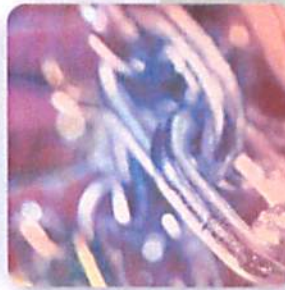


Financial Statements

California Joint Powers Insurance Authority
Fiscal Years Ended June 30, 2014 and 2013



INTEGRITY

EXCELLENCE

INNOVATION

TEAMWORK

1. Introduction

The purpose of this study is to investigate the effects of various factors on the performance of a system. The study is organized as follows: Section 2 describes the methodology used in the study. Section 3 presents the results of the study. Section 4 discusses the implications of the findings. Section 5 concludes the study.

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CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Financial Statements

Fiscal Years Ended June 30, 2014 and 2013

(With Independent Auditor's Report Thereon)

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
California Joint Powers Insurance Authority
La Palma, California

Report on the Financial Statements

We have audited the accompanying Statement of Net Position of California Joint Powers Insurance Authority (Authority) as of June 30, 2014 and 2013 and the aggregate remaining fund information and the related Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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, and the State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California Joint Powers Insurance Authority as of June 30, 2014 and 2013 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally 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 Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Authority. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as listed in the table of contents is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2015 on our consideration of California Joint Powers Insurance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 California Joint Powers Insurance Authority's internal control over financial reporting and compliance.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
February 19, 2015

Management's Discussion and Analysis

As management of the California Joint Powers Insurance Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2014. This report is provided in order to enhance the information in the financial statements, and should be reviewed in concert with them, as well as the accompanying notes and supplementary information.

Background and Governance

The Authority was created in 1977 under a joint exercise of powers agreement with thirty-three members in accordance with the California Government Code Section 6500, et seq. As of June 30, 2014 the Authority consisted of one hundred twenty participating member agencies including ninety-eight cities, fifteen joint powers authorities, and seven special districts. The Authority was created to provide programs to protect its members, their officers, employees, and property against unavoidable losses through pooling of losses, self-insurance, and purchasing insurance. The Authority is governed by a Board of Directors, consisting of one member of the governing body of each member agency, and by an Executive Committee of the Board of Directors.

Financial Highlights, Fiscal Year 2014

- Operating revenues increased +17% to \$88 million
- Operating expenses increased +16% to \$84 million
- Incurred claims expenses increased +28% to \$55 million
- Excess and reinsurance premiums decreased -7% to \$16 million
- Net position increased +10% to \$99 million

Financial Summary by Program

Liability

During 2014 the liability program's net position increased by \$6.1 million, driven primarily by increases in member contributions and investment earnings, coupled with a decrease in the cost of excess and reinsurance premiums. Ultimate claim costs have remained fairly flat in the liability program for most open coverage years. However, there were several coverage years that experienced a reduction, most notably 2010, which had ultimate claim costs marked down from \$24 million to \$20 million by the actuary based on the last 12 months of development. Accordingly, most members (84) who participate in the liability program received a retrospective refund. On a net basis \$4.7 million was refunded to members.

Workers' Compensation

The net position of the workers' compensation program increased by \$3.2 million from a beginning balance of \$21.4 million to an ending balance of \$24.6 million. Claim payments were up 2% year over year, and aggregate claim reserves were up \$4.6 million. Ultimate claim costs for older coverage years (2011 and prior) have remained relatively stable; however, 2012 and 2013 experienced significant increases relative to prior estimates. Ultimate claim costs for 2012 increased by \$3.1 million or 13%, and ultimate claim costs for 2013 increased by \$5.1 million

relative to initial estimates. This was the primary reason that members were charged an additional \$8.5 million in retrospective deposits (on an overall net basis).

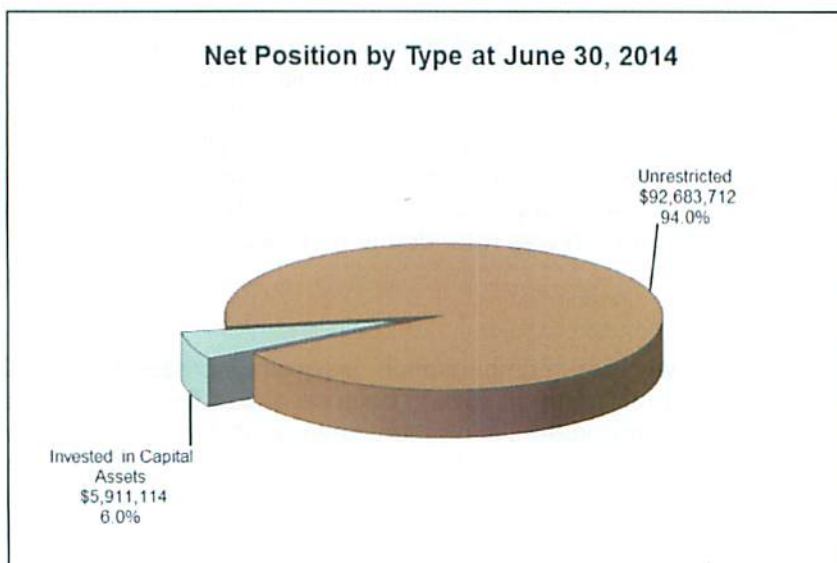
Insurance Programs

Insurance programs include the all-risk property protection program, and the pollution legal liability program. The net position of insurance programs decreased in 2014 by \$266,544 to \$2.9 million.

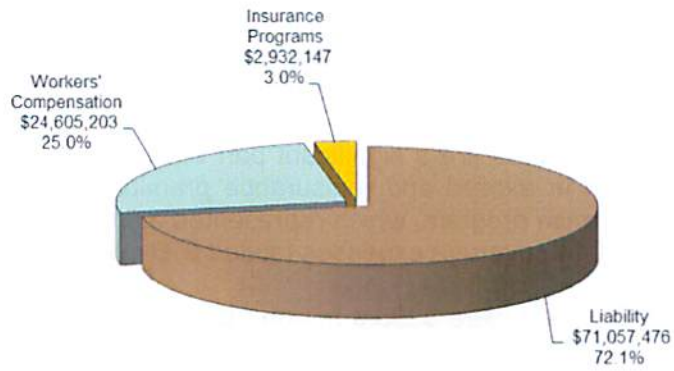
Agency Funds

The Agency Fund accounts for assets and liabilities of the Central Coast Cities Self Insurance Fund for Workers' Compensation, which was established for tail claims occurring before July 1, 2004. Agency funds are included in this report on the Statement of Fiduciary Assets and Liabilities and in footnote 10.

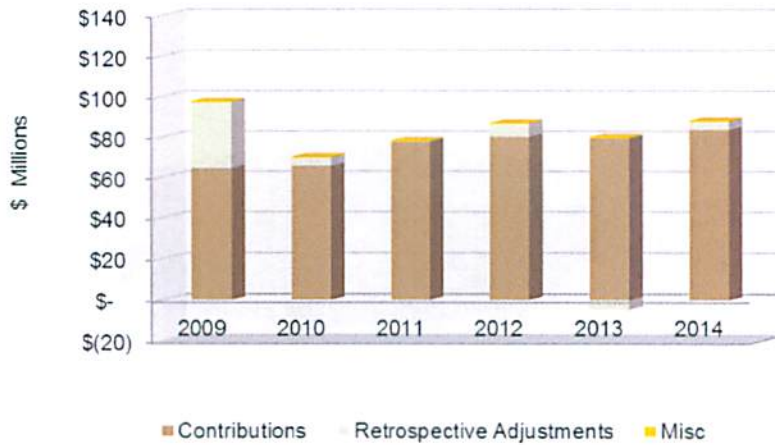
Graphical Highlights



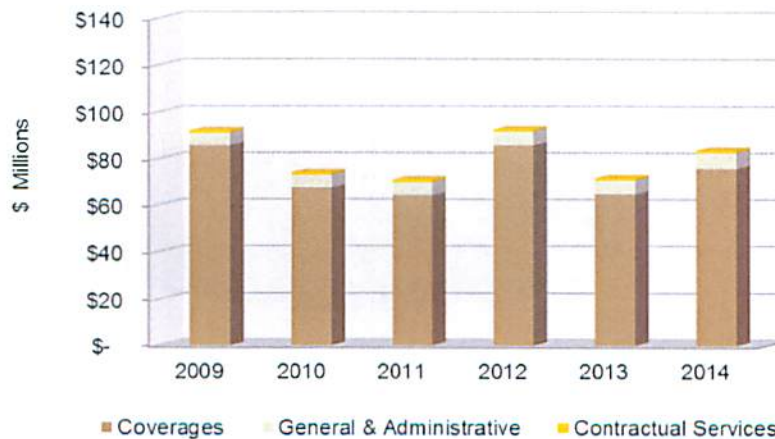
Net Position by Fund at June 30, 2014



Operating Revenues



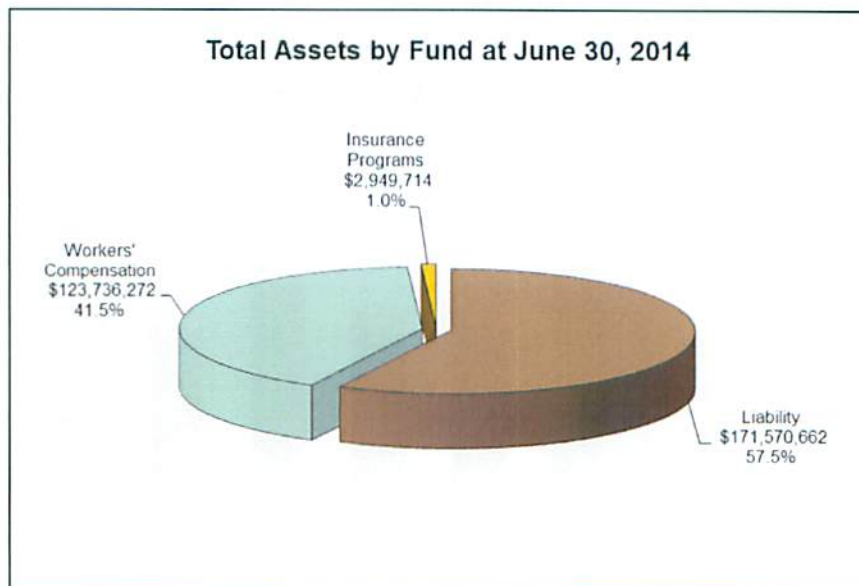
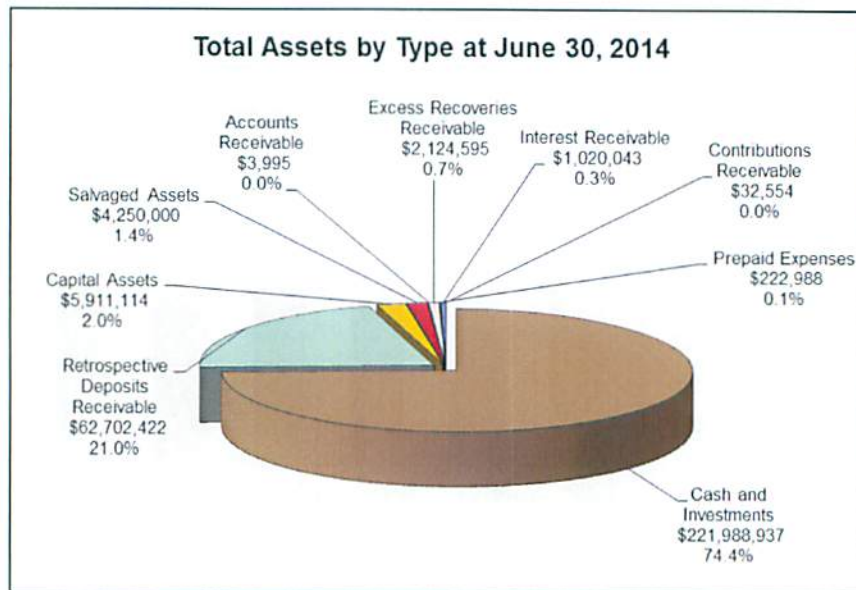
Operating Expenses

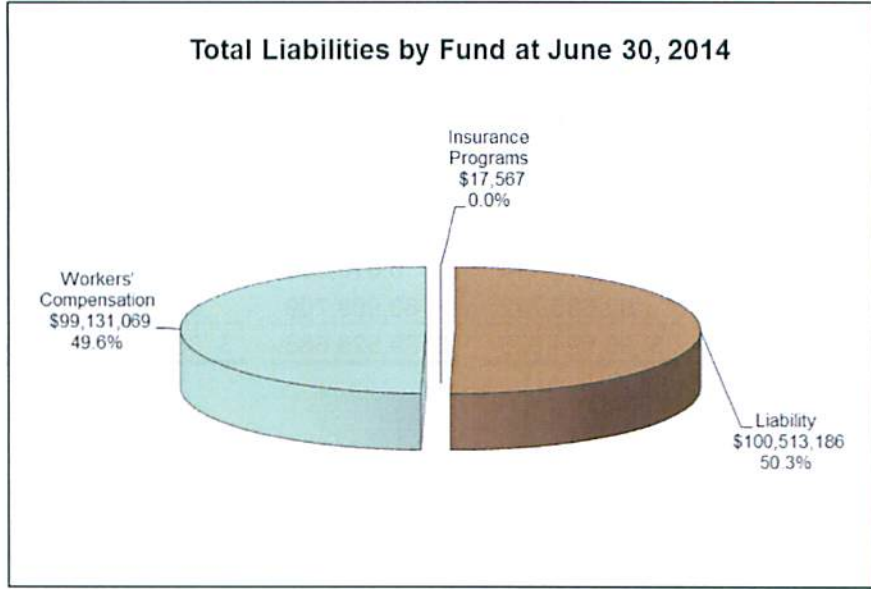
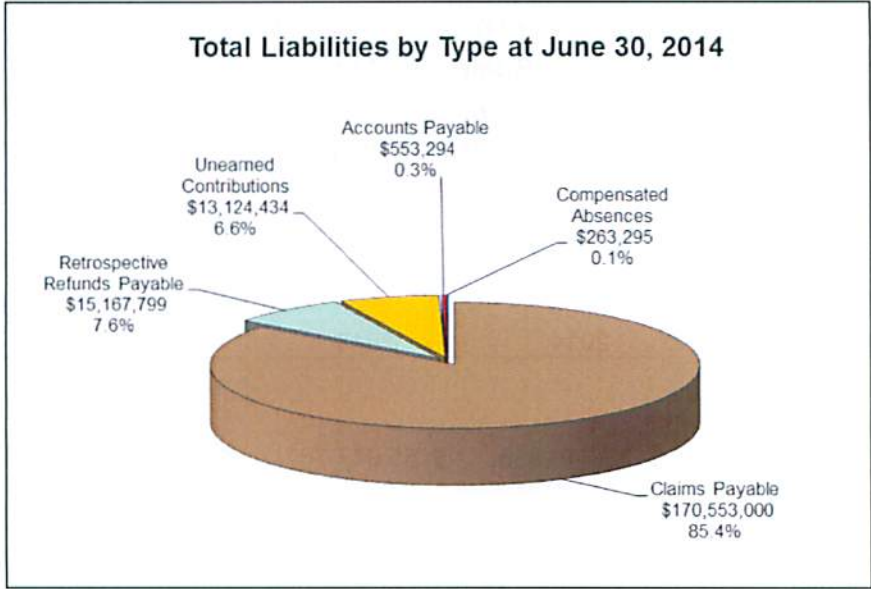


Total operating expenses were \$83.8 million in 2014, which was a 16% increase from the prior year. The most significant contributing factor to the increase in operating expenses was the increase in claim reserves for the workers' compensation program. Operating expenses are divided into the following categories: (1) coverages, (2) general and administrative, and (3) contractual services. Incurred claims expenses are composed of net claim payments as well as the change in claim reserves as determined by an independent actuary.

Excess and reinsurance premiums are a significant part of the cost of coverage. In 2014 the Authority paid \$16.3 million in excess and reinsurance premiums for all coverage programs, including the property insurance program, which represented a \$1.1 million decrease from 2013. On a consolidated basis, 2014 coverage expenses totaled \$76 million.

Total assets as of June 30, 2014 were \$298.3 million. Cash and investments made up 74% of the assets, while retrospective deposits receivable made up 21%. Footnote 5 provides more detailed information on retrospective deposit balances.





Net Position Designations

Net Investment in Capital Assets

“Net investment in capital assets” is the designation for fixed assets including land, buildings, office equipment, and software qualified under GASB 51 guidelines. Items subject to depreciation are reported net of depreciation on the Statement of Net Position.

Unrestricted

“Unrestricted” is the designation for the liability of incurred claims in excess of the expected probability level. Unrestricted net position may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Summary of the
Statement of Net Position
June 30, 2014, 2013, and 2012

	2014	2013	2012	Increase / (Decrease) From 2013 to 2014	
				\$	%
Assets					
Current Assets	\$ 25,749,866	\$ 55,047,767	\$ 43,574,402	\$ (29,297,901)	-53.2%
Non-Current Assets, excluding capital assets	266,595,668	215,814,991	221,991,981	50,780,677	23.5%
Capital Assets	5,911,114	5,616,976	5,686,169	294,138	5.2%
Total Assets	298,256,648	276,479,734	271,252,552	21,776,914	7.9%
Liabilities					
Current Liabilities	69,479,359	72,197,466	65,223,447	(2,718,107)	-3.8%
Non-Current Liabilities	130,182,463	114,755,583	120,202,477	15,426,880	13.4%
Total Liabilities	199,661,822	186,953,049	185,425,924	12,708,773	6.8%
Net Position					
Net Investment in Capital Assets	5,911,114	5,616,976	5,686,169	294,138	5.2%
Unrestricted	92,683,712	83,909,709	80,140,459	8,774,003	10.5%
Total Net Position	\$ 98,594,826	\$ 89,526,685	\$ 85,826,628	\$ 9,068,141	10.1%

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Summary of the
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2014, 2013, and 2012

	2014	2013	2012	Increase / (Decrease) From 2013 to 2014	
				\$	%
Operating Revenues					
Contributions	\$ 83,854,253	\$ 79,506,364	\$ 80,243,445	\$ 4,347,889	5.5%
Retrospective adjustments, net	3,906,537	(4,561,894)	6,287,483	8,468,431	-185.6%
Miscellaneous	670,766	676,093	647,975	(5,327)	-0.8%
Total Operating Revenues	88,431,556	75,620,563	87,178,903	12,810,993	16.9%
Operating Expenses					
Coverages	76,131,437	65,039,284	85,873,626	11,092,153	17.1%
Contractual services	1,160,418	994,985	1,094,749	165,433	16.6%
General and administrative	6,470,748	5,979,848	5,706,856	490,900	8.2%
Total Operating Expenses	83,762,603	72,014,117	92,675,231	11,748,486	16.3%
Operating Income (Loss)	4,668,953	3,606,446	(5,496,328)	1,062,507	29.5%
Non-Operating Revenues					
Investment income	3,974,988	3,938,425	3,422,229	36,563	0.9%
Net increase / (decrease) in investment fair values	424,200	(3,844,814)	1,395,870	4,269,014	-111.0%
Total Non-Operating Revenues	4,399,188	93,611	4,818,099	4,305,577	4599.4%
Change in Net Position	9,068,141	3,700,057	(678,229)	5,368,084	145.1%
Beginning Net Position	89,526,685	85,826,628	86,504,857	3,700,057	4.3%
Ending Net Position	\$ 98,594,826	\$ 89,526,685	\$ 85,826,628	\$ 9,068,141	10.1%

Description of the Basic Financial Statements

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, using the accrual basis of accounting, which necessarily include amounts based upon reliable estimates and judgments. The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The Basic Financial Statements: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, and Statement of Fiduciary Assets and Liabilities, are included along with Notes to the Basic Financial Statements and Supplementary Information to clarify unique accounting policies and financial information. Both the Notes to the Basic Financial Statements and the Supplementary Information are essential to a comprehensive understanding of this report.

Statement of Net Position

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference reported as the net position. Over time, increases or decreases in net position may serve as a useful indicator of the pool's financial condition.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing revenues versus expenses during the fiscal year, and the resulting effect on the net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Some revenues and expenses are reported in this statement with related cash flows that will take place in future fiscal periods.

Statement of Cash Flows

The Statement of Cash Flows presents information showing how the Authority's cash was provided and how it was used. The statement distinguishes between cash flows from: operating activities, capital and related financing activities, and investing activities. The statement also reconciles the operating income to net cash provided by operating activities during the fiscal year.

Statement of Fiduciary Assets and Liabilities

The Statement of Fiduciary Assets and Liabilities presents information on all the assets and liabilities of the Authority's agency funds. Agency funds are used to account for situations where the Authority's role is purely custodial. All assets reported in agency funds are offset by a liability, accordingly there is no net position reported for agency funds.

Financial Management and Control

Authority management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, and misuse, and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with accounting principles generally accepted in the United States.

The Authority's Finance Division consists of a Finance Director, a Financial Analyst and a Senior Accountant who are responsible for the primary functions of accounting for the Authority. The Treasurer and the Chief Executive Officer provide oversight.

Facts or conditions that are expected to have a significant effect on financial position or results of operations

The overall cost trajectory for workers' compensation claims has been upward for several consecutive years, not only for members of the Authority but also for many other public agencies statewide. Although the trend is expected to continue, claim frequency has begun to trend downward.

Costs associated with workers' compensation claims are subject to various environmental factors. Over the past decade there has been an escalation in the number of legislative reforms, judicial rulings, and social phenomena impacting benefit levels, medical utilization, the presumption of treating physicians, and apportionment.

Due to these environmental factors, the capacity for public agencies in California to exert downward pressure on claim costs is somewhat limited. Nonetheless, Authority staff continues to dedicate a significant amount of time and attention to identifying, targeting, and reducing the cost drivers of the workers' compensation program. Cost containment strategies currently receiving the most emphasis are (1) greater involvement from adjusters at appeals board hearings, (2) expanded utilization of the structured return to work program, and (3) an increased effort to obtain compromise and release agreements with terms favorable to the Authority and its members. Pilot programs in 2014 which have shown early indications of successful cost reduction include the nurse triage program and the implementation of a medical provider network.

Cost containment programs themselves come at a cost, as they generally add expenses to workers' compensation claim files. With this in mind Authority staff periodically reviews and evaluates the effectiveness of various cost containment initiatives that have been implemented over the years. As a result of this review process some cost containment initiatives have been scaled back, modified, or eliminated altogether. In a dynamic operating environment, it is useful to periodically test old assumptions to ensure that they remain valid under current conditions, and then revise claim management strategies accordingly.

Cost Containment Strategies

The Authority considers cost containment to be a high priority, as evidenced by the implementation of innovative cost containment programs designed to assist member agencies in preventing claims, and minimizing the cost of claims when they do occur.

The Authority regards training as an integral component of loss prevention and offers a robust training program to its members including academies, workshops, and web-based training. Academies are multi-day training opportunities that focus on a particular public sector discipline.

They present essential theories and techniques, and provide practical risk management solutions to public agency managers and elected officials. Workshops generally offer single-day trainings with an emphasis on meeting Cal-OSHA requirements and instruction on best risk management practices covering a wide variety of topics.

The Loss Control Action Plan (LossCAP) is another valuable tool that assists members in reducing the cost of risk. LossCAP is a comprehensive, customized risk management action plan developed in collaboration with each agency's staff. It is based on an analysis of historical claims and their root causes, as well as physical on-site inspections. LossCAP identifies the most critical loss exposures unique to each member, and maps out strategies to assist them in effectively addressing those exposures. The action plan is administered by one of five regional risk managers located throughout the state to assist members on a regular basis.

The workers' compensation program contains a series of cost containment mechanisms including a process for screening high-risk cases, pharmacy benefit management, utilization review, and bill review. Authority staff reviews lost time claims at four week intervals, high exposure losses quarterly, and litigated cases annually.

To encourage the development and implementation of law enforcement policies conducive to loss prevention and positive litigation outcomes, the Authority provides for member participation in law enforcement policy manual subscription services. These services monitor and update policy language based on recent legislation, best practices, field incidents, regulatory agencies, consent decrees, court rulings and other influences that impact law enforcement operations.

In addition to the aforementioned items, the Authority's liability program provides continuous consulting support in a variety of ways to help members lower risk exposures. The employment intervention assistance program provides a resource for members to contact the Liability Program Manager prior to making key employment-related decisions, thereby avoiding unnecessary exposure to employment practice claims. The Authority then offers guidance, along with assistance from legal counsel, by partnering with members to interject valuable risk management considerations into the decision-making process. In some instances, a resolution is negotiated early and litigation is avoided altogether.

Ancillary insurance programs under development which may further assist members with cost containment are the continuity of operations program and quite zone coverage.

Lastly, the Authority's website allows members to report critical incidents even before a claim is filed, which enables early investigation and analysis of potential exposures. This advance preparation has effectively reduced response times in situations where claims were subsequently filed. It also helps adjusters and Authority staff to streamline critical aspects of the claim administration process, since material facts relevant to these cases are identified and evaluated early.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Statement of Net Position
June 30, 2014 and 2013

	2014	2013
Assets		
Current Assets:		
Cash and equivalents	\$ 11,003,942	\$ 17,392,791
Short-term investments	8,222,866	12,029,887
Interest receivable	1,020,043	848,559
Retrospective deposits receivable	3,118,882	22,761,799
Contributions receivable	32,554	307,157
Accounts receivable	3,995	175,831
Excess recoveries in progress	2,124,595	771,592
Prepaid expenses	222,988	760,151
Total Current Assets	25,749,865	55,047,767
Non-Current Assets:		
Long-term investments	202,762,129	164,705,178
Retrospective deposits receivable	59,583,540	46,859,813
Salvaged assets	4,250,000	4,250,000
Capital assets, not being depreciated	2,841,062	2,306,605
Capital assets, net of depreciation	3,070,052	3,310,371
Total Non-Current Assets	272,506,783	221,431,967
Total Assets	298,256,648	276,479,734
Liabilities		
Current Liabilities:		
Accounts payable	553,294	328,345
Compensated absences	263,295	246,953
Unearned contributions	13,124,434	12,669,630
Retrospective refunds payable	538,336	9,952,538
Claims payable, short-term	55,000,000	49,000,000
Total Current Liabilities	69,479,359	72,197,466
Non-Current Liabilities:		
Retrospective refunds payable	14,629,463	3,548,583
Claims payable, long-term	115,553,000	111,207,000
Total Non-Current Liabilities:	130,182,463	114,755,583
Total Liabilities	199,661,822	186,953,049
Net Position		
Net investment in capital assets	5,911,114	5,616,976
Unrestricted	92,683,712	83,909,709
Total Net Position	\$ 98,594,826	\$ 89,526,685

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

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2014 and 2013

	2014	2013
Operating Revenues		
Contributions	\$ 83,854,253	\$ 79,506,364
Retrospective adjustments, net	3,906,537	(4,561,894)
Miscellaneous income	670,766	676,093
Total Operating Revenues	88,431,556	75,620,563
Operating Expenses		
Coverages:		
Incurred claims expenses	54,974,657	43,006,381
Claims administration	4,814,541	4,581,288
Excess and re-insurance premiums	16,342,239	17,451,615
Contractual Services:		
Legal services	125,991	90,983
Investment and bank services	191,261	190,809
Information technology support	167,041	169,099
Risk management evaluations	55,010	20,322
Loss control services	209,495	166,886
Audit services	84,114	89,352
Actuarial services	64,395	57,201
Employment law resource	19,922	65,413
Other contractual services	243,189	144,920
General and Administrative:		
Salaries and employee benefits	4,195,668	3,875,012
Office expenses	216,630	182,476
Member training and meetings	1,259,658	1,179,723
Risk management educational forum	260,091	205,470
Depreciation	255,319	255,605
Utilities	96,878	88,413
Miscellaneous expenses	186,504	193,149
Total Operating Expenses	83,762,603	72,014,117
Operating Income (Loss)	4,668,953	3,606,446
Non-Operating Revenues		
Investment income	3,974,988	3,938,425
Net increase (decrease) in investment fair values	424,200	(3,844,814)
Total Non-Operating Revenues	4,399,188	93,611
Change in Net Position	9,068,141	3,700,057
Net Position at Beginning of Year	89,526,685	85,826,628
Net Position at End of Year	\$ 98,594,826	\$ 89,526,685

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Cash received from members	\$ 83,402,495	\$ 80,564,082
Cash received for retrospective adjustments	12,370,328	6,256,138
Cash received from other miscellaneous activities	792,843	676,092
Cash paid for other miscellaneous activities	(169,770)	(169,770)
Cash paid for claims and claims administration	(49,443,216)	(48,575,667)
Cash paid for insurance	(15,683,313)	(16,798,489)
Cash paid to suppliers for goods and services	(3,316,495)	(3,046,920)
Cash paid to employees for services	(3,770,038)	(3,740,724)
Net Cash Flows Provided (Used) by Operating Activities	24,182,834	15,164,742
Cash Flows From Capital & Related Financing Activities		
Cash paid for acquisition of capital assets	(549,457)	(186,412)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(549,457)	(186,412)
Cash Flows From Investing Activities		
Net cash received (paid) from (for) investment transactions	(34,198,001)	(22,318,114)
Investment earnings received	3,803,506	3,833,451
Net Cash Flows Provided (Used) by Investing Activities	(30,394,495)	(18,484,663)
Net Increase (Decrease) in Cash	(6,761,110)	(3,506,333)
Beginning Cash and Equivalents	21,379,405	24,885,738
Ending Cash and Equivalents	\$ 14,618,295	\$ 21,379,405
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating Income (Loss)	\$ 4,668,953	\$ 3,606,446
Adjustments to Reconcile Operating Income to Cash Provided by Operations:		
Depreciation Included in Operating Activities	255,319	255,605
(Increase) Decrease in:		
Deposits receivable		
Accounts receivable	(906,564)	777,830
Retrospective deposits receivable	6,919,190	8,584,610
Prepaid expenses	537,163	413,127
Increase (Decrease) in:		
Accounts payable	224,949	(43,839)
Accrued compensated absences	16,342	45,656
Deferred revenue	454,804	279,888
Retrospective refunds payable	1,666,678	2,233,420
Claims liabilities	10,346,000	(988,000)
Net Cash Provided by Operating Activities	\$ 24,182,834	\$ 15,164,742
Supplemental Information: Noncash Investing Activities		
Net Increase (Decrease) in Fair Market Value	\$ 4,269,014	\$ (3,844,814)

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

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Statement of Fiduciary Assets and Liabilities
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and investments	\$ 3,614,353	\$ 3,986,614
Interest receivable	2,558	2,870
Accounts receivable	<u>265,171</u>	<u>190,600</u>
Total Assets	<u>3,882,082</u>	<u>4,180,084</u>
Liabilities		
Other deposits payable	<u>3,882,082</u>	<u>4,180,084</u>
Total Liabilities	<u>\$ 3,882,082</u>	<u>\$ 4,180,084</u>

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

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

Year Ended June 30, 2014

(1) Summary of Significant Accounting Policies

(a) Program Participation

All members must participate in the liability protection program and may elect to participate in the other programs that are offered by the Authority for workers' compensation and all-risk property protection. Provisions of the joint powers agreement prohibit any member from withdrawing for a period of one year from its admission date. After completing one year as a participating member and upon proper notice, a governmental agency may elect to withdraw from its status as a member at the end of a given fiscal year. Such withdrawal, however, will not terminate the member's responsibility for its share of claims and losses incurred prior to its withdrawal. In addition, the Authority has the right to cancel a member's participation with the approval of three-quarters of the Board of Directors.

(b) Programs

Liability Protection Program – The liability self-insurance coverage administered by the Authority for its members includes protection for personal injury, property damage, and bodily injury. The initial funding (primary deposit or annual contribution) paid by each member for the Liability Protection Program is subject to retrospective adjustment based on actual claim development. Since the program's inception, modifications have been made to the cost allocation formulas to reflect changes in inflation, types of exposures covered, and organizational policy. The cost allocation formulas applicable to coverage periods including July 1, 1986 through June 30, 2010 are summarized in the following tables (Exhibits A-1 and A-2).

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

(b) Programs (continued)

Liability Program - Cost Allocation Formula for Coverage Periods 7/1/1986 through 6/30/2010: Exhibit A-1

	Losses up to ___ for each occurrence.	Share of pooled losses above ___,	& up to ___ for each occurrence,	prorated on basis of share of total losses under ___,	excluding occurrences for "property damage only" with total value up to ___.	Share of pooled losses above ___,	& up to ___ for each occurrence,	prorated on basis of share of total payroll, with minimum imputed payroll of ___.	Share of loss related expenses and loss development reserves as determined by actuary, prorated on basis of member's share of total payroll, with minimum imputed payroll of ___.	Share of other expenses, prorated on basis of member's share of total payroll, with minimum imputed payroll of ___.	Share of overhead expenses, prorated on basis of member's share of total payroll, with minimum imputed payroll of ___. However, if there is sufficient investment income, expenses are paid from investment income and not charged to members.
July 1, 1986 - June 30, 1995	20,000	20,000	500,000	20,000	N/A	500,000	10,000,000	300,000	300,000	815,000	N/A
July 1, 1995 - June 30, 1996	20,000	20,000	500,000	20,000	2,000	500,000	10,000,000	300,000	300,000	815,000	N/A
July 1, 1996 - June 30, 1997	20,000	20,000	500,000	20,000	2,000	500,000	10,000,000	300,000	300,000	N/A	815,000
July 1, 1997 - June 30, 2001	20,000	20,000	500,000	20,000	2,000	500,000	5,000,000	300,000	300,000	N/A	815,000
July 1, 2001 - June 30, 2003	30,000	30,000	750,000	30,000	2,000	750,000	5,000,000	300,000	300,000	N/A	815,000
July 1, 2003 - June 30, 2004	30,000	30,000	750,000	30,000	2,000	750,000	15,000,000	300,000	300,000	N/A	815,000

	Non-police/police losses up to ___ for each occurrence.	Share of pooled non-police/police losses above ___,	& up to ___ for each occurrence,	prorated on basis of share of total non-police/police losses under ___,	excluding occurrences for "property damage only" with total value up to ___.	Share of loss dev. reserves associated with non-police/police occurrences up to ___.	as determined by actuary, prorated on basis of share of non-police/police losses under ___.	excluding occurrences for "property damage only" with total value up to ___.	Share of pooled non-police/police losses above ___,	& up to ___ for each occurrence,	prorated on basis of share of total non-police/police payroll, with minimum imputed payroll of ___.
* July 1, 2004 - June 30, 2005	30,000	30,000	750,000	30,000	2,000	750,000	30,000	2,000	750,000	15,000,000	309,862
July 1, 2005 - June 30, 2006	30,000	30,000	750,000	30,000	2,000	750,000	30,000	2,000	750,000	10,000,000	326,226
July 1, 2006 - June 30, 2007	30,000	30,000	750,000	30,000	2,000	750,000	30,000	2,000	N/A	N/A	N/A
July 1, 2007 - June 30, 2008	30,000	30,000	750,000	30,000	2,000	750,000	30,000	2,000	N/A	N/A	N/A
July 1, 2008 - June 30, 2009	30,000	30,000	750,000	30,000	2,000	750,000	30,000	2,000	N/A	N/A	N/A
July 1, 2009 - June 30, 2010	30,000	30,000	750,000	30,000	2,000	750,000	30,000	2,000	N/A	N/A	N/A

* Beginning with fiscal year 2004-05 police losses are pooled separately from non-police losses.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(b) Programs (continued)

Liability Program - Cost Allocation Formula for Coverage Periods 7/1/1986 through 6/30/2010: Exhibit A-2

	Share of loss dev. reserves associated with non-police/police occurrences above ___, & up to ___ as determined by the actuary.		prorated on basis of share of total non-police/police payroll, with minimum imputed payroll of ___.	Share of pooled non-police/police losses & loss dev. reserves, as determined by actuary, assoc. with non-police/police occurrences & up to ___ for each occurrence.		prorated on basis of share of total non-police/police payroll, with minimum imputed payroll of ___.	Share of overhead related expenses, prorated on basis of member's share of total payroll, with minimum imputed payroll of ___. However, if there is sufficient investment income, expenses are paid from investment income and not charged to members.	Share of loss related expenses and loss development reserves as determined by actuary, prorated on basis of member's share of total payroll, with minimum imputed payroll of ___. However, if there is sufficient investment income, expenses are paid from investment income and not charged to members.
* July 1, 2004 - June 30, 2005	750,000	15,000,000	309,862	N/A	N/A	N/A	815,000	309,862
July 1, 2005 - June 30, 2006	750,000	10,000,000	326,226	N/A	N/A	N/A	815,000	N/A
July 1, 2006 - June 30, 2007	N/A	N/A	N/A	750,000	10,000,000	352,212	815,000	N/A
July 1, 2007 - June 30, 2008	N/A	N/A	N/A	750,000	5,000,000	389,170	815,000	N/A
July 1, 2008 - June 30, 2009	N/A	N/A	N/A	750,000	2,000,000	420,097	815,000	N/A
July 1, 2009 - June 30, 2010	N/A	N/A	N/A	750,000	5,000,000	425,694	815,000	N/A

	Share of pooled non-police/police losses between ___, and ___, and between ___.		and ___ for each occurrence.	prorated on basis of share of total non-police/police payroll, with minimum imputed payroll of ___.	Share of claims administration and loss development reserves as determined by actuary, prorated on basis of member's share of total payroll, with minimum imputed payroll of ___. However, if there is sufficient investment income, expenses are paid from investment income and not charged to members.	Share of excess insurance, prorated on basis of member's share of total payroll, with minimum imputed payroll of ___.	Share of claims administration allocated based on pooled non-police/police losses above ___, & up to ___ for each occurrence, prorated on basis of total non-police/police losses under ___, excluding occurrences for "property damage only" with total value up to ___.				
July 1, 2005 - June 30, 2006	N/A	N/A	N/A	N/A	N/A	326,226	326,226	N/A	N/A	N/A	N/A
July 1, 2006 - June 30, 2007	18,000,000	23,000,000	45,000,000	50,000,000	352,212	352,212	352,212	N/A	N/A	N/A	N/A
July 1, 2007 - June 30, 2008	N/A	N/A	N/A	N/A	N/A	N/A	389,504	30,000	750,000	30,000	2,000
July 1, 2008 - June 30, 2009	2,000,000	^ 10,000,000	N/A	N/A	420,097	N/A	420,097	30,000	750,000	30,000	2,000
July 1, 2009 - June 30, 2010	5,000,000	~ 10,000,000	N/A	N/A	425,694	N/A	425,694	30,000	750,000	30,000	2,000

* Beginning with fiscal year 2004-05 police losses are pooled separately from non-police losses.

^ In 2008-09 cost allocation includes a \$3 million annual aggregate deductible, and quota sharing for 40% of losses occurring within the \$6 million excess of \$2 million layer.

~ In 2009-10 cost allocation includes a \$2.5 million annual aggregate deductible (with no quota sharing)

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies (continued)

(b) Programs (continued)

Liability Protection Program (continued) - The cost allocation formula applicable to the coverage period July 1, 2013 through June 30, 2014 is described below.

Annual contributions paid at the beginning of the coverage period are not subject to routine annual retrospective adjustment. Claims are pooled separately between police and non-police exposures.

(1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies (continued)

(b) Programs (continued)

Workers' Compensation Protection Program - The workers' compensation self-insurance coverage administered by the Authority for its members includes provision of statutory benefits to member employees for work-related injury or illness. The initial funding (primary deposit or annual contribution) paid by each member for the Workers' Compensation Program is subject to retrospective adjustment based on actual claim development. Since the program's inception, modifications have been made to the cost allocation formulas to reflect changes in inflation, types of exposures covered, and organizational policy. The cost allocation formulas applicable to coverage periods including July 1, 1986 through June 30, 2010 are summarized in the following tables (Exhibits B-1 and B-2).

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

(b) Programs (continued)

Workers' Compensation Program - Cost Allocation Formula for Coverage Periods 7/1/1986 through 6/30/2010: Exhibit B-1

	Losses up to the member's specific retention level ___ for each occurrence.			Share of pooled losses above member's retention level & up to ___ for each occurrence, prorated on basis of share of total losses up to ___.		Share of pooled losses above ___ & up to ___ for each occurrence, prorated on basis of share of total payroll.		Share of pooled losses above ___ for each occurrence, prorated on basis of member's share of total payroll.	Share of loss development reserves as determined by actuary, prorated on basis of member's share of total payroll.	Share of other expenses, prorated on basis of member's share of total payroll.	Share of other expenses, prorated on basis of member's share of total payroll. However, if there is sufficient investment income, expenses are paid from investment income and not charged to members.
July 1, 1986 - June 30, 1996	10,000	25,000	50,000	100,000	50,000	100,000	500,000	N/A	a	a	N/A
July 1, 1996 - June 30, 2002	10,000	25,000	50,000	100,000	50,000	100,000	500,000	N/A	a	N/A	a
July 1, 2002 - June 30, 2003	10,000	25,000	50,000	100,000	50,000	100,000	2,000,000	50,000,000	a	N/A	a

	Share of non-public safety/public safety losses up to ___ for each occurrence.	Share of pooled non-public safety/public safety losses above ___ & up to ___ for each occurrence, prorated on basis of share of total non-public safety/public safety losses up to ___.	Share of loss development reserves associated with non-public safety/public safety losses up to ___ as determined by actuary, prorated on basis of share of non-public safety/public safety losses under ___.	Share of pooled non-public safety/public safety losses above ___ & up to ___ for each occurrence, prorated on basis of share of total non-public safety/public safety payroll.				
* July 1, 2003 - June 30, 2010	50,000	50,000	100,000	50,000	100,000	50,000	100,000	2,000,000

a = Applicable to this fiscal year.

* Beginning with fiscal year 03-04 public safety losses are pooled separately from non-public safety losses.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

(b) Programs (continued)

Workers' Compensation Program - Cost Allocation Formula for Coverage Periods 7/1/1986 through 6/30/2010: Exhibit B-2

	Share of loss development reserves associated with non-public safety/public safety losses above ____.	& up to ____ as determined by the actuary, prorated on basis of share of total non-public safety/public safety payroll.	Share of pooled non-public safety/public safety losses above ____ for each occurrence, prorated on basis of share of total non-public safety/public safety payroll.	Share of loss dev. reserves associated with non-public safety/public safety losses above ____ as determined by actuary, prorated on basis of share of total non-public safety/public safety payroll.	Share of other expenses, prorated on basis of member's share of total payroll. However, if there is sufficient investment income, expenses are paid from investment income and not charged to members.	Share of excess insurance, prorated on basis of member's share of total payroll.	Share of claims administration allocated based on pooled non-public safety/public safety losses above ____.	& up to ____ for each occurrence	prorated on basis of share of total non-public safety/public safety losses up to ____.
* July 1, 2003 - June 30, 2005	100,000	2,000,000	100,000,000	100,000,000	a	N/A	N/A	N/A	N/A
July 1, 2005 - June 30, 2006	100,000	2,000,000	150,000,000	150,000,000	a	a	N/A	N/A	N/A
July 1, 2006 - June 30, 2007	100,000	2,000,000	200,000,000	200,000,000	a	a	N/A	N/A	N/A
July 1, 2007 - June 30, 2008	100,000	2,000,000	200,000,000	300,000,000	a	a	50,000	100,000	50,000
July 1, 2008 - June 30, 2010	100,000	2,000,000	Statutory	Statutory	a	a	50,000	100,000	50,000

a = Applicable to this fiscal year.

* Beginning with fiscal year 03-04 public safety losses are pooled separately from non-public safety losses.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies (continued)

(b) Programs (continued)

Workers' Compensation Protection Program (continued) - The cost allocation formula applicable to the coverage period July 1, 2013 through June 30, 2014 is described below.

Annual contributions paid at the beginning of the coverage period are not subject to routine annual retrospective adjustment. Claims are pooled separately between public safety (police and fire) and non-public safety exposures.

(1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

All-Risk Property Protection Program - The Authority has a fully insured all-risk property protection program underwritten by several property insurance companies.

Pollution Legal Liability Insurance Program - This program was formerly called "Environmental Liability Insurance Program." Since July 1, 2000, the Authority has offered to its members coverage under a pollution legal liability program. This program provides coverage for sudden and gradual pollution of scheduled property, streets and storm drains owned by members. This coverage is on a claims made basis and has been underwritten by a private insurance company.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies (continued)

(c) **Measurement Focus**

The accounts of the Authority are organized on the basis of a fund, which is considered a separate accounting entity. The operation of this fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. The Authority's resources are allocated and accounted for based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. Therefore, the Authority accounts for each insurance program as a separate fund in accordance with and as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 10. In addition, management has determined and elected that all funds of the Authority are classified as major funds as follows:

Liability Fund – The Liability Fund accounts for all the revenues and expenses related to the self-insurance (risk-sharing) liability protection program.

Workers' Compensation Fund – The Workers' Compensation Fund accounts for all the revenues and expenses related to the self-insurance (risk-sharing) workers' compensation program.

Insurance Programs Fund – The Insurance Programs Fund accounts for all the revenues and expenses related to the purchased insurance (non-risk sharing) activities for all-risk property protection program and the pollution legal liability program.

All of the Authority's programs are enterprise funds, which fall under the proprietary fund type category. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing services to members on a continuing basis be financed or recovered primarily through user charges or where periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds are accounted for using the flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of Net Position. Their reported fund equity (total Net Position) is segregated into restricted (invested in capital assets) and unrestricted components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total Net Position.

Agency Funds – These funds are used to account for financial activity related to circumstances in which the Authority is acting as a trustee or custodian. The Authority accounts for all assets and liabilities related to the Central Coast Cities Self Insurance Fund for Workers' Compensation (CCCSIF-WC) as agency funds, which are disclosed in further detail in Note 10 to the basic financial statements.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies (continued)

(d) Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. Proprietary funds are accounted for using the accrual basis of accounting as prescribed by the Governmental Accounting Standards Board (GASB). Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

(e) Investments

Investments are reported in the accompanying Statement of Net Position at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year and any gains or losses realized upon the liquidation, maturity, or sale of investments are recognized as *net increase (decrease) in investment fair values* reported for that fiscal year. *Investment income* consists primarily of interest earnings on investments held by the Authority.

The Authority maintains one investment portfolio and as a result, pools cash and investments of all the Authority's programs (funds). Each fund's share in this pool is displayed in the accompanying statement of Net Position as *cash and investments*. Investment income earned by the pooled investments and current year's net increase (decrease) in investment fair values is allocated to each program based upon each program's average investment balance.

(f) Statement of Cash Flows

For purposes of presentation in the statement of cash flows, the Authority considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they represent insignificant risk of changes in value because of changes in interest rates. The Authority follows the practice of pooling cash and investments of all programs (funds) and each program's cash and investments represents amounts that can be withdrawn at any time and therefore, are considered to be cash and cash equivalents for purposes of the statement of cash flows.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies (continued)

(g) Capital Assets

Capital assets in excess of \$5,000 individually that are acquired by the Authority are valued at historical cost or estimated historical cost (if historical cost is not available) or estimated fair value on the date donated (if the assets are donated). Capital assets are depreciated using the straight-line methodology over the asset's estimated useful life as follows:

Building and improvements	30 years
Furniture and equipment	5 years
Software	5 years

(h) Claims Payable

The Authority establishes claims payable based on actuarial estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims payable are reported at the discounted present value of estimated future cash payments.

Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims payable does not necessarily result in an exact amount. Claims payable are recomputed annually by an actuary to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. Inflation is implicit in the calculation because reliance is based on historical data that reflects past inflation and other modifiers considered appropriate. Adjustments to claims payable for changes in estimates are charged to expense in the period in which the changes in the estimates were determined.

(i) Confidence Level Used by the Authority

The liability for claims payable must be measured in terms of a *probability level* because the actual development and outcome of claims (and of losses incurred but not reported as claims) cannot be known with absolute certainty. Probability level measures the degree of certainty in estimating the liability for claims payable. The Authority reports its liability for claims payable at the expected probability level. The Unrestricted Net Position is designated for losses that might exceed the expected probability level.

(j) Unearned Contributions

Revenues are recognized when earned. Unearned contributions represent remaining amounts, which are billed periodically to each member, received by the Authority and then amortized over the related coverage period.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies (continued)

(k) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Investments

Cash and investments are classified in the accompanying financial statements as indicated below.

Cash and Investments		
	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Proprietary funds:		
Cash and equivalents	\$ 11,003,942	\$ 17,392,791
Short-term investments	8,222,866	12,029,887
Long-term investments	<u>202,762,129</u>	<u>164,705,178</u>
Subtotal	<u>221,988,937</u>	<u>194,127,856</u>
Fiduciary funds:		
Cash and equivalents	3,614,353	3,986,614
Short-term investments	-	-
Long-term investments	<u>-</u>	<u>-</u>
Subtotal	<u>3,614,353</u>	<u>3,986,614</u>
Consolidated:		
Cash and equivalents	14,618,295	21,379,405
Short-term investments	8,222,866	12,029,887
Long-term investments	<u>202,762,129</u>	<u>164,705,178</u>
Total cash and investments	<u>\$ 225,603,290</u>	<u>\$ 198,114,470</u>

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(2) Cash and Investments (continued)

Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized by the California Government Code and the Authority's investment policy. The table also identifies certain general provisions of the Authority's investment policy, which address interest rate risk and concentration of credit risk.

Investment Types Authorized by State Law	Authorized by Investment Policy	General Provisions of Investment Policy		
		Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Banker's Acceptances	Yes	180 days	40%	2.5%
Commercial Paper	Yes	270 days	25%	2.5%
County Pooled Investment Funds	Yes	n/a	\$30 million	n/a
JPA Pools (other investment pools)	No	n/a	n/a	n/a
Local Agency Bonds	No	n/a	n/a	n/a
Local Agency Investment Fund (LAIF)	Yes	n/a	\$50 million	n/a
Medium-Term Notes	Yes	5 years	30%	2.5%
Money Market Mutual Funds	Yes	n/a	20%	none
Mortgage Pass-Through Securities	Yes	5 years	20%	none
Mutual Funds	No	n/a	n/a	n/a
Negotiable Certificates of Deposit	Yes	5 years	30%	2.5%
Repurchase Agreements	Yes	30 days	none	none
Reverse Repurchase Agreements	No	n/a	n/a	n/a
U.S. Agency Securities	Yes	10 years	none	none
U.S. Treasury Obligations	Yes	10 years	none	none

The Authority's investment policy also authorizes the following investment types:
 (a) FDIC-Guaranteed Obligations, and (b) Demand Deposits, Passbook Savings Accounts
 and Non-negotiable Certificates of Deposits.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(2) Cash and Investments (continued)

Disclosures Relating to Interest 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. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity. For purposes of the schedule shown below, any callable securities are assumed to be held to maturity.

Maturity Distribution of Investments				
Investment Type	Fair Value	Maturity Distribution		
		< 1 year	1-3 years	> 3 years
U.S. Treasuries	\$ 51,795,238	\$ -	\$ 28,755,115	\$ 23,040,123
Federal Agencies	80,795,112	-	25,942,309	54,852,803
Certificates of Deposit	20,539,158	-	20,539,158	-
Corporate Notes	57,855,487	8,222,866	33,824,529	15,808,092
Total*	\$ 210,984,995	\$ 8,222,866	\$ 109,061,111	\$ 93,701,018

* Total includes both proprietary and fiduciary funds

The Authority's investment holdings periodically include some investments with fair market values that are highly sensitive to interest rate fluctuations, to a greater degree than already indicated in the information provided above. These securities are callable. As of June 30, 2014, 8.9% of the Authority's portfolio was held in callable securities. The Authority's investment policy states that no more than 30% of the portfolio may be invested in callable securities.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(2) Cash and Investments (continued)

Disclosures Relating to Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below are Standard & Poor's ratings of the securities held in the Authority's portfolio by investment type, at the end of the current fiscal year.

Standard & Poor's Ratings as of June 30, 2014				
<u>Investment Type</u>	<u>Total</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>
U.S. Treasuries	\$ 51,795,238	\$ -	\$ 51,795,238	\$ -
Federal Agencies	80,795,112	-	80,795,112	-
Certificates of Deposit	20,539,158	-	12,483,419	8,055,739
Corporate Notes	57,855,487	1,085,481	37,515,116	19,254,890
Total	\$210,984,995	\$ 1,085,481	\$182,588,885	\$ 27,310,629

Concentration of Credit Risk - The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total Authority investments are as follows:

Concentration of Credit Risk			
<u>Issuer</u>	<u>Type</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
U.S. Treasury Notes	Federal Treasury	\$ 51,795,238	25%
Federal National Mortgage Association	Federal Agency	\$ 41,386,786	20%
Federal Home Loan Mortgage Corporation	Federal Agency	\$ 25,127,331	12%
Federal Home Loan Banks	Federal Agency	\$ 12,038,060	6%

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(2) Cash and Investments (continued)

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool - The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, and other asset backed securities, and floating rate securities issued by Federal Agencies, government-sponsored enterprises and corporations. This fund has an average life of 232 days. The monies held in LAIF are not subject to categorization by risk category. LAIF is also not rated as to credit risk by a nationally recognized statistical rating organization.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(3) Capital Assets

The following is a summary of the Authority's capital assets at fiscal year-end.

	<u>Balance at July 1, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at June30, 2014</u>
Capital assets, not being depreciated				
Land	\$ 2,031,395	\$ -	\$ -	\$ 2,031,395
Assets under development	275,210	534,457	-	809,667
Subtotal	<u>2,306,605</u>	<u>534,457</u>	<u>-</u>	<u>2,841,062</u>
Capital assets, being depreciated				
Building and improvements	5,970,884	15,000	-	5,985,884
Furniture and equipment	238,879	-	-	238,879
Software	228,708	-	-	228,708
Subtotal	<u>6,438,471</u>	<u>15,000</u>	<u>-</u>	<u>6,453,471</u>
Less accumulated depreciation				
Building and improvements	(2,798,885)	(204,974)	-	(3,003,859)
Furniture and equipment	(174,345)	(19,791)	-	(194,136)
Software	(154,870)	(30,554)	-	(185,424)
Subtotal	<u>(3,128,100)</u>	<u>(255,319)</u>	<u>-</u>	<u>(3,383,419)</u>
Total capital assets being depreciated, net	<u>3,310,371</u>	<u>(240,319)</u>	<u>-</u>	<u>3,070,052</u>
Total capital assets, net	<u>\$ 5,616,976</u>	<u>\$ 294,138</u>	<u>\$ -</u>	<u>\$ 5,911,114</u>

For the year ended June 30, 2014 depreciation expense was charged to various programs as follows:

Liability	\$ 169,588
Workers' Compensation	85,731
Insurance Programs	-
Total Depreciation Expense	<u>\$ 255,319</u>

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(4) Claims Payable

The Authority establishes a liability for both reported and unreported covered events, which includes estimates of both future payments of losses, related claim adjustment expenses and unallocated loss adjustment expenses. Changes to claims payable for the fiscal years ended June 30, 2014 and 2013 are stated below.

	<u>2014</u>	<u>2013</u>
Claims payable, beginning of year	<u>\$ 160,207,000</u>	<u>\$ 161,195,000</u>
Incurred claims and claim adjustment expenses:		
Provision for covered events in the current year	50,873,000	49,321,000
Changes in provision for covered events of prior years	<u>2,910,686</u>	<u>(6,601,222)</u>
Total incurred claims and claim adjustment expenses*	<u>53,783,686</u>	<u>42,719,778</u>
Payments:		
Attributable to covered events in the current year	4,334,019	4,805,458
Attributable to covered events in prior years	<u>39,103,667</u>	<u>38,902,320</u>
Total payments	<u>43,437,686</u>	<u>43,707,778</u>
Claims payable, end of year	<u>\$ 170,553,000</u>	<u>\$ 160,207,000</u>
Components of claims payable		
Current portion	\$ 55,000,000	\$ 49,000,000
Non-current portion	115,553,000	111,207,000
Total claims payable	<u>\$ 170,553,000</u>	<u>\$ 160,207,000</u>
Categories of claims payable		
Claim reserves	\$ 96,193,000	\$ 88,639,000
IBNR	64,418,000	63,280,000
ULAE	9,942,000	8,288,000
Total claims payable	<u>\$ 170,553,000</u>	<u>\$ 160,207,000</u>

* Liability and workers' compensation programs only (does not include the property program)

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(4) Claims Payable (continued)

The net liability for claims payable as of June 30, 2014 is stated at the expected probability level and includes a discount of 1% for anticipated future investment earnings. On an undiscounted basis, total claims payable was \$175,729,529. The application of the discount resulted in a reduction to the liability in the amount of \$5,176,529. The following table illustrates the impact of the discount on each program.

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Undiscounted claims payable	\$ 83,699,066	\$ 92,030,463	\$ 175,729,529
Discount Amount	<u>(1,550,066)</u>	<u>(3,626,463)</u>	<u>(5,176,529)</u>
Discounted claims payable	<u>\$ 82,149,000</u>	<u>\$ 88,404,000</u>	<u>\$ 170,553,000</u>

(5) Retrospective Adjustments

The accompanying Statement of Net Position reports retrospective balances including all retrospective deposit activity through June 30, 2014. This includes activity resulting from (a) refunds applied, (b) deposits received, (c) allowance for discounts, (d) transfers between programs, (e) the October 2014 retrospective computation, and (f) other adjustments.

The table on the following page provides a summary of retrospective balances by program, along with relevant financial activity that occurred during the 2014 fiscal year. Balances shown as positive values are receivables owed to the Authority by members. Balances shown as negative values are payables owed to members by the Authority.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

Summary of Retrospective Balances

Fiscal Year Ended June 30, 2014

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>	
Beginning Balances				
Retrospective Deposits Receivable				
Current	\$ 22,761,799	\$ -	\$ 22,761,799	
Non-Current	31,411,933	15,447,880	46,859,813	
Subtotal	<u>54,173,732</u>	<u>15,447,880</u>	<u>69,621,612</u>	
Retrospective Refunds Payable				
Current	(9,579,851)	(372,687)	(9,952,538)	
Non-Current	-	(3,548,583)	(3,548,583)	
Subtotal	<u>(9,579,851)</u>	<u>(3,921,270)</u>	<u>(13,501,121)</u>	
Overall Net Retrospective Balances	<u>44,593,881</u>	<u>11,526,610</u>	<u>56,120,491</u>	A
Activity				
Refunds Applied	6,366,878	555,627	6,922,505	
Gross Deposits Received	(18,213,392)	(1,201,518)	(19,414,910)	
Fees Received	122,077	-	122,077	
Allowance for Discounts	-	(32,654)	(32,654)	
Transfers (In)/Out	2,073,632	(2,073,632)	-	
Annual Adjustment: October 2014	(4,724,979)	8,542,093	3,817,114	
Other Adjustments	-	-	-	
Subtotal	<u>(14,375,784)</u>	<u>5,789,916</u>	<u>(8,585,868)</u>	B
Ending Balances				
Retrospective Deposits Receivable				
Current	3,118,882	-	3,118,882	
Non-Current	37,775,734	21,807,806	59,583,540	
Subtotal	<u>40,894,616</u>	<u>21,807,806</u>	<u>62,702,422</u>	
Retrospective Refunds Payable				
Current	-	(538,336)	(538,336)	
Non-Current	(10,676,519)	(3,952,944)	(14,629,463)	
Subtotal	<u>(10,676,519)</u>	<u>(4,491,280)</u>	<u>(15,167,799)</u>	
Overall Net Retrospective Balances	<u>\$ 30,218,097</u>	<u>\$ 17,316,526</u>	<u>\$ 47,534,623</u>	C
Change in Balances	(14,375,784)	5,789,916	(8,585,868)	
	-32.2%	50.2%	-15.3%	

Note: A + B = C

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(6) Excess and Reinsurance Coverage

Premiums for excess and reinsurance coverage in the liability program totaled \$6,150,856 in 2014. The table below shows a history of the Authority's basic coverage terms for purchased insurance in the liability program.

**Liability Program
Excess and Reinsurance Coverage**

From	To	Self-Insured Retention	Coverage Limit Per Occurrence	AAD * Layer 1	AAD * Layer 2	Quota Share	Additional Retained Layers
Inception	6/30/1986	\$ 500k	\$ 10m	n/a	n/a	n/a	n/a
7/1/1986	6/30/1997	The Authority was fully self-insured during this time period					
7/1/1997	6/30/2003	\$ 5m	\$ 50m	n/a	n/a	n/a	n/a
7/1/2003	6/30/2005	\$ 15m	\$ 50m	n/a	n/a	n/a	n/a
7/1/2005	6/30/2006	\$ 10m	\$ 50m	n/a	n/a	n/a	n/a
7/1/2006	6/30/2007	\$ 10m	\$ 50m	n/a	n/a	n/a	\$5m x/s \$18m, and \$5m x/s \$45m
7/1/2007	6/30/2008	\$ 5m	\$ 50m	n/a	n/a	n/a	n/a
7/1/2008	6/30/2009	\$ 2m	\$ 50m	\$ 3.0m	n/a	40% of \$8m x/s \$2m	n/a
7/1/2009	6/30/2010	\$ 5m	\$ 50m	\$ 2.5m	n/a	n/a	n/a
7/1/2010	6/30/2011	\$ 5m	\$ 50m	\$ 2.5m	\$ 3.0m	n/a	n/a
7/1/2011	6/30/2013	\$ 5m	\$ 50m	\$ 2.5m	\$ 3.0m	n/a	n/a
7/1/2013	6/30/2014	\$ 5m	\$ 50m	n/a	\$ 3.0m	n/a	n/a

* AAD = Annual Aggregate Deductible

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(6) Excess and Reinsurance Coverage (continued)

Premiums for excess and reinsurance coverage in the workers' compensation program totaled \$875,251 in 2014. The table below shows a history of the Authority's basic coverage terms for purchased insurance in the workers' compensation program.

**Workers' Compensation Program
Excess and Reinsurance Coverage**

From	To	Self-Insured Retention	Coverage Limit Per Occurrence	Coverage Type
Inception	6/30/1986	varied *	Statutory Limit	Commercial insurance
7/1/1986	6/30/2002	\$ 500k	Statutory Limit	Commercial insurance
7/1/2002	6/30/2003	\$ 2m	\$ 50m	Excess insurance authority participation
7/1/2003	6/30/2005	\$ 2m	\$ 100m	Excess insurance authority participation
7/1/2005	6/30/2006	\$ 2m	\$ 150m	Excess insurance authority participation
7/1/2005	6/30/2007	\$ 2m	\$ 200m	Excess insurance authority participation
7/1/2007	6/30/2008	\$ 2m	\$ 300m	Excess insurance authority participation
7/1/2008	6/30/2014	\$ 2m	Statutory Limit	Commercial insurance

* The self-insured retention for coverage periods including 1979-80 through 1985-86 varied between \$100,000 and \$400,000 per year. Some of the risk transfer agreements were based on calendar years (not CJPIA coverage periods).

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(7) Non-Risk Sharing Insurance Programs

The Authority's all-risk property protection program and pollution legal liability program are both fully insured and underwritten by several commercial insurance companies. These programs do not involve the sharing of risk. Net claim payments reflect current year activity relative to all coverage periods incurred. The following table provides a summary of significant activity for non-risk sharing insurance programs as of June 30, 2014.

	<u>Property</u>	<u>Pollution Legal Liability</u>	<u>Total</u>
Revenues from members	\$ 10,196,369	\$ 284,714	\$ 10,481,083
Net investment earnings	116,441	-	116,441
Premiums paid to insurers	(8,371,219)	(544,913)	(8,916,132)
Broker fees paid	(350,000)	(50,000)	(400,000)
Net claim payments	(1,190,971)	-	(1,190,971)
Program admin expenses	(356,965)	-	(356,965)
Total non-risk sharing activity	<u>\$ 43,655</u>	<u>\$ (310,199)</u>	<u>\$ (266,544)</u>

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(8) Defined Benefit Pension Plan

(a) PERS

The Authority is part of the Miscellaneous 2% @ 55 Risk Pool, a cost-sharing multiple employer defined benefit plan with the California Public Employees Retirement System (CalPERS). Effective January 1, 2013, newly hired employees who were not already California public retirement system members, as defined by the Public Employees' Pension Reform Act of 2013 (PEPRA) were enrolled in the CalPERS 2% @ 62 defined benefit plan and contribute 6.25% of their salary toward this benefit. Under PEPRA, the California JPIA cannot pay any of the new members' CalPERS contributions. Members hired after January 1, 2013, who meet the definition of "classic member," received the benefits available to classic members of the California JPIA as of December 31, 2012.

CalPERS provides a defined benefit plan (normal service retirement benefit) and disability benefits (disability retirement benefit) to eligible members. Additionally, the Authority's contract with CalPERS provides a pre-retirement death benefit to eligible members.

CalPERS acts as a common investment and administrative agent for participating public entities with the State of California. CalPERS issues publicly available financial reports that include financial statements and required supplementary information for the cost sharing plans that are administered by CalPERS. Copies of the CalPERS annual financial report may be obtained from the following website: <https://www.calpers.ca.gov/index.jsp?bc=/about/forms-pubs/calpers-reports/comprehensive-annual-financial.xml>.

CalPERS retirement benefits are funded through contributions paid by contracting employers, member contributions, and earnings from CalPERS investments. Employer contribution rates are determined by periodic actuarial valuations under State law. The actuarial valuations are based on the benefit formulas the agency provides and the employee groups covered. These required contribution amounts are expressed as a percentage of active member payroll reported to CalPERS. Between July 1, 2007 and June 30, 2014 the Authority has contributed at the actuarially determined rate provided by PERS. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The table below shows the net pension obligation as well as cost trend information for the past five years.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(8) Defined Benefit Pension Plan (continued)

(a) PERS (continued)

Fiscal Year Ended	Employer Contribution Rate	Employer Contribution	Percentage Contributed	Net Pension Obligation
6/30/10	12.570%	\$ 269,013	100%	-
6/30/11	12.473%	\$ 271,118	100%	-
6/30/12	13.217%	\$ 295,096	100%	-
6/30/13	13.539%	\$ 306,167	100%	-
6/30/14	14.113%	\$ 346,320	100%	-

In addition to employer contributions, a portion of member contributions were paid for by the Authority. Employer paid member contributions (EPMC) totaled \$122,905 for the fiscal year ended June 30, 2014, which represented 5% of each member's salary. EPMC is scheduled to be phased out incrementally each year through 2015-16.

(b) PARS

The Authority approved the establishment of a Public Agency Retirement Services (PARS) Retirement Enhancement Plan (REP) for eligible California JPIA employees, effective March 1, 2005. The Plan provides a supplemental retirement benefit (0.5%) in addition to the current CalPERS retirement benefit for a combined retirement benefit of 2.5% @ 55. The Authority's contract with PARS provides a pre-retirement death benefit to eligible participants in the Plan.

PARS is a 401(a) tax-qualified multiple agency trust. PARS is the trust administrator for the PARS Trust. The trust administrator's functions include Plan accounting, coordinating benefit distributions with the trustee, and communicating plan provisions. US Bank is the trustee for the PARS Trust. The duties of the trustee include receiving and investing Plan contributions, safeguarding Plan assets, and distributing benefits to eligible Plan participants or beneficiaries at the direction of the plan administrator (the Authority) and pursuant to the plan document.

The Authority makes all required contributions to fund the benefits available under this Plan; no employee contributions are required to participate in the Plan. The amount contributed by the Authority on behalf of the eligible employees was \$179,640 for the year ended June 30, 2014.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(8) **Defined Benefit Pension Plan (continued)**

(b) **PARS (continued)**

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. One of the provisions of PEPRA prohibits public employers from offering a supplemental defined benefit plan to any new employee hired on or after January 1, 2013. Therefore no new employees will be eligible for participation in the PARS defined benefit plan as of January 1, 2013 and the Plan is now closed.

(9) **Other Post Employment Benefits, OPEB**

Plan Description: In response to the GASB 45 requirement, the Authority contracted with PARS to establish a Post-Retirement Health Care Plan Trust. The Trust is structured as a multiple-employer trust in accordance with Section 115 of the Internal Revenue Code. To comply with GASB 43 and 45, the Trust was established as an irrevocable exclusive benefit trust to fund retiree health care benefits. Consistent with other Authority benefit plans, the Chief Executive Officer (CEO) administers the PARS plan and has overall responsibility for the plan, including selection of the plan's asset investment approach.

PARS serves as the trust administrator. US Bank serves as the trustee of the PARS GASB 45 Funding Program. Highmark Capital Management is the investment manager of trust assets.

Funding Policy: The contribution requirements to the Trust are established and may be amended by the Executive Committee. The contribution to be made each year to the Trust is determined by the Executive Committee as part of its budget process.

Eligibility: The Authority provides medical insurance benefits to its retirees who: (1) retire from the Authority; (2) receive a retirement from PERS based on an application to PERS dated the same date as the employee's retirement date from the Authority. Eligible retirees and their qualified dependents may receive retiree medical insurance, at the Authority's cost, up to 100% of the PERS CHOICE family rate.

Annual OPEB Cost and Net OPEB Obligation: The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(9) Other Post Employment Benefits, OPEB (continued)

As of June 30, 2012, the date of the latest actuarial valuation, there were 13 retirees receiving benefits and 20 active plan members. Based on the Authority's total number of plan participants, the minimum required frequency of an actuarial valuation under GASB 45 is triennially. Accordingly, the ARC determined by the actuarial study valued as of June 30, 2012 remains applicable for 2013, and 2014.

The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation for these benefits:

Annual required contribution	\$ 382,891
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>382,891</u>
Contributions made (including premiums paid)	382,891
Increase (decrease) in net OPEB obligation	-
Net OPEB obligation: beginning of year	-
Net OPEB obligation: end of year	<u>\$ -</u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2014 and the four preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$ 380,682	171%	-
6/30/11	\$ 380,682	100%	-
6/30/12	\$ 382,891	101%	\$ (4,583)
6/30/13	\$ 382,891	100%	-
6/30/14	\$ 382,891	100%	-

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(9) Other Post Employment Benefits, OPEB (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress is provided within this report as part of the Required Supplementary Information. The schedule shows multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The most recent actuarial report has a valuation date of June 30, 2012, and remains valid for three years under GASB 45. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Actuarial Cost Method. The actuarial assumptions included an annual healthcare cost trend rate of 8 percent initially, reduced by decrements of .5 percent per year to an ultimate rate of 5 percent after the sixth year. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level dollar of projected payroll over 30 years. It is assumed the Authority's payroll will increase 3 percent per year.

(10) Contract Services Provided to Other Agencies

For the fiscal year ended June 30, 2014 the Authority provided administrative consulting services to the Los Angeles County Liability Trust Fund (LTF), and was compensated on a fee for service basis. The Authority did not have custody of LTF assets.

For the fiscal year ended June 30, 2014 the Authority also provided administrative consulting services to the Central Coast Cities Self Insurance Fund (CCCSIF) for Workers' Compensation tail claims incurred prior to July 1, 2004. During the fiscal year, the Authority maintained custody of CCCSIF assets. Financial activity related to CCCSIF is accounted for separately in an agency fund administered by the Authority. Agency fund activity for the year ended June 30, 2014 is summarized in the following table.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

(10) Contract Services Provided to Other Agencies (continued)

Other deposits payable as of 7/1/13	\$ 4,180,084
Amounts received	11,690
Amounts paid on behalf	<u>(309,692)</u>
Other deposits payable as of 6/30/14	<u>\$ 3,882,082</u>

Other deposits payable by type:

Claims payable	\$ 2,740,940
Designated for Actuarial Funding in Excess of Expected	303,085
Due to Participating Cities	<u>838,057</u>
Total	<u>\$ 3,882,082</u>

(11) Contingencies

Various claims and suits have been filed against the members of the Authority in the normal course of its operations. The probable amounts of loss associated with these cases have been estimated by contracted actuarial consultants and reflected in the accompanying financial statements as claims payable. Although the outcome of these claims and lawsuits is uncertain, management does not expect that the resolution of these cases will have a material adverse effect on the Authority beyond the provision for claims payable reflected in the accompanying financial statements.

(12) Salvaged Assets

Salvaged assets represent anticipated recoveries on two land movement claims in the liability program. In both cases, the Authority has acquired real property in the course of resolving the claims. Recoveries are expected in the future when the properties are sold. An independent appraiser has valued both properties. The date of the appraisal was August 7, 2012, and the combined estimated resale value was \$4,250,000. This figure has been recorded in the Authority's financial statements as an asset. The value of real property is inherently volatile and subject to changes in demand, market conditions and other economic factors. The actual recovery, when it occurs, may vary significantly from the estimated value.

(13) Subsequent Events

The Authority's management evaluated its 2014 financial statements for subsequent events through the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
OPEB Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b - a)	(a / b)	(c)	(b - a) / c
6/30/2009	\$ -	\$ 2,868,843	\$ 2,868,843	0.0%	\$ 2,014,227	142.4%
6/30/2012	\$ 1,224,419	\$ 3,742,850	\$ 2,518,431	32.7%	\$ 2,100,072	119.9%

As of June 30, 2012, the date of the latest actuarial valuation, there were 13 retirees receiving benefits and 20 active plan members. Based on the Authority's total number of plan participants, the minimum required frequency of an actuarial valuation under GASB 45 is triennially. Accordingly, the OPEB schedule of funding progress shown above is only updated once every three years.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Reconciliation of Claims Payable by Type of Contract

	Liability		Workers' Compensation		Totals	
	2014	2013	2014	2013	2014	2013
Unpaid claims and claim adjustment expenses at beginning of the year	<u>\$ 80,851,000</u>	<u>\$ 86,307,000</u>	<u>\$ 79,356,000</u>	<u>\$ 74,888,000</u>	<u>\$ 160,207,000</u>	<u>\$ 161,195,000</u>
Incurred claims and claim adjustment expenses:						
Provision for covered events of the current year	27,943,000	27,599,000	22,930,000	21,722,000	50,873,000	49,321,000
Changes in provision for covered events of prior years	<u>(4,239,589)</u>	<u>(10,048,027)</u>	<u>7,150,275</u>	<u>3,446,805</u>	<u>2,910,686</u>	<u>(6,601,222)</u>
Total incurred claims and claim adjustment expenses	<u>23,703,411</u>	<u>17,550,973</u>	<u>30,080,275</u>	<u>25,168,805</u>	<u>53,783,686</u>	<u>42,719,778</u>
Payments:						
Claims and claim adjustment expenses attributable to:						
Covered events of the current year	1,754,855	883,225	2,579,164	3,922,233	4,334,019	4,805,458
Covered events of prior years	<u>20,650,556</u>	<u>22,123,748</u>	<u>18,453,111</u>	<u>16,778,572</u>	<u>39,103,667</u>	<u>38,902,320</u>
Total payments	<u>22,405,411</u>	<u>23,006,973</u>	<u>21,032,275</u>	<u>20,700,805</u>	<u>43,437,686</u>	<u>43,707,778</u>
Total unpaid claims and claim adjustment expenses at end of the year	<u>\$ 82,149,000</u>	<u>\$ 80,851,000</u>	<u>\$ 88,404,000</u>	<u>\$ 79,356,000</u>	<u>\$ 170,553,000</u>	<u>\$ 160,207,000</u>
Components of claims payable						
Current portion	\$ 25,000,000	\$ 28,000,000	\$ 30,000,000	\$ 21,000,000	\$ 55,000,000	\$ 49,000,000
Non-current portion	<u>57,149,000</u>	<u>52,851,000</u>	<u>58,404,000</u>	<u>58,356,000</u>	<u>115,553,000</u>	<u>111,207,000</u>
Total claims payable	<u>\$ 82,149,000</u>	<u>\$ 80,851,000</u>	<u>\$ 88,404,000</u>	<u>\$ 79,356,000</u>	<u>\$ 170,553,000</u>	<u>\$ 160,207,000</u>
Categories of claims payable						
Claim reserves	\$ 50,652,000	\$ 43,014,000	\$ 45,541,000	\$ 45,625,000	\$ 96,193,000	\$ 88,639,000
IBNR: incurred but not reported	26,274,000	33,012,000	38,144,000	30,268,000	64,418,000	63,280,000
ULAE: unallocated loss adjustment expense	<u>5,223,000</u>	<u>4,825,000</u>	<u>4,719,000</u>	<u>3,463,000</u>	<u>9,942,000</u>	<u>8,288,000</u>
Total claims payable	<u>\$ 82,149,000</u>	<u>\$ 80,851,000</u>	<u>\$ 88,404,000</u>	<u>\$ 79,356,000</u>	<u>\$ 170,553,000</u>	<u>\$ 160,207,000</u>

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Schedule of Ten-Year Claims Development Information: Liability Program
Fiscal and Coverage Years Ended June 30 (In Thousands of Dollars)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Required contribution and investment revenue:										
Earned	\$ 58,022	\$ 36,645	\$ 51,284	\$ 33,084	\$ 46,118	\$ 34,399	\$ 49,343	\$ 46,825	\$ 45,225	\$ 47,178
Ceded	1,056	1,532	2,006	2,532	5,863	7,240	7,838	6,988	7,544	6,151
Net earned	56,966	35,113	49,278	30,552	40,255	27,159	41,505	39,837	37,681	41,027
2. Unallocated expenses	4,270	4,979	4,484	4,521	5,796	5,872	6,650	6,561	6,347	6,805
3. Estimated incurred claims expense, end of coverage year										
Incurred	26,303	26,413	27,889	36,255	40,822	38,921	35,222	34,761	34,220	33,032
Ceded Claims	1,056	1,532	2,006	2,532	5,863	7,240	7,838	6,988	7,544	6,151
Net incurred claims	25,247	24,881	25,883	33,723	34,959	31,681	27,384	27,773	26,676	26,881
4. Paid (cumulative) as of:										
End of coverage year	1,239	885	679	964	996	1,313	1,131	1,190	883	1,755
One year later	8,280	4,415	4,292	7,590	5,141	4,279	5,870	5,559	4,685	
Two years later	16,758	20,279	17,312	15,469	16,038	12,210	16,277	15,524		
Three years later	32,592	31,139	35,855	19,479	21,254	14,288	20,478			
Four years later	42,449	31,757	40,307	21,149	24,608	15,353				
Five years later	50,410	32,556	41,363	21,155	25,529					
Six years later	48,682	32,612	41,850	21,173						
Seven years later	56,514	32,612	42,024							
Eight years later	53,742	32,616								
Nine years later	53,789									
5. Re-estimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6. Re-estimated net incurred losses										
End of coverage year	25,247	24,881	25,883	33,723	34,959	31,681	27,384	27,773	26,676	26,881
One year later	30,023	33,209	30,947	36,011	31,238	28,996	30,449	27,734	25,816	
Two years later	42,335	41,767	39,415	31,757	31,553	25,849	29,554	26,632		
Three years later	45,668	36,546	47,723	26,522	30,766	23,241	30,222			
Four years later	54,884	35,293	45,459	23,936	28,081	19,045				
Five years later	56,854	33,175	44,613	22,229	27,070					
Six years later	48,666	33,384	43,089	21,637						
Seven years later	57,763	32,971	42,536							
Eight years later	54,227	32,749								
Nine years later	57,363									
7. Increase (decrease) in estimated incurred claims expense from end of coverage year	\$ 32,116	\$ 7,868	\$ 16,653	\$ (12,086)	\$ (7,889)	\$ (12,636)	\$ 2,838	\$ (1,141)	\$ (860)	\$ -

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Schedule of Ten-Year Claims Development Information: Workers' Compensation Program
Fiscal and Coverage Years Ended June 30 (In Thousands of Dollars)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Required contribution and investment revenue:										
Earned	\$ 21,153	\$ 16,512	\$ 16,707	\$ 30,370	\$ 27,784	\$ 28,798	\$ 27,416	\$ 34,062	\$ 30,300	\$ 30,857
Ceded	809	831	1,337	1,014	805	697	936	875	751	875
Net earned	20,344	15,681	15,370	29,356	26,979	28,101	26,480	33,187	29,549	29,982
2. Unallocated expenses	2,238	2,652	3,436	3,639	4,045	4,094	4,306	4,548	4,907	5,284
3. Estimated incurred claims expense, end of coverage year										
Incurred	19,990	18,342	17,948	18,833	20,294	19,800	18,873	20,575	22,462	23,543
Ceded Claims	809	831	1,337	1,014	805	697	936	875	751	875
Net incurred claims	19,181	17,511	16,611	17,819	19,489	19,103	17,937	19,700	21,711	22,668
4. Paid (cumulative) as of:										
End of coverage year	2,904	2,402	2,362	2,593	3,050	3,386	2,760	3,223	3,922	2,579
One year later	6,785	5,011	5,706	8,139	7,638	7,802	7,432	8,227	9,696	
Two years later	9,284	6,693	7,701	11,148	10,149	9,959	10,487	12,316		
Three years later	11,099	7,950	8,773	13,194	12,230	12,452	12,665			
Four years later	12,455	8,882	9,648	14,918	13,741	14,146				
Five years later	13,434	9,636	10,091	16,180	14,430					
Six years later	14,369	10,401	10,709	17,350						
Seven years later	16,094	11,162	10,971							
Eight years later	16,760	11,599								
Nine years later	17,386									
5. Re-estimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6. Re-estimated net incurred losses										
End of coverage year	19,181	17,511	16,611	17,819	19,489	19,103	17,937	19,700	21,711	22,668
One year later	20,459	14,625	14,928	19,090	18,989	19,091	21,333	22,673	24,272	
Two years later	18,409	14,233	15,834	18,950	19,543	21,146	22,070	26,033		
Three years later	20,217	14,476	14,541	20,185	18,820	21,575	21,433			
Four years later	18,208	13,336	13,329	20,995	18,822	21,571				
Five years later	18,031	13,219	12,817	21,298	18,563					
Six years later	19,748	13,972	12,330	21,261						
Seven years later	19,804	13,943	12,607							
Eight years later	19,373	14,362								
Nine years later	19,360									
7. Increase (decrease) in estimated incurred claims expense from end of coverage year	\$ 179	\$ (3,149)	\$ (4,004)	\$ 3,442	\$ (926)	\$ 2,468	\$ 3,496	\$ 6,333	\$ 2,561	\$ -

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to Required Supplementary Information

Definition of Terms for Schedule of Ten-Year Claims Development Information

The schedules of ten-year claims development information on the preceding pages illustrate how the Authority's net earned revenue compares to related costs of losses and other expenses assumed by the Authority. The numbered rows on the schedules are defined as follows:

1. Required contribution and investment revenue: Contributions represent the total of each coverage year's gross earned contributions from members on a cumulative basis, which includes the coverage year's initial funding as well as all subsequent retrospective adjustments attributable to the subject year. Investment income is reported net of changes in fair market values as of coverage year-end. Premiums ceded to reinsurers and excess carriers are also stated.
2. Unallocated expenses: This line shows other operating costs of the Authority including each coverage year's overhead expenses and claims expenses not allocable to individual claims.
3. Estimated incurred claims expenses, end of coverage year: This line shows the Authority's gross incurred claims and allocated claim adjustment expense, claims assumed by reinsurers and excess carriers (ceded claims), and the net incurred claims and allocated claim 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 *coverage year*).
4. Paid (cumulative) as of: This section of ten rows shows the cumulative net amounts paid as of the end of successive years for each coverage year.
5. Re-estimated ceded claims and expenses: This line shows the latest re-estimated amount of claims assumed by reinsurers and excess carriers, as of the end of the current year for each coverage year.
6. Re-estimated net incurred losses: This section of ten rows shows how each coverage year's net incurred claims increased or decreased as of the end of successive years. These annually updated estimates are the result of new information received on known claims, reevaluation of existing information on known claims, and the emergence of new claims not previously known.
7. Increase (decrease) in estimated incurred claims expense from end of coverage year: This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3), and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual coverage years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature years. The columns of the schedules show data for successive coverage years.

Results • Only neurons in the *CaMKII* α gene locus were affected by the *CaMKII* α gene deletion.

Conclusions • The *CaMKII* α gene is essential for the development of the hippocampus and for the formation of the dentate gyrus. The *CaMKII* α gene is expressed in the hippocampus and dentate gyrus, and its expression is essential for the development of the hippocampus and dentate gyrus.

The *CaMKII* α gene is essential for the development of the hippocampus and dentate gyrus. The *CaMKII* α gene is expressed in the hippocampus and dentate gyrus, and its expression is essential for the development of the hippocampus and dentate gyrus. The *CaMKII* α gene is expressed in the hippocampus and dentate gyrus, and its expression is essential for the development of the hippocampus and dentate gyrus.

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Supplementary Information

The *CaMKII* α gene is essential for the development of the hippocampus and dentate gyrus. The *CaMKII* α gene is expressed in the hippocampus and dentate gyrus, and its expression is essential for the development of the hippocampus and dentate gyrus. The *CaMKII* α gene is expressed in the hippocampus and dentate gyrus, and its expression is essential for the development of the hippocampus and dentate gyrus.

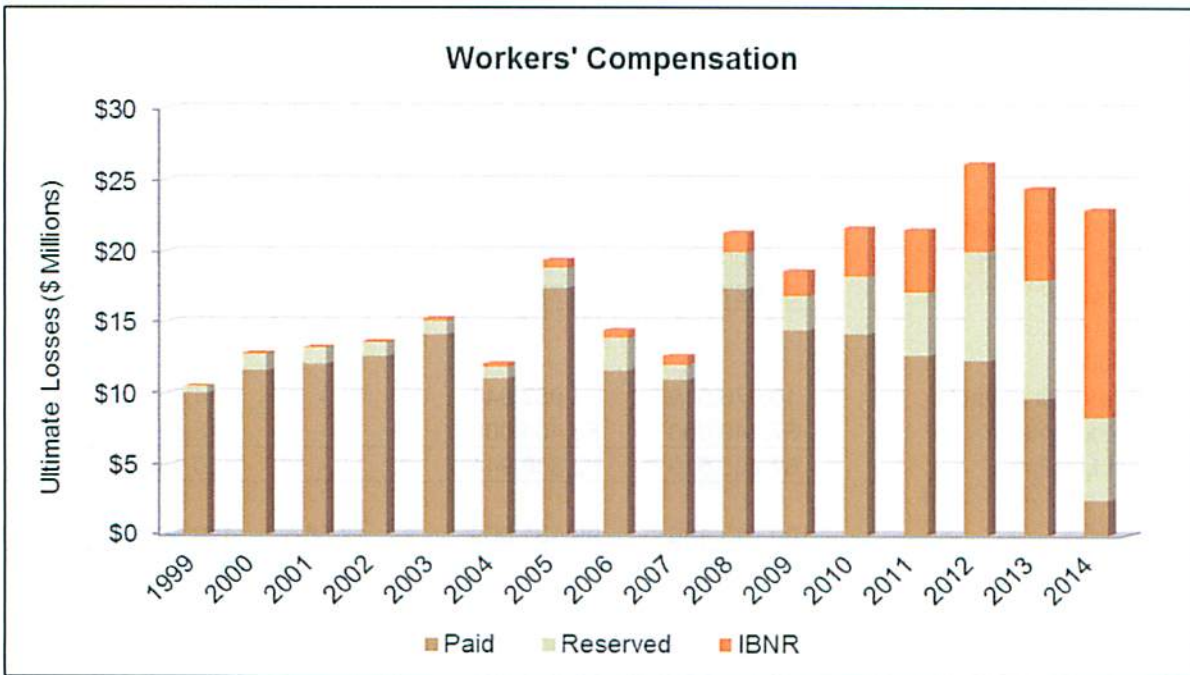
The *CaMKII* α gene is essential for the development of the hippocampus and dentate gyrus. The *CaMKII* α gene is expressed in the hippocampus and dentate gyrus, and its expression is essential for the development of the hippocampus and dentate gyrus.

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CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Graphical Summary of Claim Liabilities
As of June 30, 2014



CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Schedule of Net Position by Program
June 30, 2014 and 2013

	Liability	Workers' Compensation	Insurance Programs	2014	2013
Assets					
Current Assets:					
Cash and equivalents	\$ 6,056,698	\$ 4,878,089	\$ 69,155	\$ 11,003,942	\$ 17,392,791
Short-term investments	4,525,961	3,645,228	51,677	8,222,866	12,029,887
Interest receivable	514,970	495,040	10,033	1,020,043	848,559
Retrospective deposits receivable	3,118,882	-	-	3,118,882	22,761,799
Contributions receivable	-	-	32,554	32,554	307,157
Accounts receivable	822	3,173	-	3,995	175,831
Excess recoveries in progress	-	613,761	1,510,834	2,124,595	771,592
Prepaid expenses	142,712	80,276	-	222,988	760,151
Total Current Assets	14,360,045	9,715,567	1,674,253	25,749,865	55,047,767
Non-Current Assets:					
Long-term investments	111,602,631	89,885,221	1,274,277	202,762,129	164,705,178
Retrospective deposits receivable	37,775,734	21,807,806	-	59,583,540	46,859,813
Salvaged assets	4,250,000	-	-	4,250,000	4,250,000
Capital assets, not being depreciated	1,761,314	1,079,748	-	2,841,062	2,306,605
Capital assets, net of depreciation	1,820,938	1,247,930	1,184	3,070,052	3,310,371
Total Non-Current Assets	157,210,617	114,020,705	1,275,461	272,506,783	221,431,967
Total Assets	171,570,662	123,736,272	2,949,714	298,256,648	276,479,734
Liabilities					
Current Liabilities:					
Accounts payable	177,741	373,784	1,769	553,294	328,345
Compensated absences	129,014	118,483	15,798	263,295	246,953
Unearned contributions	7,380,912	5,743,522	-	13,124,434	12,669,630
Retrospective refunds payable	-	538,336	-	538,336	9,952,538
Claims payable, short-term	25,000,000	30,000,000	-	55,000,000	49,000,000
Total Current Liabilities	32,687,667	36,774,125	17,567	69,479,359	72,197,466
Non-Current Liabilities:					
Retrospective refunds payable	10,676,519	3,952,944	-	14,629,463	3,548,583
Claims payable, long-term	57,149,000	58,404,000	-	115,553,000	111,207,000
Total Non-Current Liabilities:	67,825,519	62,356,944	-	130,182,463	114,755,583
Total Liabilities	100,513,186	99,131,069	17,567	199,661,822	186,953,049
Net Position					
Net investment in capital assets	3,582,252	2,327,678	1,184	5,911,114	5,616,976
Unrestricted	67,475,224	22,277,525	2,930,963	92,683,712	83,909,709
Total Net Position	\$ 71,057,476	\$ 24,605,203	\$ 2,932,147	\$ 98,594,826	\$ 89,526,685

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Schedule of Revenues, Expenses, and Changes in Net Position by Program
For the Fiscal Years Ended June 30, 2014 and 2013

	Liability	Workers' Compensation	Insurance Programs	2014	2013
Operating Revenues					
Contributions	\$ 44,878,225	\$ 28,874,000	\$ 10,102,028	\$ 83,854,253	\$ 79,506,364
Retrospective adjustments, net	(4,602,902)	8,509,439	-	3,906,537	(4,561,894)
Miscellaneous income	182,697	109,014	379,055	670,766	676,093
Total Operating Revenues	40,458,020	37,492,453	10,481,083	88,431,556	75,620,563
Operating Expenses					
Coverages:					
Incurred claims expenses	23,703,411	30,080,275	1,190,971	54,974,657	43,006,381
Claims administration	2,512,534	2,302,007	-	4,814,541	4,581,288
Excess and re-insurance premiums	6,150,856	875,251	9,316,132	16,342,239	17,451,615
Contractual Services:					
Legal services	82,280	15,558	28,153	125,991	90,983
Investment and bank services	91,805	97,543	1,913	191,261	190,809
Information technology support	105,527	61,514	-	167,041	169,099
Risk management evaluations	34,751	20,259	-	55,010	20,322
Loss control services	132,427	77,068	-	209,495	166,886
Audit services	49,832	34,282	-	84,114	89,352
Actuarial services	40,657	23,738	-	64,395	57,201
Employment law resource	19,922	-	-	19,922	65,413
Other contractual services	146,941	89,048	7,200	243,189	144,920
General and Administrative:					
Salaries and employee benefits	2,145,498	1,737,025	313,145	4,195,668	3,875,012
Office expenses	133,168	82,084	1,378	216,630	182,476
Member training and meetings	795,189	459,293	5,176	1,259,658	1,179,723
Risk management educational forum	164,034	96,057	-	260,091	205,470
Depreciation	169,588	85,731	-	255,319	255,605
Utilities	61,211	35,667	-	96,878	88,413
Miscellaneous expenses	119,869	66,635	-	186,504	193,149
Total Operating Expenses	36,659,500	36,239,035	10,864,068	83,762,603	72,014,117
Operating Income (Loss)	3,798,520	1,253,418	(382,985)	4,668,953	3,606,446
Non-Operating Revenues					
Investment income	2,143,232	1,719,557	112,199	3,974,988	3,938,425
Net increase (decrease) in investment fair values	156,954	263,004	4,242	424,200	(3,844,814)
Total Non-Operating Revenues	2,300,186	1,982,561	116,441	4,399,188	93,611
Change in Net Position	6,098,706	3,235,979	(266,544)	9,068,141	3,700,057
Net Position at Beginning of Year	64,958,770	21,369,224	3,198,691	89,526,685	85,826,628
Net Position at End of Year	\$ 71,057,476	\$ 24,605,203	\$ 2,932,147	\$ 98,594,826	\$ 89,526,685

AUDITOR-CONTROLLER
APR 03 2015