



FINANCIAL STATEMENTS

California Joint Powers Insurance Authority
Fiscal Years ended June 30, 2021 and 2020



INTEGRITY | EXCELLENCE | INNOVATION | TEAMWORK

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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, 2021 and 2020 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, 2021 and 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

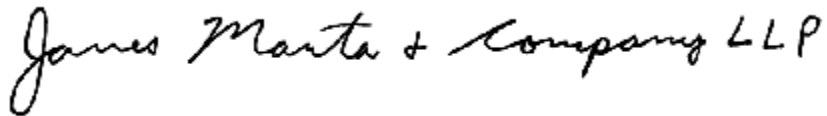
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2022 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 2, 2022



Management's Discussion and Analysis

2021 BY THE NUMBERS

\$121M

in member contributions



\$51M

in claim payments made

1,943

new liability claims handled



1,735

new workers' compensation claims

\$20M

return of member contributions



49,767

participants trained

\$298K

employment practices support



183

litigated liability claims defended

200

contract reviews for members



32

risk management evaluations completed

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, 2021. 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, 2021, the Authority consisted of 123 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 10.8% from \$133.3M to \$147.8M
- Investment income totaled \$8.9M
- Member contribution revenues increased 12.5% from \$107.7M to \$121.1M
- Incurred claims expenses decreased 22.2% from \$75.7M to \$58.9M
- Excess and reinsurance premiums increased 21.6% from \$15.3M to \$18.6M
- One-time return of member contributions in the amount of \$20.0M

Operating Environment and Economic Factors

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

Captive

The Authority established Sequoia Pacific in July of 2019. 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.

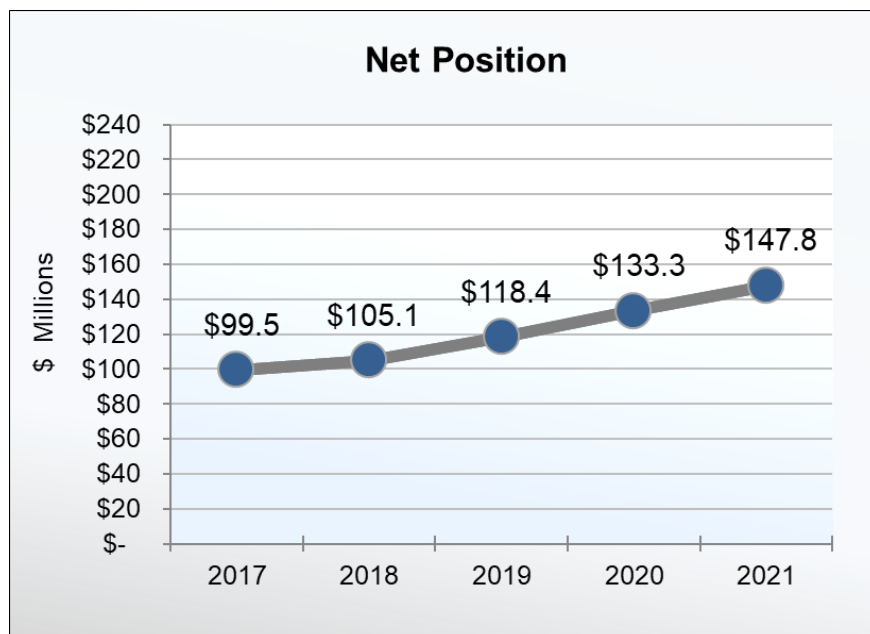
The captive benefits members by (1) lowering the cost of coverage through reinsurance premium stabilization, (2) decreasing dependence on commercial insurance markets, and (3) providing a mechanism for more efficient use of capital through broader diversification of investments and improved ability to match the duration of assets and liabilities.

Total premium paid (all lines) to SPRC for 2021 was \$18.7 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, after elimination of intercompany transactions between the Authority and the Captive. As claims develop over time, SPRC will 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, 2021.

| | <u>Net Position</u> | |
|---------------------------------------|-----------------------|--------|
| Primary Liability Program | \$ 52,406,704 | 35.5% |
| Primary Workers' Compensation Program | 50,671,068 | 34.3% |
| Insurance Programs | 1,028,093 | 0.7% |
| Excess Liability Program | 9,800,708 | 6.6% |
| Excess Workers' Compensation Program | 3,462,438 | 2.3% |
| Sequoia Pacific net of Elimination | 30,412,709 | 20.6% |
| Total | <u>\$ 147,781,720</u> | 100.0% |



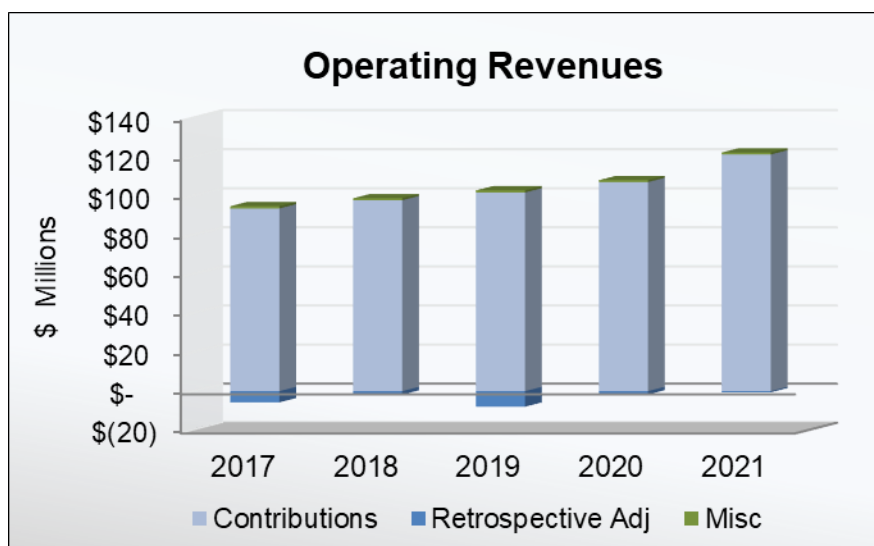
Investment Allocation

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, 2021.

| | <u>Investment Allocation</u> | |
|-------------------------|----------------------------------|--------|
| Cash and Equivalents | \$ 8,778,258 | 2.4% |
| U.S. Treasuries | 75,741,152 | 20.8% |
| Federal Agencies | 118,511,619 | 32.5% |
| Supranational | 5,255,173 | 1.4% |
| Certificates of Deposit | 16,069,445 | 4.4% |
| Corporate Notes | 53,654,589 | 14.7% |
| Municipal | 5,952,704 | 1.6% |
| Asset-Backed Securities | 8,153,119 | 2.2% |
| Agency CMO | 8,728,856 | 2.4% |
| Mutual Funds and ETFs | 64,084,851 | 17.6% |
| | <u>\$ 364,929,766</u> | 100.0% |

Revenues

Member contributions were \$121.1 million during 2021 up from \$107.7M in the prior year. The increase is primarily attributable to (1) the addition of seven new members which added \$5.2M, (2) Property Program contributions increased by \$3.5M due to a combination of higher rates from the carriers and higher insured values from the recent appraisal project, and (3) an increase in member payroll of 4% within the liability and workers' compensation programs, resulting in an increase of \$3.5M in member contributions. Miscellaneous income totaled \$1 million and was composed primarily of Risk Management Educational Forum sponsorships, retro payment plan fees, and administration fees for the property program.

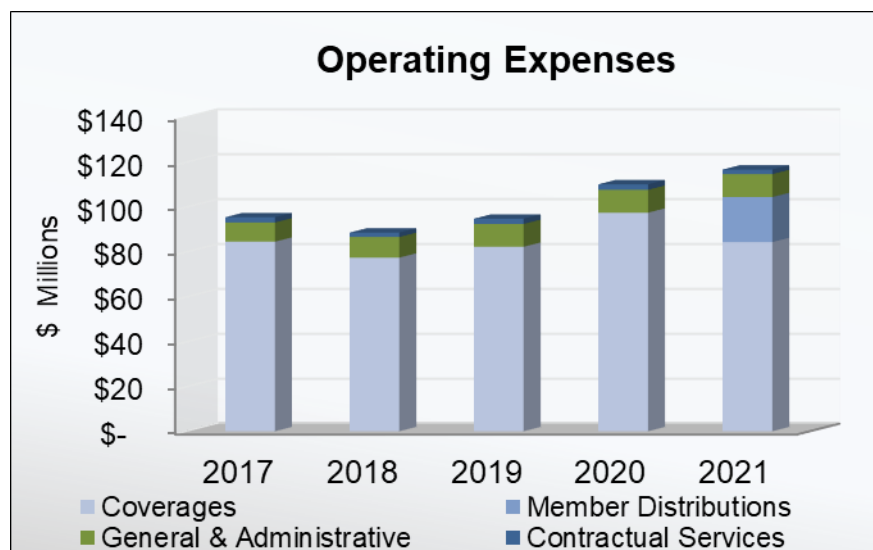


Expenses

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, (3) contractual services, and (4) member distributions. Total operating expenses for 2021 were \$116.6 million, an increase of \$5.9 million relative to the prior year. The increase includes a one-time \$20.0 million return of member contributions and a \$3.3 million increase in excess and re-insurance premiums. These were partially offset by a \$16.8 million reduction in incurred claims expenses within the Primary Workers' Compensation Program and Sequoia Pacific.

The Executive Committee approved a return of \$20.0 million to members that participated in the Authority's Primary Liability Program between 1986 and 1997. During those years, members contributed to a special purpose self-insurance fund designed to protect the program from catastrophic losses. The fund was called the excess pool, and it provided an effective alternative to commercial insurance, which was cost-prohibitive at the time.



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 in-person and 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 that the Authority provides 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 LossCAP 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 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 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.

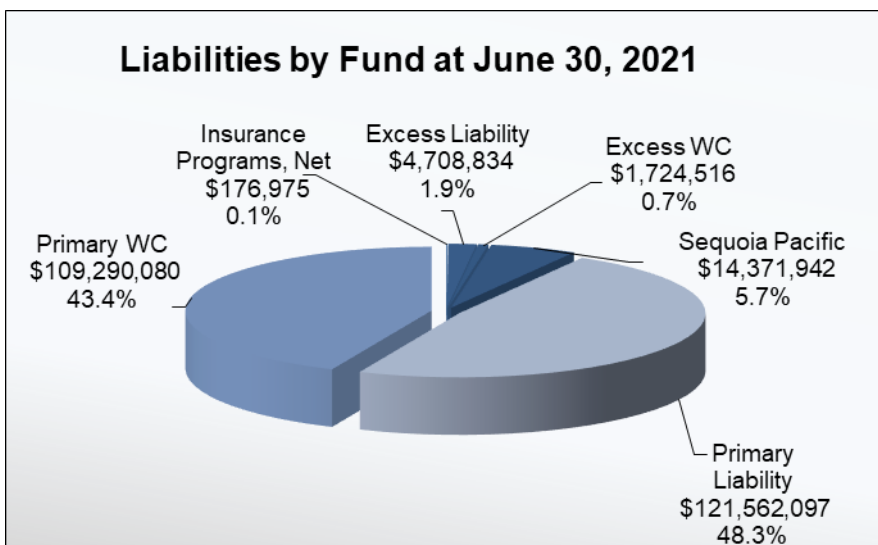
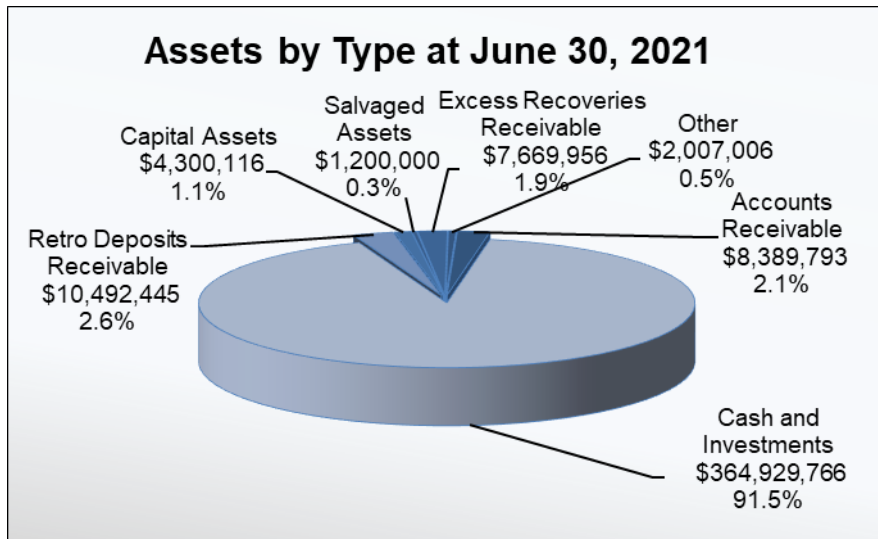
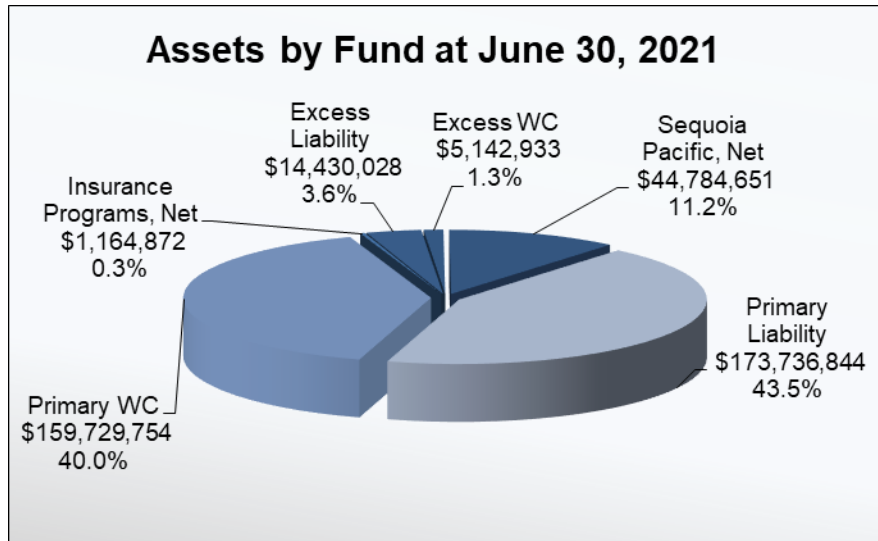
Statement of Cash Flows

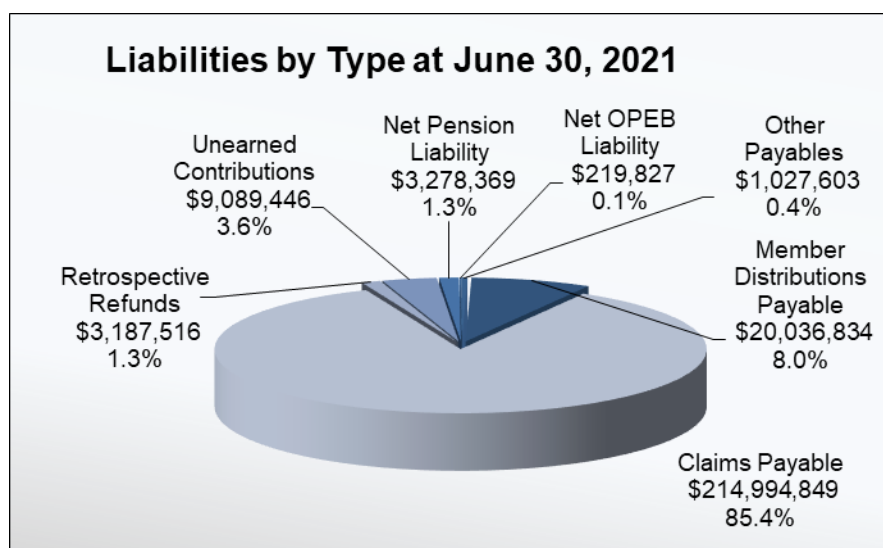
The Statement of Cash Flows presents information showing how the Authority's cash was provided and how it was used. The statement distinguishes between cash flows from operating activities, capital and related financing activities, and investing activities. The statement also reconciles the operating 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. As such, there is no net position reported for agency funds.

Graphical Highlights





**Summary of the Statement of Net Position
June 30, 2021, 2020, and 2019**

| | 2021 | 2020 | 2019 | Increase / (Decrease) From 2020 to 2021 | |
|---|-----------------------|-----------------------|-----------------------|--|--------------|
| | | | | \$ | % |
| Assets | | | | | |
| Current Assets | \$ 113,257,137 | \$ 105,231,322 | \$ 70,445,092 | \$ 8,025,815 | 7.6% |
| Non-Current Assets, excluding capital assets | 281,431,829 | 243,812,447 | 261,816,635 | 37,619,382 | 15.4% |
| Capital Assets | 4,300,116 | 4,363,594 | 4,557,407 | (63,478) | -1.5% |
| Total Assets | 398,989,082 | 353,407,363 | 336,819,134 | 45,581,719 | 12.9% |
| Deferred Outflows of Resources | 1,307,124 | 1,385,188 | 1,183,866 | (78,064) | -5.6% |
| Liabilities | | | | | |
| Current Liabilities | 78,851,932 | 68,745,276 | 79,067,881 | 10,106,656 | 14.7% |
| Non-Current Liabilities | 172,982,512 | 152,240,152 | 139,954,659 | 20,742,360 | 13.6% |
| Total Liabilities | 251,834,444 | 220,985,428 | 219,022,540 | 30,849,016 | 14.0% |
| Deferred Inflows of Resources | 680,042 | 463,922 | 535,418 | 216,120 | 46.6% |
| Net Position | | | | | |
| Net Investment in Capital Assets | 4,300,116 | 4,363,594 | 4,557,407 | (63,478) | -1.5% |
| Unrestricted | 143,481,604 | 128,979,607 | 113,887,635 | 14,501,997 | 11.2% |
| Total Net Position | \$ 147,781,720 | \$ 133,343,201 | \$ 118,445,042 | \$ 14,438,519 | 10.8% |

Summary of the Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years ended June 30, 2021, 2020, and 2019

| | 2021 | 2020 | 2019 | Increase / (Decrease) From 2020 to 2021 | |
|---|-----------------------|-----------------------|-----------------------|--|----------------|
| | | | | \$ | % |
| Operating Revenues | | | | | |
| Contributions | \$ 121,120,924 | \$ 107,681,083 | \$ 101,661,397 | \$ 13,439,841 | 12.5% |
| Retrospective adjustments, net | (597,896) | (1,671,266) | (7,945,196) | 1,073,370 | -64.2% |
| Miscellaneous | 1,019,099 | 1,006,283 | 1,100,384 | 12,816 | 1.3% |
| Total Operating Revenues | 121,542,127 | 107,016,100 | 94,816,585 | 14,526,027 | 13.6% |
| Operating Expenses | | | | | |
| Coverages | 84,249,903 | 98,019,407 | 82,149,204 | (13,769,504) | -14.0% |
| Contractual services | 2,051,165 | 2,472,448 | 2,120,064 | (421,283) | -17.0% |
| General and administrative | 10,214,655 | 10,183,176 | 10,163,454 | 31,479 | 0.3% |
| Member distributions | 20,036,834 | - | - | 20,036,834 | |
| Total Operating Expenses | 116,552,557 | 110,675,031 | 94,432,722 | 5,877,526 | 5.3% |
| Operating Income (Loss) | 4,989,570 | (3,658,931) | 383,863 | 8,648,501 | -236.4% |
| Non-Operating Revenues | | | | | |
| Gain (loss) on disposal of fixed assets | - | (10,720) | (3,128,687) | 10,720 | |
| Investment income | 8,922,530 | 8,134,140 | 7,082,930 | 788,390 | 9.7% |
| Investment and bank services | (392,031) | (319,342) | (242,851) | (72,689) | 22.8% |
| Net increase / (decrease) in investment fair values | 918,450 | 10,753,012 | 9,288,287 | (9,834,562) | -91.5% |
| Total Non-Operating Revenues | 9,448,949 | 18,557,090 | 12,999,679 | (9,108,141) | -49.1% |
| Change in Net Position | 14,438,519 | 14,898,159 | 13,383,542 | (459,640) | -3.1% |
| Beginning Net Position as Originally Stated | 133,343,201 | 118,445,042 | 105,061,500 | 14,898,159 | 12.6% |
| Prior Period Adjustment | - | - | - | - | |
| Beginning Net Position as Restated | 133,343,201 | 118,445,042 | 105,061,500 | 14,898,159 | 12.6% |
| Ending Net Position | \$ 147,781,720 | \$ 133,343,201 | \$ 118,445,042 | \$ 14,438,519 | 10.8% |

Basic Financial Statements

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Statement of Net Position
June 30, 2021 and 2020

| | 2021 | 2020 |
|--|----------------|----------------|
| Assets | | |
| Current Assets: | | |
| Cash and equivalents | \$ 8,778,258 | \$ 3,341,147 |
| Short-term investments | 83,410,071 | 68,395,080 |
| Interest receivable | 1,001,417 | 1,308,664 |
| Retrospective deposits receivable | 3,691,997 | 2,424,963 |
| Accounts receivable | 8,389,793 | 7,442,918 |
| Excess recoveries in progress | 7,669,956 | 21,443,924 |
| Prepaid expenses | 315,645 | 874,626 |
| Total Current Assets | 113,257,137 | 105,231,322 |
| Non-Current Assets: | | |
| Long-term investments | 272,741,437 | 233,718,389 |
| Retrospective deposits receivable, net | 6,800,448 | 8,882,461 |
| Salvaged assets | 1,200,000 | 1,200,000 |
| Capital assets, not being depreciated | 2,054,869 | 2,033,188 |
| Capital assets, net of depreciation | 2,245,247 | 2,330,406 |
| Net Pension Assets | 689,944 | 11,597 |
| Total Non-Current Assets | 285,731,945 | 248,176,041 |
| Total Assets | 398,989,082 | 353,407,363 |
| Deferred Outflows of Resources | 1,307,124 | 1,385,188 |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts payable | 466,017 | 461,776 |
| Compensated absences | 561,586 | 494,882 |
| Unearned contributions | 9,089,446 | 5,953,645 |
| Member distributions payable | 4,007,367 | - |
| Retrospective refunds payable | 3,187,516 | 3,014,973 |
| Claims payable, short-term | 61,540,000 | 58,820,000 |
| Total Current Liabilities | 78,851,932 | 68,745,276 |
| Non-Current Liabilities: | | |
| Claims payable, long-term | 153,454,849 | 148,211,000 |
| Member distributions payable | 16,029,467 | - |
| Net pension liability | 3,278,369 | 3,013,620 |
| Net OPEB liability | 219,827 | 1,015,532 |
| Total Non-Current Liabilities: | 172,982,512 | 152,240,152 |
| Total Liabilities | 251,834,444 | 220,985,428 |
| Deferred Inflows of Resources | 680,042 | 463,922 |
| Net Position | | |
| Net investment in capital assets | 4,300,116 | 4,363,594 |
| Unrestricted | 143,481,604 | 128,979,607 |
| Total Net Position | \$ 147,781,720 | \$ 133,343,201 |

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

Fiscal Year 2020 figures reflect adjustments for comparison purposes. See Note I.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2021 and 2020

| | 2021 | 2020 |
|---|-----------------------|-----------------------|
| Operating Revenues | | |
| Contributions | \$ 121,120,924 | \$ 107,681,083 |
| Retrospective adjustments, net | (597,896) | (1,671,266) |
| Miscellaneous income | 1,019,099 | 1,006,283 |
| Total Operating Revenues | 121,542,127 | 107,016,100 |
| Operating Expenses | | |
| Coverages: | | |
| Incurred claims expenses | 58,943,121 | 75,743,354 |
| Claims administration | 6,680,626 | 6,954,145 |
| Excess and re-insurance premiums | 18,626,156 | 15,321,908 |
| Contractual Services: | | |
| Legal services | 180,722 | 165,179 |
| Information technology support | 345,190 | 295,771 |
| Risk management evaluations | 16,362 | 26,062 |
| Loss control services | 286,421 | 3,964 |
| Audit and actuarial services | 203,402 | 163,177 |
| Employment law resource | 297,623 | 306,804 |
| CRM and RMIS | 265,220 | 296,815 |
| Other contractual services | 456,225 | 1,214,676 |
| General and Administrative: | | |
| Salaries and employee benefits | 6,102,545 | 5,745,274 |
| Office expenses | 208,516 | 214,655 |
| Member training and meetings | 1,342,530 | 1,655,427 |
| Licensing and renewals | 564,575 | 485,422 |
| Risk management educational forum | 406,329 | 446,041 |
| Depreciation | 334,182 | 318,585 |
| Learning Management System | 623,193 | 659,757 |
| Utilities and Miscellaneous expenses | 632,785 | 658,015 |
| Member distributions | 20,036,834 | - |
| Total Operating Expenses | 116,552,557 | 110,675,031 |
| Operating Income (Loss) | 4,989,570 | (3,658,931) |
| Non-Operating Revenues | | |
| Gain (loss) on disposal of assets | - | (10,720) |
| Investment income | 8,922,530 | 8,134,140 |
| Investment and bank services | (392,031) | (319,342) |
| Net increase (decrease) in investment fair values | 918,450 | 10,753,012 |
| Total Non-Operating Revenues | 9,448,949 | 18,557,090 |
| Change in Net Position | 14,438,519 | 14,898,159 |
| Beginning Net Position | 133,343,201 | 118,445,042 |
| Ending Net Position | \$ 147,781,720 | \$ 133,343,201 |

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

Fiscal Year 2020 figures reflect adjustments for comparison purposes. See Note I.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Statement of Cash Flows

For the Fiscal Years Ended June 30, 2021 and 2020

| | 2021 | 2020 |
|---|----------------------|------------------------|
| Cash Flows From Operating Activities | | |
| Cash received from members | \$ 136,538,478 | \$ 91,367,566 |
| Cash received (paid) for retrospective adjustments | 389,626 | (32,013) |
| Cash received from other miscellaneous activities | 1,019,099 | 1,006,386 |
| Cash paid for other miscellaneous activities | (729,993) | (729,993) |
| Cash paid for claims and claims administration | (57,683,073) | (68,302,674) |
| Cash paid for insurance | (17,939,977) | (28,208,958) |
| Cash paid to suppliers for goods and services | (5,032,915) | (6,457,350) |
| Cash paid to employees for services | (6,593,693) | (6,277,305) |
| Net Cash Flows Provided (Used) by Operating Activities | <u>49,967,552</u> | <u>(17,634,341)</u> |
| Cash Flows From Capital & Related Financing Activities | | |
| Cash paid for acquisition of capital assets | (270,704) | (135,497) |
| Net Cash Flows Provided (Used) by Capital and Related Financing Activities | <u>(270,704)</u> | <u>(135,497)</u> |
| Cash Flows From Investing Activities | | |
| Purchase of investments | (364,154,130) | (286,083,380) |
| Proceeds from sales and maturities of investments | 311,056,645 | 267,231,562 |
| Cash paid related to investment expenses | (392,031) | (319,342) |
| Investment earnings received | 9,229,779 | 8,611,984 |
| Net Cash Flows Provided (Used) by Investing Activities | <u>(44,259,737)</u> | <u>(10,559,176)</u> |
| Net Increase (Decrease) in Cash | 5,437,111 | (28,329,014) |
| Beginning Cash and Equivalents | 3,341,147 | 31,670,161 |
| Ending Cash and Equivalents | <u>\$ 8,778,258</u> | <u>\$ 3,341,147</u> |
| Reconciliation of Operating Income to Net Cash Flows From Operating Activities | | |
| Operating Income (Loss) | \$ 4,989,570 | \$ (3,658,931) |
| Adjustments to Reconcile Operating Income to Cash Provided by Operations: | | |
| Depreciation Included in Operating Activities | 334,182 | 318,585 |
| (Increase) Decrease in: | | |
| Accounts receivable | 12,281,753 | (19,254,568) |
| Retrospective deposits receivable | 814,979 | 3,299,424 |
| Prepaid expenses | 558,981 | (26,035) |
| Other assets | - | - |
| Net pension asset | (678,346) | 10,354 |
| Deferred outflows of resources | 78,065 | (201,322) |
| Increase (Decrease) in: | | |
| Accounts payable | 527,470 | 89,326 |
| Accrued compensated absences | 66,706 | 22,949 |
| Unearned contributions | 3,135,801 | (10,627,949) |
| Member distributions payable | 20,036,834 | |
| Retrospective refunds payable | 172,543 | (1,660,171) |
| Net OPEB obligation | (795,705) | 410,547 |
| Claims liabilities | 7,963,849 | 14,418,000 |
| Net pension liability | 264,750 | (703,054) |
| Deferred inflows of resources | 216,120 | (71,496) |
| Net Cash Provided by Operating Activities | <u>\$ 49,967,552</u> | <u>\$ (17,634,341)</u> |
| Supplemental Information: Noncash Investing Activities | | |
| Net Increase (Decrease) in Fair Market Value | \$ 918,450 | \$ 10,753,011 |

The accompanying notes are an integral part of these financial statements.
Fiscal Year 2020 figures reflect adjustments for comparison purposes. See Note I.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Statement of Fiduciary Assets and Liabilities
For the Fiscal Years Ended June 30, 2021 and 2020
Central Coast Cities Self Insurance Fund

| | 2021 | 2020 |
|------------------------|--------------|--------------|
| Assets | | |
| Cash and investments | \$ 2,063,581 | \$ 2,345,529 |
| Interest receivable | 1,630 | 11,766 |
| Accounts receivable | 256,372 | 158,024 |
| Total Assets | 2,321,583 | 2,515,319 |
| Liabilities | | |
| Other deposits payable | 2,321,583 | 2,515,319 |
| Total Liabilities | \$ 2,321,583 | \$ 2,515,319 |

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, 2021

(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 accounted for claims administration expenses by charging the full claims administration expense to the Primary Liability and Primary Workers' Compensation programs. Claims administration expenses in the primary programs were then reduced by the amounts applicable to the Excess Liability and Excess Workers' Compensation Programs when member contributions to cover claims administration costs for the excess programs were billed to members. This resulted in netting down member contributions and claims administration expenses for the excess programs. Beginning in the 2020-21 fiscal year, gross contributions and gross claims administration expenses are recorded for all programs.

The financial statements are presented on a consolidated basis including the Captive, but net of elimination of intercompany transactions between the Authority and the Captive.

Prior period figures presented in the financial statements were adjusted to reflect the accounting policies discussed above for comparison purposes.

(m) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the net position of the Authority's California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

(2) Cash and Investments

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

| Cash and Investments | | |
|-----------------------------|------------------------------|------------------------------|
| | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
| Proprietary funds: | | |
| Cash and equivalents | \$ 8,778,258 | \$ 3,341,147 |
| Short-term investments | 83,410,071 | 68,395,080 |
| Long-term investments | <u>272,741,437</u> | <u>233,718,389</u> |
| Subtotal | <u>364,929,766</u> | <u>305,454,616</u> |
| Fiduciary funds: | | |
| Cash and equivalents | \$ 2,063,581 | \$ 2,345,529 |
| Short-term investments | - | - |
| Long-term investments | - | - |
| Subtotal | <u>2,063,581</u> | <u>2,345,529</u> |
| Total | <u>\$ 366,993,347</u> | <u>\$ 307,800,145</u> |
| Consolidated: | | |
| Cash and equivalents | \$ 10,841,839 | \$ 5,686,676 |
| Short-term investments | 83,410,071 | 68,395,080 |
| Long-term investments | <u>272,741,437</u> | <u>233,718,389</u> |
| Total cash and investments | <u>\$ 366,993,347</u> | <u>\$ 307,800,145</u> |

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, not to exceed 2.5% of portfolio from any one issuer |
| 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 | \$ 75,741,152 | \$ - | \$ 369,711 | \$ 75,371,441 |
| Federal Agencies | 118,511,619 | 6,290,780 | 40,086,100 | 72,134,739 |
| Supranational | 5,255,173 | 3,031,578 | 2,223,595 | - |
| Certificates of Deposit | 16,069,445 | 2,588,136 | 13,481,309 | - |
| Corporate Notes | 53,654,589 | 3,963,722 | 28,052,384 | 21,638,483 |
| Municipal | 5,952,704 | - | 4,101,336 | 1,851,368 |
| Asset-Backed Securities | 8,153,119 | - | 4,285,685 | 3,867,434 |
| Agency CMO | 8,728,856 | 3,451,004 | 4,617,806 | 660,046 |
| Mutual Funds and ETFs | 64,084,851 | 64,084,851 | - | - |
| Total | <u>\$ 356,151,508</u> | <u>\$ 83,410,071</u> | <u>\$ 97,217,926</u> | <u>\$ 175,523,511</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 fiscal year.

| Standard & Poor's Ratings as of June 30, 2021 | | | | | | |
|---|-----------------------|----------------------|-----------------------|----------------------|---------------------|----------------------|
| Investment Type | Total | AAA | AA | A | BBB+ | Not Rated by S&P |
| U.S. Treasuries | \$ 75,741,152 | \$ - | \$ 75,741,152 | \$ - | \$ - | \$ - |
| Federal Agencies | 118,511,619 | - | 118,511,619 | - | - | - |
| Supranational | 5,255,173 | 5,255,173 | - | - | - | - |
| Certificates of Deposit | 16,069,445 | - | - | 16,069,445 | - | - |
| Corporate Notes | 53,654,589 | 5,431,879 | 8,454,901 | 33,082,176 | 6,685,633 | - |
| Municipal | 5,952,704 | 1,636,066 | 4,316,638 | - | - | - |
| Asset-Backed Securities | 8,153,120 | 6,173,183 | - | - | - | 1,979,937 |
| Agency CMO | 8,728,855 | - | 8,728,855 | - | - | - |
| Mutual Funds and ETFs | 64,084,851 | - | - | - | - | 64,084,851 |
| Total | <u>\$ 356,151,508</u> | <u>\$ 18,496,301</u> | <u>\$ 215,753,165</u> | <u>\$ 49,151,621</u> | <u>\$ 6,685,633</u> | <u>\$ 66,064,788</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 | \$ 75,741,152 | 21.3% |
| Federal National Mortgage Association | Federal Agency | \$ 64,178,019 | 18.0% |
| Federal Home Loan Mortgage Corporation | Federal Agency | \$ 46,515,724 | 13.1% |

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 291 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 | \$ 292,066,657 | \$ 256,636,215 | \$ 35,430,442 | \$ - | \$ - |
| Total Mutual Funds and ETFs | 64,084,851 | 64,084,851 | | | |

(3) Capital Assets

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

| | Balance at June 30, 2020 | Increase | Decrease | Balance at June 30, 2021 |
|--|-----------------------------|--------------------------|--------------------------|-----------------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 2,031,395 | \$ - | \$ - | \$ 2,031,395 |
| Assets under development | 1,793 | 270,704 | 249,023 | 23,474 |
| Subtotal | <u>2,033,188</u> | <u>270,704</u> | <u>249,023</u> | <u>2,054,869</u> |
| Capital assets, being depreciated | | | | |
| Building and improvements | 6,285,416 | 56,067 | - | 6,341,483 |
| Furniture and equipment | 436,020 | 157,194 | - | 593,214 |
| Software | 449,098 | 35,762 | - | 484,860 |
| Subtotal | <u>7,170,534</u> | <u>249,023</u> | <u>-</u> | <u>7,419,557</u> |
| Less accumulated depreciation | | | | |
| Building and improvements | (4,292,104) | (222,065) | - | (4,514,169) |
| Furniture and equipment | (384,745) | (40,484) | - | (425,229) |
| Software | (163,279) | (71,633) | - | (234,912) |
| Subtotal | <u>(4,840,128)</u> | <u>(334,182)</u> | <u>-</u> | <u>(5,174,310)</u> |
| Total capital assets being depreciated, net | <u>2,330,406</u> | <u>(85,159)</u> | <u>-</u> | <u>2,245,247</u> |
| Total capital assets, net | <u>\$ 4,363,594</u> | <u>\$ 185,545</u> | <u>\$ 249,023</u> | <u>\$ 4,300,116</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>2021</u> | <u>2020</u> |
|--|------------------------------|------------------------------|
| Claims payable, beginning of year | <u>\$ 207,031,000</u> | <u>\$ 192,613,000</u> |
| Incurred claims and claim adjustment expenses: | | |
| Provision for covered events in the current year | 76,814,230 | 72,378,887 |
| Changes in provision for covered events of prior years | <u>(17,871,109)</u> | <u>3,364,467</u> |
| Total incurred claims and claim adjustment expenses | <u>58,943,121</u> | <u>75,743,354</u> |
| Payments: | | |
| Attributable to covered events in the current year | 8,557,327 | 6,888,122 |
| Attributable to covered events in prior years | <u>42,421,945</u> | <u>54,437,232</u> |
| Total payments | <u>50,979,272</u> | <u>61,325,354</u> |
| Claims payable, end of year | <u>\$ 214,994,849</u> | <u>\$ 207,031,000</u> |
| Components of claims payable | | |
| Current portion | \$ 61,540,000 | \$ 58,820,000 |
| Non-current portion | <u>153,454,849</u> | <u>148,211,000</u> |
| Total claims payable | <u>\$ 214,994,849</u> | <u>\$ 207,031,000</u> |
| Categories of claims payable | | |
| Claim reserves | \$ 126,908,669 | \$ 105,761,000 |
| IBNR | 74,659,180 | 89,793,000 |
| ULAE | <u>13,427,000</u> | <u>11,477,000</u> |
| Total claims payable | <u>\$ 214,994,849</u> | <u>\$ 207,031,000</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 | \$ 97,587,497 | \$ 105,692,903 | \$ 4,472,021 | \$ 1,648,433 | \$ 16,277,244 | \$ 225,678,098 |
| Discount | <u>(3,181,497)</u> | <u>(4,643,903)</u> | <u>(218,021)</u> | <u>(172,433)</u> | <u>(2,467,395)</u> | <u>(10,683,249)</u> |
| Discounted | <u>\$ 94,406,000</u> | <u>\$ 101,049,000</u> | <u>\$ 4,254,000</u> | <u>\$ 1,476,000</u> | <u>\$ 13,809,849</u> | <u>\$ 214,994,849</u> |

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, 2021. 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. The Authority subsequently executed a repayment agreement with the agency responsible for the balance marked down. Reversal of the mark down will be reevaluated during a future period, pending extended performance under the repayment agreement.

Summary of Retrospective Balances

Fiscal Year Ended June 30, 2021

| | Primary Liability | Primary WC | Total |
|------------------------------------|----------------------------|----------------------------|----------------------------|
| Beginning 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 | (1,226,210) | (1,788,763) | (3,014,973) |
| Overall Net Retrospective Balances | <u>5,483,354</u> | <u>2,809,097</u> | <u>8,292,451</u> |
| Activity | | | |
| Refunds Applied | 1,052,470 | 1,948,138 | 3,000,608 |
| Gross Deposits Received | (1,349,646) | (2,153,964) | (3,503,610) |
| Fees Received | 60,804 | 50,205 | 111,009 |
| Transfers (In)/Out | (250,824) | 250,824 | - |
| Oct 2020 Adjustment | 2,823,758 | (3,421,654) | (597,896) |
| Other Adjustments | 30,295 | (27,928) | 2,367 |
| Subtotal | <u>2,366,857</u> | <u>(3,354,379)</u> | <u>(987,522)</u> |
| Ending Balances | | | |
| Retrospective Deposits Receivable | | | |
| Current | 3,620,195 | 71,802 | 3,691,997 |
| Non-Current | 4,520,931 | 2,279,517 | 6,800,448 |
| Subtotal | <u>8,141,126</u> | <u>2,351,319</u> | <u>10,492,445</u> |
| Retrospective Refunds Payable | | | |
| Current | (290,915) | (2,896,601) | (3,187,516) |
| Overall Net Retrospective Balances | <u>\$ 7,850,211</u> | <u>\$ (545,282)</u> | <u>\$ 7,304,929</u> |
| Change in Balances | 2,366,857 | (3,354,379) | (987,522) |
| | 43.2% | -119.4% | -11.9% |

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 | \$ 19,740,435 | \$ 455,182 | \$ 19,984 | \$ 20,215,601 |
| Net investment earnings | (4,356) | - | - | (4,356) |
| Premiums paid to insurers | (18,188,760) | (389,897) | (15,485) | (18,594,142) |
| Broker fees paid | (350,000) | (50,000) | - | (400,000) |
| Net claim payments | (2,226,777) | - | - | (2,226,777) |
| Program admin expenses | (694,572) | - | - | (694,572) |
| Total non-risk sharing activity | <u>\$ (1,724,030)</u> | <u>\$ 15,285</u> | <u>\$ 4,499</u> | <u>\$ (1,704,246)</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, 2021, 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 | 11.031% | 7.732% |

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Notes to the Basic Financial Statements

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

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

Contributions recognized as part of pension expense for the year ended June 30, 2021:

| | <u>CalPERS Miscellaneous Consolidated</u> | <u>PARS REP EE</u> | <u>PARS REP EC</u> |
|------------------------|---|------------------------|------------------------|
| Employer Contributions | \$ 609,350 | \$ 218,733 | \$ 2,200 |

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, 2021, 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. | \$ 3,278,369 |
| PARS REP EE | (590,122) |
| PARS REP EC | (99,822) |
| Total Net Pension Liability | <u>\$ 2,588,425</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, 2020 and 2021 were:

| | <u>CalPERS Misc. Classic</u> | <u>CalPERS Misc. PEPR A</u> | <u>PARS REP EE</u> | <u>PARS REP EC</u> |
|------------------------------|----------------------------------|---------------------------------|------------------------|------------------------|
| Proportion - June 30, 2020 | 0.07333% | * | * | * |
| Proportion - June 30, 2021 | <u>0.07772%</u> | * | * | * |
| Change - Increase (Decrease) | <u>0.00439%</u> | <u>*</u> | <u>*</u> | <u>*</u> |

*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 |
|--|--|----------------|----------------|-------------|
| 2022 | \$ 74,211 | \$ (152,256) | \$ (10,012) | \$ (88,057) |
| 2023 | \$ 122,056 | \$ (146,030) | \$ (9,694) | \$ (33,668) |
| 2024 | \$ 99,850 | \$ (99,197) | \$ (10,327) | \$ (9,674) |
| 2025 | \$ 46,711 | \$ (103,054) | \$ (13,259) | \$ (69,602) |
| 2026 | \$ - | \$ - | \$ - | \$ - |

Thereafter

Actuarial Assumptions used for determining the pension liability as of June 30, 2021:

| | CalPERS Miscellaneous Consolidated | PARS |
|------------------------------|--|---|
| Valuation Date | June 30, 2020 | June 30, 2020 |
| Measurement Date | June 30, 2021 | June 30, 2021 |
| Actuarial Cost Method | Entry-Age Normal Cost | Entry-Age Normal Cost |
| Actuarial Assumptions: | | |
| Discount Rate | 7.15% | 6.50% |
| Inflation | 2.50% | 2.50% |
| Payroll Growth Rate | Varies by Entry Age and Service | n/a |
| Projected Salary Increase | Protection Allowance Floor on purchase power applies, 2.50% thereafter | n/a |
| Investment Rate of Return ** | 7.15% | 6.50% |
| 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, 2021, 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 | \$ 609,350 | \$ - | \$ 218,733 | \$ - | | | \$ 828,083 | \$ - |
| Difference between projected and actual experience | 168,944 | - | - | 163,089 | | | 168,944 | 163,089 |
| Difference in actual vs. projected contributions | - | 112,830 | - | - | | | - | 112,830 |
| Change in proportion | 212,708 | - | - | - | | | 212,708 | - |
| Changes in assumptions | - | 23,383 | - | 1,397 | | | - | 24,780 |
| Net differences between projected and actual earnings on plan investments | 97,389 | - | - | 336,051 | | 43,292 | 97,389 | 379,343 |
| Total | \$ 1,088,391 | \$ 136,213 | \$ 218,733 | \$ 500,537 | \$ - | \$ 43,292 | \$ 1,307,124 | \$ 680,042 |

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 | 1.00% | -0.32% | -0.32% |
| US Core Fixed Income | 36.13% | 1.37% | 1.26% |
| US Equity Market | 47.36% | 5.33% | 3.70% |
| Foreign Developed Equity | 7.99% | 6.27% | 4.52% |
| Emerging Markets Equity | 5.53% | 8.64% | 4.95% |
| US REITS | 1.99% | 5.75% | 3.57% |
| | <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.

| | <u>Discount Rate - 1%</u> | <u>Current Discount Rate</u> | <u>Discount Rate + 1%</u> |
|----------------------------|---------------------------|------------------------------|---------------------------|
| | <u>(6.15%)</u> | <u>Rate (7.15%)</u> | <u>(8.15%)</u> |
| CalPERS Misc. Consolidated | \$ 5,337,969 | \$ 3,278,369 | \$ 1,576,586 |
| | <u>(5.50%)</u> | <u>(6.50%)</u> | <u>(7.50%)</u> |
| PARS REP EE | \$ (286,140) | \$ (590,122) | \$ (847,513) |
| PARS REP EC | \$ (77,511) | \$ (99,822) | \$ (119,515) |
| Total | \$ 4,974,318 | \$ 2,588,425 | \$ 609,558 |

(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 Anthem Blue Cross Traditional family rate. As of October 1, 2020, the Authority began providing dental and vision insurance to retirees. Eligibility for retiree dental and vision insurance is the same as that for retiree medical insurance and is available for employees who retire on or after October 1, 2020.

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, 2021, the following number of employees were covered by the benefit terms:

| | |
|---|----|
| Inactive employees or beneficiaries currently receiving benefits payments | 16 |
| Inactive employees entitled to but not yet receiving benefits payments | 0 |
| Active employees | 30 |
| Total | 46 |

Contributions. For the year ended June 30, 2021, 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, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: (1) Inflation 3.0 percent; (2) Salary Increases N/A; (3) 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 | 4.70% | 4.70% | 3.00% | 3.00% |
| Year 5 | 4.60% | 4.60% | 3.00% | 3.00% |
| Year 6 | 4.50% | 4.50% | 3.00% | 3.00% |
| Year 7 | 4.40% | 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 rate assumptions were based on the Society of Actuaries' PUB-2010 Public Retirement Plans Mortality Tables with adjustments for mortality improvements.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Strategic Allocation</u> | <u>Long-Term Expected Arithmetic Real Rate of Return</u> | <u>Long-Term Expected Geometric Real Rate of Return</u> |
|-----------------------------------|--|--|---|
| US Cash | 1.00% | -0.32% | -0.32% |
| US Core Fixed Income | 36.13% | 1.37% | 1.26% |
| US Equity Market | 47.36% | 5.33% | 3.70% |
| Foreign Developed Equity | 7.99% | 6.27% | 4.52% |
| Emerging Markets Equity | 5.53% | 8.64% | 4.95% |
| US REITS | 1.99% | 5.75% | 3.57% |
| 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) | \$ 826,130 | \$ 219,827 | \$ (294,158) |
| Change from baseline | \$ 606,303 | | \$ (513,985) |

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) | \$ (492,932) | \$ 219,827 | \$ 1,074,650 |
| Change from baseline | \$ (712,759) | | \$ 854,823 |

| 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, 2020 | \$ 5,070,706 | \$ 4,075,640 | \$ 995,066 |
| Changes for the year | | | |
| Service Cost | 264,754 | - | 264,754 |
| Interest | 394,341 | - | 394,341 |
| Effect of Plan Changes | - | - | - |
| Effect of Economic/Demographic Gains/Losses | 88,826 | - | 88,826 |
| Effect of Assumption Changes or Inputs | - | - | - |
| Benefit Payments | (158,005) | (158,005) | - |
| Employer Contributions | - | 428,005 | (428,005) |
| Net Investment Income | - | 1,095,155 | (1,095,155) |
| Administrative Expenses | - | - | - |
| Net Changes | 589,916 | 1,365,155 | (775,239) |
| Balance at June 30, 2021 | \$ 5,660,622 | \$ 5,440,795 | \$ 219,827 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2021, the Authority recognized OPEB expense of \$428,006. At June 30, 2021, the Authority had no deferred outflows of resources or deferred inflows of resources related to OPEB.

Payable to the OPEB Plan: At June 30, 2021, 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, 2021 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, 2021 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, 2021 is summarized in the following table.

| | 2021 |
|--------------------------------------|---------------------|
| Other deposits payable as of 7/1/20 | \$ 2,515,319 |
| Amounts received | 179,030 |
| Amounts paid on behalf | <u>(372,766)</u> |
| Other deposits payable as of 6/30/21 | <u>\$ 2,321,583</u> |

| Other deposits payable by type: | |
|--|---------------------|
| Claims payable | \$ 1,329,266 |
| Designated for Actuarial Funding in Excess of Expected | 128,693 |
| Due to Participating Cities | <u>863,624</u> |
| Total | <u>\$ 2,321,583</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) 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, 2021

| 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% | 0.073330% | 0.077720% | |
| liability | \$ 2,073,827 | \$ 1,639,879 | \$ 2,218,760 | \$ 2,666,524 | \$ 2,612,771 | \$ 2,936,613 | \$ 3,278,369 | |
| Covered-employee payroll (2) | \$ 2,327,758 | \$ 2,682,094 | \$ 3,037,419 | \$ 3,037,419 | \$ 3,448,823 | \$ 3,455,842 | \$ 3,633,749 | |
| liability as percentage of covered-employee payroll | 89.09% | 61.14% | 73.05% | 87.79% | 75.76% | 84.98% | 90.22% | |
| Plans fiduciary net position as a percentage of the total pension liability | 78.67% | 78.40% | 79.89% | 75.39% | 79.82% | 79.14% | 78.82% | |
| Proportionate share of aggregate employer contributions (3) | \$ 334,032 | \$ 301,892 | \$ 306,510 | \$ 355,251 | \$ 393,580 | \$ 461,730 | \$ 545,027 | |
| PARS EE | June 30, 2014 | June 30, 2015 | June 30, 2016 | June 30, 2017 | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 (1) |
| Proportion of the net pension liability | * | * | * | * | * | * | * | |
| liability | \$ 865,992 | \$ 922,433 | \$ 987,098 | \$ 515,962 | \$ 444,000 | \$ 93,540 | \$ 77,007 | \$ (590,122) |
| 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 | \$ 2,307,308 |
| liability as percentage of covered-employee payroll | 41.77% | 43.20% | 44.81% | 23.03% | 19.24% | 3.97% | 3.10% | -25.58% |
| Plans fiduciary net position as a percentage of the total pension liability | * | 60.05% | 60.29% | 77.72% | 82.02% | 96.06% | 96.97% | 122.46% |
| Proportionate share of aggregate employer contributions (3) | \$ 172,090 | \$ 177,684 | \$ 202,432 | \$ 206,231 | \$ 191,132 | \$ 195,696 | \$ 146,388 | \$ 145,810 |
| PARS EC | June 30, 2014 | June 30, 2015 | June 30, 2016 | June 30, 2017 | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 (1) |
| Proportion of the net pension liability | * | * | * | * | * | * | * | |
| liability | \$ (52,628) | \$ (36,035) | \$ (6,421) | \$ (23,792) | \$ (27,825) | \$ (21,952) | \$ (11,597) | \$ (99,822) |
| Covered-employee payroll (2) | N/A | 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 | 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% | 131.78% |
| Proportionate share of aggregate employer contributions (3) | \$ 1,455 | \$ 1,455 | \$ 5,137 | \$ 5,137 | \$ 1,383 | \$ 1,383 | \$ 1,358 | \$ 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, 2021

| Proportion of the net pension liability | Fiscal Year ⁽¹⁾ | | | | | | | |
|---|----------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | |
| Actuarially Determined Contribution (2) | \$ 334,032 | \$ 301,892 | \$ 306,510 | \$ 355,251 | \$ 393,580 | \$ 461,730 | \$ 545,027 | |
| Contributions in relation to the actuarially determined contributions (2) | (334,032) | (472,140) | (263,865) | (263,865) | (268,522) | (313,124) | (523,164) | |
| Contribution deficiency (excess) | \$ - | \$ (170,248) | \$ 42,645 | \$ 91,386 | \$ 125,058 | \$ 148,606 | \$ 21,863 | |
| Covered-employee payroll (3,4) | \$ 2,327,758 | \$ 2,682,094 | \$ 3,037,419 | \$ 3,105,427 | \$ 3,105,427 | \$ 3,455,842 | \$ 3,633,749 | |
| Contributions as a percentage of covered-employee payroll (3) | 14.35% | 11.26% | 8.69% | 8.50% | 8.65% | 9.06% | 14.40% | |
| PARS EE | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21* |
| Actuarially Determined Contribution (2) | \$ 172,090 | \$ 177,684 | \$ 202,432 | \$ 206,231 | \$ 191,132 | \$ 195,696 | \$ 146,388 | \$ 145,810 |
| Contributions in relation to the actuarially determined contributions (2) | (173,377) | (168,903) | (214,680) | (217,175) | (221,064) | (230,171) | (237,791) | (218,733) |
| Contribution deficiency (excess) | \$ (1,287) | \$ 8,781 | \$ (12,248) | \$ (10,944) | \$ (29,932) | \$ (34,475) | \$ (91,403) | \$ (72,923) |
| 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 | \$ 2,307,308 |
| Contributions as a percentage of covered-employee payroll (3) | 8.36% | 7.91% | 9.75% | 9.69% | 9.58% | 9.76% | 9.56% | 9.48% |
| PARS EC | 2013-14 | 2014-15 | 2015-16* | 2016-17* | 2017-18* | 2018-19* | 2019-20* | 2020-21* |
| Actuarially Determined Contribution (2) | \$ 1,455 | \$ 1,455 | \$ 5,137 | \$ 5,137 | \$ 1,383 | \$ 1,383 | \$ 1,358 | \$ 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) | (2,200) |
| Contribution deficiency (excess) | \$ (744) | \$ (745) | \$ 2,937 | \$ 2,937 | \$ (817) | \$ (817) | \$ (2,892) | \$ (842) |
| Covered-employee payroll (3,4) | N/A | 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 | 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 in surplus.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
OPEB Disclosures
As of June 30, 2021

| OPEB Schedule of Contributions | | | | |
|--|--------------|--------------|--------------|--------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Gross Actuarially determined contribution (ADC) | \$ 397,936 | \$ 410,027 | \$ 396,918 | \$ 365,437 |
| OPEB qualified expenditures | \$ (158,006) | \$ (143,307) | \$ (149,105) | \$ (152,450) |
| Net ADC | \$ 239,930 | \$ 266,720 | \$ 247,813 | \$ 212,987 |
| Contributions made | \$ 270,000 | \$ 300,000 | \$ - | \$ 201,000 |
| Contribution deficiency (excess) | \$ (30,070) | \$ (33,280) | \$ 247,813 | \$ 11,987 |
| | | | | |
| Covered-employee payroll | \$ 2,307,308 | \$ 2,486,235 | \$ 2,357,296 | \$ 2,307,919 |
| Contributions as a percentage of covered-payroll | -1.30% | -1.34% | 10.51% | 0.52% |

| OPEB Schedule of Changes | | | | |
|---|--------------|--------------|--------------|--------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Total OPEB Liability | | | | |
| Service Cost | \$ 264,754 | \$ 264,754 | \$ - | \$ 263,162 |
| Interest | 394,341 | 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 | 88,826 | (761,582) | - | - |
| Changes of assumptions | - | 239,386 | - | (230,700) |
| Benefit Payments | (158,006) | (143,307) | - | - |
| Adjustments | (20,465) | - | - | - |
| Net change in total OPEB liability | 569,450 | 20,466 | 257,123 | 576,049 |
| Total OPEB Liability - beginning | 5,091,172 | 5,070,706 | 4,813,583 | 4,237,534 |
| Total OPEB Liability - ending (a) | \$ 5,660,622 | \$ 5,091,172 | \$ 5,070,706 | \$ 4,813,583 |
| | | | | |
| Plan fiduciary net position | | | | |
| Contributions - employer | 428,006 | 668,316 | - | 353,450 |
| Net investment income | 1,095,155 | 95,273 | (152,449) | 221,624 |
| Benefit payments | (158,006) | (143,307) | - | - |
| Administrative expenses | - | - | - | - |
| Net change in plan fiduciary net position | 1,365,155 | 620,282 | (152,449) | 575,074 |
| Plan fiduciary net position - beginning | 4,075,640 | 3,455,358 | 3,607,807 | 3,032,733 |
| Plan fiduciary net position - ending (b) | \$ 5,440,795 | \$ 4,075,640 | \$ 3,455,358 | \$ 3,607,807 |
| Authority's net OPEB liability - ending (a) - (b) | \$ 219,827 | \$ 1,015,532 | \$ 1,615,348 | \$ 1,205,776 |
| | | | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 96.12% | 80.05% | 68.14% | 74.95% |
| Covered-employee payroll | \$ 2,307,308 | \$ 2,486,235 | \$ 2,357,296 | \$ 2,307,919 |
| Authority's net OPEB liability as a percentage of covered payroll | 9.53% | 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 | |
|--|----------------------|----------------------|-----------------------|-----------------------|-------------|-------------|---------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Unpaid claims and claim adjustment expenses at beginning of the year | \$ 84,814,000 | \$ 85,842,000 | \$ 108,293,000 | \$ 103,901,000 | \$ - | \$ - | \$ 2,503,000 | \$ 2,458,000 |
| Incurred claims and claim adjustment expenses: | | | | | | | | |
| Provision for covered events of the current year | 32,417,000 | 31,241,000 | 28,471,000 | 25,352,000 | 2,226,777 | 2,486,887 | 1,893,000 | 1,715,000 |
| Changes in provision for covered events of prior years | 2,332,516 | 3,516,641 | (12,726,271) | 2,092,826 | | | (67,902) | (1,670,000) |
| Total incurred claims and claim adjustment expenses | 34,749,516 | 34,757,641 | 15,744,729 | 27,444,826 | 2,226,777 | 2,486,887 | 1,825,098 | 45,000 |
| Payments: | | | | | | | | |
| Claims & claim adjustment expenses attributable to: | | | | | | | | |
| Covered events of the current year | 2,136,875 | 2,310,102 | 3,756,691 | 2,083,075 | 2,226,777 | 2,486,887 | - | 8,058 |
| Covered events of prior years | 23,020,641 | 33,475,539 | 19,232,038 | 20,969,751 | | | 74,098 | (8,058) |
| Total payments | 25,157,516 | 35,785,641 | 22,988,729 | 23,052,826 | 2,226,777 | 2,486,887 | 74,098 | - |
| Total unpaid claims and claim adjustment expenses at end of year | \$ 94,406,000 | \$ 84,814,000 | \$ 101,049,000 | \$ 108,293,000 | \$ - | \$ - | \$ 4,254,000 | \$ 2,503,000 |
| Components of claims payable | | | | | | | | |
| Current portion | \$ 33,040,000 | \$ 29,680,000 | \$ 25,260,000 | \$ 27,070,000 | | | \$ 1,490,000 | \$ 880,000 |
| Non-current portion | 61,366,000 | 55,134,000 | 75,789,000 | 81,223,000 | | | 2,764,000 | 1,623,000 |
| Total claims payable | \$ 94,406,000 | \$ 84,814,000 | \$ 101,049,000 | \$ 108,293,000 | \$ - | \$ - | \$ 4,254,000 | \$ 2,503,000 |
| Categories of claims payable | | | | | | | | |
| Claim reserves | \$ 58,509,000 | \$ 42,921,000 | \$ 62,311,000 | \$ 62,042,000 | | | \$ 2,242,000 | \$ 1,262,000 |
| IBNR: incurred but not reported | 30,179,000 | 37,033,000 | 32,900,000 | 40,784,000 | | | 750,000 | 474,000 |
| ULAE: unallocated loss adjustment expense | 5,718,000 | 4,860,000 | 5,838,000 | 5,467,000 | | | 1,262,000 | 767,000 |
| Total claims payable | \$ 94,406,000 | \$ 84,814,000 | \$ 101,049,000 | \$ 108,293,000 | \$ - | \$ - | \$ 4,254,000 | \$ 2,503,000 |

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

| | Excess WC | | Sequoia Pacific | | Totals | |
|--|---------------------|-------------------|----------------------|----------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Unpaid claims and claim adjustment expenses at beginning of the year | \$ 301,000 | \$ 412,000 | \$ 11,120,000 | \$ - | \$ 207,031,000 | \$ 192,613,000 |
| Incurred claims and claim adjustment expenses: | | | | | | |
| Provision for covered events of the current year | 762,000 | 464,000 | 11,044,453 | 11,120,000 | 76,814,230 | 72,378,887 |
| Changes in provision for covered events of prior years | 413,000 | (575,000) | (7,822,452) | - | (17,871,109) | 3,364,467 |
| Total incurred claims and claim adjustment expenses | 1,175,000 | (111,000) | 3,222,001 | 11,120,000 | 58,943,121 | 75,743,354 |
| Payments: | | | | | | |
| Claims & claim adjustment expenses attributable to: | | | | | | |
| Covered events of the current year | - | - | 436,984 | - | 8,557,327 | 6,888,122 |
| Covered events of prior years | - | - | 95,168 | - | 42,421,945 | 54,437,232 |
| Total payments | - | - | 532,152 | - | 50,979,272 | 61,325,354 |
| Total unpaid claims and claim adjustment expenses at end of year | \$ 1,476,000 | \$ 301,000 | \$ 13,809,849 | \$ 11,120,000 | \$ 214,994,849 | \$ 207,031,000 |
| Components of claims payable | | | | | | |
| Current portion | \$ 370,000 | \$ 80,000 | \$ 1,380,000 | \$ 1,110,000 | \$ 61,540,000 | \$ 58,820,000 |
| Non-current portion | 1,106,000 | 221,000 | 12,429,849 | 10,010,000 | 153,454,849 | 148,211,000 |
| Total claims payable | \$ 1,476,000 | \$ 301,000 | \$ 13,809,849 | \$ 11,120,000 | \$ 214,994,849 | \$ 207,031,000 |
| Categories of claims payable | | | | | | |
| Claim reserves | \$ 84,000 | \$ (464,000) | \$ 3,762,669 | \$ - | \$ 126,908,669 | \$ 105,761,000 |
| IBNR: incurred but not reported | 783,000 | 382,000 | 10,047,180 | 11,120,000 | 74,659,180 | 89,793,000 |
| ULAE: unallocated loss adjustment expense | 609,000 | 383,000 | - | - | 13,427,000 | 11,477,000 |
| Total claims payable | \$ 1,476,000 | \$ 301,000 | \$ 13,809,849 | \$ 11,120,000 | \$ 214,994,849 | \$ 207,031,000 |

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)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-----------|------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|
| 1. Required contribution and investment revenue: | | | | | | | | | | |
| Earned | \$ 45,946 | \$ 38,101 | \$ 47,178 | \$ 44,739 | \$ 49,556 | \$ 45,090 | \$ 48,977 | \$ 54,807 | \$ 57,156 | \$ 50,080 |
| Ceded | 7,838 | 6,988 | 7,544 | 6,151 | 6,925 | 7,653 | 7,990 | 5,722 | 8,745 | 11,997 |
| Net earned | 38,108 | 31,113 | 39,634 | 38,588 | 42,631 | 37,437 | 40,987 | 49,085 | 48,411 | 38,083 |
| 2. Unallocated expenses | 6,650 | 6,561 | 6,347 | 6,805 | 6,693 | 7,974 | 8,056 | 8,505 | 8,377 | 8,279 |
| 3. Estimated incurred claims expense, end of coverage year | | | | | | | | | | |
| Incurred | 34,761 | 34,220 | 33,032 | 34,051 | 34,202 | 35,895 | 33,766 | 41,409 | 39,111 | 43,404 |
| Ceded Claims | 7,838 | 6,988 | 7,544 | 6,151 | 6,925 | 7,653 | 7,990 | 5,722 | 8,745 | 11,997 |
| Net incurred claims | 26,923 | 27,232 | 25,488 | 27,900 | 27,277 | 28,242 | 25,776 | 35,687 | 30,366 | 31,407 |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of coverage year | 1,190 | 883 | 1,755 | 2,549 | 2,500 | 2,337 | 1,499 | 2,010 | 2,310 | 2,137 |
| One year later | 5,559 | 4,685 | 6,194 | 7,114 | 10,234 | 6,107 | 6,340 | 5,740 | 7,586 | |
| Two years later | 15,524 | 13,840 | 13,449 | 17,091 | 16,545 | 16,090 | 12,646 | 10,781 | | |
| Three years later | 18,666 | 19,921 | 26,004 | 25,577 | 19,847 | 23,039 | 15,783 | | | |
| Four years later | 26,586 | 22,385 | 29,069 | 30,272 | 29,037 | 24,991 | | | | |
| Five years later | 27,643 | 23,953 | 29,368 | 32,652 | 29,351 | | | | | |
| Six years later | 27,684 | 23,946 | 31,998 | 32,836 | | | | | | |
| Seven years later | 27,645 | 23,943 | 35,645 | | | | | | | |
| Eight years later | 27,641 | 23,944 | | | | | | | | |
| Nine years later | 27,651 | | | | | | | | | |
| 5. Re-estimated ceded claims and expenses | - | - | - | - | - | - | - | - | - | - |
| 6. Re-estimated net incurred losses | | | | | | | | | | |
| End of coverage year | 26,923 | 27,232 | 25,488 | 27,900 | 27,277 | 28,242 | 25,776 | 35,687 | 30,366 | 31,407 |
| One year later | 27,734 | 25,816 | 31,662 | 35,086 | 30,134 | 28,695 | 29,593 | 29,438 | 30,102 | |
| Two years later | 26,632 | 24,183 | 29,139 | 34,005 | 27,840 | 28,877 | 26,433 | 28,300 | | |
| Three years later | 24,178 | 27,845 | 34,532 | 33,696 | 25,610 | 28,816 | 26,702 | | | |
| Four years later | 27,544 | 22,881 | 34,269 | 34,549 | 31,777 | 29,182 | | | | |
| Five years later | 27,961 | 24,293 | 33,770 | 34,850 | 31,305 | | | | | |
| Six years later | 27,821 | 24,136 | 35,761 | 34,866 | | | | | | |
| Seven years later | 27,701 | 24,097 | 36,167 | | | | | | | |
| Eight years later | 27,731 | 24,208 | | | | | | | | |
| Nine years later | 27,828 | | | | | | | | | |
| 7. Increase (decrease) in estimated incurred claims expense from end of coverage year | \$ 905 | \$ (3,024) | \$ 10,679 | \$ 6,966 | \$ 4,028 | \$ 940 | \$ 926 | \$ (7,387) | \$ (264) | \$ - |

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)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-----------|-----------|------------|-----------|------------|-----------|-----------|-----------|-----------|-----------|
| 1. Required contribution and investment revenue: | | | | | | | | | | |
| Earned | \$ 32,033 | \$ 32,192 | \$ 30,857 | \$ 33,127 | \$ 39,410 | \$ 34,226 | \$ 32,641 | \$ 42,516 | \$ 43,195 | \$ 37,537 |
| Ceded | 875 | 751 | 875 | 769 | 845 | 900 | 894 | 909 | 2,358 | 2,907 |
| Net earned | 31,158 | 31,441 | 29,982 | 32,358 | 38,565 | 33,326 | 31,747 | 41,607 | 40,837 | 34,630 |
| 2. Unallocated expenses | 4,306 | 4,548 | 4,907 | 5,284 | 6,137 | 6,245 | 7,319 | 7,475 | 8,522 | 7,803 |
| 3. Estimated incurred claims expense, end of coverage year | | | | | | | | | | |
| Incurred | 20,575 | 22,462 | 23,543 | 23,175 | 21,554 | 25,257 | 26,152 | 27,270 | 27,163 | 30,748 |
| Ceded Claims | 875 | 751 | 875 | 769 | 845 | 900 | 894 | 909 | 2,358 | 2,907 |
| Net incurred claims | 19,700 | 21,711 | 22,668 | 22,406 | 20,709 | 24,357 | 25,258 | 26,361 | 24,805 | 27,841 |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of coverage year | 3,223 | 3,922 | 2,579 | 3,355 | 3,496 | 3,864 | 3,701 | 4,693 | 2,083 | 3,757 |
| One year later | 8,227 | 9,696 | 6,879 | 8,138 | 8,092 | 10,857 | 8,973 | 11,910 | 8,536 | |
| Two years later | 12,316 | 12,834 | 9,867 | 12,633 | 10,776 | 14,915 | 12,973 | 15,477 | | |
| Three years later | 14,872 | 15,232 | 11,933 | 15,926 | 12,841 | 17,666 | 15,171 | | | |
| Four years later | 16,849 | 17,264 | 13,062 | 17,989 | 14,282 | 20,633 | | | | |
| Five years later | 18,772 | 19,073 | 14,550 | 19,370 | 14,834 | | | | | |
| Six years later | 20,006 | 20,585 | 15,249 | 20,200 | | | | | | |
| Seven years later | 20,393 | 22,037 | 15,562 | | | | | | | |
| Eight years later | 20,735 | 23,003 | | | | | | | | |
| Nine years later | 21,136 | | | | | | | | | |
| 5. Re-estimated ceded claims and expenses | - | - | - | - | - | - | - | - | - | - |
| 6. Re-estimated net incurred losses | | | | | | | | | | |
| End of coverage year | 19,700 | 21,711 | 22,668 | 22,406 | 20,709 | 24,357 | 25,258 | 26,361 | 24,805 | 27,841 |
| One year later | 22,673 | 24,272 | 21,281 | 23,824 | 22,620 | 26,628 | 26,046 | 29,718 | 24,164 | |
| Two years later | 26,033 | 24,120 | 21,522 | 26,718 | 23,044 | 28,840 | 26,297 | 29,323 | | |
| Three years later | 25,842 | 25,615 | 22,457 | 28,098 | 21,770 | 28,123 | 24,621 | | | |
| Four years later | 25,507 | 26,457 | 20,623 | 27,346 | 20,999 | 26,963 | | | | |
| Five years later | 26,615 | 27,213 | 20,045 | 27,575 | 19,024 | | | | | |
| Six years later | 25,792 | 27,762 | 19,542 | 26,221 | | | | | | |
| Seven years later | 25,121 | 27,373 | 18,188 | | | | | | | |
| Eight years later | 24,662 | 25,832 | | | | | | | | |
| Nine years later | 23,679 | | | | | | | | | |
| 7. Increase (decrease) in estimated incurred claims expense from end of coverage year | \$ 3,979 | \$ 4,121 | \$ (4,480) | \$ 3,815 | \$ (1,685) | \$ 2,606 | \$ (637) | \$ 2,962 | \$ (641) | \$ - |

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 | 2021 |
|---|---------------|-----------------|-------------------|-----------------|--------------|
| 1. Required contribution and investment revenue: | | | | | |
| Earned | \$ 2,421 | \$ 2,641 | \$ 4,708 | \$ 5,490 | \$ 8,896 |
| Ceded | 839 | 512 | 543 | 2,019 | 2,920 |
| Net earned | <u>1,582</u> | <u>2,129</u> | <u>4,165</u> | <u>3,471</u> | <u>5,976</u> |
| 2. Unallocated expenses | 346 | 339 | 429 | 409 | 1,027 |
| 3. Estimated incurred claims expense, end of coverage year | | | | | |
| Incurred | 1,276 | 1,275 | 2,297 | 3,379 | 4,274 |
| Ceded Claims | 839 | 512 | 543 | 2,019 | 2,920 |
| Net incurred claims | <u>437</u> | <u>763</u> | <u>1,754</u> | <u>1,360</u> | <u>1,354</u> |
| 4. Paid (cumulative) as of: | | | | | |
| End of coverage year | - | - | - | 8 | - |
| One year later | - | 50 | - | 53 | |
| Two years later | 584 | 50 | 21 | | |
| Three years later | 576 | 50 | | | |
| Four years later | 584 | | | | |
| 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 | 1,354 |
| One year later | 874 | 393 | 294 | 822 | |
| Two years later | 642 | 212 | 618 | | |
| Three years later | 601 | 270 | | | |
| Four years later | 788 | | | | |
| 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>\$ (493)</u> | <u>\$ (1,136)</u> | <u>\$ (538)</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 | 2021 |
|---|--------------|---------------|--------------|--------------|
| 1. Required contribution and investment revenue: | | | | |
| Earned | \$ 360 | \$ 1,155 | \$ 1,735 | \$ 3,676 |
| Ceded | 27 | 66 | 280 | 536 |
| Net earned | <u>333</u> | <u>1,089</u> | <u>1,455</u> | <u>3,140</u> |
| 2. Unallocated expenses | 2 | 16 | 38 | 1,024 |
| 3. Estimated incurred claims expense, end of coverage year | | | | |
| Incurred | 60 | 221 | 565 | 974 |
| Ceded Claims | 27 | 66 | 280 | 536 |
| Net incurred claims | <u>33</u> | <u>155</u> | <u>285</u> | <u>438</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 | 438 |
| One year later | 35 | 97 | 290 | |
| Two years later | 50 | 147 | | |
| Three years later | 94 | | | |
| 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>\$ 61</u> | <u>\$ (8)</u> | <u>\$ 5</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 | 2021 |
|---|-------------------|---------------|
| 1. Required contribution and investment revenue: | | |
| Earned | \$ 15,416 | \$ 29,521 |
| Ceded | - | - |
| Net earned | <u>15,416</u> | <u>29,521</u> |
| 2. Unallocated expenses | 65 | 118 |
| 3. Estimated incurred claims expense, end of coverage year | | |
| Incurred | 11,120 | 9,098 |
| Ceded Claims | - | - |
| Net incurred claims | <u>11,120</u> | <u>9,098</u> |
| 4. Paid (cumulative) as of: | | |
| End of coverage year | - | 437 |
| One year later | 95 | |
| 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 | 9,098 |
| One year later | 4,711 | |
| Two years later | | |
| Three years later | | |
| Four years later | | |
| Five years later | | |
| Six years later | | |
| Seven years later | | |
| Eight years later | | |
| Nine years later | | |
| 7. Increase (decrease) in estimated incurred claims expense from end of coverage year | <u>\$ (6,409)</u> | <u>\$ -</u> |

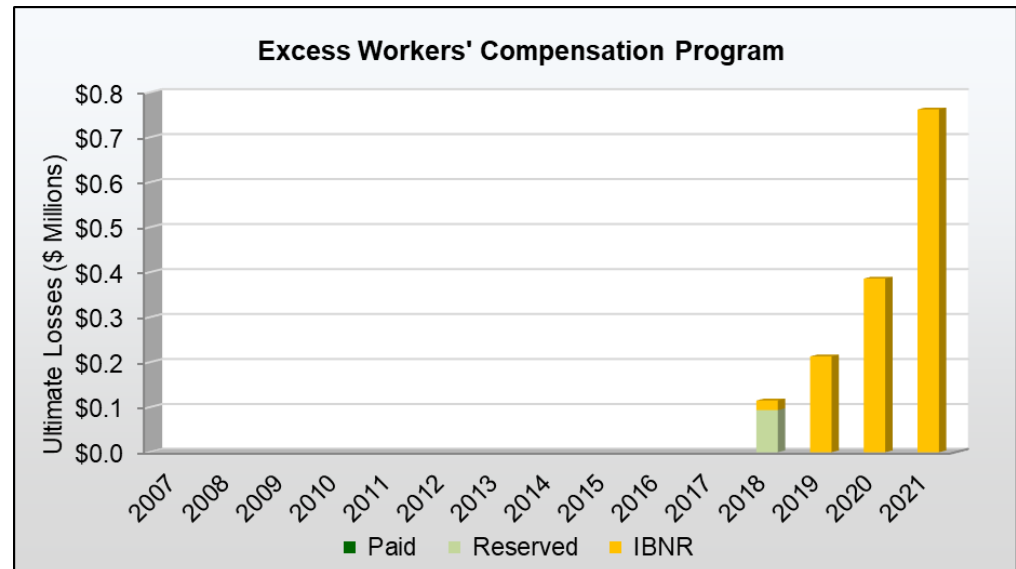
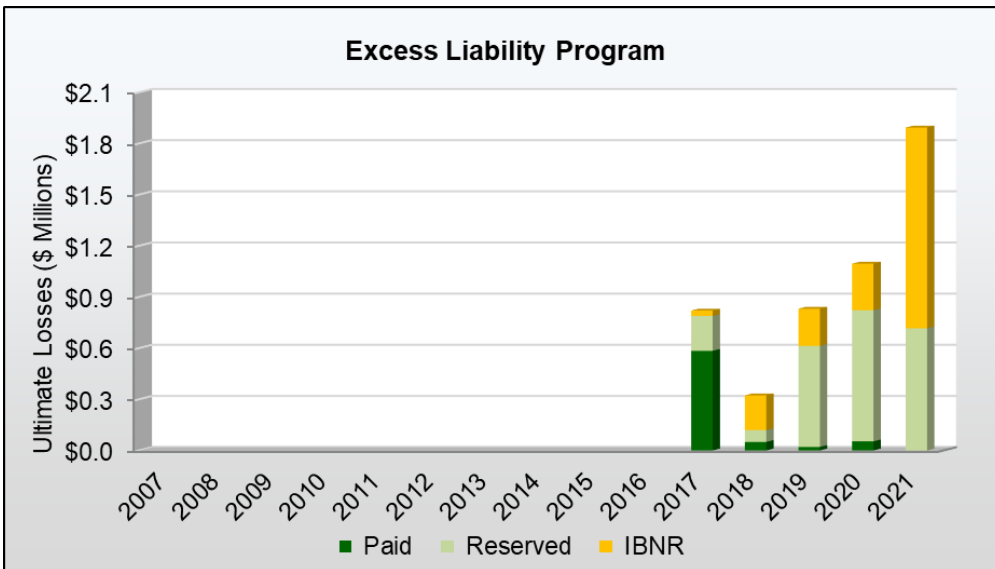
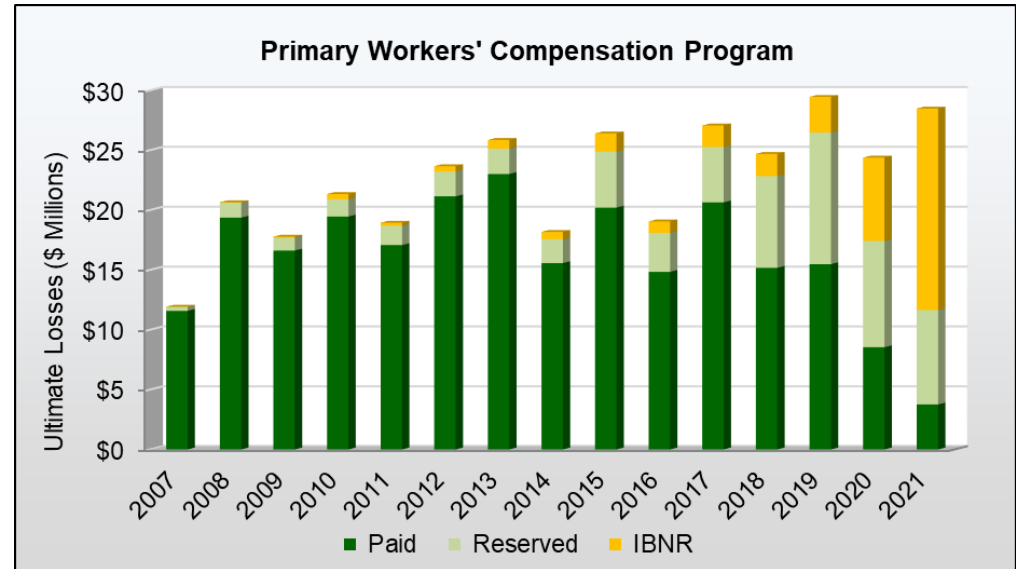
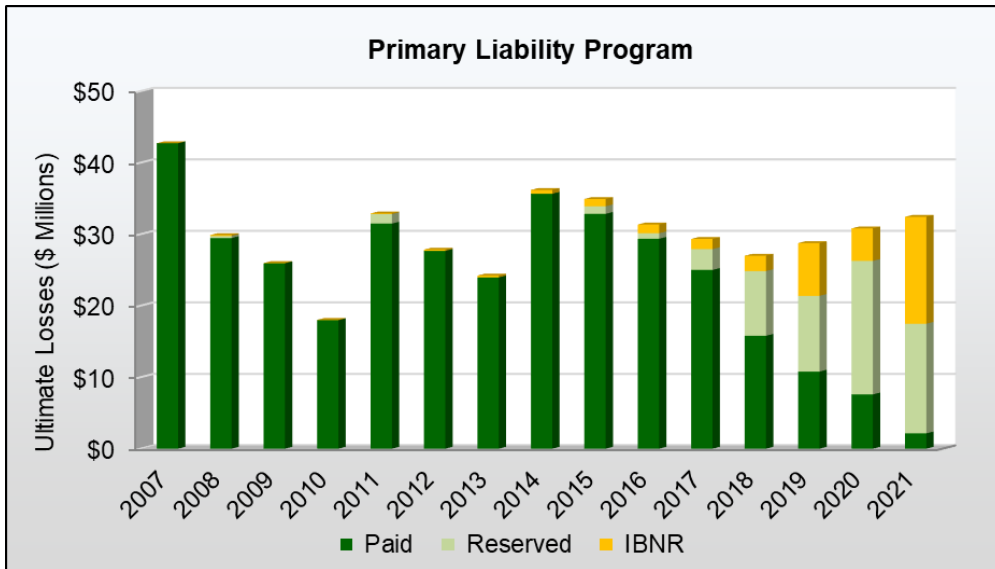
Notes to the Required Supplementary Information
Definition of Terms for Schedule of Ten-Year Claims Development Information

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, 2021



The increase in claim liabilities for the excess programs in the 2021 fiscal year is attributable to an increase in membership.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Schedule of Net Position by Program
June 30, 2021 and 2020

| | Primary Liability | Primary WC | Insurance Programs | Excess Liability | Excess WC | Sequoia Pacifi | Elimination | Total 2021 | Total 2020 |
|---------------------------------------|----------------------|----------------------|-----------------------|---------------------|---------------------|----------------------|------------------------|-----------------------|-----------------------|
| Assets | | | | | | | | | |
| Current Assets: | | | | | | | | | |
| Cash and equivalents | \$ 3,684,772 | \$ 3,883,811 | \$ 3,296 | \$ 373,006 | \$ 133,573 | \$ 699,800 | | \$ 8,778,258 | \$ 3,341,147 |
| Short-term investments | 8,814,680 | 9,290,821 | 7,884 | 892,301 | 319,534 | 64,084,851 | | 83,410,071 | 68,395,080 |
| Interest receivable | 482,596 | 478,694 | - | 30,113 | 10,014 | - | | 1,001,417 | 1,308,664 |
| Retrospective deposits receivable | 3,620,195 | 71,802 | - | - | - | - | | 3,691,997 | 2,424,963 |
| Due to/from | 4,000,000 | - | - | - | - | - | (4,000,000) | - | - |
| Accounts receivable | 8,276,973 | 111,933 | 887 | - | - | - | | 8,389,793 | 7,442,918 |
| Excess recoveries in progress | 1,940,216 | 1,185,569 | 5,076,322 | - | - | - | (532,151) | 7,669,956 | 21,443,924 |
| Prepaid expenses | 125,930 | 111,657 | 8,798 | 39,549 | 29,711 | - | | 315,645 | 874,626 |
| Total Current Assets | 30,945,362 | 15,134,287 | 5,097,187 | 1,334,969 | 492,832 | 64,784,651 | (4,532,151) | 113,257,137 | 105,231,322 |
| Non-Current Assets: | | | | | | | | | |
| Investment in Captive | 9,858,000 | 9,294,000 | 348,000 | 408,000 | 92,000 | - | (20,000,000) | - | - |
| Long-term investments | 124,403,684 | 131,123,573 | 111,262 | 12,593,251 | 4,509,667 | - | | 272,741,437 | 233,718,389 |
| Retrospective deposits receivable | 4,520,931 | 2,279,517 | - | - | - | - | | 6,800,448 | 8,882,461 |
| Salvaged assets | 1,200,000 | - | - | - | - | - | | 1,200,000 | 1,200,000 |
| Capital assets, not being depreciated | 1,231,748 | 822,417 | - | 704 | - | - | | 2,054,869 | 2,033,188 |
| Capital assets, net of depreciation | 1,321,908 | 916,538 | 1,182 | 5,619 | - | - | | 2,245,247 | 2,330,406 |
| Net Pension Assets | 255,211 | 254,589 | 44,225 | 87,485 | 48,434 | - | | 689,944 | 11,597 |
| Total Non-Current Assets | 142,791,482 | 144,690,634 | 504,669 | 13,095,059 | 4,650,101 | - | (20,000,000) | 285,731,945 | 248,176,041 |
| Total Assets | 173,736,844 | 159,824,921 | 5,601,856 | 14,430,028 | 5,142,933 | 64,784,651 | (24,532,151) | 398,989,082 | 353,407,363 |
| Deferred Outflows of Resources | 483,505 | 482,329 | 83,787 | 165,743 | 91,760 | - | - | 1,307,124 | 1,385,188 |
| Liabilities | | | | | | | | | |
| Current Liabilities: | | | | | | | | | |
| Accounts payable | 267,157 | 133,163 | 21,550 | 11,263 | 2,942 | 562,093 | (532,151) | 466,017 | 461,776 |
| Compensated absences | 275,177 | 252,714 | 33,695 | - | - | - | - | 561,586 | 494,882 |
| Unearned contributions | 4,992,031 | 3,762,935 | 334,480 | - | - | - | - | 9,089,446 | 5,953,645 |
| Member distributions payable | 4,007,367 | - | - | - | - | - | - | 4,007,367 | - |
| Retrospective refunds payable | 290,915 | 2,896,601 | - | - | - | - | - | 3,187,516 | 3,014,973 |
| Claims payable, short-term | 33,040,000 | 25,260,000 | - | 1,490,000 | 370,000 | 1,380,000 | - | 61,540,000 | 58,820,000 |
| Due to other funds | - | - | 4,000,000 | - | - | - | (4,000,000) | - | - |
| Total Current Liabilities | 42,872,647 | 32,305,413 | 4,389,725 | 1,501,263 | 372,942 | 1,942,093 | (4,532,151) | 78,851,932 | 68,745,276 |
| Non-Current Liabilities: | | | | | | | | | |
| Claims payable, long-term | 61,366,000 | 75,789,000 | - | 2,764,000 | 1,106,000 | 12,429,849 | | 153,454,849 | 148,211,000 |
| Member distributions payable | 16,029,467 | - | - | - | - | - | | 16,029,467 | - |
| Net pension liability | 1,212,669 | 1,209,718 | 210,143 | 415,697 | 230,142 | - | | 3,278,369 | 3,013,620 |
| Net OPEB liability | 81,314 | 81,116 | 14,091 | 27,874 | 15,432 | - | | 219,827 | 1,015,532 |
| Total Non-Current Liabilities: | 78,689,450 | 77,079,834 | 224,234 | 3,207,571 | 1,351,574 | 12,429,849 | | 172,982,512 | 152,240,152 |
| Total Liabilities | 121,562,097 | 109,385,247 | 4,613,959 | 4,708,834 | 1,724,516 | 14,371,942 | (4,532,151) | 251,834,444 | 220,985,428 |
| Deferred Inflows of Resources | 251,548 | 250,935 | 43,591 | 86,229 | 47,739 | - | | 680,042 | 463,922 |
| Net Position | | | | | | | | | |
| Net investment in capital assets | 2,553,656 | 1,738,955 | 1,182 | 6,323 | - | - | | 4,300,116 | 4,363,594 |
| Unrestricted | 49,853,048 | 48,932,113 | 1,026,911 | 9,794,385 | 3,462,438 | - | | 113,068,895 | 124,747,786 |
| Paid in Capital | | | | | | 20,000,000 | (20,000,000) | - | - |
| Earned surplus/(deficit) | | | | | | 30,412,709 | | 30,412,709 | 4,231,821 |
| Total Net Position | \$ 52,406,704 | \$ 50,671,068 | \$ 1,028,093 | \$ 9,800,708 | \$ 3,462,438 | \$ 50,412,709 | \$ (20,000,000) | \$ 147,781,720 | \$ 133,343,201 |

Fiscal Year 2020 figures reflect adjustments for comparison purposes. See Note I.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
Schedule of Revenues, Expenses, and Changes in Net Position by Program
For the Fiscal Years Ended June 30, 2021 and 2020

| | Primary Liability | Primary WC | Insurance Programs | Excess Liability | Excess WC | Sequoia Pacific | Elimination | Total 2021 | Total 2020 |
|---|----------------------|----------------------|-----------------------|---------------------|---------------------|----------------------|------------------------|-----------------------|-----------------------|
| Operating Revenues | | | | | | | | | |
| Contributions | \$ 51,064,838 | \$ 38,092,331 | \$ 19,590,580 | \$ 8,741,068 | \$ 3,632,107 | \$ 18,727,000 | \$ (18,727,000) | \$ 121,120,924 | \$ 107,681,083 |
| Retrospective adjustments, net | 2,823,758 | (3,421,654) | - | - | - | - | - | (597,896) | (1,671,266) |
| Miscellaneous income | 200,089 | 193,989 | 625,021 | - | - | - | - | 1,019,099 | 1,006,283 |
| Total Operating Revenues | 54,088,685 | 34,864,666 | 20,215,601 | 8,741,068 | 3,632,107 | 18,727,000 | (18,727,000) | 121,542,127 | 107,016,100 |
| Operating Expenses | | | | | | | | | |
| Coverages: | | | | | | | | | |
| Incurred claims expenses | 34,749,516 | 15,744,729 | 2,226,777 | 1,825,098 | 1,175,000 | 3,222,001 | - | 58,943,121 | 75,743,354 |
| Claims administration | 2,414,666 | 3,082,794 | - | 387,000 | 796,166 | - | - | 6,680,626 | 6,954,145 |
| Excess and re-insurance premiums | 11,996,605 | 2,906,892 | 18,994,142 | 2,919,872 | 535,645 | - | (18,727,000) | 18,626,156 | 15,321,908 |
| Contractual Services: | | | | | | | | | |
| Legal services | 155,298 | 14,067 | 4,764 | 1,185 | 296 | 5,112 | - | 180,722 | 165,179 |
| Information technology support | 165,691 | 151,883 | 10,356 | 13,808 | 3,452 | - | - | 345,190 | 295,771 |
| Risk management evaluations | 7,854 | 7,199 | 491 | 654 | 164 | - | - | 16,362 | 26,062 |
| Loss control services | 137,482 | 126,025 | 8,593 | 11,457 | 2,864 | - | - | 286,421 | 3,964 |
| Audit and actuarial services | 74,576 | 69,445 | 3,098 | 4,131 | 1,033 | 51,119 | - | 203,402 | 163,177 |
| Employment law resource | 297,623 | - | - | - | - | - | - | 297,623 | 306,804 |
| CRM and RMS | 127,305 | 116,697 | 7,957 | 10,609 | 2,652 | - | - | 265,220 | 296,815 |
| Other contractual services | 101,819 | 113,135 | 173,807 | 9,972 | 2,492 | 55,000 | - | 456,225 | 1,214,676 |
| General and Administrative: | | | | | | | | | |
| Salaries and employee benefits | 2,800,777 | 2,313,194 | 373,707 | 437,017 | 177,850 | - | - | 6,102,545 | 5,745,274 |
| Office expenses | 84,959 | 109,000 | 5,328 | 7,444 | 1,785 | - | - | 208,516 | 214,655 |
| Licensing and renewals | 268,476 | 246,103 | 16,780 | 22,373 | 5,593 | 5,250 | - | 564,575 | 485,422 |
| Member training and meetings | 643,517 | 590,036 | 40,168 | 53,607 | 13,402 | 1,800 | - | 1,342,530 | 1,655,427 |
| Risk management educational forum | 195,038 | 178,785 | 12,190 | 16,253 | 4,063 | - | - | 406,329 | 446,041 |
| Depreciation | 195,429 | 136,628 | - | 2,125 | - | - | - | 334,182 | 318,585 |
| LMS | 299,132 | 274,205 | 18,696 | 24,928 | 6,232 | - | - | 623,193 | 659,757 |
| Utilities and Miscellaneous expenses | 309,170 | 273,917 | 18,637 | 24,849 | 6,212 | - | - | 632,785 | 658,015 |
| Member distributions | 20,036,834 | - | - | - | - | - | - | 20,036,834 | - |
| Total Operating Expenses | 75,061,767 | 26,454,734 | 21,915,491 | 5,772,382 | 2,734,901 | 3,340,282 | (18,727,000) | 116,552,557 | 110,675,031 |
| Operating Income (Loss) | (20,973,082) | 8,409,932 | (1,699,890) | 2,968,686 | 897,206 | 15,386,718 | - | 4,989,570 | (3,658,931) |
| Non-Operating Revenues | | | | | | | | | |
| Gain (loss) on disposal of assets | - | - | - | - | - | - | - | - | (10,720) |
| Investment income | 2,089,847 | 2,088,460 | (1,939) | 159,655 | 45,592 | 4,540,915 | - | 8,922,530 | 8,134,140 |
| Investment and bank services | (113,012) | (120,444) | (2,417) | (4,405) | (1,469) | (150,284) | - | (392,031) | (319,342) |
| Net increase (decrease) in investment fair values | (2,961,948) | (2,523,141) | - | - | - | 6,403,539 | - | 918,450 | 10,753,012 |
| Total Non-Operating Revenues | (985,113) | (555,125) | (4,356) | 155,250 | 44,123 | 10,794,170 | - | 9,448,949 | 18,557,090 |
| Paid-In Capital | | | | | | | | | |
| Change in Net Position | (21,958,195) | 7,854,807 | (1,704,246) | 3,123,936 | 941,329 | 26,180,888 | - | 14,438,519 | 14,898,159 |
| Beginning 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 |
| Ending Net Position | \$ 52,406,704 | \$ 50,671,068 | \$ 1,028,093 | \$ 9,800,708 | \$ 3,462,438 | \$ 50,412,709 | \$ (20,000,000) | \$ 147,781,720 | \$ 133,343,201 |

Fiscal Year 2020 figures reflect adjustments for comparison purposes. See Note I.



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