\$ 5,407,734	\$ 5,400,270	\$ 5,040,428	\$ 4,966,218	\$ 5,164,313	\$ 4,708,055	\$ 5,037,852	\$ 5,351,943	\$ -	\$ -
Three years later	\$ 5,407,734	\$ 5,400,270	\$ 5,040,428	\$ 4,966,218	\$ 5,164,313	\$ 4,708,055	\$ 5,037,852	\$ -	\$ -	\$ -
Four years later	\$ 5,407,734	\$ 5,400,270	\$ 5,040,428	\$ 4,966,218	\$ 5,164,313	\$ 4,708,055	\$ -	\$ -	\$ -	\$ -
Five years later	\$ 5,407,734	\$ 5,400,270	\$ 5,040,428	\$ 4,966,218	\$ 5,164,313	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ 5,407,734	\$ 5,400,270	\$ 5,040,428	\$ 4,966,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ 5,407,734	\$ 5,400,270	\$ 5,040,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eight years later	\$ 5,407,734	\$ 5,400,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nine years later	\$ 5,407,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5 Reestimated ceded losses and expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6 Reestimated net incurred losses and expenses:										
End of fiscal year	\$ 5,540,577	\$ 5,651,689	\$ 5,224,211	\$ 5,165,527	\$ 5,361,332	\$ 4,223,888	\$ 4,984,629	\$ 5,485,749	\$ 5,237,197	\$ 5,437,196
One year later	\$ 5,407,734	\$ 5,401,858	\$ 5,040,313	\$ 4,965,973	\$ 5,163,296	\$ 5,035,298	\$ 5,286,507	\$ 5,703,206	\$ 5,488,008	\$ -
Two years later	\$ 5,407,734	\$ 5,400,270	\$ 5,040,428	\$ 4,966,218	\$ 5,164,413	\$ 5,035,298	\$ 5,286,507	\$ 5,703,206	\$ -	\$ -
Three years later	\$ 5,407,734	\$ 5,400,270	\$ 5,040,428	\$ 4,966,218	\$ 5,164,313	\$ 5,035,298	\$ 5,286,507	\$ -	\$ -	\$ -
Four years later	\$ 5,407,734	\$ 5,400,270	\$ 5,040,428	\$ 4,966,218	\$ 5,164,313	\$ 5,035,298	\$ -	\$ -	\$ -	\$ -
Five years later	\$ 5,407,734	\$ 5,400,270	\$ 5,040,428	\$ 4,966,218	\$ 5,164,313	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ 5,407,734	\$ 5,400,270	\$ 5,040,428	\$ 4,966,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ 5,407,734	\$ 5,400,270	\$ 5,040,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eight years later	\$ 5,407,734	\$ 5,400,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nine years later	\$ 5,407,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7 Increase (decrease) in estimated net incurred losses and expenses from end of fiscal year	\$ (132,843)	\$ (251,419)	\$ (183,783)	\$ (199,309)	\$ (197,019)	\$ 811,410	\$ 301,878	\$ 217,457	\$ 250,811	\$ -

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
VISION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2024**

	For Policy Years Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1 Required contribution and investment revenue										
Earned	\$ 658,111	\$ 610,976	\$ 583,003	\$ 856,943	\$ 885,617	\$ 901,993	\$ 916,007	\$ 943,769	\$ 983,636	\$ 1,027,124
Investment income	7,769	2,111	404	730	5,865	9,042	6,996	5,268	11,657	25,915
Net earned	\$ 665,880	\$ 613,087	\$ 583,407	\$ 857,673	\$ 891,482	\$ 911,035	\$ 923,003	\$ 949,037	\$ 995,293	\$ 1,053,039
2 Unallocated expenses	\$ 36,857	\$ 31,504	\$ 26,990	\$ 37,539	\$ 42,128	\$ 110,891	\$ 112,584	\$ 19,740	\$ 120,794	\$ 130,984
3 Estimated losses and expenses, end of fiscal year:										
Incurred	\$ 572,851	\$ 572,225	\$ 565,405	\$ 768,176	\$ 836,112	\$ 691,835	\$ 816,853	\$ 900,072	\$ 860,567	\$ 920,244
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	\$ 572,851	\$ 572,225	\$ 565,405	\$ 768,176	\$ 836,112	\$ 691,835	\$ 816,853	\$ 900,072	\$ 860,567	\$ 920,244
4 Net paid (cumulative) as of:										
End of fiscal year	\$ 535,495	\$ 535,480	\$ 531,504	\$ 729,026	\$ 729,026	\$ 729,401	\$ 778,990	\$ 778,990	\$ 926,422	\$ 1,051,227
One year later	\$ 618,918	\$ 565,154	\$ 533,806	\$ 757,672	\$ 766,859	\$ 767,278	\$ 810,778	\$ 827,002	\$ 968,408	\$ -
Two years later	\$ 618,918	\$ 565,154	\$ 533,806	\$ 757,340	\$ 766,845	\$ 767,278	\$ 810,943	\$ 827,002	\$ -	\$ -
Three years later	\$ 618,918	\$ 565,154	\$ 533,806	\$ 757,340	\$ 766,845	\$ 767,278	\$ 810,943	\$ -	\$ -	\$ -
Four years later	\$ 618,918	\$ 565,154	\$ 533,806	\$ 757,340	\$ 766,845	\$ 767,278	\$ -	\$ -	\$ -	\$ -
Five years later	\$ 618,918	\$ 565,154	\$ 533,806	\$ 757,340	\$ 766,845	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ 618,918	\$ 565,154	\$ 533,806	\$ 757,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ 619,918	\$ 565,154	\$ 533,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eight years later	\$ 619,918	\$ 565,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nine years later	\$ 619,918	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5 Reestimated ceded losses and expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6 Reestimated net incurred losses and expenses:										
End of fiscal year	\$ 572,851	\$ 572,225	\$ 565,405	\$ 768,176	\$ 836,112	\$ 691,835	\$ 816,853	\$ 900,072	\$ 860,567	\$ 920,244
One year later	\$ 618,918	\$ 565,154	\$ 533,806	\$ 757,672	\$ 766,859	\$ 729,712	\$ 848,641	\$ 948,084	\$ 1,002,533	\$ -
Two years later	\$ 618,918	\$ 565,154	\$ 533,806	\$ 757,672	\$ 766,845	\$ 729,712	\$ 848,806	\$ 948,084	\$ -	\$ -
Three years later	\$ 618,918	\$ 565,154	\$ 533,806	\$ 757,672	\$ 766,845	\$ 729,712	\$ 848,806	\$ -	\$ -	\$ -
Four years later	\$ 618,918	\$ 565,154	\$ 533,806	\$ 757,672	\$ 766,845	\$ 729,712	\$ -	\$ -	\$ -	\$ -
Five years later	\$ 618,918	\$ 565,154	\$ 533,806	\$ 757,672	\$ 766,845	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ 618,918	\$ 565,154	\$ 533,806	\$ 757,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ 618,918	\$ 565,154	\$ 533,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eight years later	\$ 618,918	\$ 565,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nine years later	\$ 618,918	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7 Increase (decrease) in estimated net incurred losses and expenses from end of fiscal year	\$ 46,067	\$ (7,071)	\$ (31,599)	\$ (10,504)	\$ (69,267)	\$ 37,877	\$ 31,953	\$ 48,012	\$ 141,966	\$ -

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
PROPERTY AND LIABILITY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2024**

	For Policy Years Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1 Required contribution and investment revenue										
Earned	\$ 939,680	\$ 1,024,516	\$ 1,054,742	\$ 1,197,962	\$ 1,270,609	\$ 2,266,603	\$ 2,925,139	\$ 3,210,034	\$ 3,819,456	\$ 4,942,665
Ceded	(457,788)	(441,807)	(517,051)	(581,551)	(611,125)	1,486,842	(2,280,016)	(2,451,166)	(3,256,754)	(4,017,706)
Investment income	20,241	3,539	731	1,029	8,414	129,262	(4,058)	(152,696)	75,487	218,351
Net earned	\$ 502,133	\$ 586,248	\$ 538,422	\$ 617,440	\$ 667,898	\$ 3,882,707	\$ 641,065	\$ 606,172	\$ 638,189	\$ 1,143,310
2 Unallocated expenses	\$ 52,626	\$ 52,827	\$ 48,830	\$ 52,897	\$ 60,442	\$ 201,137	\$ 59,790	\$ 60,899	\$ 52,536	\$ 77,430
3 Estimated losses and expenses, end of fiscal year:										
Incurred	\$ 1,176,593	\$ 917,870	\$ 1,583,409	\$ 1,896,316	\$ 9,465,612	\$ 3,142,438	\$ 259,768	\$ 343,838	\$ 834,973	\$ 7,024,589
Ceded	-	(347,193)	(374,445)	(374,492)	(4,242,441)	(2,802,509)	-	-	(325,770)	(5,794,947)
Net incurred	\$ 1,176,593	\$ 570,677	\$ 1,208,964	\$ 1,521,824	\$ 5,223,171	\$ 339,929	\$ 259,768	\$ 343,838	\$ 509,203	\$ 1,229,642
4 Net paid (cumulative) as of:										
End of fiscal year	\$ 192,108	\$ 81,538	\$ 296,375	\$ 564,535	\$ 4,399,013	\$ 155,800	\$ 80,745	\$ 172,892	\$ 156,475	\$ 500,471
One year later	\$ 199,383	\$ 109,189	\$ 410,989	\$ 567,391	\$ 4,438,298	\$ 281,576	\$ 8,341,900	\$ 337,173	\$ 251,258	\$ -
Two years later	\$ 199,672	\$ 109,189	\$ 410,989	\$ 1,567,445	\$ 4,436,453	\$ 281,576	\$ 8,413,189	\$ 366,915	\$ -	\$ -
Three years later	\$ 199,672	\$ 109,189	\$ 411,672	\$ 1,567,445	\$ 4,436,453	\$ 375,633	\$ 8,131,455	\$ -	\$ -	\$ -
Four years later	\$ 199,672	\$ 2,025,805	\$ 454,810	\$ 1,567,445	\$ 4,436,453	\$ 613,251	\$ -	\$ -	\$ -	\$ -
Five years later	\$ 199,672	\$ 2,025,805	\$ 454,810	\$ 1,893,215	\$ 4,667,846	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ 199,672	\$ 2,025,805	\$ 454,810	\$ 1,893,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ 199,672	\$ 2,025,805	\$ 454,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eight years later	\$ 225,696	\$ 2,025,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nine years later	\$ 332,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5 Estimated ceded losses and expenses	\$ -	\$ (347,193)	\$ (374,445)	\$ (374,492)	\$ (4,242,441)	\$ (2,802,509)	\$ -	\$ -	\$ (325,770)	\$ (5,794,947)
6 Estimated net incurred losses and expenses:										
End of fiscal year	\$ 1,176,593	\$ 570,677	\$ 1,208,964	\$ 1,521,824	\$ 5,223,171	\$ 399,929	\$ 259,768	\$ 343,838	\$ 509,203	\$ 500,471
One year later	\$ 199,383	\$ 109,189	\$ 410,989	\$ 567,391	\$ 4,438,298	\$ 525,705	\$ 8,601,668	\$ 508,119	\$ 603,986	\$ -
Two years later	\$ 199,672	\$ 109,189	\$ 601,550	\$ 1,567,445	\$ 4,438,298	\$ 525,705	\$ 8,672,957	\$ 537,861	\$ -	\$ -
Three years later	\$ 199,672	\$ 109,189	\$ 441,672	\$ 1,565,600	\$ 4,438,298	\$ 619,762	\$ 8,391,223	\$ -	\$ -	\$ -
Four years later	\$ 199,672	\$ 2,025,805	\$ 454,810	\$ 1,565,600	\$ 4,438,298	\$ 857,380	\$ -	\$ -	\$ -	\$ -
Five years later	\$ 199,672	\$ 2,025,805	\$ 454,810	\$ 1,891,370	\$ 4,669,691	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ 199,672	\$ 2,025,805	\$ 454,810	\$ 1,891,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ 199,672	\$ 2,025,805	\$ 454,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eight years later	\$ 225,696	\$ 2,025,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nine years later	\$ 332,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7 Increase (decrease) in estimated net incurred losses and expenses from end of fiscal year	\$ (843,749)	\$ 1,455,128	\$ (754,154)	\$ 369,546	\$ (553,480)	\$ 457,451	\$ 8,131,455	\$ 194,023	\$ 94,783	\$ -

OTHER INDEPENDENT AUDITORS' REPORTS

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

Governing Board
Butte Schools Self-Funded Programs
Chico, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Butte Schools Self-Funded Programs, as of and for the year ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Butte Schools Self-Funded Programs' basic financial statements, and have issued our report thereon dated February 3, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Butte Schools Self-Funded Programs' 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Butte Schools Self-Funded Programs' internal control. Accordingly, we do not express an opinion on the effectiveness of Butte Schools Self-Funded Programs' internal control.

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

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

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether Authority'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 statement. 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.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
February 3, 2025