

FINANCIAL STATEMENTS

California Joint Powers Insurance Authority

Fiscal Years Ended June 30, 2018 and 2017



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Table of Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	15
Statement of Net Position	16
Statement of Revenues, Expenses and Changes in Net Position	17
Statement of Cash Flows	18
Statement of Fiduciary Assets and Liabilities	19
Notes to the Basic Financial Statements	20
Required Supplementary Information	41
Schedule of Proportionate Share of the Net Pension Liability	42
Schedule of Pension Contributions	43
OPEB Schedule of Contributions and Schedule of Changes	44
Reconciliation of Claims Payable by Type of Contract	45
Schedule of Ten-Year Claims Development Information	
Primary Liability Program	46
Primary WC Program	47
Excess Liability Program	48
Excess WC Program	49
Notes to Required Supplementary Information	50
Supplementary Information	51
Graphical Summary of Claims Liabilities	52
Schedule of Net Position by Program	53
Schedule of Revenues, Expenses and Changes in Net Position by Program	54



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

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 (the Authority) as of June 30, 2018 and 2017 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, 2018 and 2017 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.

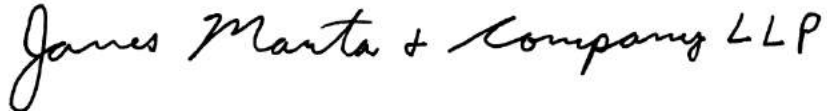
Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financials 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 March 21, 2019 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.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
March 21, 2019

Management's Discussion and Analysis

2018 *by the* NUMBERS

 **\$97.7M**
in Member Contributions

1,812 
New Liability Claims Handled

 **\$209K**
Invested in ADA
Compliance Assistance

16,646
Classroom Training
Workshop Attendees 


\$1.7M
Refunded to Members

1,028
New Workers'
Compensation Claims 

161 
Litigated Liability
Claims Defended

\$54.3M 
in Claim Payments Made

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, 2018. 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 in accordance with the California Government Code Section 6500, et seq. As of June 30, 2018 the Authority consisted of 116 member agencies. 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 composed of one member of the governing body of each member agency, and by an Executive Committee of the Board of Directors.

Consolidated Financial Highlights, Fiscal Year 2018

- Member contribution revenue increased +4.5% to \$97.7 million
- Claim payments decreased -11.6% to \$54.3 million
- Claims payable increased by \$1.13 million
- Excess and reinsurance premiums decreased -12.2% to \$15.6 million
- Total operating expenses decreased -7.2% to \$88.5 million
- Investment income was \$6.3 million
- Net decrease in investment fair values was \$7.1 million (unrealized)
- Overall net position increased +5.5% to \$105.1 million

Program Highlights

During 2018 the Primary Liability Program's net position increased by \$4.5 million or +7.2%. This was mainly due to a decrease in claim payments and a decrease in excess and reinsurance premiums. Claim payments of \$28.7 million were down -25.9% relative to 2017. The change in claim reserves was not material. Excess and reinsurance premiums of \$5.6 million were down -28.9%, which was a reduction of \$2.3 million. The reasons for the decrease in excess and reinsurance premiums include significant improvement in the Authority's 10 year rolling average loss ratio and better than expected outcomes on several large claims that were resolved below previously established reserves.

The net position of the Primary Workers' Compensation Program decreased by \$817,865 or -2.6%. Claim payments were up by \$1.4 million or 6.1%. The change in claim reserves was not material. Excess and reinsurance premiums were flat. Medical benefits paid in 2018 totaled \$11.2 million and indemnity benefits totaled \$9.2 million.

Member participation in the Early Return to Work Program during 2018 resulted in savings of \$2.8 million in temporary disability and LC4850 benefits from 20,145 workdays that were recaptured under the program. For financial reporting purposes the California state assessment which was paid to the Department of Industrial Relations, Office of Self-Insurance Plans is rolled up with the cost of third-party claims administration. The state assessment was \$568,109 in 2017 and \$704,021 in 2018. The increase was \$135,912 or +23.9%.

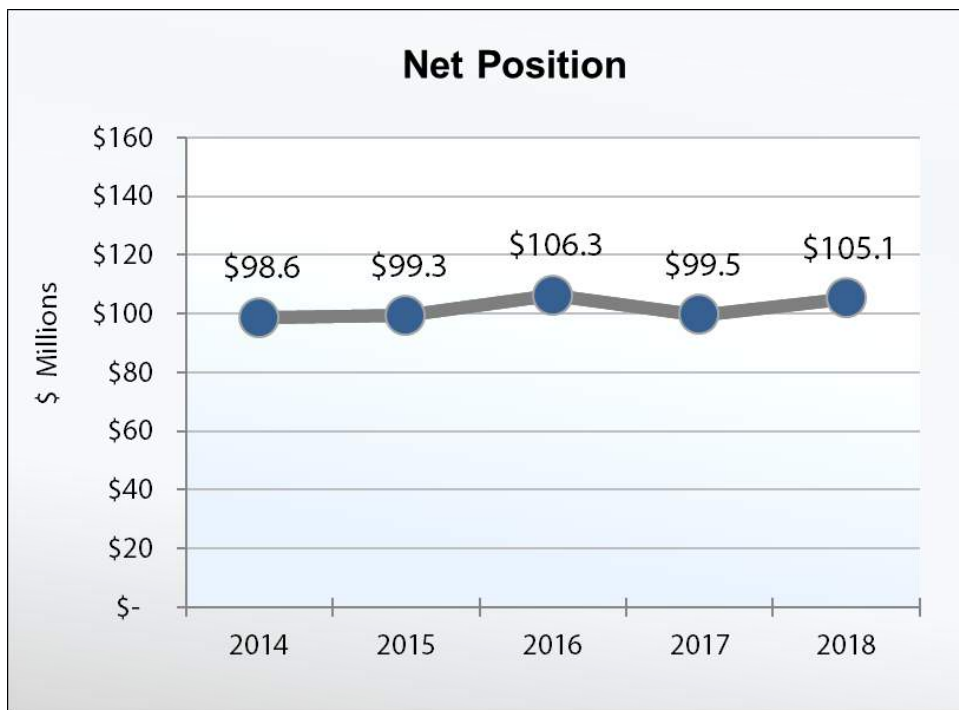
Insurance programs include the All-Risk Property Program, Pollution Legal Liability Program and Underground Storage Tank Financial Assurance. The net position of insurance programs increased in 2018 by \$993,114 to \$6 million. The increase was primarily caused by funding that was retained by the Authority to pay for All-Risk Property claims that fall within the program’s annual aggregate deductible, which has not yet been fully utilized.

The Excess Liability Program was established July 1, 2016 with three participating member agencies. This program was introduced to offer current members an opportunity for greater flexibility under an alternative risk financing structure and to facilitate growth in membership from outside agencies that are accustomed to having large retentions and settlement authority within their layer. Based on payroll, the Excess Liability Program represented 9% of the Authority’s total liability exposure. Current participants have retentions of either \$250,000 or \$500,000 per occurrence. \$2.6 million in contributions were collected and according to the actuary, the net discounted claim liability at fiscal year-end was estimated to be \$1.6 million. After operating expenses (primarily excess and reinsurance premiums) the program ended the year with a net position of \$1.4 million.

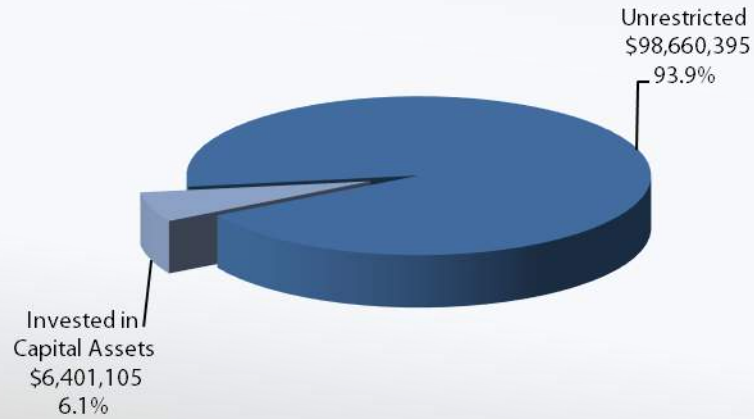
The Excess Workers’ Compensation Program was established August 1, 2017. Contribution of \$360,063 were collected and the net discounted claim liability at fiscal year-end was estimated to be \$69,000. After accounting for operating expenses, the new program ended the year with a net position of \$262,241.

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 9.

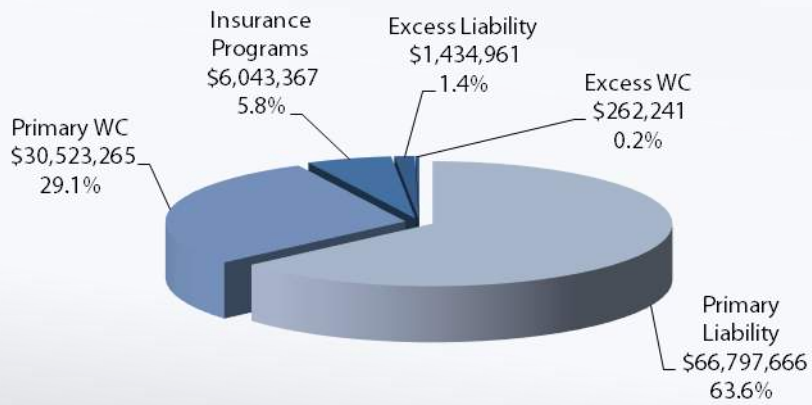
Graphical Highlights



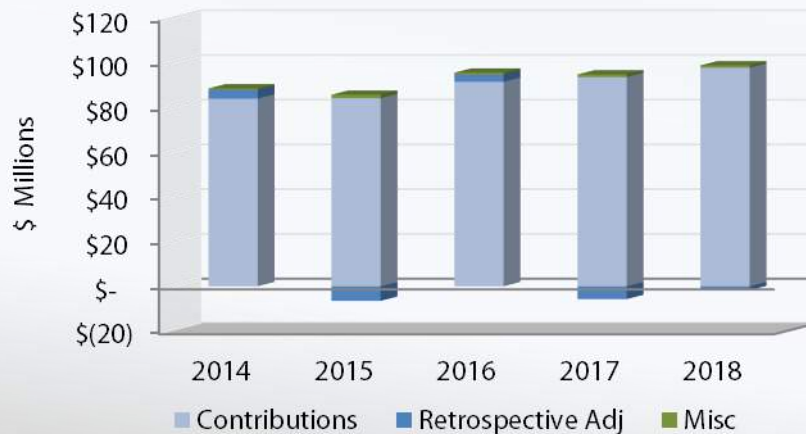
Net Position by Type at June 30, 2018

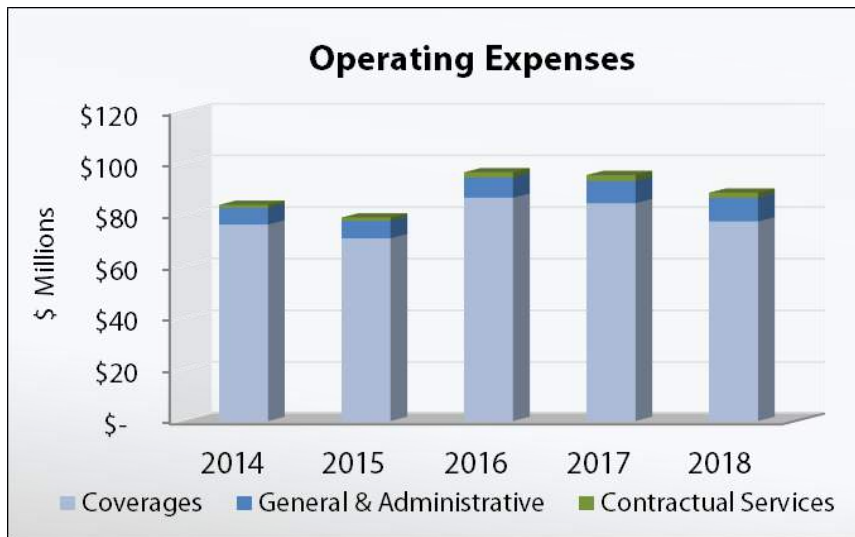


Net Position by Fund at June 30, 2018



Operating Revenues

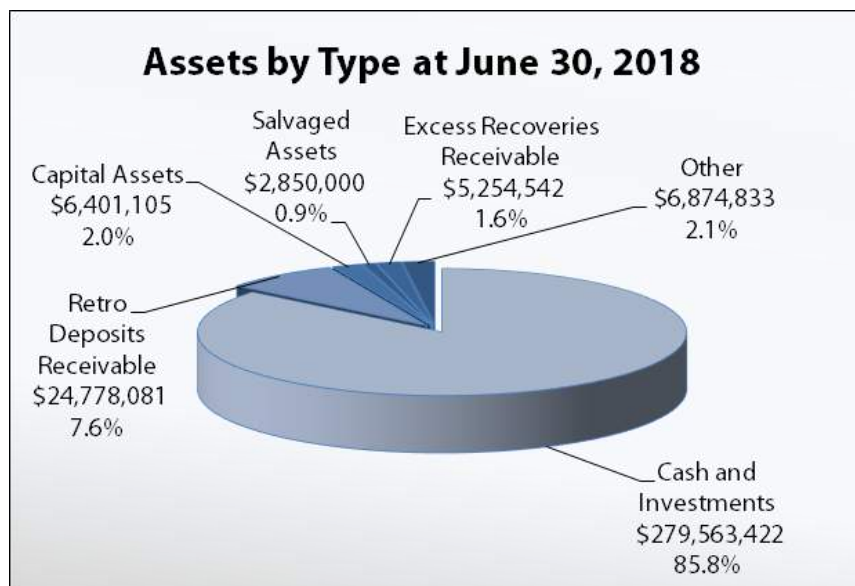




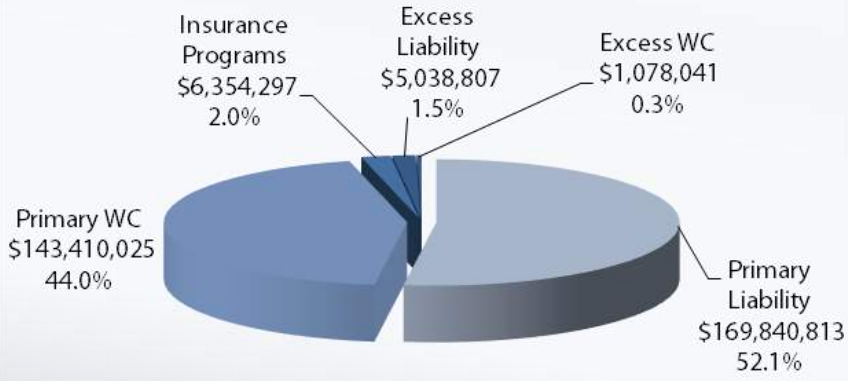
Total operating expenses were \$88.5 million in 2018, which was a -7.2% reduction from the prior year. Claim payments were the most significant expense. On the Statement of Revenues, Expenses, and Changes in Net Position, incurred claims expenses include net claim payments as well as the change in claim reserves as determined by an independent actuary. Operating expenses are divided into the following categories: (1) coverages, (2) general and administrative, and (3) contractual services.

In 2018 the Authority paid \$15.6 million in excess and reinsurance premiums for all programs. On a consolidated basis, total coverage expenses were \$77.3 million. This includes claim payments, changes in claim reserves, claims administration fees, excess and reinsurance premiums, and broker fees.

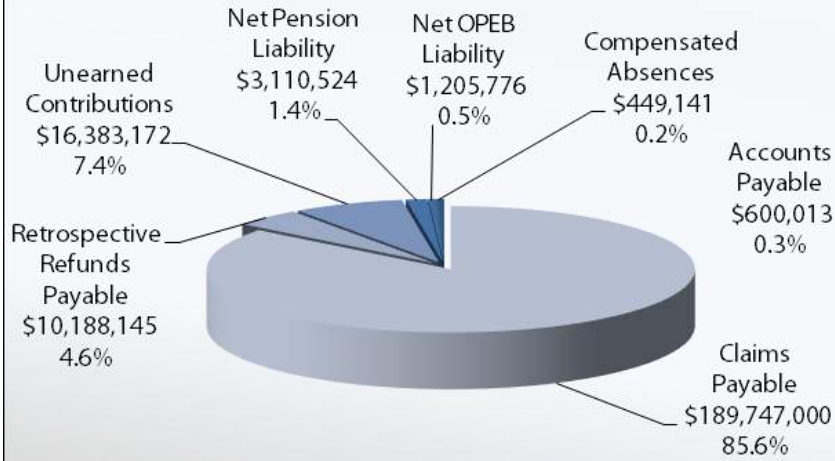
Total assets as of June 30, 2018 were \$325.7 million. Cash and investments made up 85.8% of the assets, while retrospective deposits receivable from members made up 7.6%. Footnote 5 provides more detailed information regarding retrospective deposit balances.



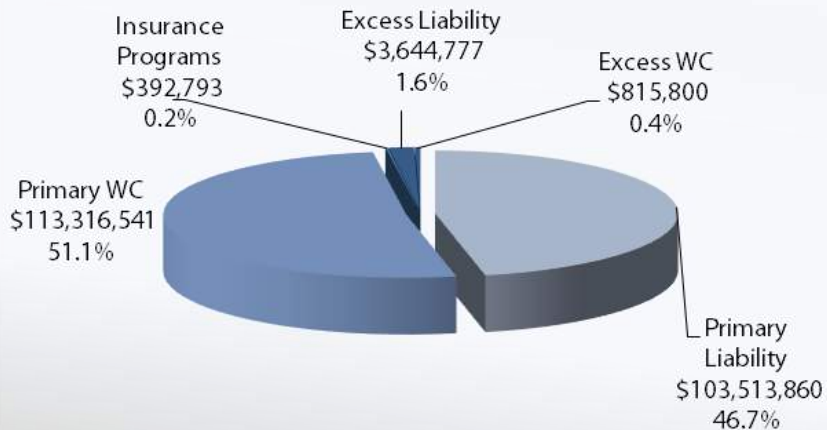
Assets by Fund at June 30, 2018



Liabilities by Type at June 30, 2018



Liabilities by Fund at June 30, 2018



Accreditation

The Authority is Accredited with Excellence by the California Association of Joint Powers Authorities and has been nationally recognized by the Association of Governmental Risk Pools for advisory standards compliance. These two levels of pooling industry recognition were granted after a detailed evaluation of the Authority's operations, a review of policies and other documentation, issuance of a report, committee review, and Board acceptance on the part of each conferring organization.

Net Position Designations

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 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.

Summary of the Statement of Net Position June 30, 2018, 2017, and 2016

	2018	2017	2016	Increase / (Decrease) From 2017 to 2018	
				\$	%
Assets					
Current Assets	\$ 54,043,609	\$ 68,196,304	\$ 49,437,252	\$ (14,152,695)	-20.8%
Non-Current Assets, excluding capital assets	265,277,269	240,282,924	257,690,913	24,994,345	10.4%
Capital Assets	6,401,105	7,368,550	6,918,956	(967,445)	-13.1%
Total Assets	<u>325,721,983</u>	<u>315,847,778</u>	<u>314,047,121</u>	<u>9,874,205</u>	<u>3.1%</u>
Deferred Outflows of Resources	1,448,382	1,488,563	1,093,716	(40,181)	-2.7%
Liabilities					
Current Liabilities	82,530,471	78,581,503	67,227,490	3,948,968	5.0%
Non-Current Liabilities	139,153,300	138,251,722	140,849,312	901,578	0.7%
Total Liabilities	<u>221,683,771</u>	<u>216,833,225</u>	<u>208,076,802</u>	<u>4,850,546</u>	<u>2.2%</u>
Deferred Inflows of Resources	425,094	963,411	813,332	(538,317)	-55.9%
Net Position					
Net Investment in Capital Assets	6,401,105	7,368,550	6,918,956	(967,445)	-13.1%
Unrestricted	98,660,395	92,171,155	99,331,747	6,489,240	7.0%
Total Net Position	<u>\$ 105,061,500</u>	<u>\$ 99,539,705</u>	<u>\$ 106,250,703</u>	<u>\$ 5,521,795</u>	<u>5.5%</u>

Summary of the Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2018, 2017, and 2016

	2018	2017	2016	Increase / (Decrease) From 2017 to 2018	
				\$	%
Operating Revenues					
Contributions	\$ 97,699,484	\$ 93,484,910	\$ 91,407,545	\$ 4,214,574	4.5%
Retrospective adjustments, net	(1,729,174)	(5,722,778)	3,138,011	3,993,604	-69.8%
Miscellaneous	1,037,637	1,189,888	952,906	(152,251)	-12.8%
Total Operating Revenues	97,007,947	88,952,020	95,498,462	8,055,927	9.1%
Operating Expenses					
Coverages	77,316,695	84,415,495	86,508,850	(7,098,800)	-8.4%
Contractual services	1,988,817	2,359,886	2,035,783	(371,069)	-15.7%
General and administrative	9,176,600	8,545,288	7,854,213	631,312	7.4%
Total Operating Expenses	88,482,112	95,320,669	96,398,846	(6,838,557)	-7.2%
Operating Income (Loss)	8,525,835	(6,368,649)	(900,384)	14,894,484	-233.9%
Non-Operating Revenues					
Gain (loss) on disposal of fixed assets	(975,915)	-	-	(975,915)	
Investment income	6,265,040	4,110,251	3,836,832	2,154,789	52.4%
Net increase / (decrease) in investment fair values	(7,088,365)	(4,452,600)	4,049,247	(2,635,765)	59.2%
Total Non-Operating Revenues	(1,799,240)	(342,349)	7,886,079	(1,456,891)	425.6%
Change in Net Position	6,726,595	(6,710,998)	6,985,695	13,437,593	-200.2%
Beginning Net Position as Originally Stated	99,539,705	106,250,703	99,265,008	(6,710,998)	-6.3%
Prior Period Adjustment	(1,204,800)	-	-	(1,204,800)	
Beginning Net Position as Restated	98,334,905	106,250,703	99,265,008	(7,915,798)	-7.5%
Ending Net Position	\$ 105,061,500	\$ 99,539,705	\$ 106,250,703	\$ 5,521,795	5.5%

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 deferred outflows of resources and liabilities and deferred inflows of resources, 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 Chief Financial Officer, a Financial Analyst, a Senior Accountant, and an Accounting Specialist who are responsible for the primary functions of accounting for the Authority. The Treasurer and the Chief Executive Officer provide oversight.

Member Services, Training, Loss Prevention and Risk Management

The Authority provides a comprehensive range of member services, programs, and resources specifically designed to assist the staff and governing bodies of municipal organizations with highly relevant training and customized risk management analysis for loss prevention and loss mitigation.

Current training offerings includes academies, workshops, and web-based courses. Academies are multi-day training opportunities that focus on a particular public sector discipline such as Public Works, Parks and Recreation, Newly Elected Officials, Management, Leadership, Human Resources, and the Executive Academy. The Academies present essential theories and techniques and provide practical risk management solutions to public agency staff, executive management, and elected officials. Workshops generally offer single-day classroom trainings with an emphasis on meeting Cal-OSHA requirements and instruction on best risk management practices covering a wide variety of salient topics and emerging risks.

The Loss Control Action Plan (LossCAP) is another valuable tool that assists members in reducing their long-term cost of risk. LossCAP is a 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 information obtained from 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.

A relatively new loss prevention initiative underway is the Americans with Disabilities Act (ADA) Compliance Assistance Program. The Authority provides funding assistance for ADA compliance services, including inspection of member facilities and public rights-of-way; development of transition and barrier removal plans; review of policies, procedures and practices; and use of accessibility management software. Some members are not able to fund the necessary improvements because of continuing budgetary constraints, which is why the Authority has made a limited amount of capital improvement matching funds available to help incentivize members to begin these necessary projects. Through 2018, thirty-eight members have participated in this program since its inception.

Lastly, individualized risk management consulting is perhaps the most critical support service provided by the Authority to its members. There are five regionally-based Risk Managers who live and work close to the members that they serve. Regional Risk Managers are local, and readily available to offer consulting services and technical support. Proactively helping members to prevent losses, and working to mitigate losses when they do occur, are important aspects of the Authority's long-term strategy to minimize the cost of risk.

Most members consider the Authority's Risk Managers to be a valuable extension of their own staff. Some examples of the kind of assistance they offer are: contract analysis for proper indemnification language, local safety committee meeting participation, City Council meeting attendance upon request, risk exposure evaluations, claim reviews including litigation strategy discussions, Loss Control Action Plan implementation, training needs assessment, and liaison for access to Authority programs and services.

Basic Financial Statements

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Statement of Net Position

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets:		
Cash and equivalents	\$ 18,994,301	\$ 20,089,012
Short-term investments	17,732,540	39,982,942
Interest receivable	1,538,433	1,300,480
Retrospective deposits receivable	5,215,218	2,458,502
Accounts receivable	4,190,366	676,140
Excess recoveries in progress	5,254,542	3,481,071
Prepaid expenses	<u>1,118,209</u>	<u>208,157</u>
Total Current Assets	<u>54,043,609</u>	<u>68,196,304</u>
Non-Current Assets:		
Long-term investments	242,836,581	211,553,713
Retrospective deposits receivable	19,562,863	25,855,419
Salvaged assets	2,850,000	2,850,000
Capital assets, not being depreciated	2,038,282	3,233,338
Capital assets, net of depreciation	4,362,823	4,135,212
Net Pension Assets	<u>27,825</u>	<u>23,792</u>
Total Non-Current Assets	<u>271,678,374</u>	<u>247,651,474</u>
Total Assets	<u>325,721,983</u>	<u>315,847,778</u>
Deferred Outflows of Resources	1,448,382	1,488,563
Liabilities		
Current Liabilities:		
Accounts payable	600,013	965,443
Compensated absences	449,141	378,439
Unearned contributions	16,383,172	16,562,414
Retrospective refunds payable	10,188,145	7,575,207
Claims payable, short-term	<u>54,910,000</u>	<u>53,100,000</u>
Total Current Liabilities	<u>82,530,471</u>	<u>78,581,503</u>
Non-Current Liabilities:		
Claims payable, long-term	134,837,000	135,517,000
Net pension liability	3,110,524	2,734,722
Net OPEB liability	<u>1,205,776</u>	
Total Non-Current Liabilities:	<u>139,153,300</u>	<u>138,251,722</u>
Total Liabilities	<u>221,683,771</u>	<u>216,833,225</u>
Deferred Inflows of Resources	425,094	963,411
Net Position		
Net investment in capital assets	6,401,105	7,368,550
Unrestricted	<u>98,660,395</u>	<u>92,171,155</u>
Total Net Position	<u>\$ 105,061,500</u>	<u>\$ 99,539,705</u>

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

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2018 and 2017

	2018	2017
Operating Revenues		
Contributions	\$ 97,699,484	\$ 93,484,910
Retrospective adjustments, net	(1,729,174)	(5,722,778)
Miscellaneous income	1,037,637	1,189,888
Total Operating Revenues	97,007,947	88,952,020
Operating Expenses		
Coverages:		
Incurred claims expenses	55,393,421	60,699,983
Claims administration	5,640,061	5,235,028
Excess and re-insurance premiums	16,283,213	18,480,484
Contractual Services:		
Legal services	116,286	108,326
Investment and bank services	240,863	236,744
Information technology support	510,668	411,734
Risk management evaluations	27,849	80,044
Loss control services	405,647	877,573
Audit and actuarial services	173,265	129,228
Employment law resource	156,914	120,021
Other contractual services	357,325	396,216
General and Administrative:		
Salaries and employee benefits	5,060,576	4,995,769
Office expenses	404,966	402,981
Member training and meetings	1,817,420	1,766,173
Risk management educational forum	378,828	313,056
Depreciation	862,751	735,939
Utilities and Miscellaneous expenses	652,059	331,370
Total Operating Expenses	88,482,112	95,320,669
Operating Income (Loss)	8,525,835	(6,368,649)
Non-Operating Revenues		
Gain (loss) on disposal of assets	(975,915)	
Investment income	6,265,040	4,110,251
Net increase (decrease) in investment fair values	(7,088,365)	(4,452,600)
Total Non-Operating Revenues	(1,799,240)	(342,349)
Change in Net Position	6,726,595	(6,710,998)
Beginning Net Position	99,539,705	106,250,703
Prior Period Adjustment	(1,204,800)	-
Beginning Net Position as Restated	98,334,905	106,250,703
Ending Net Position	\$ 105,061,500	\$ 99,539,705

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

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Cash received from members	\$ 92,232,545	\$ 101,465,694
Cash received for retrospective adjustments	4,419,604	1,563,559
Cash received from other miscellaneous activities	1,037,635	1,189,884
Cash paid for other miscellaneous activities	(529,743)	(220,787)
Cash paid for claims and claims administration	(59,926,656)	(65,235,911)
Cash paid for insurance	(15,609,535)	(17,777,828)
Cash paid to suppliers for goods and services	(6,638,319)	(4,632,765)
Cash paid to employees for services	(5,115,264)	(5,054,428)
Net Cash Flows Provided (Used) by Operating Activities	9,870,267	11,297,418
Cash Flows From Capital & Related Financing Activities		
Cash paid for acquisition of capital assets	(871,230)	(1,185,532)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(871,230)	(1,185,532)
Cash Flows From Investing Activities		
Purchase of investments	(185,201,299)	(260,811,835)
Proceeds from sales and maturities of investments	169,080,465	255,109,005
Investment earnings received	6,027,086	3,803,459
Net Cash Flows Provided (Used) by Investing Activities	(10,093,748)	(1,899,371)
Net Increase (Decrease) in Cash	(1,094,711)	8,212,515
Beginning Cash and Equivalents	20,089,012	11,876,497
Ending Cash and Equivalents	\$ 18,994,301	\$ 20,089,012
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating Income (Loss)	\$ 8,525,835	\$ (6,368,649)
Adjustments to Reconcile Operating Income to Cash Provided by Operations:		
Depreciation Included in Operating Activities	862,751	735,939
(Increase) Decrease in:		
Accounts receivable	(5,287,697)	3,730,407
Retrospective deposits receivable	3,535,840	4,375,079
Prepaid expenses	(910,050)	300,744
Net pension assets	(4,033)	12,243
Deferred outflows of resources	40,181	(394,847)
Increase (Decrease) in:		
Accounts payable	(365,419)	693,658
Accrued compensated absences	70,702	1,455
Unearned contributions	(179,242)	5,647,642
Retrospective refunds payable	2,612,938	2,911,258
Net pension liability	375,802	172,410
Net OPEB liability	976	-
Deferred inflows of resources	(538,317)	150,079
Claims liabilities	1,130,000	(670,000)
Net Cash Provided by Operating Activities	\$ 9,870,267	\$ 11,297,418
Supplemental Information: Noncash Investing Activities		
Net Increase (Decrease) in Fair Market Value	\$ (7,088,365)	\$ 4,452,600

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

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Statement of Fiduciary Assets and Liabilities
For the Fiscal Years Ended June 30, 2018 and 2017
Central Coast Cities Self Insurance Fund

	2018	2017
Assets		
Cash and investments	\$ 2,778,803	\$ 2,906,354
Interest receivable	13,585	7,152
Accounts receivable	104,793	455,395
Total Assets	2,897,181	3,368,901
Liabilities		
Other deposits payable	2,897,181	3,368,901
Total Liabilities	\$ 2,897,181	\$ 3,368,901

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, 2018

(1) Summary of Significant Accounting Policies

(a) **Program Participation**

All members must participate in either the Primary Liability Program or the Excess Liability Program, other coverage programs offered by the Authority are optional. Under the Joint Powers Agreement (articles 22-28), members may withdraw from individual programs or from general membership after three years of participation, however, members remain financially responsible for ongoing costs associated with self-insured programs in perpetuity.

(b) **Measurement Focus**

The accounts of the Authority are organized based on funds, which are considered separate accounting entities. The operation of the various funds include a separate set of self-balancing accounts that comprise its assets, liabilities, net position, 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 its core programs as separate funds 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 under one of the following:

Primary Liability Fund – The Primary Liability Fund accounts for all the revenues and expenses related to the risk-sharing Primary Liability Protection Program. This fund was formerly referred to as the Liability Program or simply Liability. The name was changed in 2017 to distinguish it from the Excess Liability Fund.

Primary Workers' Compensation Fund – The Primary Workers' Compensation Fund accounts for all the revenues and expenses related to the risk-sharing Primary Workers' Compensation Program. This fund was formerly referred to as the Workers' Compensation Program or simply Workers' Compensation. The name was changed in 2017 to distinguish it from the Excess Workers' Compensation Fund which began August 1, 2017 and will be included in the financial statements of subsequent years.

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.

Excess Liability Fund – The Excess Liability Fund accounts for all the revenues and expenses related to the risk-sharing Excess Liability Protection Program which began July 1, 2016.

Excess Workers' Compensation Fund – The Excess Workers' Compensation Fund accounts for all the revenues and expenses related to the risk-sharing Excess Workers' Compensation Protection Program which began August 1, 2017.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

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.

(c) 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.

(d) 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.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

(e) 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 represent amounts that can be withdrawn at any time and therefore, are cash and cash equivalents for purposes of the statement of cash flows.

(f) 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

(g) 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.

(h) 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.

(i) 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

(j) 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.

(k) Deferred Outflows/Inflows of Resources

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

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

(l) Change in Accounting Principle

Effective July 1, 2017, the Authority adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), which supersedes GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This statement addresses accounting and financial reporting for other postemployment benefits offered by the Authority and requires various note disclosures (Note 8) and required supplementary information. As a result, beginning of year net position has been restated as follows:

Net position previously reported, June 30, 2017	\$ 99,539,705
OPEB previously reported	976
Net OPEB liability	<u>(1,205,776)</u>
Net position as restated	<u>\$ 98,334,905</u>

Information on beginning of year deferred outflows and deferred inflows of OPEB resources, and all information for the prior years is not available and therefore such amounts have not been restated.

(m) Pensions

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

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

(2) Cash and Investments

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

Cash and Investments		
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Proprietary funds:		
Cash and equivalents	\$ 18,994,301	\$ 20,089,012
Short-term investments	17,732,540	39,982,942
Long-term investments	<u>242,836,581</u>	<u>211,553,713</u>
Subtotal	<u>279,563,422</u>	<u>271,625,667</u>
Fiduciary funds:		
Cash and equivalents	\$ 2,778,803	\$ 2,906,354
Short-term investments	-	-
Long-term investments	-	-
Subtotal	<u>2,778,803</u>	<u>2,906,354</u>
Total	<u><u>\$ 282,342,225</u></u>	<u><u>\$ 274,532,021</u></u>
Consolidated:		
Cash and equivalents	\$ 21,773,104	\$ 22,995,366
Short-term investments	17,732,540	39,982,942
Long-term investments	<u>242,836,581</u>	<u>211,553,713</u>
Total cash and investments	<u><u>\$ 282,342,225</u></u>	<u><u>\$ 274,532,021</u></u>

The following table 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.

In addition to the investment types noted in the table, the Authority's investment policy 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

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
Asset-Backed Securities	Yes	5 years	10%	2.5%
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 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
Municipal Obligations	Yes	5 years	5%	2.5%
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
Supranationals	Yes	5 years	10%	2.5%
U.S. Federal Agency Securities	Yes	10 years	none	none
U.S. Treasury Obligations	Yes	10 years	none	none

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.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

Maturity Distribution of Investments				
Investment Type	Fair Value	Maturity Distribution		
		< 1 year	1-3 years	> 3 years
U.S. Treasuries	\$ 89,635,113	\$ -	\$ 17,199,708	\$ 72,435,405
Federal Agencies	40,326,209	-	14,565,508	25,760,700
Supranational	11,239,885	-	8,323,813	2,916,072
Certificates of Deposit	51,760,173	13,865,832	37,894,342	-
Corporate Notes	46,825,815	-	28,717,289	18,108,525
Commercial Paper	3,866,707	3,866,708	-	-
Asset-Backed Securities	16,915,219	-	-	16,915,219
Total	\$ 260,569,121	\$ 17,732,540	\$ 106,700,660	\$ 136,135,921

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, 2018, 5.2% 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.

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, 2018						
Investment Type	Total	AAA	AA	A	BBB+	NR*
U.S. Treasuries	\$ 89,635,113	\$ -	\$ 89,635,113	\$ -	\$ -	\$ -
Federal Agencies	40,326,209	-	40,326,209	-	-	-
Supranational	11,239,885	11,239,885	-	-	-	-
Certificates of Deposit	51,760,174	-	14,336,291	37,423,883	-	-
Corporate Notes	46,825,813	-	6,533,721	34,804,169	5,487,923	-
Commercial Paper	3,866,708	-	-	3,866,708	-	-
Asset-Backed Securities	16,915,219	13,665,726	-	-	-	3,249,493
Total	\$ 260,569,121	\$ 24,905,611	\$ 150,831,334	\$ 76,094,760	\$ 5,487,923	\$ 3,249,493

* NR (not rated): Asset-backed securities not rated by S&P are rated Aaa by Moody's

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

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			
Issuer	Type	Fair Value	% of
U.S. Treasury Notes	Federal Treasury	\$ 89,635,113	34.4%
Federal National Mortgage Association	Federal Agency	\$ 33,872,857	13.0%

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.

Fair Value Measurement and Application - Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements at June 30, 2018 are as shown below:

Description	Fair Value	Level 1	Level 2	Level 3	n/a
Total LAIF	\$ 6,982,734	\$ 5,018,467	\$ 1,906,167	\$ -	\$ 58,100
Total Debt Securities	260,569,121	176,787,136	83,781,985	-	-

(3) Capital Assets

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

	Balance at June 30, 2017	Increase	Decrease	Balance at June 30, 2018
Capital assets, not being depreciated				
Land	\$ 2,031,395	\$ -	\$ -	\$ 2,031,395
Assets under development	1,201,943	30,348	1,225,404	6,887
Subtotal	<u>3,233,338</u>	<u>30,348</u>	<u>1,225,404</u>	<u>2,038,282</u>
Capital assets, being depreciated				
Building and improvements	6,156,546	128,870	-	6,285,416
Furniture and equipment	381,423	23,461	-	404,884
Software	2,504,301	1,913,946	2,324,236	2,094,011
Subtotal	<u>9,042,270</u>	<u>2,066,277</u>	<u>2,324,236</u>	<u>8,784,311</u>
Less accumulated depreciation				
Building and improvements	(3,630,999)	(219,167)		(3,850,166)
Furniture and equipment	(271,842)	(37,369)		(309,211)
Software	(1,004,217)	(606,215)	(1,348,321)	(262,111)
Subtotal	<u>(4,907,058)</u>	<u>(862,751)</u>	<u>(1,348,321)</u>	<u>(4,421,488)</u>
Total capital assets being depreciated, net	<u>4,135,212</u>	<u>1,203,526</u>	<u>975,915</u>	<u>4,362,823</u>
Total capital assets, net	<u>\$ 7,368,550</u>	<u>\$ 1,233,874</u>	<u>\$ 2,201,319</u>	<u>\$ 6,401,105</u>

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

For the year ended June 30, 2018 depreciation expense was charged to various programs as follows:

Primary Liability	\$ 511,206
Primary WC	347,895
Excess Liability	<u>3,650</u>
Total Depreciation Expense	<u>\$ 862,751</u>

(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, 2018 and 2017 are stated below.

	<u>2018</u>	<u>2017</u>
Claims payable, beginning of year	<u>\$ 188,617,000</u>	<u>\$ 189,287,000</u>
Incurred claims and claim adjustment expenses:		
Provision for covered events in the current year	54,527,000	53,918,000
Changes in provision for covered events of prior years	<u>(1,071,347)</u>	<u>6,419,689</u>
Total incurred claims and claim adjustment expenses*	<u>53,455,653</u>	<u>60,337,689</u>
Payments:		
Attributable to covered events in the current year	5,199,234	6,201,002
Attributable to covered events in prior years	<u>47,126,419</u>	<u>54,806,687</u>
Total payments	<u>52,325,653</u>	<u>61,007,689</u>
Claims payable, end of year	<u>\$ 189,747,000</u>	<u>\$ 188,617,000</u>
Components of claims payable		
Current portion	\$ 54,910,000	\$ 53,100,000
Non-current portion	<u>134,837,000</u>	<u>135,517,000</u>
Total claims payable	<u>\$ 189,747,000</u>	<u>\$ 188,617,000</u>
Categories of claims payable		
Claim reserves	\$ 121,279,000	\$ 117,711,000
IBNR	58,543,000	60,826,000
ULAE	<u>9,925,000</u>	<u>10,080,000</u>
Total claims payable	<u>\$ 189,747,000</u>	<u>\$ 188,617,000</u>

Note: Self-insurance programs only (property program excluded)

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

The net liability for claims payable as of June 30, 2018 is stated at the expected probability level and includes a discount of 2.0% for anticipated future investment earnings. The impact of discounting is shown below.

	Primary Liability	Primary WC	Excess Liability	Excess WC	Total
Undiscounted claims payable	\$ 88,652,836	\$ 109,747,376	\$ 1,642,409	\$ 83,123	\$ 200,125,744
Discount Amount	(3,033,836)	(7,253,376)	(77,409)	(14,123)	(10,378,744)
Discounted claims payable	<u>\$ 85,619,000</u>	<u>\$ 102,494,000</u>	<u>\$ 1,565,000</u>	<u>\$ 69,000</u>	<u>\$ 189,747,000</u>

(5) Retrospective Adjustments

The accompanying Statement of Net Position reports retrospective deposit balances including all retrospective deposit activity through June 30, 2018. The table below shows this information by program. Positive balances are receivables owed to the Authority. Negative balances are payables owed to members.

	Primary Liability	Primary WC	Total	
Beginning Balances				
Retrospective Deposits Receivable				
Current	\$ 688,563	\$ 1,769,939	\$ 2,458,502	
Non-Current	18,743,298	7,112,121	25,855,419	
Subtotal	<u>19,431,861</u>	<u>8,882,060</u>	<u>28,313,921</u>	
Retrospective Refunds Payable				
Current	<u>(5,010,423)</u>	<u>(2,564,784)</u>	<u>(7,575,207)</u>	
Overall Net Retrospective Balances	<u>14,421,438</u>	<u>6,317,276</u>	<u>20,738,714</u>	A
Activity				
Refunds Applied	2,588,035	2,002,521	4,590,556	
Gross Deposits Received	(6,064,027)	(3,112,780)	(9,176,807)	
Fees Received	162,084	68,189	230,273	
Transfers (In)/Out	319,227	(319,227)	-	
Annual Adjustment: October 2018	<u>(926,201)</u>	<u>(866,599)</u>	<u>(1,792,800)</u>	
Subtotal	<u>(3,920,882)</u>	<u>(2,227,896)</u>	<u>(6,148,778)</u>	B
Ending Balances				
Retrospective Deposits Receivable				
Current	3,889,662	1,325,556	5,215,218	
Non-Current	14,331,302	5,231,561	19,562,863	
Subtotal	<u>18,220,964</u>	<u>6,557,117</u>	<u>24,778,081</u>	
Retrospective Refunds Payable				
Current	<u>(7,720,408)</u>	<u>(2,467,737)</u>	<u>(10,188,145)</u>	
Overall Net Retrospective Balances	<u>\$ 10,500,556</u>	<u>\$ 4,089,380</u>	<u>\$ 14,589,936</u>	C
Change in Balances	(3,920,882)	(2,227,896)	(6,148,778)	
	-27.2%	-35.3%	-29.6%	

Note: A + B = C

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

(6) Non-Risk Sharing Insurance Programs

The Authority's All-Risk Property Program and Pollution Legal Liability Program are 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, 2018.

	<u>All-Risk Property</u>	<u>Pollution Legal Liability</u>	<u>Underground Storage Tanks</u>	<u>Total</u>
Revenues from members	\$ 12,118,190	\$ 450,729	27,253	\$ 12,596,172
Net investment earnings	43,365	-	-	43,365
Premiums paid to insurers	(8,309,180)	(394,263)	(23,958)	(8,727,401)
Broker fees paid	(350,000)	(50,000)	-	(400,000)
Net claim payments	(1,937,768)	-	-	(1,937,768)
Program admin expenses	(478,404)	(6,466)	-	(484,870)
Total non-risk sharing activity	<u>\$ 1,086,203</u>	<u>\$ -</u>	<u>\$ 3,295</u>	<u>\$ 1,089,498</u>

(7) Defined Benefit Pension Plans

The Authority participates in defined benefit pension plans through CalPERS and also has retirement enhancement plans administered through Public Agency Retirement Services (PARS). This footnote provides disclosures regarding the pension plans. The cost of living adjustments for each plan are applied as specified by Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>CalPERS Misc. Classic</u>	<u>CalPERS Misc. PEPRA</u>
	<u>Hired Before Jan 1, 2013</u>	<u>Hired on or After Jan 1, 2013</u>
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2.000%	2.000%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	8.921%	6.533%

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

	PARS REP EE	PARS REP EC
	Hired Before Jan 1, 2013	Plan Closed Dec 31, 2012
Benefit formula	0.5% @ 55	see note*
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	55
Monthly benefits, as a % of eligible compensation	0.500%	n/a
Required employee contribution rates	0.000%	n/a
Required employer contribution rates	9.480%	fully funded

*Note: PARS REP EC is a retirement enhancement plan that pays a fixed monthly benefit based on years of service; \$125 for 5 years, \$150 for 6 years, \$175 for 7 years, \$200 for 8 years, \$225 for 9 years, and \$250 for 10 years of service or more. PARS REP EC became a closed plan (no new participants) as of December 31, 2012.

Contributions recognized as part of pension expense for the year ended June 30, 2018:

	CalPERS Miscellaneous Consolidated	PARS REP EE	PARS REP EC
Employer Contributions	\$ 231,715	\$ (359,008)	\$ 926

The following tables provide information related to the Authority's pension liabilities, pension expenses and deferred outflows and inflows of resources for pensions. As of June 30, 2018, the Authority reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS Misc. Classic	\$ 2,666,524
CalPERS Misc. PEPRA	-
PARS REP EE	444,000
PARS REP EC	(27,825)
Total Net Pension Liability	<u>\$ 3,082,699</u>

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

The Authority's proportionate share of the net pension liability of the multi-employer plans (CalPERS) as of the measurement dates June 30, 2018 and 2017 were:

	CalPERS Misc. Classic	CalPERS Misc. PEPPRA	PARS REP EE	PARS REP EC
Proportion as of June 30, 2017	0.06387%	*	*	*
Proportion as of June 30, 2018	0.06764%	*	*	*
Change - Increase / (Decrease)	-0.00377%	*	*	*

*Information not available

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended	CalPERS				Total
	Miscellaneous Consolidated	PARS REP EE	PARS REP EC		
June 30					
2019	\$ 205,663	\$ (69,651)	\$ 5,581		\$ 141,593
2020	\$ 353,544	\$ (72,442)	\$ 2,132		\$ 283,234
2021	\$ 194,844	\$ (15,883)	\$ (3,687)		\$ 175,274
2022	\$ (67,548)	\$ (734)	\$ (361)		\$ (68,643)

Actuarial Assumptions used for determining the pension liability as of June 30, 2018:

	CalPERS Miscellaneous Consolidated	PARS
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions:		
Discount Rate	7.65%	7.00%
Inflation	2.75%	2.75%
Payroll Growth Rate	3.00%	n/a
Projected Salary Increase	Varies by Entry Age and Service	n/a
Investment Rate of Return **	7.50%	7.00%
Mortality	Based on the 2010 CalPERS Experience Study for the period from 1997 to 2007	Per-retirement: CalPERS Miscellaneous Agency Non- Industrial Rate; Post- retirement: CalPERS 1997- 2011 Healthy Retiree Tables (sex-distinct) projected using Scale AA and an assumed base year of 2008

** Net of pension plan investment expenses, including inflation

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

As of June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS Miscellaneous Consolidated		PARS REP EE		PARS REP EC		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 268,522	\$ -	\$ 221,064	\$ -	\$ 2,200	\$ -	\$ 491,786	\$ -
Difference between projected and actual experience	4,054	58,087	-	163,838	3,710	-	7,764	221,925
Difference in actual vs. projected contributions	181,641	67,337	-	-	-	-	181,641	67,337
Change in proportion	145,236	97,473	-	-	-	-	145,236	97,473
Changes in assumptions	503,056	38,359	-	-	-	-	503,056	38,359
Net differences between projected and actual earnings on plan investments	113,771	-	5,128	-	-	-	118,899	-
Total	\$ 1,216,280	\$ 261,256	\$ 226,192	\$ 163,838	\$ 5,910	\$ -	\$ 1,448,382	\$ 425,094

The tables below reflect the long-term expected real rate of return by asset class for each Plan. Rates of return were calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class for CalPERS Miscellaneous Consolidated	Current Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%
Global Debt Securities	19.0%	80.00%	2.27%
Inflation Assets	6.0%	60.00%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
	<u>100.0%</u>		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

Asset Class for PARS REP EE	Current Strategic Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	5.5%	0.31%	0.31%
US Core Fixed Income	33.8%	2.14%	2.02%
US Equity Market	36.2%	4.59%	3.32%
Foreign Developed Equity	17.3%	5.52%	3.91%
Emerging Markets Equity	7.2%	7.82%	4.59%
	100.0%		

Long-Term Expected Rate of Return 7.00%

The Authority's proportionate share of the net pension liability for each Plan is stated below, calculated using the discount rate for each Plan, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	(6.15%)	Rate (7.15%)	(8.15%)
CalPERS Misc. Consolidated	\$ 4,324,742	\$ 2,666,524	\$ 1,293,158
	(6.00%)	(7.00%)	(8.00%)
PARS REP EE	\$ 738,436	\$ 444,000	\$ 196,865
PARS REP EC	\$ (4,410)	\$ (27,825)	\$ (48,423)
Total	\$ 5,058,768	\$ 3,082,699	\$ 1,441,600

(8) 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.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

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. GASB 43 and 45 were superseded by GASB 74 and 75.

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 actuarially determined contribution of the employer (ADC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75. The ADC 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.

Employees covered by benefit terms. At June 30, 2018, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits payments	25
Inactive employees entitled to but not yet receiving benefits payments	0
Active employees	15
Total	40

Contributions. For the year ended June 30, 2018, the Authority's average contribution rate was 100% of covered-employee payroll. Employees are not required to contribute to the plan.

Net OPEB Liability

The Authority's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0 percent
Salary Increases	N/A
Investment rate of return	8.0 percent
Healthcare cost of trend rates	4.6 percent Medical, increasing 0.1 per year to 4.8 percent 7.6 percent Pharmacy, decreasing to 6.2 percent in Year 2 and 4.9 percent in Year 3 4.0 percent Dental, decreasing 0.5 percent per year to an ultimate rate of 3.0 percent 3.0 percent Vision, remaining flat for 10 years

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Strategic Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Cash	4.42%	0.31%	0.31%
US Core Fixed Income	34.18%	2.14%	2.02%
US Equity Market	36.63%	4.59%	3.32%
Foreign Developed Equity	17.52%	5.52%	3.91%
Emerging Markets Equity	7.26%	7.82%	4.59%
Long-Term Expected Rate of Return			8.00%

Discount rate. The discount rate used to measure the total OPEB liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the actuarially determined contribution rates.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

Changes in the Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2017	\$ 4,237,534	\$ 3,032,733	\$ 1,204,801
Changes for the year			
Service Cost	263,162		263,162
Interest	331,939		331,939
Effect of Plan Changes	-		-
Effect of Economic/Demographic Gains/Losses	211,648		211,648
Effect of Assumption Changes or Inputs	(230,700)		(230,700)
Benefit Payments	(152,450)	(152,450)	-
Employer Contributions		353,450	(353,450)
Net Investment Income		221,624	(221,624)
Administrative Expenses			
Net Changes	423,599	422,624	975
Balances at June 30, 2018	\$ 4,661,133	\$ 3,455,357	\$ 1,205,776

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates: The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Discount Rate - 1% (7.00%)	Current Discount (8.00%)	Discount Rate + 1% (9.00%)
Net OPEB liability (asset)	\$ 1,686,701	\$ 1,205,775	\$ 795,440
Change from baseline	\$ 480,926		\$ (410,335)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

	<u>Baseline Trend - 1%</u>	Healthcare Cost <u>Baseline Trend</u>	<u>Baseline Trend + 1%</u>
Net OPEB liability (asset)	\$ 752,627	\$ 1,205,775	\$ 1,737,498
Change from baseline	\$ (453,148)		\$ 531,723

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Authority recognized OPEB expense of \$974. At June 30, 2018, the Authority had no deferred outflows of resources or deferred inflows of resources related to OPEB.

Payable to the OPEB Plan

At June 30, 2018, the Authority did not report any payables for the outstanding amount of contributions to the Authority Plan required for the year ended June 30, 2018.

(9) Contract Services Provided to Other Agencies

For the fiscal year ended June 30, 2018 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, 2018 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, 2018 is summarized in the following table.

	2018
Other deposits payable as of 7/1/17	\$ 3,368,901
Amounts received	66,515
Amounts paid on behalf	<u>(538,235)</u>
Other deposits payable as of 6/30/18	<u><u>\$ 2,897,181</u></u>

Other deposits payable by type:

Claims payable	\$ 1,899,686
Designated for Actuarial Funding in Excess of Expected	216,616
Due to Participating Cities	<u>780,879</u>
Total	<u><u>\$ 2,897,181</u></u>

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

(10) 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.

(11) Salvaged Assets

Salvaged assets represent anticipated recoveries on two land movement claims in the Primary Liability Program involving a total of three parcels. In both cases, the Authority acquired real property in the course of resolving the claims. Recoveries are expected in the future when the properties are sold. All three parcels were originally appraised in 2012. The first parcel sold in 2017, the second parcel was in escrow as of March 2019.

The third parcel is scheduled to be listed for sale after its remediation project is complete. The third parcel is currently recognized as a salvaged asset valued at \$1.2 million. The estimated value should be viewed as the amount of expected net proceeds which are anticipated from the eventual sale. The estimate was not reduced to account for the cost of remediation or any other costs associated with property improvements because those expenses and liabilities have already been accounted for as part of the claim file.

Real property values are volatile and subject to changes in demand, market conditions and other economic factors. The actual recoveries, when they occur, may vary from the estimated value.

(12) Subsequent Events

The Authority's management evaluated its 2018 financial statements for subsequent events through the date the financial statements were available to be issued. The Authority is currently in escrow to sell one parcel of land as referenced above. The property was listed for \$1.95 million and is currently recognized as a salvaged asset valued at \$1.65 million.

Required Supplementary Information

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
DEFINED BENEFIT PENSION PLANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
As of June 30, 2018

CalPERS Miscellaneous Consolidated	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017 (1)
Proportion of the net pension liability	0.083910%	0.059770%	0.006257%	0.063870%
Proportionate share of the net pension	\$ 2,073,827	\$ 1,639,879	\$ 2,218,760	\$ 2,666,524
Covered-employee payroll (2)	\$ 2,327,758	\$ 2,682,094	\$ 3,037,419	\$ 3,037,419
Proportionate share of the net pension liability as percentage of covered-employee	89.09%	61.14%	73.05%	87.79%
Plans fiduciary net position as a percentage of the total pension liability	78.67%	78.40%	79.89%	75.39%
Proportionate share of aggregate employer contributions (3)	\$ 334,032	\$ 301,892	\$ 306,510	\$ 355,251

PARS EE	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018 (1)
Proportion of the net pension liability	*	*	*	*	*
Proportionate share of the net pension	\$ 865,992	\$ 922,433	\$ 987,098	\$ 515,962	\$ 444,000
Covered-employee payroll (2)	\$ 2,073,164	\$ 2,135,359	\$ 2,202,636	\$ 2,240,698	\$ 2,307,919
Proportionate share of the net pension liability as percentage of covered-employee	41.77%	43.20%	44.81%	23.03%	19.24%
Plans fiduciary net position as a percentage of the total pension liability	*	60.05%	60.29%	77.72%	82.02%
Proportionate share of aggregate employer contributions (3)	\$ 172,090	\$ 177,684	\$ 202,432	\$ 206,231	\$ 191,132

PARS EC	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018 (1)
Proportion of the net pension liability	*	*	*	*	*
Proportionate share of the net pension	\$ (52,628)	\$ (36,035)	\$ (6,421)	\$ (23,792)	\$ (27,825)
Covered-employee payroll (2)	N/A	N/A	N/A	N/A	N/A
Proportionate share of the net pension liability as percentage of covered-employee	N/A	N/A	N/A	N/A	N/A
Plans fiduciary net position as a percentage of the total pension liability	*	110.08%	101.82%	106.81%	108.08%
Proportionate share of aggregate employer contributions (3)	\$ 1,455	\$ 1,455	\$ 5,137	\$ 5,137	\$ 1,383

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.

(3) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by

* Information not available

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
DEFINED BENEFIT PENSION PLANS
SCHEDULE OF CONTRIBUTIONS
As of June 30, 2018

Proportion of the net pension liability	Fiscal Year⁽¹⁾			
	2013-14	2014-15	2015-16	2016-17
Actuarially Determined Contribution (2)	\$ 334,032	\$ 301,892	\$ 306,510	\$ 355,251
Contributions in relation to the actuarially determined contributions (2)	(334,032)	(803,212)	(472,140)	(263,865)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (501,320)</u>	<u>\$ (165,630)</u>	<u>\$ 91,386</u>
Covered-employee payroll (3,4)	\$ 2,327,758	\$ 2,682,094	\$ 3,037,419	\$ 3,105,427
Contributions as a percentage of covered-employee payroll (3)	14.35%	11.26%	15.54%	8.50%

PARS EE	Fiscal Year⁽¹⁾				
	2013-14	2014-15	2015-16	2016-17	2017-18
Actuarially Determined Contribution (2)	\$ 172,090	\$ 177,684	\$ 202,432	\$ 206,231	\$ 191,132
Contributions in relation to the actuarially determined contributions (2)	(173,377)	(168,903)	(214,680)	(217,175)	(221,064)
Contribution deficiency (excess)	<u>\$ (1,287)</u>	<u>\$ 8,781</u>	<u>\$ (12,248)</u>	<u>\$ (10,944)</u>	<u>\$ (29,932)</u>
Covered-employee payroll (3,4)	\$ 2,073,164	\$ 2,135,359	\$ 2,202,636	\$ 2,240,698	\$ 2,307,919
Contributions as a percentage of covered-employee payroll (3)	8.36%	7.91%	9.75%	9.69%	9.58%

PARS EC	Fiscal Year⁽¹⁾				
	2013-14	2014-15	2015-16*	2016-17*	2017-18*
Actuarially Determined Contribution (2)	\$ 1,455	\$ 1,455	\$ 5,137	\$ 5,137	\$ 1,383
Contributions in relation to the actuarially determined contributions (2)	(2,199)	(2,200)	(2,200)	(2,200)	(2,200)
Contribution deficiency (excess)	<u>\$ (744)</u>	<u>\$ (745)</u>	<u>\$ 2,937</u>	<u>\$ 2,937</u>	<u>\$ (817)</u>
Covered-employee payroll (3,4)	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll (3)	N/A	N/A	N/A	N/A	N/A

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph

(3) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.

(4) Payroll from prior year was assumed to increase by the 3.00 percent payroll growth assumption.

* Plan is currently in surplus. The reported 2016 and 2017 Actuarially Determined Contributions represents the Plan's fiscal 2016 Normal Cost prior to any offset from amortization of the surplus

**CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
OPEB DISCLOSURES**

OPEB Schedule of Contributions as of June 30, 2018	
	2018
Actuarially determined contribution	\$ 365,437
Contributions in relation to the actuarially required contribution	201,000
Contribution deficiency (excess)	\$ 164,437
Covered-employee payroll	\$ 2,307,919
Contributions as a percentage of covered-payroll	7.12%

OPEB Schedule of Changes as of June 30, 2018	
	2018
Total OPEB Liability	
Service Cost	\$ 263,162
Interest	331,939
Change of benefits terms	-
Differences between expected and actual experience	211,648
Changes of assumptions	(230,700)
Benefit Payments	-
Net change in total OPEB liability	576,049
Total OPEB Liability - beginning	4,237,534
Total OPEB Liability - ending (a)	\$ 4,813,583
Plan fiduciary net position	
Contributions - employer	353,450
Net investment income	221,624
Benefit payments	-
Administrative expenses	-
Net change in plan fiduciary net position	575,074
Plan fiduciary net position - beginning	3,032,733
Plan fiduciary net position - ending (b)	\$ 3,607,807
Authority's net OPEB liability - ending (a) - (b)	\$ 1,205,776
Plan fiduciary net position as a percentage of the total OPEB liability	74.95%
Covered-employee payroll	\$ 2,307,919
Authority's net OPEB liability as a percentage of covered-payroll	52.25%

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

	Primary Liability		Primary WC		Excess Liability		Excess WC		Totals	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Unpaid claims and claim adjustment expenses at beginning of the year	\$ 85,608,000	\$ 95,523,000	\$ 102,578,000	\$ 93,764,000	\$ 431,000	\$ -	\$ -	\$ -	\$ 188,617,000	\$ 189,287,000
Incurred claims and claim adjustment expenses:										
Provision for covered events of the current year	28,404,000	28,845,000	25,331,000	24,642,000	723,000	431,000	69,000	-	54,527,000	53,918,000
Changes in provision for covered events of prior yrs	291,136	(30,593)	(1,773,483)	6,450,282	411,000	-	-	-	(1,071,347)	6,419,689
Total incurred claims and claim adjustment expenses	28,695,136	28,814,407	23,557,517	31,092,282	1,134,000	431,000	69,000	-	53,455,653	60,337,689
Payments:										
Claims & claim adjustment expenses attributable to:										
Covered events of the current year	1,498,584	2,336,950	3,700,650	3,864,052	-	-	-	-	5,199,234	6,201,002
Covered events of prior years	27,185,552	36,392,457	19,940,867	18,414,230	-	-	-	-	47,126,419	54,806,687
Total payments	28,684,136	38,729,407	23,641,517	22,278,282	-	-	-	-	52,325,653	61,007,689
Total unpaid claims and claim adjustment expenses at end of year	\$ 85,619,000	\$ 85,608,000	\$ 102,494,000	\$ 102,578,000	\$ 1,565,000	\$ 431,000	\$ 69,000	\$ -	\$ 189,747,000	\$ 188,617,000
Components of claims payable										
Current portion	\$ 29,500,000	\$ 29,000,000	\$ 24,500,000	\$ 24,000,000	\$ 900,000	\$ 100,000	\$ 10,000	\$ -	\$ 54,910,000	\$ 53,100,000
Non-current portion	56,119,000	56,608,000	77,994,000	78,578,000	665,000	331,000.00	59,000	-	134,837,000	135,517,000
Total claims payable	\$ 85,619,000	\$ 85,608,000	\$ 102,494,000	\$ 102,578,000	\$ 1,565,000	\$ 431,000	\$ 69,000	\$ -	\$ 189,747,000	\$ 188,617,000
Categories of claims payable										
Claim reserves	\$ 57,870,000	\$ 57,197,000	\$ 62,871,000	\$ 60,514,000	\$ 538,000	\$ -	\$ -	\$ -	\$ 121,279,000	\$ 117,711,000
IBNR: incurred but not reported	23,189,000	23,389,000	34,306,000	37,012,000	1,021,000	425,000	27,000	-	58,543,000	60,826,000
ULAE: unallocated loss adjustment expense	4,560,000	5,022,000	5,317,000	5,052,000	6,000	6,000	42,000	-	9,925,000	10,080,000
Total claims payable	\$ 85,619,000	\$ 85,608,000	\$ 102,494,000	\$ 102,578,000	\$ 1,565,000	\$ 431,000	\$ 69,000	\$ -	\$ 189,747,000	\$ 188,617,000

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1. Required contribution and investment revenue:										
Earned	\$ 44,917	\$ 33,152	\$ 48,463	\$ 46,044	\$ 38,343	\$ 47,178	\$ 44,739	\$ 49,556	\$ 45,090	\$ 48,977
Ceded	5,863	7,240	7,838	6,988	7,544	6,151	6,925	7,653	7,990	5,722
Net earned	39,054	25,912	40,625	39,056	30,799	41,027	37,814	41,903	37,100	43,255
2. Unallocated expenses	5,796	5,872	6,650	6,561	6,347	6,805	6,693	7,974	8,056	8,505
3. Estimated incurred claims expense, end of coverage year										
Incurred	40,822	38,921	35,222	34,761	34,220	33,032	34,051	34,202	35,895	33,766
Ceded Claims	5,863	7,240	7,838	6,988	7,544	6,151	6,925	7,653	7,990	5,722
Net incurred claims	34,959	31,681	27,384	27,773	26,676	26,881	27,126	26,549	27,905	28,044
4. Paid (cumulative) as of:										
End of coverage year	996	1,313	1,131	1,190	883	1,755	2,549	2,500	2,337	1,499
One year later	5,141	4,279	5,870	5,559	4,685	6,194	7,114	10,234	6,107	
Two years later	16,038	12,210	16,277	15,524	13,840	13,449	17,091	16,545		
Three years later	21,254	14,288	20,478	18,666	19,921	26,004	25,577			
Four years later	24,608	15,353	21,963	26,586	22,385	29,069				
Five years later	25,529	16,944	22,495	27,643	23,953					
Six years later	25,936	17,919	22,729	27,684						
Seven years later	25,965	20,713	26,420							
Eight years later	25,927	17,927								
Nine years later	25,930									
5. Re-estimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6. Re-estimated net incurred losses										
End of coverage year	34,959	31,681	27,384	27,773	26,676	26,881	27,126	26,549	27,905	28,044
One year later	31,238	28,996	30,449	27,734	25,816	31,662	35,086	30,134	28,695	
Two years later	31,553	25,849	29,554	26,632	24,183	29,139	34,005	27,840		
Three years later	30,766	23,241	30,222	24,178	27,845	34,532	33,696			
Four years later	28,081	19,045	29,900	27,544	22,881	34,269				
Five years later	27,070	19,102	29,088	27,961	24,293					
Six years later	27,546	18,581	29,232	27,821						
Seven years later	28,062	21,358	29,401							
Eight years later	25,974	17,991								
Nine years later	25,948									
7. Increase (decrease) in estimated incurred claims expense from end of coverage year	\$ (9,011)	\$ (13,690)	\$ 2,017	\$ 48	\$ (2,383)	\$ 7,388	\$ 6,570	\$ 1,291	\$ 790	\$ -

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1. Required contribution and investment revenue:										
Earned	\$ 26,661	\$ 29,290	\$ 26,082	\$ 33,220	\$ 32,215	\$ 30,857	\$ 33,127	\$ 39,410	\$ 34,226	\$ 32,641
Ceded	805	697	936	875	751	875	769	845	900	894
Net earned	25,856	28,593	25,146	32,345	31,464	29,982	32,358	38,565	33,326	31,747
2. Unallocated expenses	4,045	4,094	4,306	4,548	4,907	5,284	6,137	6,245	7,319	7,475
3. Estimated incurred claims expense, end of coverage year										
Incurred	20,294	19,800	18,873	20,575	22,462	23,543	23,175	21,554	25,257	26,152
Ceded Claims	805	697	936	875	751	875	769	845	900	894
Net incurred claims	19,489	19,103	17,937	19,700	21,711	22,668	22,406	20,709	24,357	25,258
4. Paid (cumulative) as of:										
End of coverage year	3,050	3,386	2,760	3,223	3,922	2,579	3,355	3,496	3,864	3,701
One year later	7,638	7,802	7,432	8,227	9,696	6,879	8,138	8,092	10,857	
Two years later	10,149	9,959	10,487	12,316	12,834	9,867	12,633	10,776		
Three years later	12,230	12,452	12,665	14,872	15,232	11,933	15,926			
Four years later	13,741	14,146	13,953	16,849	17,264	13,062				
Five years later	14,430	15,772	14,693	18,772	19,073					
Six years later	15,056	16,779	15,490	20,006						
Seven years later	15,527	17,251	15,858							
Eight years later	15,800	18,007								
Nine years later	16,004									
5. Re-estimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6. Re-estimated net incurred losses										
End of coverage year	19,489	19,103	17,937	19,700	21,711	22,668	22,406	20,709	24,357	25,258
One year later	18,989	19,091	21,333	22,673	24,272	21,281	23,824	22,620	26,628	
Two years later	19,543	21,146	22,070	26,033	24,120	21,522	26,718	23,044		
Three years later	18,820	21,575	21,433	25,842	25,615	22,457	28,098			
Four years later	18,822	21,571	20,953	25,507	26,457	20,623				
Five years later	18,563	21,914	20,478	26,615	27,213					
Six years later	18,535	22,023	20,075	25,792						
Seven years later	18,194	22,407	19,969							
Eight years later	18,119	22,155								
Nine years later	17,770									
7. Increase (decrease) in estimated incurred claims expense from end of coverage year	\$ (1,719)	\$ 3,052	\$ 2,032	\$ 6,092	\$ 5,502	\$ (2,045)	\$ 5,692	\$ 2,335	\$ 2,271	\$ -

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Schedule of Ten-Year Claims Development Information: Excess Liability Program
Fiscal and Coverage Years Ended June 30 (In Thousands of Dollars)
Note: This program began in 2017

	2017	2018
1. Required contribution and investment revenue:		
Earned	\$ 2,421	\$ 2,641
Ceded	839	512
Net earned	<u>1,582</u>	<u>2,129</u>
2. Unallocated expenses	346	339
3. Estimated incurred claims expense, end of coverage year		
Incurred	1,276	1,275
Ceded Claims	839	512
Net incurred claims	<u>437</u>	<u>763</u>
4. Paid (cumulative) as of:		
End of coverage year	-	-
One year later	-	
Two years later		
Three years later		
Four years later		
Five years later		
Six years later		
Seven years later		
Eight years later		
Nine years later		
5. Re-estimated ceded claims and expenses	-	-
6. Re-estimated net incurred losses		
End of coverage year	437	763
One year later	874	
Two years later		
Three years later		
Four years later		
Five years later		
Six years later		
Seven years later		
Eight years later		
Nine years later		
7. Increase (decrease) in estimated incurred claims expense from end of coverage year	<u>\$ 437</u>	<u>\$ -</u>

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Schedule of Ten-Year Claims Development Information: Excess Workers' Compensation Program
Fiscal and Coverage Years Ended June 30 (In Thousands of Dollars)
Note: This program began in 2018

	2018
1. Required contribution and investment revenue:	
Earned	\$ 360
Ceded	27
Net earned	333
2. Unallocated expenses	2
3. Estimated incurred claims expense, end of coverage year	
Incurred	60
Ceded Claims	27
Net incurred claims	33
4. Paid (cumulative) as of:	
End of coverage year	-
One year later	
Two years later	
Three years later	
Four years later	
Five years later	
Six years later	
Seven years later	
Eight years later	
Nine years later	
5. Re-estimated ceded claims and expenses	-
6. Re-estimated net incurred losses	
End of coverage year	33
One year later	
Two years later	
Three years later	
Four years later	
Five years later	
Six years later	
Seven years later	
Eight years later	
Nine years later	
7. Increase (decrease) in estimated incurred claims expense from end of coverage year	\$ -

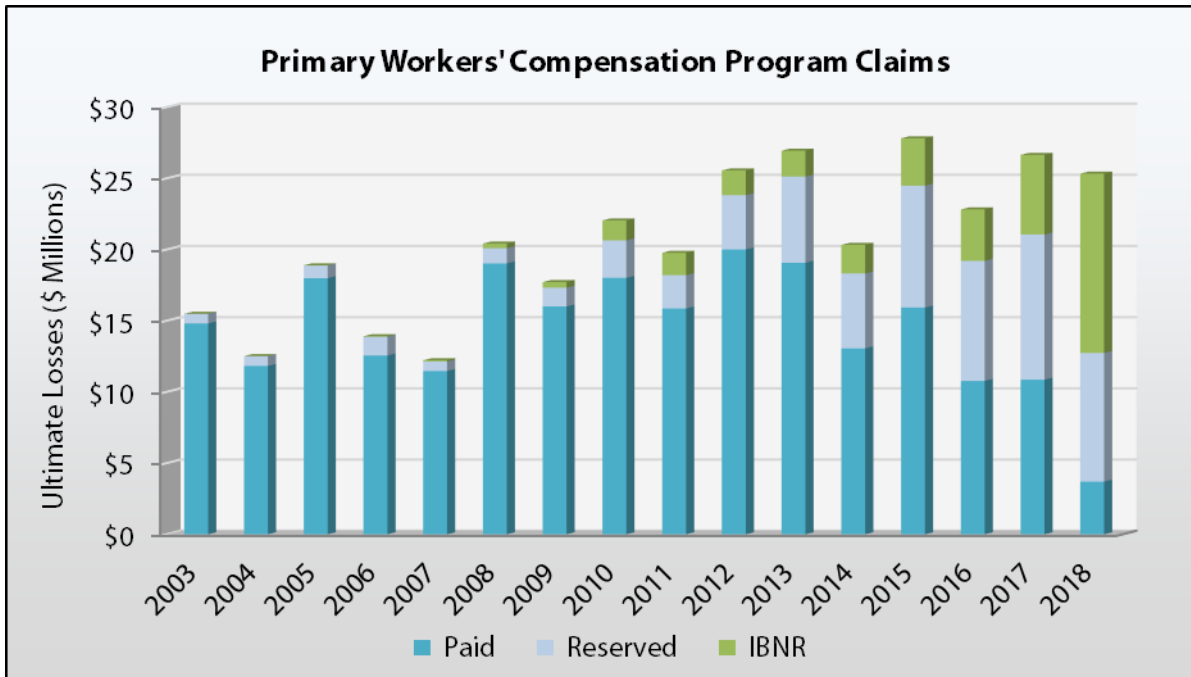
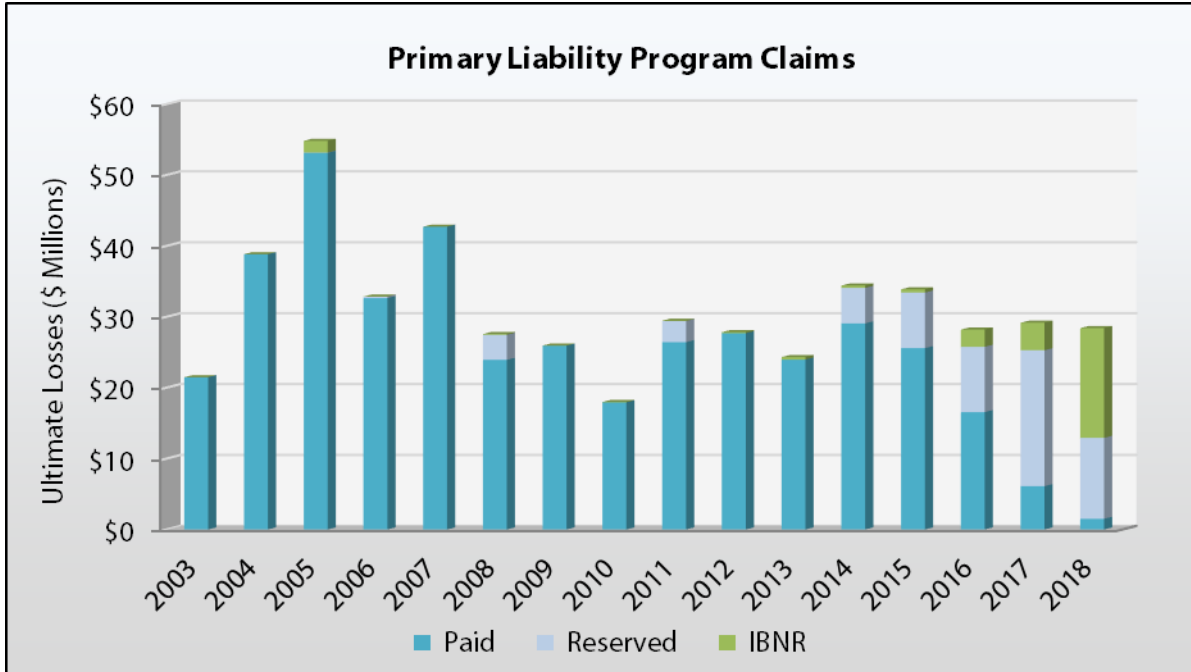
CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Required Supplementary Information
Definition of Terms for Schedule of Ten-Year Claims Development Information

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*), on an undiscounted basis.
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.

Supplementary Information

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Graphical Summary of Claim Liabilities
As of June 30, 2018



CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Schedule of Net Position by Program
June 30, 2018 and 2017

	Primary Liability	Primary WC	Insurance Programs	Excess Liability	Excess WC	2018	2017
Assets							
Current Assets:							
Cash and equivalents	\$ 9,486,848	\$ 8,994,253	\$ 102,957	\$ 336,998	\$ 73,245	\$ 18,994,301	\$ 20,089,012
Short-term investments	8,856,652	8,396,779	96,118	314,612	68,379	17,732,540	39,982,942
Interest receivable	786,712	721,148	15,189	15,384	-	1,538,433	1,300,480
Retrospective deposits receivable	3,889,662	1,325,556	-	-	-	5,215,218	2,458,502
Accounts receivable	4,186,327	-	4,039	-	-	4,190,366	676,140
Excess recoveries in progress	614,147	645,945	3,994,450	-	-	5,254,542	3,481,071
Prepaid expenses	163,429	124,194	821,859	8,727	-	1,118,209	208,157
Total Current Assets	27,983,777	20,207,875	5,034,612	675,721	141,624	54,043,609	68,196,304
Non-Current Assets:							
Long-term investments	121,286,577	114,988,892	1,316,277	4,308,418	936,417	242,836,581	211,553,713
Retrospective deposits receivable	14,331,302	5,231,561	-	-	-	19,562,863	25,855,419
Salvaged assets	2,850,000	-	-	-	-	2,850,000	2,850,000
Capital assets, not being depreciated	1,222,625	815,451	-	206	-	2,038,282	3,233,338
Capital assets, net of depreciation	2,153,732	2,154,559	1,182	53,350	-	4,362,823	4,135,212
Net Pension Assets	12,800	11,687	2,226	1,112	-	27,825	23,792
Total Non-Current Assets	141,857,036	123,202,150	1,319,685	4,363,086	936,417	271,678,374	247,651,474
Total Assets	169,840,813	143,410,025	6,354,297	5,038,807	1,078,041	325,721,983	315,847,778
Deferred Outflows of Resources	666,256	608,320	115,871	57,935	-	1,448,382	1,488,563
Liabilities							
Current Liabilities:							
Accounts payable	308,400	257,546	20,399	13,668	-	600,013	965,443
Compensated absences	220,078	202,114	26,949	-	-	449,141	378,439
Unearned contributions	7,660,476	6,082,298	141	1,893,457	746,800	16,383,172	16,562,414
Retrospective refunds payable	7,720,408	2,467,737	-	-	-	10,188,145	7,575,207
Claims payable, short-term	29,500,000	24,500,000	-	900,000	10,000	54,910,000	53,100,000
Total Current Liabilities	45,409,362	33,509,695	47,489	2,807,125	756,800	82,530,471	78,581,503
Non-Current Liabilities:							
Claims payable, long-term	56,119,000	77,994,000	-	665,000	59,000	134,837,000	135,517,000
Net pension liability	1,430,841	1,306,420	248,842	124,421	-	3,110,524	2,734,722
Net OPEB liability	554,657	506,426	96,462	48,231	-	1,205,776	-
Total Non-Current Liabilities:	58,104,498	79,806,846	345,304	837,652	59,000	139,153,300	138,251,722
Total Liabilities	103,513,860	113,316,541	392,793	3,644,777	815,800	221,683,771	216,833,225
Deferred Inflows of Resources	195,543	178,539	34,008	17,004	-	425,094	963,411
Net Position							
Net investment in capital assets	3,376,357	2,970,010	1,182	53,556	-	6,401,105	7,368,550
Unrestricted	63,421,309	27,553,255	6,042,185	1,381,405	262,241	98,660,395	92,171,155
Total Net Position	\$ 66,797,666	\$ 30,523,265	\$ 6,043,367	\$ 1,434,961	\$ 262,241	\$ 105,061,500	\$ 99,539,705

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Schedule of Revenues, Expenses, and Changes in Net Position by Program
For the Fiscal Years Ended June 30, 2018 and 2017

	Primary Liability	Primary WC	Insurance Programs	Excess Liability	Excess WC	2018	2017
Operating Revenues							
Contributions	\$ 49,577,815	\$ 32,961,334	\$ 12,213,172	\$ 2,587,100	\$ 360,063	\$ 97,699,484	\$ 93,484,910
Retrospective adjustments, net	(833,305)	(895,869)	-	-	-	(1,729,174)	(5,722,778)
Miscellaneous income	383,298	259,768	383,000	11,571	-	1,037,637	1,189,888
Total Operating Revenues	49,127,808	32,325,233	12,596,172	2,598,671	360,063	97,007,947	88,952,020
Operating Expenses							
Coverages:							
Incurred claims expenses	28,695,136	23,557,517	1,937,768	1,134,000	69,000	55,393,421	60,699,983
Claims administration	2,600,000	3,040,061	-	-	-	5,640,061	5,235,028
Excess and re-insurance premiums	5,722,439	894,010	9,127,401	512,116	27,247	16,283,213	18,480,484
Contractual Services:							
Legal services	84,431	12,164	17,939	927	825	116,286	108,326
Investment and bank services	128,974	110,794	4	1,091	-	240,863	236,744
Information technology support	280,867	214,481	-	15,320	-	510,668	411,734
Risk management evaluations	15,317	11,697	-	835	-	27,849	80,044
Loss control services	223,112	170,366	-	12,169	-	405,647	877,573
Audit and actuarial services	96,702	72,925	-	3,638	-	173,265	129,228
Employment law resource	156,914	-	-	-	-	156,914	120,021
Other contractual services	164,268	121,972	61,200	9,135	750	357,325	396,216
General and Administrative:							
Salaries and employee benefits	2,376,381	2,088,335	392,640	203,220	-	5,060,576	4,995,769
Office expenses	200,995	188,104	3,876	11,991	-	404,966	402,981
Member training and meetings	989,423	765,011	9,211	53,775	-	1,817,420	1,766,173
Risk management educational forum	208,355	159,108	-	11,365	-	378,828	313,056
Depreciation	511,206	347,895	-	3,650	-	862,751	735,939
Utilities and Miscellaneous expenses	467,778	171,996	-	12,285	-	652,059	331,370
Total Operating Expenses	42,922,298	31,926,436	11,550,039	1,985,517	97,822	88,482,112	95,320,669
Operating Income (Loss)	6,205,510	398,797	1,046,133	613,154	262,241	8,525,835	(6,368,649)
Non-Operating Revenues							
Gain (loss) on disposal of assets	(585,549)	(390,366)	-	-	-	(975,915)	-
Investment income	3,227,153	2,940,368	43,365	54,154	-	6,265,040	4,110,251
Net increase (decrease) in investment fair values	(3,827,717)	(3,260,648)	-	-	-	(7,088,365)	(4,452,600)
Total Non-Operating Revenues	(1,186,113)	(710,646)	43,365	54,154	-	(1,799,240)	(342,349)
Change in Net Position	5,019,397	(311,849)	1,089,498	667,308	262,241	6,726,595	(6,710,998)
Beginning Net Position	62,332,477	31,341,130	5,050,253	815,845	-	99,539,705	106,250,703
Prior Period Adjustment	(554,208)	(506,016)	(96,384)	(48,192)	-	(1,204,800)	-
Beginning Net Position as Restated	61,778,269	30,835,114	4,953,869	767,653	-	98,334,905	106,250,703
Ending Net Position	\$ 66,797,666	\$ 30,523,265	\$ 6,043,367	\$ 1,434,961	\$ 262,241	\$ 105,061,500	\$ 99,539,705



California Joint Powers Insurance Authority

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