



April 2, 2018

To: Superintendents of SISC I Member Districts

From: Kim A Sloan, Chief Financial Officer
Self-Insured Schools of California (SISC)

Subject: Education Code 42141 Compliance as it Relates to Workers' Compensation

Education Code 42141 requires school districts and county offices of education to publicly disclose certain information that affects their financial status. This legislation requires the following public disclosure:

If a district is self-insured for workers' compensation claims, either as an individual district or as a member of a joint powers agency, the district superintendent shall annually provide information to the governing board regarding the estimated accrued but unfunded cost of those claims. The estimate is to be based on an actuarial report obtained at least every three years. The information shall be presented by the superintendent at a public meeting of the governing board, and at that same meeting the board shall disclose, as a separate agenda item, whether or not it will reserve a sufficient amount of money in its budget to fund the present value of the accrued but unpaid workers' compensation claims or it is otherwise decreasing the amount in its workers' compensation reserve fund. The board will annually certify to the county superintendent the amount of money, if any, that is has decided to reserve in its budget for the cost of the benefits and/or the claims, and submit any necessary budget revisions to account for that reserve.

The actuarial study performed by *Aon Risk Consultants, Inc.* representing SISC's projected financial position as of June 30, 2018 is summarized in the following table.

Based on the SISC I – Workers' Compensation Actuarial Report as of December 31, 2017		
	<u>Projected</u> Financial Position as of June 30, 2018	<u>Actual</u> Financial Position as of February 28, 2018
Projected funds available (Total Assets)	\$92,013,138	\$93,969,259
Present value of estimated outstanding losses and unallocated loss adjustment expenses at June 30, 2018 <i>(Based on "expected" confidence level)</i>	\$55,064,412	\$55,064,412
Ending financial position	\$36,948,726	\$38,904,847

I am pleased to report that, as the actuarial summary shows, the SISC I - Workers' Compensation JPA has a positive ending financial position. The ending balance includes sufficient reserves to enable your district to be in full compliance with the workers' compensation portion of Education Code 42141 without making any excess contributions to the SISC I JPA.

Please share this information with your governing board and retain a copy of this memorandum for your district's auditors. SISC will send a letter to your county superintendent confirming that your district is in compliance with the workers' compensation portion of Education Code 42141.

If you have any questions, please contact me at (661) 636-4882 or kisloan@kern.org.