

FINANCIAL STATEMENTS

California Joint Powers Insurance Authority
Fiscal Years Ended June 30, 2020 and 2019



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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, 2020 and 2019 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, 2020 and 2019 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.

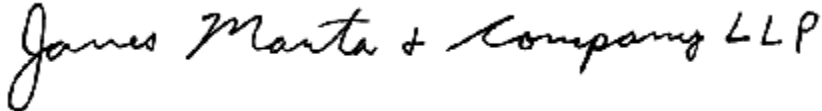
Other Information

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 24, 2021 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 24, 2021

Management's Discussion and Analysis

2020 *by the* NUMBERS

\$107M
in Member Contributions

2,029
New Liability Claims Handled

1,355
New Workers'
Compensation Claims

22,384
Training
Participants

\$61.3M
in Claim Payments Made

150
Litigated Liability
Claims Defended

\$307K
Employment
Practices
Support

18
Risk Management
Evaluations Completed

541
Contract Reviews
for Members

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, 2020. 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, 2020, 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.

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.

Financial Highlights

- Overall net position increased +12.6% to \$133M
- Investment income was \$8.1M
- Member contribution revenues
 - Excluding captive: increased +5.2% to \$107M
 - Including captive: increased +18.6% to \$121M
- Incurred claims expenses
 - Excluding captive: increased +5.6% to \$65M
 - Including captive: increased +23.8% to \$76M
- Excess and reinsurance premiums
 - Excluding captive: decreased -0.6% to \$15M
 - Including captive: increased +91.5% to \$28M

Operating Environment and Economic Factors

As with most public entities, the Authority is impacted by the COVID-19 pandemic, legislation related to workers' compensation benefits, the continued hardening of the insurance market particularly the property insurance market, and the impact of the investment marketplace on the Authority's portfolio. Despite these challenges the Authority has maintained and enhanced member services and continues to monitor and advocate for legislation beneficial to local governments. The launching of the Authority's captive, Sequoia Pacific Reinsurance Company (SPRC), expands our coverage options and improves our ability to navigate the hardening insurance market. Additionally, the investment diversification benefits of the captive are expected to provide a useful layer of financial support for Authority programs, which will be passed through to members in the form of lower contributions.

Captive

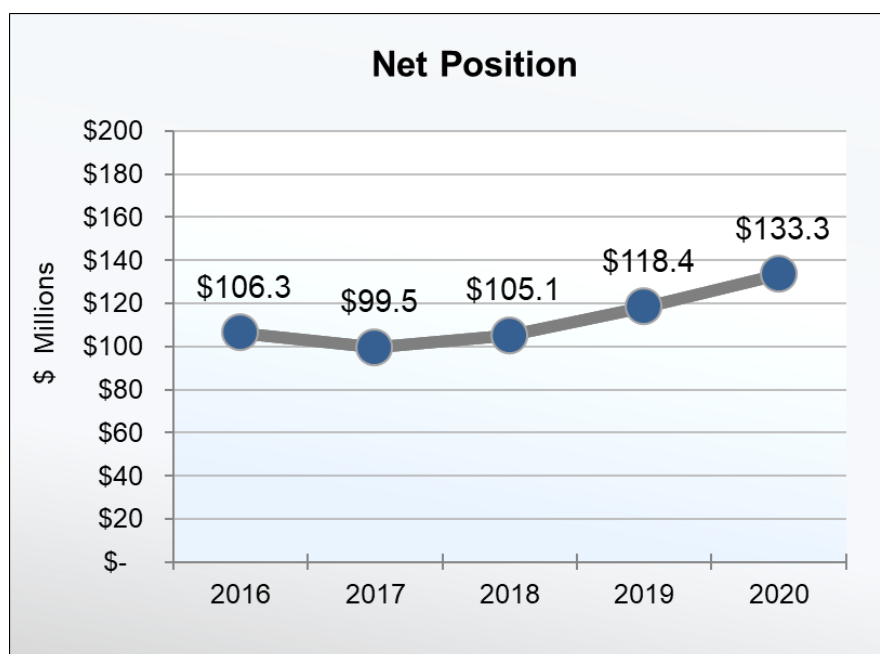
Sequoia Pacific was established in July of 2019 by the Authority. It is a non-profit corporation domiciled in Utah and subject to Utah Department of Insurance regulations. SPRC only insures risks of the California JPIA. The captive benefits members by (1) lowering the cost of coverage through reinsurance premium stabilization, (2) decreasing dependence on commercial insurance markets, and (3) providing a mechanism for more efficient use of capital through broader diversification of investments and an improved ability to match the duration of assets and liabilities.

Total premium paid (all lines) to SPRC for 2020 was \$13.6 million. Risk transfer to SPRC represents financial risk that the Authority would typically retain along with the associated funding. The Authority accounts for SPRC as a stand-alone reporting unit in a separate enterprise fund, however, consolidated financials are inclusive of SPRC's operating results. The impact of the captive in 2020 was an increase in total excess and reinsurance premiums which was offset in part by reductions in retained risk within the other programs. As claims develop over time, SPRC will eventually reimburse the ceding programs for large claims under the terms and conditions of the policies issued, similar to the Authority's other reinsurance partners.

Net Position

Net position is an important measure of the financial condition of each program as well as the organization as a whole. It is defined as the difference between total assets plus deferred outflows, and total liabilities plus deferred inflows. Net position is shown below, by program as of June 30, 2020.

	Net Position	
Primary Liability Program	\$ 74,364,899	55.8%
Primary Workers' Compensation Program	42,816,261	32.1%
Insurance Programs	2,732,339	2.0%
Excess Liability Program	6,676,772	5.0%
Excess Workers' Compensation Program	2,521,109	1.9%
Sequoia Pacific net of Elimination	4,231,821	3.2%
Total	<u>\$ 133,343,201</u>	100.0%



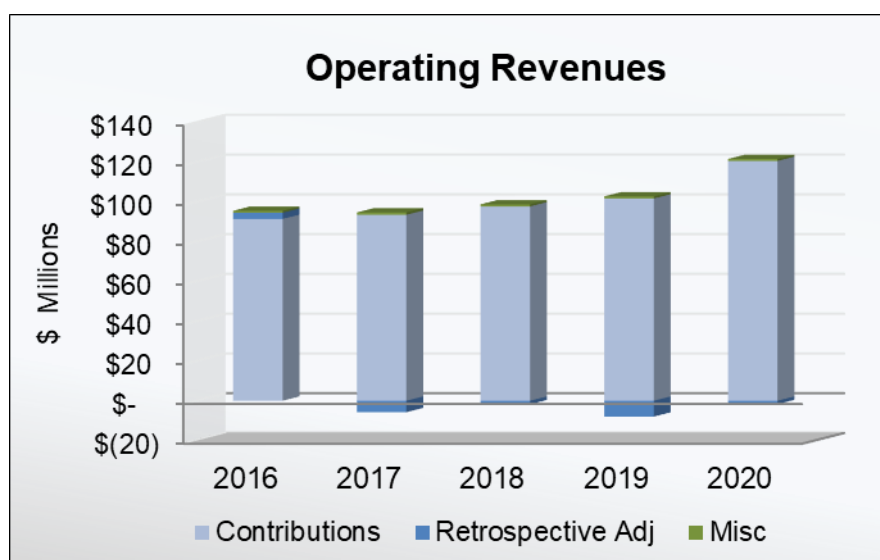
Investment Allocation

The Authority's investments consist primarily of funds held for outstanding claim obligations both short and long term, and claim-related expenses. The following table shows investments at fair market value as of June 30, 2020.

	Investment Allocation	
Cash and Equivalents	\$ 3,341,147	1.1%
U.S. Treasuries	76,801,051	25.1%
Federal Agencies	85,411,902	28.0%
Supranational	5,633,048	1.8%
Certificates of Deposit	33,388,364	10.9%
Corporate Notes	44,277,986	14.5%
Municipal	4,152,431	1.4%
Asset-Backed Securities	17,103,319	5.6%
Mutual Funds	35,345,368	11.6%
	<u>\$ 305,454,616</u>	<u>100.0%</u>

Revenues

Member contributions were \$107 million during 2020 excluding premiums received by the captive from other programs. This was an increase of \$5.3 million or +5.2%. Net retrospective adjustments were refunds to members (negative revenues) in both of the primary programs. Total retrospective refunds were \$1.7 million. Miscellaneous income totaled \$1 million and was composed primarily of Risk Management Educational Forum sponsorships, payment plan fees, and general administration fees.

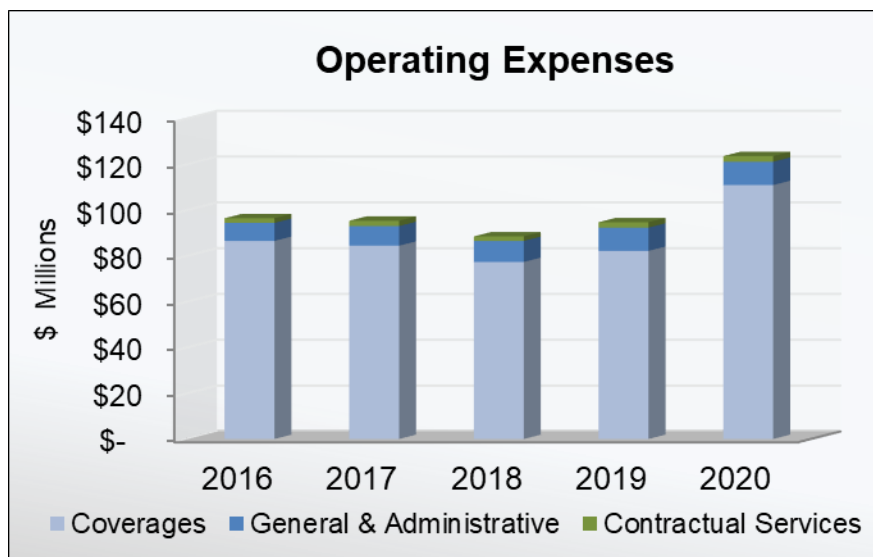


Expenses

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. Operating expenses are divided into the following categories: (1) coverages, (2) general and administrative, and (3) contractual services.

Total operating expenses for 2020 were \$123.5 million, an increase of \$28.9 million relative to the prior year. 97% of the increase is attributable to changes in the incurred claims expenses and excess and reinsurance premiums. Since 2020 is the first year of a significant coverage structure reconfiguration, as a result of the introduction of the captive, it is not directly comparable to 2019. The captive's claim reserves added \$11.1 million and the excess and reinsurance premiums from other programs which were paid into the captive totaled \$13.6 million.

Additionally, the Primary Liability Program experienced an increase in its incurred claims expenses in the amount of \$5.6 million. The increase was primarily attributable to several large claims with adverse development during the past year.



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. For the current reporting period the Authority's Finance Division included a Chief Financial Officer, a Financial Analyst, a Senior Accountant, and an Accounting Specialist with responsibility for the accounting functions of 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 designed to assist the staff and governing bodies of municipal organizations with relevant training and customized risk management analysis for loss prevention and loss mitigation. Training offerings include virtual academies, workshops, and E-learning on-demand. Academies focus on a particular public sector discipline such as Human Resources, Leadership, Management, Newly elected Officials, Parks and Recreation, Public Works, and Risk Management.

The Loss Control Action Plan (LossCAP) is a 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.

Risk management consulting is another support service provided by the Authority to its members. There are seven 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 with a focus on proactively preventing losses.

Risk Managers review contracts for proper indemnification language, attend safety committee meetings and City Council meetings as needed, perform claim reviews, coordinate litigation strategy discussions, assist with Loss Control Action Plan implementation, provide training needs assessments, and serve as a liaison for member access to Authority programs and services.

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 listed below along with Notes to the Basic Financial Statements and Supplementary Information provide clarification of accounting policies and financial activity.

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.

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

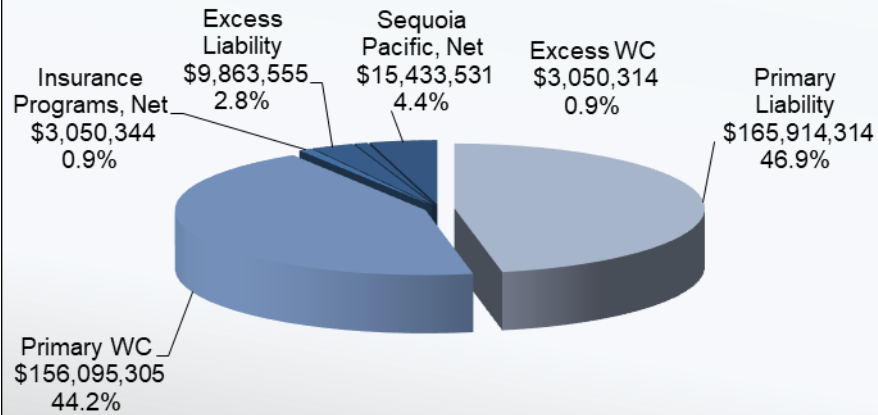
The Statement of Cash Flows presents information showing how the Authority's cash was provided and how it was used. The statement distinguishes between cash flows from: operating activities, capital and related financing activities, and investing activities. The statement also reconciles the operating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

Statement of Fiduciary Assets and Liabilities

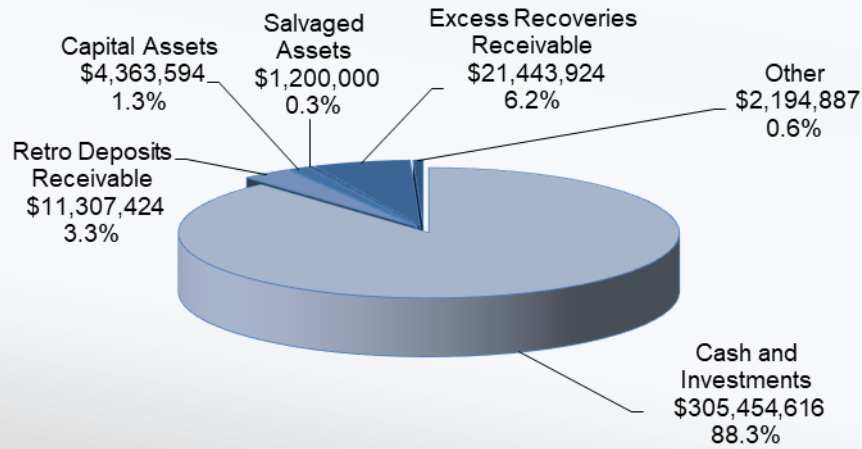
The Statement of Fiduciary Assets and Liabilities presents information on all the assets and liabilities of the Authority's agency funds. Agency funds are used to account for situations where the Authority's role is purely custodial. All assets reported in agency funds are offset by a liability, accordingly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

Graphical Highlights

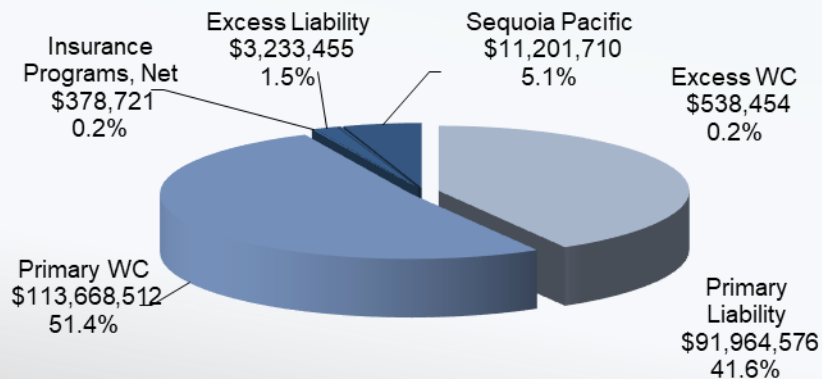
Assets by Fund at June 30, 2020

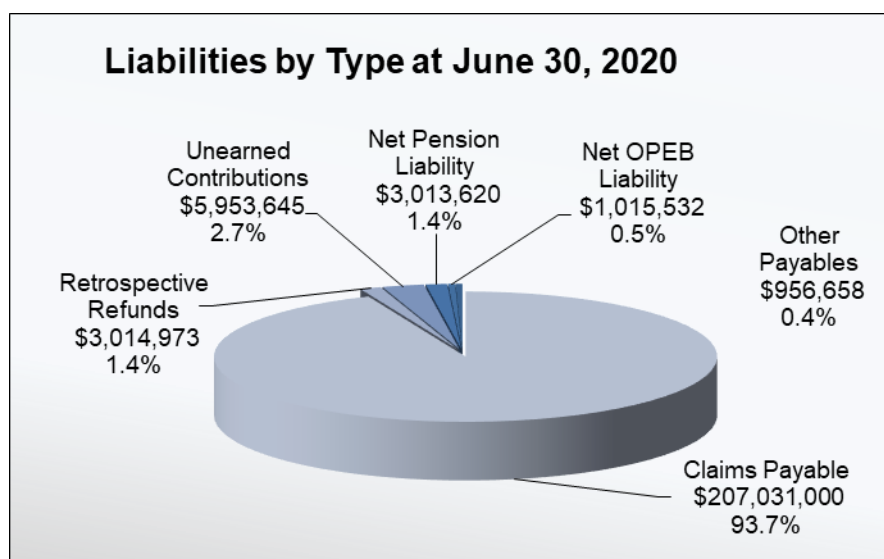


Assets by Type at June 30, 2020



Liabilities by Fund at June 30, 2020





**Summary of the Statement of Net Position
June 30, 2020, 2019, and 2018**

	2020	2019	2018	Increase / (Decrease) From 2019 to 2020	
				\$	%
Assets					
Current Assets	\$ 105,231,322	\$ 70,445,092	\$ 54,043,609	\$ 34,786,230	49.4%
Non-Current Assets, excluding capital assets	243,812,447	261,816,635	265,277,269	(18,004,188)	-6.9%
Capital Assets	4,363,594	4,557,407	6,401,105	(193,813)	-4.3%
Total Assets	353,407,363	336,819,134	325,721,983	16,588,229	4.9%
Deferred Outflows of Resources	1,385,188	1,183,866	1,448,382	201,322	17.0%
Liabilities					
Current Liabilities	68,745,276	79,067,881	82,530,471	(10,322,605)	-13.1%
Non-Current Liabilities	152,240,152	139,954,659	139,153,300	12,285,493	8.8%
Total Liabilities	220,985,428	219,022,540	221,683,771	1,962,888	0.9%
Deferred Inflows of Resources	463,922	535,418	425,094	(71,496)	-13.4%
Net Position					
Net Investment in Capital Assets	4,363,594	4,557,407	6,401,105	(193,813)	-4.3%
Unrestricted	128,979,607	113,887,635	98,660,395	15,091,972	13.3%
Total Net Position	\$ 133,343,201	\$ 118,445,042	\$ 105,061,500	\$ 14,898,159	12.6%

Summary of the Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years ended June 30, 2020, 2019, and 2018

	2020	2019	2018	Increase / (Decrease) From 2019 to 2020	
				\$	%
Operating Revenues					
Contributions	\$ 120,555,426	\$ 101,661,397	\$ 97,699,484	\$ 18,894,029	18.6%
Retrospective adjustments, net	(1,671,266)	(7,945,196)	(1,729,174)	6,273,930	-79.0%
Miscellaneous	1,006,283	1,100,384	1,037,637	(94,101)	-8.6%
Total Operating Revenues	119,890,443	94,816,585	97,007,947	25,073,858	26.4%
Operating Expenses					
Coverages	110,893,750	82,149,204	77,316,695	28,744,546	35.0%
Contractual services	2,472,448	2,362,915	1,988,817	109,533	4.6%
General and administrative	10,183,176	10,163,454	9,176,600	19,722	0.2%
Total Operating Expenses	123,549,374	94,675,573	88,482,112	28,873,801	30.5%
Operating Income (Loss)	(3,658,931)	141,012	8,525,835	(3,799,943)	-2694.8%
Non-Operating Revenues					
Gain (loss) on disposal of fixed assets	(10,720)	(3,128,687)	(975,915)	3,117,967	
Investment income	8,134,140	7,082,930	6,265,040	1,051,210	14.8%
Investment and bank services	(319,342)			(319,342)	
Net increase / (decrease) in investment fair values	10,753,012	9,288,287	(7,088,365)	1,464,725	15.8%
Total Non-Operating Revenues	18,557,090	13,242,530	(1,799,240)	5,314,560	40.1%
Change in Net Position	14,898,159	13,383,542	6,726,595	1,514,617	11.3%
Beginning Net Position as Originally Stated	118,445,042	105,061,500	99,539,705	13,383,542	12.7%
Prior Period Adjustment	-	-	(1,204,800)	-	
Beginning Net Position as Restated	118,445,042	105,061,500	98,334,905	13,383,542	12.7%
Ending Net Position	\$ 133,343,201	\$ 118,445,042	\$105,061,500	\$ 14,898,159	12.6%

Basic Financial Statements

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Statement of Net Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets:		
Cash and equivalents	\$ 3,341,147	\$ 31,670,161
Short-term investments	68,395,080	21,305,528
Interest receivable	1,308,664	1,829,431
Retrospective deposits receivable	2,424,963	5,215,218
Accounts receivable	7,442,918	756,341
Excess recoveries in progress	21,443,924	8,862,744
Prepaid expenses	874,626	805,669
Total Current Assets	105,231,322	70,445,092
Non-Current Assets:		
Long-term investments	233,718,389	251,203,054
Retrospective deposits receivable, net	8,882,461	9,391,630
Salvaged assets	1,200,000	1,200,000
Capital assets, not being depreciated	2,033,188	2,222,513
Capital assets, net of depreciation	2,330,406	2,334,894
Net Pension Assets	11,597	21,951
Total Non-Current Assets	248,176,041	266,374,042
Total Assets	353,407,363	336,819,134
Deferred Outflows of Resources	1,385,188	1,183,866
Liabilities		
Current Liabilities:		
Accounts payable	461,776	359,212
Compensated absences	494,882	471,931
Unearned contributions	5,953,645	16,581,594
Retrospective refunds payable	3,014,973	4,675,144
Claims payable, short-term	58,820,000	56,980,000
Total Current Liabilities	68,745,276	79,067,881
Non-Current Liabilities:		
Claims payable, long-term	148,211,000	135,633,000
Net pension liability	3,013,620	2,706,311
Net OPEB liability	1,015,532	1,615,348
Total Non-Current Liabilities:	152,240,152	139,954,659
Total Liabilities	220,985,428	219,022,540
Deferred Inflows of Resources	463,922	535,418
Net Position		
Net investment in capital assets	4,363,594	4,557,407
Unrestricted	128,979,607	113,887,635
Total Net Position	\$ 133,343,201	\$ 118,445,042

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, 2020 and 2019

	2020	2019
Operating Revenues		
Contributions	\$ 120,555,426	\$ 101,661,397
Retrospective adjustments, net	(1,671,266)	(7,945,196)
Miscellaneous income	1,006,283	1,100,384
Total Operating Revenues	119,890,443	94,816,585
Operating Expenses		
Coverages:		
Incurred claims expenses	75,743,354	61,196,130
Claims administration	6,259,488	5,541,825
Excess and re-insurance premiums	28,890,908	15,411,249
Contractual Services:		
Legal services	165,179	140,426
Investment and bank services	-	242,851
Information technology support	295,771	319,439
Risk management evaluations	26,062	27,661
Loss control services	3,964	621,797
Audit and actuarial services	163,177	133,331
Employment law resource	306,804	182,626
CRM and RMIS	296,815	-
Other contractual services	1,214,676	694,784
General and Administrative:		
Salaries and employee benefits	5,745,274	5,926,883
Office expenses	214,655	266,106
Member training and meetings	2,101,468	2,404,997
Licensing and renewals	485,422	-
Risk management educational forum	-	464,383
Depreciation	318,585	570,241
Learning Management System	659,757	
Utilities and Miscellaneous expenses	658,015	530,844
Total Operating Expenses	123,549,374	94,675,573
Operating Income (Loss)	(3,658,931)	141,012
Non-Operating Revenues		
Gain (loss) on disposal of assets	(10,720)	(3,128,687)
Investment income	8,134,140	7,082,930
Investment and bank services	(319,342)	
Net increase (decrease) in investment fair values	10,753,012	9,288,287
Total Non-Operating Revenues	18,557,090	13,242,530
Change in Net Position	14,898,159	13,383,542
Beginning Net Position	118,445,042	105,061,500
Ending Net Position	\$ 133,343,201	\$ 118,445,042

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Cash received from members	\$ 90,672,909	\$ 101,242,138
Cash received (paid) for retrospective adjustments	(32,013)	(3,286,964)
Cash received from other miscellaneous activities	1,006,386	1,100,384
Cash paid for other miscellaneous activities	(729,993)	(588,176)
Cash paid for claims and claims administration	(67,608,017)	(61,801,626)
Cash paid for insurance	(28,208,958)	(14,733,467)
Cash paid to suppliers for goods and services	(6,457,350)	(6,066,859)
Cash paid to employees for services	(6,277,305)	(5,518,022)
Net Cash Flows Provided (Used) by Operating Activities	<u>(17,634,341)</u>	<u>10,347,408</u>
Cash Flows From Capital & Related Financing Activities		
Cash paid for acquisition of capital assets	<u>(135,497)</u>	<u>(1,855,230)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(135,497)</u>	<u>(1,855,230)</u>
Cash Flows From Investing Activities		
Purchase of investments	(286,083,380)	(245,024,146)
Proceeds from sales and maturities of investments	267,231,562	242,372,974
Cash paid related to investment expenses	(319,342)	-
Investment earnings received	8,611,984	6,834,854
Net Cash Flows Provided (Used) by Investing Activities	<u>(10,559,176)</u>	<u>4,183,682</u>
Net Increase (Decrease) in Cash	(28,329,014)	12,675,860
Beginning Cash and Equivalents	31,670,161	18,994,301
Ending Cash and Equivalents	<u>\$ 3,341,147</u>	<u>\$ 31,670,161</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating Income (Loss)	\$ (3,658,931)	\$ 141,012
Adjustments to Reconcile Operating Income to Cash		
Provided by Operations:		
Depreciation Included in Operating Activities	318,585	570,241
(Increase) Decrease in:		
Accounts receivable	(19,254,568)	(174,177)
Retrospective deposits receivable	3,299,424	10,171,233
Prepaid expenses	(26,035)	269,616
Other assets	-	1,650,000
Net pension asset	10,354	5,874
Deferred outflows of resources	(201,322)	264,516
Increase (Decrease) in:		
Accounts payable	89,326	(240,801)
Accrued compensated absences	22,949	22,789
Unearned contributions	(10,627,949)	198,422
Retrospective refunds payable	(1,660,171)	(5,513,001)
Net OPEB obligation	410,547	410,547
Claims liabilities	14,418,000	2,866,000
Net pension liability	(703,054)	(405,187)
Deferred inflows of resources	(71,496)	110,324
Net Cash Provided by Operating Activities	<u>\$ (17,634,341)</u>	<u>\$ 10,347,408</u>
Supplemental Information: Noncash Investing Activities		
Net Increase (Decrease) in Fair Market Value	\$ 10,753,011	\$ 9,288,287

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, 2020 and 2019
Central Coast Cities Self Insurance Fund

	2020	2019
Assets		
Cash and investments	\$ 2,345,529	\$ 2,544,235
Interest receivable	11,766	16,428
Accounts receivable	158,024	130,701
Total Assets	2,515,319	2,691,364
Liabilities		
Other deposits payable	2,515,319	2,691,364
Total Liabilities	\$ 2,515,319	\$ 2,691,364

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, 2020

(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 includes 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.

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.

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.

Sequoia Pacific Fund – The Sequoia Pacific Fund accounts for all the revenues and expenses related to the Authority's captive insurance company which began operating July 1, 2019.

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 9 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. As it relates to the funds that are pooled, each fund's share in the treasury 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. 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 Policy

Historically, the Authority's annual retrospective deposit computation was conducted in October and back-posted to June 30th in order to align financial reporting with the valuation date of the underlying claims data.

Beginning with the 2018-19 fiscal year the accounting policy was changed and the annual retrospective computation is no longer back-posted, but rather it is posted to the accounting period in which the calculation occurs. Under the new policy, the October 2019 retrospective computation was posted to the 2019-20 fiscal year.

(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.

(2) Cash and Investments

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

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

Cash and Investments		
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Proprietary funds:		
Cash and equivalents	\$ 3,341,147	\$ 31,670,161
Short-term investments	68,395,080	21,305,528
Long-term investments	233,718,389	251,203,054
Subtotal	305,454,616	304,178,743
Fiduciary funds:		
Cash and equivalents	\$ 2,345,529	\$ 2,544,235
Short-term investments	-	-
Long-term investments	-	-
Subtotal	2,345,529	2,544,235
Total	\$ 307,800,145	\$ 306,722,978
Consolidated:		
Cash and equivalents	\$ 5,686,676	\$ 34,214,396
Short-term investments	68,395,080	21,305,528
Long-term investments	233,718,389	251,203,054
Total cash and investments	\$ 307,800,145	\$ 306,722,978

The investment policies and practices of both California JPIA and Sequoia Pacific take into consideration the Authority's particular investment needs including preservation of capital, appropriate levels of liquidity and yield on invested assets.

The investment programs were designed with a focus on prudent money management, regulatory compliance, appropriate levels of risk as well as adequate diversification.

Investment guidelines for Sequoia Pacific are unique to that operating unit and subject to regulation by the Utah Department of Insurance. The investment guidelines for Sequoia Pacific are posted on the Authority's website at the following address: <https://cjpia.org/about/captive/>

The table below identifies investment types that are authorized by the Authority's investment policy. The table also summarizes policy standards which serve to mitigate interest rate risk and concentration of credit risk within the Authority's primary portfolio.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Notes to the Basic Financial Statements

Investment Type	Investment Policy Standard
U.S. Treasuries	Maximum maturity 10 yrs
Federal Agencies	Maximum maturity 10 yrs, max 30% of portfolio for callable securities, no SBA, no GNMA
Corporate Notes	Maximum maturity 5 yrs, max 30% of portfolio, rated A or its equivalent or better by NRSRO
Certificates of Deposit	Maximum maturity 5 yrs, max 30% of portfolio, rated A-1 or its equivalent or better by NRSRO, not to exceed 2.5% of portfolio from any one issuer
Asset-Backed Securities	Maximum maturity 5 yrs, max 20% of portfolio, rated AA or its equivalent or better by NRSRO, not to exceed 2.5% of portfolio from any one issuer
Supranational	Maximum maturity 5 yrs, max 15% of portfolio, rated AA or its equivalent or better by NRSRO, not to exceed 5% of portfolio from any one issuer, securities must be eligible for purchase and sale within US
Municipal Obligations: state of California, Other 49 States, and California local agencies	Maximum maturity 5 yrs, max 5% of portfolio, rated AA or higher rating by NRSRO, A-1 or higher for short-term, not to exceed 2.5% of portfolio from any one issuer, general obligations only, no revenue bonds
Banker's Acceptances	Maximum maturity 180 days, max 40% of portfolio, Rated A-1 or its equivalent or better by NRSRO, not to exceed 2.5% of portfolio from any one issuer
Commercial Paper	Maximum maturity 270days, max 25% of portfolio, Prime quality of highest ranking by NRSRO, issuer must be organized as a US Corporation with total assets > \$500M, not to exceed 2.5% of portfolio from any one issuer
County Pooled Investment Funds	\$30 million maximum investment in any individual pool
Local Government Investment Pools	Qualified investment advisor with assets under mgmt > \$500M, pool must seek to maintain a constant net asset value of \$1.00 per share
Local Agency Investment Fund (LAIF)	Authority may invest up to the maximum permitted by the State Treasurer
Money Market Mutual Funds	Maximum of 20% of portfolio, Highest ranking by no less than 2 NRSROs, qualified investment advisor with assets under mgmt > \$500M, Funds with US Treasury and Federal Agency underlying investments only
Repurchase Agreements	Maximum maturity 30 days, primary government securities dealers only, underlying collateral must be at least 102% of repurchase agreement amount, perfected first security interest in the collateral securities
Demand Deposits	Permitted, see policy for details (rarely utilized)
Passbook Savings Accounts	Permitted, see policy for details (rarely utilized)
Non-negotiable CDs	Permitted, see policy for details (rarely utilized)

Disclosures Relating to Interest Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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

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

Maturity Distribution of Investments				
Investment Type	Fair Value	Maturity Distribution		
		< 1 year	1-3 years	> 3 years
U.S. Treasuries	\$ 76,801,051		\$ 8,849,054	\$ 67,951,997
Federal Agencies	85,411,902		35,331,883	50,080,019
Supranational	5,633,048	2,551,793	3,081,255	
Certificates of Deposit	33,388,364	21,512,501	11,875,863	
Corporate Notes	44,277,986	8,985,418	24,837,799	10,454,769
Municipal	4,152,431			4,152,431
Asset-Backed Securities	17,103,319		13,357,790	3,745,529
Mutual Funds	35,345,368	35,345,368		
Total	<u>\$ 302,113,469</u>	<u>\$ 68,395,080</u>	<u>\$ 97,333,644</u>	<u>\$ 136,384,745</u>

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, 2020						
Investment Type	Total	AAA	AA	A	BBB+	Not Rated by S&P
U.S. Treasuries	\$ 76,801,051	\$ -	\$ 76,801,051	\$ -	\$ -	\$ -
Federal Agencies	85,411,902	-	85,411,902	-	-	-
Supranational	5,633,048	5,633,048	-	-	-	-
Certificates of Deposit	33,388,363	-	4,451,194	28,937,169	-	-
Corporate Notes	44,277,987	-	4,582,273	33,472,162	6,223,552	-
Municipal	4,152,431	966,671	3,185,760	-	-	-
Asset-Backed Securities	17,103,319	14,106,040	-	-	-	2,997,279
Mutual Funds	35,345,368					35,345,368
Total	<u>\$ 302,113,469</u>	<u>\$ 20,705,759</u>	<u>\$ 174,432,180</u>	<u>\$ 62,409,331</u>	<u>\$ 6,223,552</u>	<u>\$ 38,342,647</u>

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 Portfolio
U.S. Treasury Notes	Federal Treasury	\$ 76,801,051	28.8%
Federal National Mortgage Association	Federal Agency	\$ 35,711,953	13.4%

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 fiscal year-end are as shown below:

Description	Fair Value	Level 1	Level 2	Level 3	n/a
Total Debt Securities	\$ 266,768,101	\$ 206,490,940	\$ 60,277,162	\$ -	\$ -
Total Mutual Funds	35,345,368	35,345,368			

(3) Capital Assets

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

	Balance at June 30, 2019	Increase	Decrease	Balance at June 30, 2020
Capital assets, not being depreciated				
Land	\$ 2,031,395	\$ -	\$ -	\$ 2,031,395
Assets under development	191,118	135,492	324,817	1,793
Subtotal	<u>2,222,513</u>	<u>135,492</u>	<u>324,817</u>	<u>2,033,188</u>
Capital assets, being depreciated				
Building and improvements	6,285,416		-	6,285,416
Furniture and equipment	404,884	31,136	-	436,020
Software	235,816	293,682	80,400	449,098
Subtotal	<u>6,926,116</u>	<u>324,818</u>	<u>80,400</u>	<u>7,170,534</u>
Less accumulated depreciation				
Building and improvements	(4,071,136)	(220,968)		(4,292,104)
Furniture and equipment	(347,541)	(37,204)		(384,745)
Software	(172,546)	(60,413)	(69,680)	(163,279)
Subtotal	<u>(4,591,223)</u>	<u>(318,585)</u>	<u>(69,680)</u>	<u>(4,840,128)</u>
Total capital assets being depreciated, net	<u>2,334,893</u>	<u>6,233</u>	<u>10,720</u>	<u>2,330,406</u>
Total capital assets, net	<u>\$ 4,557,406</u>	<u>\$ 141,725</u>	<u>\$ 335,537</u>	<u>\$ 4,363,594</u>

For the year ended June 30, 2020 depreciation expense was charged to various programs as follows:

Primary Liability	\$ 188,297
Primary WC	128,858
Excess Liability	1,430
Total Depreciation Expense	<u>\$ 318,585</u>

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

(4) Claims Payable

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

	<u>2020</u>	<u>2019</u>
Claims payable, beginning of year	<u>\$ 192,613,000</u>	<u>\$ 189,747,000</u>
Incurred claims and claim adjustment expenses:		
Provision for covered events in the current year	72,378,887	66,159,169
Changes in provision for covered events of prior years	<u>3,364,467</u>	<u>(4,963,039)</u>
Total incurred claims and claim adjustment expenses	<u>75,743,354</u>	<u>61,196,130</u>
Payments:		
Attributable to covered events in the current year	6,888,122	11,154,780
Attributable to covered events in prior years	<u>54,437,232</u>	<u>47,175,350</u>
Total payments	<u>61,325,354</u>	<u>58,330,130</u>
Claims payable, end of year	<u>\$ 207,031,000</u>	<u>\$ 192,613,000</u>
Components of claims payable		
Current portion	\$ 58,820,000	\$ 56,980,000
Non-current portion	<u>148,211,000</u>	<u>135,633,000</u>
Total claims payable	<u>\$ 207,031,000</u>	<u>\$ 192,613,000</u>
Categories of claims payable		
Claim reserves	\$ 105,761,000	\$ 111,983,000
IBNR	89,793,000	70,327,000
ULAE	<u>11,477,000</u>	<u>10,303,000</u>
Total claims payable	<u>\$ 207,031,000</u>	<u>\$ 192,613,000</u>

The net liability for claims payable above is stated at the expected probability level and includes a discount of 1.5% for anticipated future investment earnings. The impact of discounting is shown below.

	Primary Liability	Primary WC	Excess Liability	Excess WC	Sequoia Pacific	Total
Undiscounted	\$ 100,431,741	\$ 113,659,004	\$ 2,639,551	\$ 865,615	\$ 12,900,000	\$ 230,495,911
Discount	<u>(15,617,741)</u>	<u>(5,366,004)</u>	<u>(136,551)</u>	<u>(564,615)</u>	<u>(1,780,000)</u>	<u>(23,464,911)</u>
Discounted	<u>\$ 84,814,000</u>	<u>\$ 108,293,000</u>	<u>\$ 2,503,000</u>	<u>\$ 301,000</u>	<u>\$ 11,120,000</u>	<u>\$ 207,031,000</u>

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

(5) Retrospective Adjustments

The accompanying Statement of Net Position reports retrospective deposit balances including all retrospective deposit activity through June 30, 2020. The table below shows this information by program. Non-current retrospective deposits receivable were marked down by \$8 million in 2019 due to the posting of an allowance for doubtful accounts.

Summary of Retrospective Balances
Fiscal Year Ended June 30, 2020

	Primary Liability	Primary WC	Total
Beginning Balances			
Retrospective Deposits Receivable			
Current	\$ 3,889,662	\$ 1,325,556	\$ 5,215,218
Non-Current	5,522,720	3,868,910	9,391,630
Subtotal	<u>9,412,382</u>	<u>5,194,466</u>	<u>14,606,848</u>
Retrospective Refunds Payable			
Current	<u>(3,330,242)</u>	<u>(1,344,902)</u>	<u>(4,675,144)</u>
Overall Net Retrospective Balances	<u>6,082,140</u>	<u>3,849,564</u>	<u>9,931,704</u>
Activity			
Refunds Applied	3,532,855	1,474,549	5,007,404
Gross Deposits Received	(3,356,328)	(1,709,194)	(5,065,522)
Fees Received	55,613	34,518	90,131
Transfers (In)/Out	(6,930)	6,930	-
Oct 2019 Adjustment	(823,996)	(847,270)	(1,671,266)
Other Adjustments	-	-	-
Subtotal	<u>(598,786)</u>	<u>(1,040,467)</u>	<u>(1,639,253)</u>
Ending Balances			
Retrospective Deposits Receivable			
Current	1,408,650	1,016,313	2,424,963
Non-Current	5,300,914	3,581,547	8,882,461
Subtotal	<u>6,709,564</u>	<u>4,597,860</u>	<u>11,307,424</u>
Retrospective Refunds Payable			
Current	<u>(1,226,210)</u>	<u>(1,788,763)</u>	<u>(3,014,973)</u>
Overall Net Retrospective Balances	<u>\$ 5,483,354</u>	<u>\$ 2,809,097</u>	<u>\$ 8,292,451</u>
Change in Balances	(598,786) -9.8%	(1,040,467) -27.0%	(1,639,253) -16.5%

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.

	<u>All-Risk Property</u>	<u>Pollution Legal Liability</u>	<u>Underground Storage Tanks</u>	<u>Total</u>
Revenues from members	\$ 16,095,698	\$ 453,438	\$ 21,134	\$ 16,570,270
Net investment earnings	58,083	-	-	58,083
Premiums paid to insurers	(14,648,240)	(429,465)	(12,135)	(15,089,840)
Broker fees paid	(350,000)	(50,000)	-	(400,000)
Net claim payments	(2,486,887)	-	-	(2,486,887)
Program admin expenses	(1,504,129)	-	-	(1,504,129)
Total non-risk sharing activity	<u>\$ (2,835,475)</u>	<u>\$ (26,027)</u>	<u>\$ 8,999</u>	<u>\$ (2,852,503)</u>

(7) Defined Benefit Pension Plans

The Authority participates in defined benefit pension plans through CalPERS and 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, 2020, 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%	6.750%
Required employer contribution rates	10.221%	6.985%

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

	<u>PARS REP EE</u>	<u>PARS REP EC</u>
	<u>Hired Before Jan 1, 2013</u>	<u>Plan Closed Dec 31, 2012</u>
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	9.560%	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,

Contributions recognized as part of pension expense for the year ended June 30, 2020:

	<u>CalPERS Miscellaneous Consolidated</u>	<u>PARS REP EE</u>	<u>PARS REP EC</u>
Employer Contributions	\$ 523,164	\$ 237,791	\$ -

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, 2020, the Authority reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability/(Asset)</u>
CalPERS Misc.	\$ 2,936,613
PARS REP EE	77,007
PARS REP EC	<u>(11,597)</u>
Total Net Pension Liability	<u>\$ 3,002,023</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, 2019 and 2020 were:

	CalPERS Misc. Classic	PARS REP EE	PARS REP EC
Proportion - June 30, 2019	0.06933%	*	*
Proportion - June 30, 2020	0.07333%	*	*
Change - Increase (Decrease)	0.00400%	*	*

*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 June 30	CalPERS Miscellaneous Consolidated	PARS REP EE	PARS REP EC	Total
2021	\$ 235,322	\$ (49,297)	\$ (122)	\$ 185,903
2022	\$ (23,770)	\$ (34,148)	\$ 3,249	\$ (54,669)
2023	\$ 21,210	\$ (27,922)	\$ 3,567	\$ (3,145)
2024	\$ 10,374	\$ 18,911	\$ 2,934	\$ 32,219
2025	\$ -	\$ -	\$ -	\$ -
Thereafter				

Actuarial Assumptions used for determining the pension liability as of June 30, 2020:

	CalPERS Miscellaneous Consolidated	PARS
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions:		
Discount Rate	7.15%	6.50%
Inflation	2.75%	2.50%
Payroll Growth Rate	Varies by Entry Age and Service	n/a
Projected Salary Increase	Protection Allowance Floor on purchase power applies, 2.75% thereafter	n/a
Investment Rate of Return **	7.15%	7.00%
Mortality	Derived using CalPERS membership data for all funds	Consistent with Non-Industrial rates used to value Miscellaneous Agency CalPERS Pension Plans after June 30, 2017

** Net of pension plan investment expenses, including inflation

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

As of June 30, 2020, 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	\$ 523,164	\$ -	\$ 237,791	\$ -	\$ -	\$ -	\$ 760,955	\$ -
Difference between projected and actual experience	203,961	15,803	-	157,030	-	-	203,961	172,833
Difference in actual vs. projected contributions	-	187,976	-	-	-	-	-	187,976
Change in proportion assumptions	203,905	-	-	-	-	-	203,905	-
	140,032	49,640	-	2,133	-	-	140,032	51,773
Net differences between projected and actual earnings on plan investments	-	51,340	66,707	-	9,628	-	76,335	51,340
Total	\$ 1,071,062	\$ 304,759	\$ 304,498	\$ 159,163	\$ 9,628	\$ -	\$ 1,385,188	\$ 463,922

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	50.00%	4.80%	5.98%
Global Debt Securities	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Infrastructure and Forestland		0.00%	0.00%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

(a) An expected inflation of 2.00% used for this period

(b) An expected inflation of 2.92% used for this period

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

<u>Asset Class for PARS REP EE</u>	<u>Current 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	3.96%	-0.22%	-0.20%
US Core Fixed Income	37.88%	0.92%	0.84%
US Equity Market	45.84%	4.82%	3.52%
Foreign Developed Equity	7.12%	6.32%	4.75%
Emerging Markets Equity	4.21%	8.35%	5.53%
US REITS	0.99%	5.32%	3.62%
	<u>100.00%</u>		
Long-Term Expected Rate of Return			6.50%

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%
CalPERS Misc. Consolidated	(6.15%) \$ 4,830,391	Rate (7.15%) \$ 2,936,613	(8.15%) \$ 1,373,432
PARS REP EE	(5.50%) \$ 374,737	(6.50%) \$ 77,007	(7.50%) \$ (174,178)
PARS REP EC	\$ 11,860	\$ (11,597)	\$ (32,234)
Total	\$ 5,216,988	\$ 3,002,023	\$ 1,167,020

(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. 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.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

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, 2020, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits payments	27
Inactive employees entitled to but not yet receiving benefits payments	0
Active employees	<u>15</u>
Total	<u>42</u>

Contributions. For the year ended June 30, 2020, 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, 2020, 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, 2020 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	7.5 percent

Healthcare cost trend rates	Medical	Pharmacy	Dental	Vision
Year 1	4.90%	5.90%	3.50%	3.00%
Year 2	4.80%	4.80%	3.50%	3.00%
Year 3	4.70%	4.70%	3.00%	3.00%
Year 4	4.60%	4.70%	3.00%	3.00%
Year 5	4.50%	4.60%	3.00%	3.00%
Year 6	4.40%	4.50%	3.00%	3.00%
Year 7	4.30%	4.40%	3.00%	3.00%
Year 8	4.30%	4.30%	3.00%	3.00%
Year 9	4.30%	4.30%	3.00%	3.00%
Year 10+	4.30%	4.30%	3.00%	3.00%

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>
Cash	4.42%	0.31%	0.31%
Fixed Income	34.18%	2.14%	2.02%
Equity	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			7.50%

Discount rate. The discount rate used to measure the total OPEB liability was 7.5 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.

Sensitivity of the net OPEB liability to changes in the discount rate: 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:

	<u>Discount Rate - 1% (6.50%)</u>	<u>Current Discount (7.50%)</u>	<u>Discount Rate + 1% (8.50%)</u>
Net OPEB liability (asset)	\$ 1,558,773	\$ 1,015,532	\$ 555,365
Change from baseline	\$ 543,241		\$ (460,167)

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

	Healthcare Cost		
	Baseline Trend - 1%	Baseline Trend	Baseline Trend + 1%
Net OPEB liability (asset)	\$ 422,816	\$1,015,532	\$ 1,722,412
Change from baseline	\$ (592,716)		\$ 706,880

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, 2019	\$ 5,070,706	\$ 3,455,358	\$ 1,615,348
Changes for the year			
Service Cost	264,754	-	264,754
Interest	421,215	-	421,215
Effect of Plan Changes	-	-	-
Effect of Economic/Demographic Gains/Losses	(761,582)	-	(761,582)
Effect of Assumption Changes or Inputs	239,386	-	239,386
Benefit Payments	(143,307)	(143,307)	-
Employer Contributions	-	668,316	(668,316)
Net Investment Income	-	95,273	(95,273)
Administrative Expenses	-	-	-
Net Changes	20,466	620,282	(599,816)
Balance at June 30, 2020	\$ 5,091,172	\$ 4,075,640	\$ 1,015,532

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2020, the Authority recognized OPEB expense of \$443,307. At June 30, 2020, the Authority had no deferred outflows of resources or deferred inflows of resources related to OPEB.

Payable to the OPEB Plan: At June 30, 2020, the Authority did not report any payables for the outstanding amount of contributions to the Authority Plan .

(9) Contract Services Provided to Other Agencies

For the fiscal year ended June 30, 2020 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.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2020 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, 2020 is summarized in the following table.

	2020
Other deposits payable as of 7/1/19	\$ 2,691,364
Amounts received	69,569
Amounts paid on behalf	<u>(245,614)</u>
Other deposits payable as of 6/30/20	<u>\$ 2,515,319</u>

Other deposits payable by type:

Claims payable	\$ 1,346,970
Designated for Actuarial Funding in Excess of Expected	156,745
Due to Participating Cities	<u>1,011,604</u>
Total	<u>\$ 2,515,319</u>

(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) Subsequent Events

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the Organization's operations and financial results at this time.

The Authority's management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2020 through the date the financial statements were issued. Management is not aware of any subsequent events, other than those described above, that would require recognition or disclosure in the accompanying financial statements.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

(12) Salvaged Assets

Salvaged assets reflect an anticipated recovery on a land subsidence claim in the Primary Liability Program. The Authority acquired real property in the course of resolving the claim. A recovery is expected in the future when the property is sold. An appraisal was conducted in 2012 which serves as the basis for the asset valuation. The estimate should be viewed as the amount of expected net proceeds 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 underlying claim file. Real property values are volatile and subject to changes in market conditions. The actual recoveries, when they occur, may vary from the estimate.

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, 2020

CalPERS Miscellaneous Consolidated	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020 (1)
Proportion of the net pension liability	0.083910%	0.059770%	0.006257%	0.063870%	0.069328%	0.073333%	
liability	\$ 2,073,827	\$ 1,639,879	\$ 2,218,760	\$ 2,666,524	\$ 2,612,771	\$ 2,936,613	
Covered-employee payroll (2)	\$ 2,327,758	\$ 2,682,094	\$ 3,037,419	\$ 3,037,419	\$ 3,448,823	\$ 3,455,842	
liability as percentage of covered-employee payroll	89.09%	61.14%	73.05%	87.79%	75.76%	84.98%	
Plans fiduciary net position as a percentage of the total pension liability	78.67%	78.40%	79.89%	75.39%	79.82%	79.14%	
Proportionate share of aggregate employer contributions (3)	\$ 334,032	\$ 301,892	\$ 306,510	\$ 355,251	\$ 393,580	\$ 461,730	
PARS EE							
Proportion of the net pension liability	*	*	*	*	*	*	*
liability	\$ 865,992	\$ 922,433	\$ 987,098	\$ 515,962	\$ 444,000	\$ 93,540	\$ 77,007
Covered-employee payroll (2)	\$ 2,073,164	\$ 2,135,359	\$ 2,202,636	\$ 2,240,698	\$ 2,307,919	\$ 2,357,296	\$ 2,486,235
liability as percentage of covered-employee payroll	41.77%	43.20%	44.81%	23.03%	19.24%	3.97%	3.10%
Plans fiduciary net position as a percentage of the total pension liability	*	60.05%	60.29%	77.72%	82.02%	96.06%	96.97%
Proportionate share of aggregate employer contributions (3)	\$ 172,090	\$ 177,684	\$ 202,432	\$ 206,231	\$ 191,132	\$ 195,696	\$ 146,388
PARS EC							
Proportion of the net pension liability	*	*	*	*	*	*	*
liability	\$ (52,628)	\$ (36,035)	\$ (6,421)	\$ (23,792)	\$ (27,825)	\$ (21,952)	\$ (11,597)
Covered-employee payroll (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
liability as percentage of covered-employee payroll	N/A	N/A	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%	106.36%	103.41%
Proportionate share of aggregate employer contributions (3)	\$ 1,455	\$ 1,455	\$ 5,137	\$ 5,137	\$ 1,383	\$ 1,383	\$ 1,358

- (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 the employer during the measurement period.

* Information not available

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Defined Benefit Pension Plans
Schedule of Contributions
As of June 30, 2020

Proportion of the net pension liability	Fiscal Year ⁽¹⁾					
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Actuarially Determined Contribution (2)	\$ 334,032	\$ 301,892	\$ 306,510	\$ 355,251	\$ 393,580	\$ 461,730
Contributions in relation to the actuarially determined contributions (2)	(334,032)	(472,140)	(263,865)	(263,865)	(268,522)	(313,124)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (170,248)</u>	<u>\$ 42,645</u>	<u>\$ 91,386</u>	<u>\$ 125,058</u>	<u>\$ 148,606</u>
Covered-employee payroll (3,4)	\$ 2,327,758	\$ 2,682,094	\$ 3,037,419	\$ 3,105,427	\$ 3,105,427	\$ 3,455,842
Contributions as a percentage of covered-employee payroll (3)	14.35%	11.26%	8.69%	8.50%	8.65%	9.06%

PARS EE	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Actuarially Determined Contribution (2)	\$ 172,090	\$ 177,684	\$ 202,432	\$ 206,231	\$ 191,132	\$ 195,696	\$ 146,388
Contributions in relation to the actuarially determined contributions (2)	(173,377)	(168,903)	(214,680)	(217,175)	(221,064)	(230,171)	(237,791)
Contribution deficiency (excess)	<u>\$ (1,287)</u>	<u>\$ 8,781</u>	<u>\$ (12,248)</u>	<u>\$ (10,944)</u>	<u>\$ (29,932)</u>	<u>\$ (34,475)</u>	<u>\$ (91,403)</u>
Covered-employee payroll (3,4)	\$ 2,073,164	\$ 2,135,359	\$ 2,202,636	\$ 2,240,698	\$ 2,307,919	\$ 2,357,296	\$ 2,486,235
Contributions as a percentage of covered-employee payroll (3)	8.36%	7.91%	9.75%	9.69%	9.58%	9.76%	9.56%

PARS EC	2013-14	2014-15	2015-16*	2016-17*	2017-18*	2018-19*	2019-20*
Actuarially Determined Contribution (2)	\$ 1,455	\$ 1,455	\$ 5,137	\$ 5,137	\$ 1,383	\$ 1,383	\$ 1,358
Contributions in relation to the actuarially determined contributions (2)	(2,199)	(2,200)	(2,200)	(2,200)	(2,200)	(2,200)	(4,250)
Contribution deficiency (excess)	<u>\$ (744)</u>	<u>\$ (745)</u>	<u>\$ 2,937</u>	<u>\$ 2,937</u>	<u>\$ (817)</u>	<u>\$ (817)</u>	<u>\$ (2,892)</u>
Covered-employee payroll (3,4)	N/A	N/A	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	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. 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 120 of GASB 68, therefore are not considered separately financed specific liabilities.
- (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.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
OPEB Disclosures
As of June 30, 2020

OPEB Schedule of Contributions			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 410,027	\$ 396,918	\$ 365,437
Contributions in relation to the actuarially required contribution	201,000	201,000	201,000
Contribution deficiency (excess)	\$ 209,027	\$ 195,918	\$ 164,437
Covered-employee payroll	\$ 2,486,235	\$ 2,357,296	\$ 2,307,919
Contributions as a percentage of covered-payroll	8.41%	8.31%	7.12%

OPEB Schedule of Changes			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 264,754	\$ -	\$ 263,162
Interest	421,215		331,939
Change of benefits terms	-	-	-
Differences between expected and actual experience	-	257,123	211,648
Effect of economic/demographic gains or losses	(761,582)	-	
Changes of assumptions	239,386		(230,700)
Benefit Payments	<u>(143,307)</u>		
Net change in total OPEB liability	20,466	257,123	576,049
Total OPEB Liability - beginning	<u>5,070,706</u>	<u>4,813,583</u>	4,237,534
Total OPEB Liability - ending (a)	<u>\$ 5,091,172</u>	<u>\$ 5,070,706</u>	<u>\$ 4,813,583</u>
Plan fiduciary net position			
Contributions - employer	668,316	-	353,450
Net investment income	95,273	(152,449)	221,624
Benefit payments	(143,307)	-	-
Administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	620,282	(152,449)	575,074
Plan fiduciary net position - beginning	<u>3,455,358</u>	<u>3,607,807</u>	3,032,733
Plan fiduciary net position - ending (b)	<u>\$ 4,075,640</u>	<u>\$ 3,455,358</u>	<u>\$ 3,607,807</u>
Authority's net OPEB liability - ending (a) - (b)	<u>\$ 1,015,532</u>	<u>\$ 1,615,348</u>	<u>\$ 1,205,776</u>
Plan fiduciary net position as a percentage of the total OPEB liability	80.05%	68.14%	74.95%
Covered-employee payroll	\$ 2,486,235	\$ 2,357,296	\$ 2,307,919
Authority's net OPEB liability as a percentage of covered payroll	40.85%	68.53%	52.25%

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

	Primary Liability		Primary WC		Property		Excess Liability	
	2020	2019	2020	2019	2020	2019	2020	2019
Unpaid claims and claim adjustment expenses at beginning of the year	\$ 85,842,000	\$ 85,619,000	\$ 103,901,000	\$ 102,494,000	\$ -	\$ -	\$ 2,458,000	\$ 1,565,000
Incurred claims and claim adjustment expenses:								
Provision for covered events of the current year	31,241,000	33,002,000	25,352,000	26,402,000	2,486,887	4,452,169	1,715,000	1,970,000
Changes in provision for covered events of prior years	3,516,641	(3,865,428)	2,092,826	(664,767)			(1,670,000)	(442,844)
Total incurred claims and claim adjustment expenses	34,757,641	29,136,572	27,444,826	25,737,233	2,486,887	4,452,169	45,000	1,527,156
Payments:								
Claims & claim adjustment expenses attributable to:								
Covered events of the current year	2,310,102	2,009,954	2,083,075	4,692,657	2,486,887	4,452,169	8,058	-
Covered events of prior years	33,475,539	26,903,618	20,969,751	19,637,576			(8,058)	634,156
Total payments	35,785,641	28,913,572	23,052,826	24,330,233	2,486,887	4,452,169	-	634,156
Total unpaid claims and claim adjustment expenses at end of year	\$ 84,814,000	\$ 85,842,000	\$ 108,293,000	\$ 103,901,000	\$ -	\$ -	\$ 2,503,000	\$ 2,458,000
Components of claims payable								
Current portion	\$ 29,680,000	\$ 30,040,000	\$ 27,070,000	\$ 25,980,000			\$ 880,000	\$ 860,000
Non-current portion	55,134,000	55,802,000	81,223,000	77,921,000			1,623,000	1,598,000
Total claims payable	\$ 84,814,000	\$ 85,842,000	\$ 108,293,000	\$ 103,901,000	\$ -	\$ -	\$ 2,503,000	\$ 2,458,000
Categories of claims payable								
Claim reserves	\$ 42,921,000	\$ 50,835,000	\$ 62,042,000	\$ 61,021,000			\$ 1,262,000	\$ 117,000
IBNR: incurred but not reported	37,033,000	30,639,000	40,784,000	37,643,000			474,000	1,892,000
ULAE: unallocated loss adjustment expense	4,860,000	4,368,000	5,467,000	5,237,000			767,000	449,000
Total claims payable	\$ 84,814,000	\$ 85,842,000	\$ 108,293,000	\$ 103,901,000	\$ -	\$ -	\$ 2,503,000	\$ 2,458,000

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

	Excess WC		Sequoia Pacific		Totals	
	2020	2019	2020	2019	2020	2019
Unpaid claims and claim adjustment expenses at beginning of the year	\$ 412,000	\$ 69,000	\$ -		\$ 192,613,000	\$ 189,747,000
Incurred claims and claim adjustment expenses:						
Provision for covered events of the current year	464,000	333,000	11,120,000		72,378,887	66,159,169
Changes in provision for covered events of prior years	(575,000)	10,000	-		3,364,467	(4,963,039)
Total incurred claims and claim adjustment expenses	(111,000)	343,000	11,120,000		75,743,354	61,196,130
Payments:						
Claims & claim adjustment expenses attributable to:						
Covered events of the current year	-	-	-		6,888,122	11,154,780
Covered events of prior years	-	-	-		54,437,232	47,175,350
Total payments	-	-	-		61,325,354	58,330,130
Total unpaid claims and claim adjustment expenses at end of year	\$ 301,000	\$ 412,000	\$ 11,120,000		\$ 207,031,000	\$ 192,613,000
Components of claims payable						
Current portion	\$ 80,000	\$ 100,000	\$ 1,110,000		\$ 58,820,000	\$ 56,980,000
Non-current portion	221,000	312,000	10,010,000		148,211,000	135,633,000
Total claims payable	\$ 301,000	\$ 412,000	\$ 11,120,000		\$ 207,031,000	\$ 192,613,000
Categories of claims payable						
Claim reserves	\$ (464,000)	\$ 10,000	\$ -		\$ 105,761,000	\$ 111,983,000
IBNR: incurred but not reported	382,000	153,000	11,120,000		89,793,000	70,327,000
ULAE: unallocated loss adjustment expense	383,000	249,000	-		11,477,000	10,303,000
Total claims payable	\$ 301,000	\$ 412,000	\$ 11,120,000		\$ 207,031,000	\$ 192,613,000

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. Required contribution and investment revenue:										
Earned	\$ 48,463	\$ 46,044	\$ 38,343	\$ 47,178	\$ 44,739	\$ 49,556	\$ 45,090	\$ 48,977	\$ 54,807	\$ 57,156
Ceded	7,240	7,838	6,988	7,544	6,151	6,925	7,653	7,990	5,722	8,745
Net earned	41,223	38,206	31,355	39,634	38,588	42,631	37,437	40,987	49,085	48,411
2. Unallocated expenses	5,872	6,650	6,561	6,347	6,805	6,693	7,974	8,056	8,505	8,377
3. Estimated incurred claims expense, end of coverage year										
Incurred	35,222	34,761	34,220	33,032	34,051	34,202	35,895	33,766	41,409	39,111
Ceded Claims	7,240	7,838	6,988	7,544	6,151	6,925	7,653	7,990	5,722	8,745
Net incurred claims	27,982	26,923	27,232	25,488	27,900	27,277	28,242	25,776	35,687	30,366
4. Paid (cumulative) as of:										
End of coverage year	1,131	1,190	883	1,755	2,549	2,500	2,337	1,499	2,010	2,310
One year later	5,870	5,559	4,685	6,194	7,114	10,234	6,107	6,340	5,740	
Two years later	16,277	15,524	13,840	13,449	17,091	16,545	16,090	12,646		
Three years later	20,478	18,666	19,921	26,004	25,577	19,847	23,039			
Four years later	21,963	26,586	22,385	29,069	30,272	29,037				
Five years later	22,495	27,643	23,953	29,368	32,652					
Six years later	22,729	27,684	23,946	31,998						
Seven years later	26,420	27,645	23,943							
Eight years later	28,779	27,641								
Nine years later	30,659									
5. Re-estimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6. Re-estimated net incurred losses										
End of coverage year	27,384	27,773	26,676	26,881	27,126	26,549	27,905	28,044	32,664	30,366
One year later	30,449	27,734	25,816	31,662	35,086	30,134	28,695	29,593	29,438	
Two years later	29,554	26,632	24,183	29,139	34,005	27,840	28,877	26,433		
Three years later	30,222	24,178	27,845	34,532	33,696	25,610	28,816			
Four years later	29,900	27,544	22,881	34,269	34,549	31,777				
Five years later	29,088	27,961	24,293	33,770	34,850					
Six years later	29,232	27,821	24,136	35,761						
Seven years later	29,401	27,701	24,097							
Eight years later	29,716	27,731								
Nine years later	30,777									
7. Increase (decrease) in estimated incurred claims expense from end of coverage year	\$ 2,795	\$ 808	\$ (3,135)	\$ 10,273	\$ 6,950	\$ 4,500	\$ 574	\$ 657	\$ (6,249)	\$ -

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1. Required contribution and investment revenue:										
Earned	\$ 26,082	\$ 33,220	\$ 32,215	\$ 30,857	\$ 33,127	\$ 39,410	\$ 34,226	\$ 32,641	\$ 42,516	\$ 43,195
Ceded	936	875	751	875	769	845	900	894	909	2,358
Net earned	25,146	32,345	31,464	29,982	32,358	38,565	33,326	31,747	41,607	40,837
2. Unallocated expenses	4,094	4,306	4,548	4,907	5,284	6,137	6,245	7,319	7,475	8,522
3. Estimated incurred claims expense, end of coverage year										
Incurred	18,873	20,575	22,462	23,543	23,175	21,554	25,257	26,152	27,270	27,163
Ceded Claims	936	875	751	875	769	845	900	894	909	2,358
Net incurred claims	17,937	19,700	21,711	22,668	22,406	20,709	24,357	25,258	26,361	24,805
4. Paid (cumulative) as of:										
End of coverage year	2,760	3,223	3,922	2,579	3,355	3,496	3,864	3,701	4,693	2,083
One year later	7,432	8,227	9,696	6,879	8,138	8,092	10,857	8,973	11,910	
Two years later	10,487	12,316	12,834	9,867	12,633	10,776	14,915	12,973		
Three years later	12,665	14,872	15,232	11,933	15,926	12,841	2,017			
Four years later	13,953	16,849	17,264	13,062	17,989	14,282				
Five years later	14,693	18,772	19,073	14,550	19,370					
Six years later	15,490	20,006	20,585	22,037						
Seven years later	15,858	20,393	20,735							
Eight years later	16,174	16,352								
Nine years later	16,352									
5. Re-estimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6. Re-estimated net incurred losses										
End of coverage year	17,937	19,700	21,711	22,668	22,406	20,709	24,357	25,258	26,361	24,805
One year later	19,091	21,333	22,673	24,272	21,281	23,824	22,620	26,628	29,718	
Two years later	21,146	22,070	26,033	24,120	21,522	26,718	23,044	26,297		
Three years later	21,575	21,433	25,842	25,615	22,457	28,098	28,123			
Four years later	21,571	20,953	25,507	26,457	20,623	20,999				
Five years later	21,914	20,478	26,615	27,213	27,575					
Six years later	22,023	20,075	25,792	19,542						
Seven years later	22,407	19,969	27,373							
Eight years later	22,155	24,662								
Nine years later	19,432									
7. Increase (decrease) in estimated incurred claims expense from end of coverage year	\$ 1,495	\$ 4,962	\$ 5,662	\$ (3,126)	\$ 5,169	\$ 290	\$ 3,766	\$ 1,039	\$ 3,357	\$ -

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	2019	2020
1. Required contribution and investment revenue:				
Earned	\$ 2,421	\$ 2,641	\$ 4,708	\$ 5,490
Ceded	839	512	543	2,019
Net earned	<u>1,582</u>	<u>2,129</u>	<u>4,165</u>	<u>3,471</u>
2. Unallocated expenses	346	339	429	409
3. Estimated incurred claims expense, end of coverage year				
Incurred	1,276	1,275	2,297	3,379
Ceded Claims	839	512	543	2,019
Net incurred claims	<u>437</u>	<u>763</u>	<u>1,754</u>	<u>1,360</u>
4. Paid (cumulative) as of:				
End of coverage year	-	-	-	8
One year later	-	50	-	
Two years later	584	50		
Three years later	576			
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	1,754	1,360
One year later	874	393	294	
Two years later	642	212		
Three years later	601			
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>\$ 164</u>	<u>\$ (551)</u>	<u>\$ (1,460)</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	2019	2020
1. Required contribution and investment revenue:			
Earned	\$ 360	\$ 1,155	\$ 1,735
Ceded	27	66	280
Net earned	<u>333</u>	<u>1,089</u>	<u>1,455</u>
2. Unallocated expenses	2	16	38
3. Estimated incurred claims expense, end of coverage year			
Incurred	60	221	565
Ceded Claims	27	66	280
Net incurred claims	<u>33</u>	<u>155</u>	<u>285</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	33	155	285
One year later	35	97	
Two years later	50		
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>\$ 17</u>	<u>\$ (58)</u>	<u>\$ -</u>

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Schedule of Ten-Year Claims Development Information: Sequoia Pacific Reinsurance Company
Fiscal and Coverage Years Ended June 30 (In Thousands of Dollars)
Note: This program began in 2020

	2020
1. Required contribution and investment revenue:	
Earned	\$ 15,416
Ceded	-
Net earned	15,416
2. Unallocated expenses	65
3. Estimated incurred claims expense, end of coverage year	
Incurred	11,120
Ceded Claims	-
Net incurred claims	11,120
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	11,120
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	\$ -

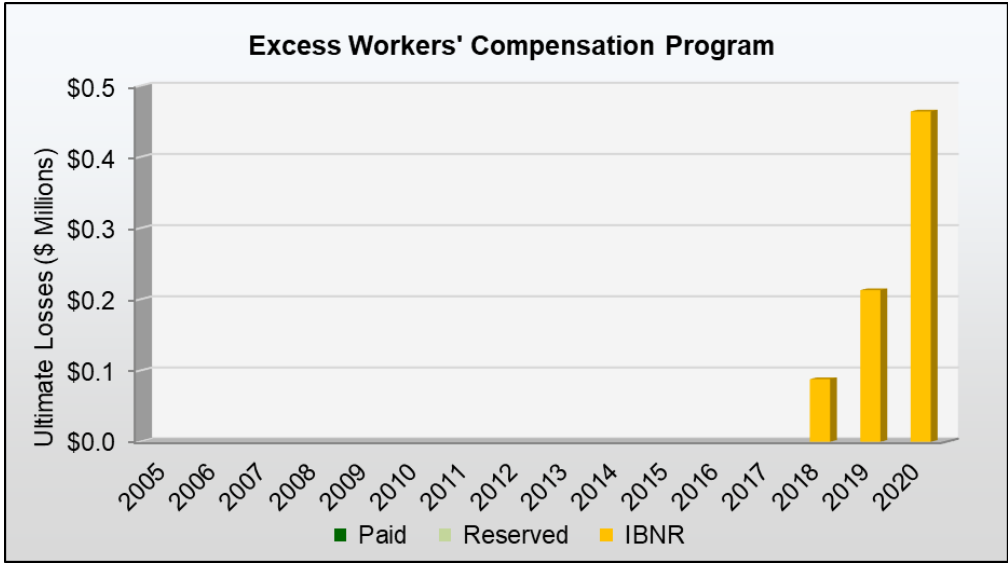
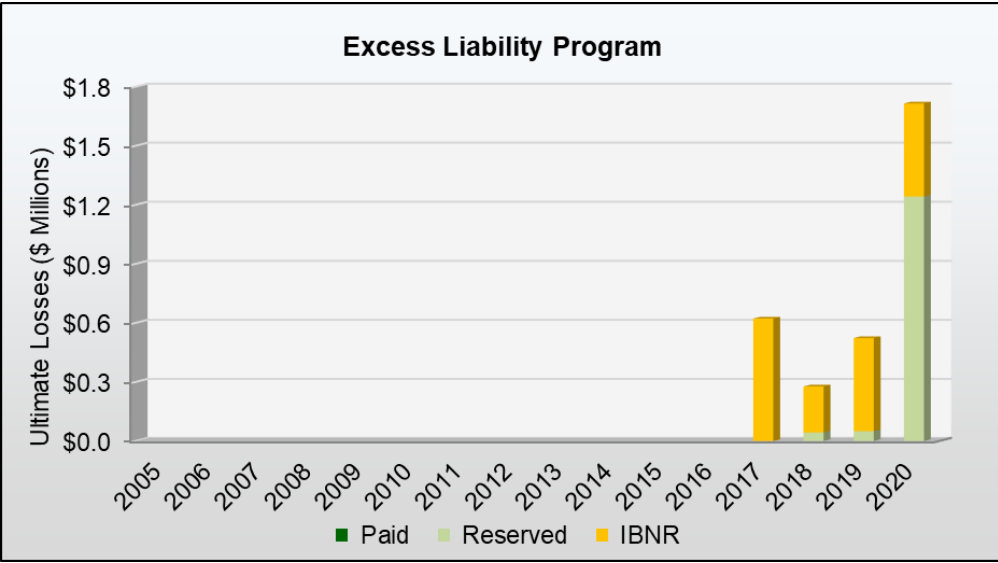
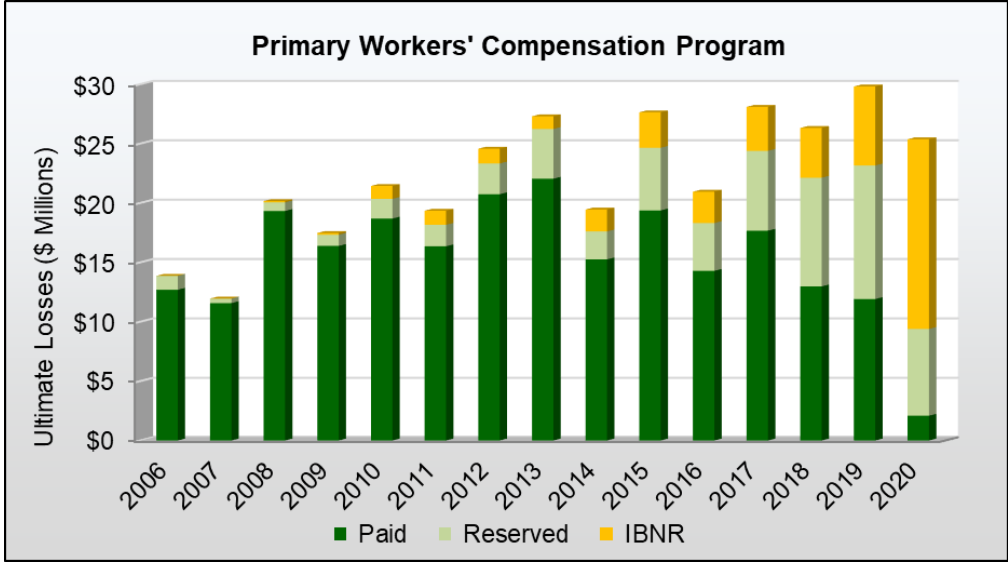
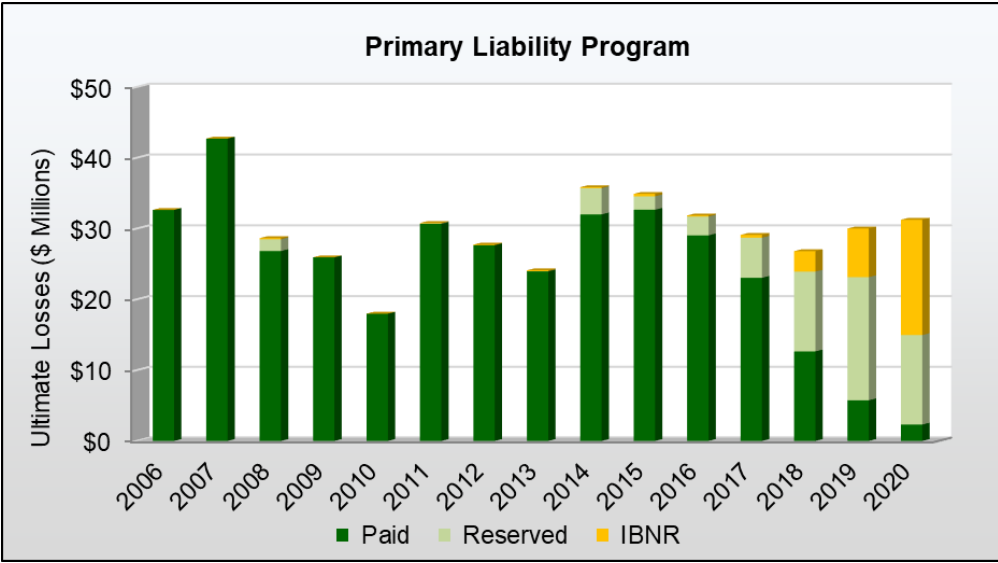
Notes to the Required Supplementary Information Definition of Terms for Schedule of Ten-Year Claims Development Information

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, 2020



CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Schedule of Net Position by Program
June 30, 2020 and 2019

	Primary Liability	Primary WC	Insurance Programs	Excess Liability	Excess WC	Sequoia Pacific	Elimination	Total 2020	Total 2019
Assets									
Current Assets:									
Cash and equivalents	\$ 1,423,602	\$ 1,675,607	\$ 5,623	\$ 112,760	\$ 35,392	\$ 88,163		\$ 3,341,147	\$ 31,670,161
Short-term investments	14,463,529	17,023,860	57,124	1,145,624	359,575	35,345,368		68,395,080	21,305,528
Interest receivable	617,123	652,145	68	26,241	13,087	-		1,308,664	1,829,431
Retrospective deposits receivable	1,408,650	1,016,313	-	-	-	-		2,424,963	5,215,218
Due to/from	6,000,000	-	-	-	-	-	(6,000,000)	-	-
Accounts receivable	7,356,921	57,597	-	28,400	-	-		7,442,918	756,341
Excess recoveries in progress	12,977,684	256,669	8,209,571	-	-	-		21,443,924	8,862,744
Prepaid expenses	440,439	369,898	23,387	33,105	7,797	-		874,626	805,669
Total Current Assets	44,687,948	21,052,089	8,295,773	1,346,130	415,851	35,433,531	(6,000,000)	105,231,322	70,445,092
Non-Current Assets:									
Investment in Captive	9,858,000	9,294,000	348,000	408,000	92,000	-	(20,000,000)	-	-
Long-term investments	102,282,061	120,388,009	403,968	8,101,537	2,542,814	-		233,718,389	251,203,054
Retrospective deposits receivable	5,300,914	3,581,547	-	-	-	-		8,882,461	9,391,630
Salvaged assets	1,200,000	-	-	-	-	-		1,200,000	1,200,000
Capital assets, not being depreciated	1,219,823	813,311	-	54	-	-		2,033,188	2,222,513
Capital assets, net of depreciation	1,359,906	961,574	1,182	7,744	-	-		2,330,406	2,334,894
Net Pension Assets	5,662	4,775	1,421	90	(351)	-		11,597	21,951
Total Non-Current Assets	121,226,366	135,043,216	754,571	8,517,425	2,634,463	-	(20,000,000)	248,176,041	266,374,042
Total Assets	165,914,314	156,095,305	9,050,344	9,863,555	3,050,314	35,433,531	(26,000,000)	353,407,363	336,819,134
Deferred Outflows of Resources	630,825	583,650	101,233	62,655	6,825	-	-	1,385,188	1,183,866
Liabilities									
Current Liabilities:									
Accounts payable	218,262	133,356	12,772	12,545	3,131	81,710	-	461,776	359,212
Compensated absences	242,492	222,697	29,693	-	-	-	-	494,882	471,931
Unearned contributions	3,600,959	1,541,173	-	567,274	244,239	-	-	5,953,645	16,581,594
Retrospective refunds payable	1,226,210	1,788,763	-	-	-	-	-	3,014,973	4,675,144
Claims payable, short-term	29,680,000	27,070,000	-	880,000	80,000	1,110,000	-	58,820,000	56,980,000
Due to other funds	-	-	6,000,000	-	-	-	(6,000,000)	-	-
Total Current Liabilities	34,967,923	30,755,989	6,042,465	1,459,819	327,370	1,191,710	(6,000,000)	68,745,276	79,067,881
Non-Current Liabilities:									
Claims payable, long-term	55,134,000	81,223,000	-	1,623,000	221,000	10,010,000		148,211,000	135,633,000
Net pension liability	1,376,554	1,268,578	226,462	131,608	10,418	-		3,013,620	2,706,311
Net OPEB liability	486,099	420,945	109,794	19,028	(20,334)	-		1,015,532	1,615,348
Total Non-Current Liabilities:	56,996,653	82,912,523	336,256	1,773,636	211,084	10,010,000		152,240,152	139,954,659
Total Liabilities	91,964,576	113,668,512	6,378,721	3,233,455	538,454	11,201,710	(6,000,000)	220,985,428	219,022,540
Deferred Inflows of Resources	215,664	194,182	40,517	15,983	(2,424)	-		463,922	535,418
Net Position									
Net investment in capital assets	2,579,729	1,774,885	1,182	7,798	-	-		4,363,594	4,557,407
Unrestricted	71,785,170	41,041,376	2,731,157	6,668,974	2,521,109	-		124,747,786	113,887,635
Paid in Capital						20,000,000	(20,000,000)	-	-
Earned surplus/(deficit)						4,231,821		4,231,821	
Total Net Position	\$ 74,364,899	\$ 42,816,261	\$ 2,732,339	\$ 6,676,772	\$ 2,521,109	\$ 24,231,821	\$ (20,000,000)	\$ 133,343,201	\$ 118,445,042

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Schedule of Revenues, Expenses, and Changes in Net Position by Program
For the Fiscal Years Ended June 30, 2020 and 2019

	Primary Liability	Primary WC	Insurance Programs	Excess Liability	Excess WC	Sequoia Pacific	Elimination	Total 2020	Total 2019
Operating Revenues									
Contributions	\$ 48,264,021	\$ 35,645,687	\$ 16,072,414	\$ 5,328,268	\$ 1,676,036	\$ 13,569,000		\$ 120,555,426	\$ 101,661,397
Retrospective adjustments, net	(823,996)	(847,270)	-	-	-	-		(1,671,266)	(7,945,196)
Miscellaneous income	292,628	209,333	497,856	5,831	635			1,006,283	1,100,384
Total Operating Revenues	47,732,653	35,007,750	16,570,270	5,334,099	1,676,671	13,569,000		119,890,443	94,816,585
Operating Expenses									
Coverages:									
Incurred claims expenses	34,757,641	27,444,826	2,486,887	45,000	(111,000)	11,120,000		75,743,354	61,196,130
Claims administration	2,579,240	3,680,248	-	-	-	-		6,259,488	5,541,825
Excess and re-insurance premiums	8,744,533	2,357,768	15,489,840	2,019,264	279,503	-		28,890,908	15,411,249
Contractual Services:									
Legal services	109,424	43,923	3,740	3,993	998	3,101		165,179	140,426
Investment and bank services	-	-	-	-	-	-		-	242,851
Information technology support	141,970	130,139	8,873	11,831	2,958	-		295,771	319,439
Risk management evaluations	12,510	11,467	782	1,042	261	-		26,062	27,661
Loss control services	(31,978)	35,624	119	159	40	-		3,964	621,797
Audit and actuarial services	79,342	70,147	3,146	4,195	1,049	5,298		163,177	133,331
Employment law resource	306,804	-	-	-	-	-		306,804	182,626
CRM and RMS	142,471	130,598	8,905	11,873	2,968	-		296,815	
Other contractual services	128,544	113,868	909,906	9,891	2,467	50,000		1,214,676	694,784
General and Administrative:									
Salaries and employee benefits	2,760,252	2,353,648	442,240	202,216	(13,082)	-		5,745,274	5,926,883
Office expenses	86,963	112,921	5,636	7,347	1,788	-		214,655	266,106
Licensing and renewals	233,212	208,966	14,248	18,997	4,749	5,250		485,422	
Member training and meetings	1,006,458	922,846	67,173	83,273	20,818	900		2,101,468	2,404,997
Risk management educational forum	-	-	-	-	-	-		-	464,383
Depreciation	188,297	128,858	-	1,430	-	-		318,585	570,241
LMS	316,683	290,293	19,793	26,390	6,598	-		659,757	
Utilities and Miscellaneous expenses	317,229	288,604	19,568	26,091	6,523	-		658,015	530,844
Total Operating Expenses	51,879,595	38,324,744	19,480,856	2,472,992	206,638	11,184,549		123,549,374	94,675,573
Operating Income (Loss)	(4,146,942)	(3,316,994)	(2,910,586)	2,861,107	1,470,033	2,384,451		(3,658,931)	141,012
Non-Operating Revenues									
Gain (loss) on disposal of assets	(10,720)	-	-	-	-	-		(10,720)	(3,128,687)
Investment income	3,669,584	3,110,757	60,486	162,173	59,338	1,071,802		8,134,140	7,082,930
Investment and bank services	(118,493)	(111,478)	(2,403)	(153)	(38)	(86,777)		(319,342)	
Net increase (decrease) in investment fair values	5,340,958	4,549,709	-	-	-	862,345		10,753,012	9,288,287
Total Non-Operating Revenues	8,881,329	7,548,988	58,083	162,020	59,300	1,847,370		18,557,090	13,242,530
Paid-In Capital						20,000,000	(20,000,000)		
Change in Net Position	4,734,387	4,231,994	(2,852,503)	3,023,127	1,529,333	24,231,821	(20,000,000)	14,898,159	13,383,542
Beginning Net Position	69,630,512	38,584,267	5,584,842	3,653,645	991,776	-	-	118,445,042	105,061,500
Beginning Net Position as Restated									
Ending Net Position	\$ 74,364,899	\$ 42,816,261	\$ 2,732,339	\$ 6,676,772	\$ 2,521,109	\$ 24,231,821	\$ (20,000,000)	\$ 133,343,201	\$ 118,445,042



California Joint Powers Insurance Authority

8081 Moody Street
La Palma, CA 90623

800.229.2343

cjpia.org