California Insurance Pool Authority

Newport Beach, California

Financial Statements
and Independent Auditor's Report

For the Year Ended June 30, 2025
(with comparative totals for the Year Ended June 30, 2024)

THE PUN GROUP
ACCOUNTANTS & ADVISORS

California Insurance Pool Authority
Board of Directors
June 30, 2025

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ADMINISTRATION

Janet Kiser	Kiser & Company	General Manager

California Insurance Pool Authority

For the Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

Table of Contents

Page

Independent Auditor's Report 1

Management's Discussion and Analysis (Required Supplementary Information) (Unaudited) 5

Financial Statements:

Statement of Net Position 11
Statement of Revenues, Expenses and Changes in Net Position 12
Statement of Cash Flows 13
Notes to the Financial Statements 17

Supplementary Information:

Combining Statement of Net Position 29
Combining Statement of Revenues, Expenses and Changes in Net Position 30

Other Information:

Reconciliation of Claims Liabilities by Type of Coverage 32
Ten-Year Claims Development Information – Liability and Workers' Compensation Programs 35
Ten-Year Claims Development Information – Liability Program 36
Ten-Year Claims Development Information – Workers' Compensation Program 38

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 41

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of California Insurance Pool Authority
Newport Beach, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of California Insurance Pool Authority ("CIPA"), which comprise the statement of net position as of June 30, 2025 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise CIPA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of CIPA as of June 30, 2025, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CIPA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CIPA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 CIPA's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CIPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CIPA's basic financial statements. The combining statement of net position and combining statement of revenues, expenses, and changes in net position are presented for purposes of additional analysis and are 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of net position and combining statement of revenues, expenses, and changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises reconciliation of claims liabilities by type of coverage, and claims development information but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited CIPA's financial statements for the year ended June 30, 2024, and we expressed an unmodified opinion on those financial statements in our report dated October 25, 2024. In our opinion, the summarized comparative information presented with the financial statements herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2025 on our consideration of CIPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of CIPA's 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 CIPA's internal control over financial reporting and compliance.

The Pun Group, LLP

Santa Ana, California
October 24, 2025

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Description of the Basic Financial Statements

CIPA's financial statements are prepared in conformity with generally accepted accounting principles and necessarily include amounts based upon reliable estimates and judgments. A Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are maintained along with the Notes to Financial Statements to clarify unique accounting policies. Separate enterprise funds are operated for the Liability and Workers' Compensation Programs. The assets, liabilities, revenues, and expenses are reported on a full accrual basis.

Statement of Net Position

The Statement of Net Position provides information on all CIPA program assets and liabilities, with the difference reported as Net Position as summarized below:

	2025	2024	Change	% Change
Total Assets	$ 76,237,608	$ 65,012,466	$ 11,225,142	17.3%
Total Liabilities	$ 52,435,613	$ 45,332,577	$ 7,103,036	15.7%
Net Position	$ 23,801,995	$ 19,679,889	$ 4,122,106	20.9%

Total Assets

Total assets increased primarily due to net cash provided by operating activities in the amount of $6,864,768. Current and noncurrent assets increased 20.3% and 15.9%.

Total Liabilities

Noncurrent unpaid liability claims increased $7,470,913 (19.9%) as projected by the actuary. The timing of claim reimbursements varies depending son claims activity.

Accounts payable decreased $367,877 as the prior year's accounts payable included claim reimbursements due on two liability claims.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents information showing total revenues versus total expenses and the resulting effect on Net Position as summarized below:

Operating Revenues/Expenses	2025	2024	Change	% Change
Total Operating Revenues	$ 14,706,769	$ 12,227,289	$ 2,479,480	20.3%
Total Operating Expenses	$ 14,946,258	$ 11,087,231	$ 3,859,027	34.8%
Operating Income (Loss)	$ (239,489)	$ 1,140,058	$ (1,379,547)	-121.0%
Nonoperating Revenues				
Investment Income	$ 4,361,595	$ 3,101,225	$ 1,260,370	40.6%
Changes in Net Position	$ 4,122,106	$ 4,241,283	$ (119,177)	-2.8%

Operating Revenues

Contributions, including pool, excess and joint purchased policies increased $4,033,451 (14.5%). Net contributions to the pool increased $2,479,480 (20.3%) due to loss development as projected by the actuary.

Excess insurance and joint purchase insurance premiums, which are pass-through items collected from members and remitted to insurance carriers, increased $1,553,971 (9.9%). The joint purchase insurance programs include property, earthquake, flood, cyber, pollution and crime coverages. Rising insurance company loss ratios and the limited number of carriers willing to write insurance, particularly for public sector liability, has created a hard insurance market with increasing premiums. The liability program saw an 18.3% increase and the workers' compensation program saw an increase of $578,368 (53.7%). The workers' compensation increase was due to loss development as calculated by the actuary, increased payroll and a payroll adjustment of $290,566.

Operating Revenue	2025	2024	Change	% Change
Contributions	$ 31,946,154	$ 27,912,703	$ 4,033,451	14.5%
Excess Insurance	$ (10,467,874)	$ (9,379,379)	$ (1,088,495)	11.6%
Joint Purchase Insurance	$ (6,771,511)	$ (6,306,035)	$ (465,476)	7.4%
Total Operating Revenues	$ 14,706,769	$ 12,227,289	$ 2,479,480	20.3%

Operating Expenses

Operating expenses increased $3,859,027 (34.8%) this increase is primarily attributed to this year's $4,661,842 increase in the provision for loss reserves which was offset by an $808,979 reduction in claim payments when compared to the prior year.

Nonoperating Revenues

Investment income was $4,361,595, an increase of $1,260,370 (40.6%) over the prior year. Contributions to the pool, higher interest yields and market value adjustment compared to the prior year resulted in improved investment income.

Cash & Cash Equivalents, and Investments

Total cash and cash equivalents, and investments increased $11,226,337 (17.3%) due to the collection of pool contributions and higher interest income. Funds have primarily been deposited in CAMP with higher interest rates and funds within the investment portfolio have been transitioning to longer-term investments to capture current higher interest rates.

	2025	2024	Change	% Change
Cash & Cash Equivalents	$ 13,582,427	$ 10,034,528	$ 3,547,899	35.4%
Short Term Investments	$ 10,100,656	$ 9,646,898	$ 453,758	4.7%
Noncurrent Investments	$ 52,552,866	$ 45,328,186	$ 7,224,680	15.9%
Total	$ 76,235,949	$ 65,009,612	$ 11,226,337	17.3%

Liability Program

The liability program's net position increased $5,384,735 (52.8%) compared to the prior year:

	2025	2024	Change	% Change
Total Assets	$ 41,583,222	$ 33,172,430	$ 8,410,792	25.4%
Total Liabilities	$ 26,007,404	$ 22,981,347	$ 3,026,057	13.2%
Net Position	$ 15,575,818	$ 10,191,083	$ 5,384,735	52.8%

Changes in the net position are shown below:

	2025	2024	Change	% Change
Operating Revenues	$ 10,005,541	$ 8,079,374	$ 1,926,167	23.8%
Operating Expenses	$ 6,895,329	$ 7,426,890	$ (531,561)	-7.2%
Operating Income (Loss)	$ 3,110,212	$ 652,484	$ 2,457,728	376.7%
Nonoperating Revenues				
Investment Income	$ 2,274,523	$ 1,616,921	$ 657,602	40.7%
Change in Net Position	$ 5,384,735	$ 2,269,405	$ 3,115,330	137.3%

Operating revenues to the pool increased $1,926,167 (23.8%) compared to the prior year. This increase was due to the actuary's calculation of the pool premium taking into consideration loss experience and increased exposure.

Operating expenses decreased $531,561 (7.2%). This decrease is primarily attributed to a $2,576,239 reduction in claim payments when compared to the prior year. Claim payments can vary each year and depend on the status of claims, settlement posture and any expected trials. The decrease in claim payments was offset by an increase of $2,063,247 in the provision for loss reserves.

Investment income was $2,274,523, an increase of $657,602 (40.7%) over the prior year. Contributions to the pool, higher interest yields and market value adjustment compared to the prior year resulted in improved investment income.

Workers' Compensation Program

The workers' compensation program's net position decreased $1,262,629 (13.3%) compared to the prior year:

	2025	2024	Change	% Change
Total Assets	$ 34,654,386	$ 31,840,036	$ 2,814,350	8.8%
Total Liabilities	$ 26,428,209	$ 22,351,230	$ 4,076,979	18.2%
Net Position	$ 8,226,177	$ 9,488,806	$ (1,262,629)	-13.3%

The change in the net position is shown below:

	2025	2024	Change	% Change
Operating Revenues	$ 4,701,228	$ 4,147,915	$ 553,313	13.3%
Operating Expenses	$ 8,050,929	$ 3,660,341	$ 4,390,588	120.0%
Operating Income (Loss)	$ (3,349,701)	$ 487,574	$ (3,837,275)	-787.0%
Nonoperating Revenues				
Investment Income	$ 2,087,072	$ 1,484,304	$ 602,768	40.6%
Change in Net Position	$ (1,262,629)	$ 1,971,878	$ (3,234,507)	-164.0%

Operating revenues to the pool increased $533,313 (13.3%) compared to the prior year. This increase was due to the actuary's calculation of the pool premium taking into consideration loss experience and increased payroll.

Operating expenses increased $4,390,588 (120%) and is primarily attributed to this year's $2,598,595 increase in the provision for loss reserves and increase in claim payments of $1,767,260 when compared to the prior year. Several large claims have emerged including one catastrophic claim.

Investment income was $2,087,072 an increase of $602,768 (40.6%) over the prior year. Contributions to the pool, higher interest yields and market value adjustment compared to the prior year resulted in improved investment income.

Contacting CIPA's Financial Management

This financial report is designed to provide a general overview and accountability of finances for all those with an interest in CIPA's finances. If you have any questions about this report or need additional information, contact management at 366 San Miguel Drive, Suite 312, Newport Beach, California 92660.

BASIC FINANCIAL STATEMENTS

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California Insurance Pool Authority
Statement of Net Position
June 30, 2025
(With Comparative Totals as of June 30, 2024)

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 13,582,427	$ 10,034,528
Receivables:		
Other	-	1,221
Interest	1,659	1,633
Short-term investments	10,100,656	9,646,898
Total current assets	23,684,742	19,684,280
Noncurrent Assets:		
Investments	52,552,866	45,328,186
Total noncurrent assets	52,552,866	45,328,186
Total assets	76,237,608	65,012,466
LIABILITIES		
Current Liabilities:		
Accounts payable	15,123	383,000
Unpaid claims and claim adjustment liability - current portion	7,378,641	7,378,641
Total current liabilities	7,393,764	7,761,641
Noncurrent Liabilities:		
Unpaid claims and claim adjustment liability - noncurrent portion	45,041,849	37,570,936
Total noncurrent liabilities	45,041,849	37,570,936
Total liabilities	52,435,613	45,332,577
NET POSITION		
Unrestricted	23,801,995	19,679,889
Total net position	$ 23,801,995	$ 19,679,889

See accompanying notes to the financial statements.

California Insurance Pool Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025	2024
OPERATING REVENUES		
Contributions	$ 31,946,154	$ 27,912,703
Excess insurance	(10,467,874)	(9,379,379)
Joint purchase insurance	(6,771,511)	(6,306,035)
Total operating revenues	14,706,769	12,227,289
OPERATING EXPENSES		
Claims paid	6,679,488	7,488,467
Provision for loss reserves	7,470,913	2,809,071
Administrative expenses:		
Litigation management	47,430	53,740
Risk management services	586,197	566,374
Other administrative expenses	162,230	169,579
Total administrative expenses	795,857	789,693
Total operating expenses	14,946,258	11,087,231
Operating income (loss)	(239,489)	1,140,058
NONOPERATING REVENUES		
Investment earnings	4,361,595	3,101,225
Total nonoperating revenues	4,361,595	3,101,225
CHANGES IN NET POSITION	4,122,106	4,241,283
NET POSITION		
Beginning of year	19,679,889	15,438,606
End of year	$ 23,801,995	$ 19,679,889

See accompanying notes to the financial statements.

California Insurance Pool Authority
Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members	$ 31,947,375	$ 27,911,482
Cash paid for claims and settlements	(6,679,488)	(7,488,467)
Cash paid for insurance	(17,239,385)	(15,685,414)
Cash paid to suppliers for goods and services	(1,163,734)	(484,284)
Net cash provided by operating activities	6,864,768	4,253,317
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(41,314,002)	(34,125,447)
Proceeds from maturities and sales of investment securities	35,298,264	32,803,357
Interest income	2,698,869	1,564,554
Net cash provided by (used in) investing activities	(3,316,869)	242,464
Net increase in cash and cash equivalents	3,547,899	4,495,781
CASH AND CASH EQUIVALENTS		
Beginning of year	10,034,528	5,538,747
End of year	$ 13,582,427	$ 10,034,528
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities		
Operating income (loss)	$ (239,489)	$ 1,140,058
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in other receivables	1,221	(1,221)
Increase (decrease) in accounts payable	(367,877)	378,080
Increase (decrease) in due to members	-	(72,671)
Increase in unpaid claims and claims adjustments liabilities	7,470,913	2,809,071
Total adjustments	7,104,257	3,113,259
Net cash provided by operating activities	$ 6,864,768	$ 4,253,317

See accompanying notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

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Note 1 – Summary of Significant Accounting Policies

The financial statements of the California Insurance Pool Authority ("CIPA") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

CIPA was established in 1978, under a Joint Powers Agreement pursuant to the provisions of Chapter 5 (beginning with Section 6500) of Division 7 of Title I of the State of California Government Code, for the purpose of reducing insurance costs through the joint purchase of liability insurance. In 1986, the liability program shifted to a "pooling" format. CIPA has group purchased excess workers' compensation insurance since 1986. In response to adverse market conditions, CIPA established a workers' compensation pool beginning June 1, 2002.

Since CIPA's inception, group purchase options have been broadened to include Property, Earthquake, Boiler & Machinery, Pollution and Cyber Liability, and Faithful Performance Bond. These fully insured policies are offered through joint purchase programs. Premium savings result from the group purchase of these policies and provide a well-rounded program to meet the insurance needs of Member Cities.

The Liability self-insured retention (SIR) for each Member City ranges between $150,000 to $1,000,000. Higher SIR's are available and new members are offered SIR's no lower than $300,000. CIPA pools liability between the Members' SIR's and $3,000,000, except for the City of Whittier with a pool retention of $5,000,000. With the addition of commercial reinsurance and excess insurance, total limits of $43,000,000 per occurrence and in the aggregate are afforded to each Member.

The current Workers' Compensation SIR for each Member City ranges between $300,000 and $500,000. CIPA group purchased excess workers' compensation coverage with a limit of $50,000,000 above CIPA's pooled retention prior to July 1, 2018. Statutory limits have been group purchased since July 1, 2018.

The fourteen Members of CIPA operate within the guidelines of the Joint Powers Agreement which is approved by each Member's elected officials. The financial and operating responsibilities are shared by all Members through a system of Member committees, management and consultants.

As of June 30, 2025, membership in CIPA was as follows:

City of Arcadia	City of La Habra
City of Brea	City of Montclair
City of Buena Park	City of Newport Beach
City of Carlsbad	City of Orange
City of Cypress	City of Tustin
City of Irvine	City of Whittier
City of Laguna Beach	City of Yorba Linda

Admission

A new Member may be accepted upon application to CIPA and upon acceptance by the Board by two-thirds vote, and subject to acceptance by the prospective member of the financial arrangements, fund contributions and such other conditions as may be specified by the Board, consistent with the Joint Powers Agreement.

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Withdrawal/Termination

Members may withdraw from CIPA upon advance written notice in accordance with the Joint Powers Agreement. The effect of withdrawal (or termination), for the pooling programs, does not terminate the responsibility of the member to continue paying its share of assessments or other financial obligations incurred by reason of its previous participation.

The agreement contains provisions that require any member to remain in the program for a minimum period of two years. Thereafter the member agency may withdraw by giving written notice to the Board or its designee, on or before the next succeeding March 1, of the intent to withdraw as of 12:01 a.m. on the next July 1.

Component Unit

CIPA has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by accounting principles generally accepted in the United States of America. The criteria include, but are not limited to, whether the entity exercises fiscal accountability (which includes whether CIPA's governing body is substantially the same as a component unit's governing body, or if there is a financial benefit or burden relationship between CIPA and the component unit). CIPA has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in these financial statements.

B. Financial Statements

The financial statements (i.e., the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows) report information on all the activities (operations of its administration, officers, executive committee and board of directors) of CIPA. This includes financial activity relating to all of the membership years. The statement of revenues, expenses, and changes in net position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

C. Measurement Focus and Basis of Accounting

CIPA is accounted for as an enterprise fund and its financial statements are prepared using the *"economic resources"* measurement focus and the accrual basis of accounting. Revenues from member contributions and interest from investments are recognized when earned. Expenses for vendor services are recognized when the services are provided. Expenses related to joint purchase premiums are recognized during the applicable policy period. Assessments and dividends are recognized during the fiscal year as calculated by the actuary. Claim reimbursements are recognized during the fiscal year in which they are incurred.

CIPA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with CIPA's principal ongoing operations. The principal operating revenues of CIPAs are members contributions and assessments associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses of CIPA include the administrative expenses and other professional services. The intent of the Board is that the costs of providing services on a continuing basis be financed through member contributions and assessments. Nonoperating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Use of Restricted/Unrestricted Assets

When both restricted and unrestricted resources are available for use, it is CIPA's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Cash, Cash Equivalents and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash in bank, investments in Local Agency Investment Fund, and all highly liquid debt instruments purchased with original maturity of three months or less.

Risk Disclosures – Certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

- Interest Rate Risk
- Credit Risk
    - Overall
    - Custodial Credit Risk
    - Concentration of Credit Risk

Investment Valuation – GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the statement of net position, are categorized based upon the level of judgement associated with the inputs used to measure their fair value. Levels of inputs are as follows:

- ***Level 1*** **–** Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

- ***Level 2*** **–** Inputs, other than quoted prices included in Level 1, that are observable for the assets or liability through corroboration with market data at the measurement date.

- ***Level 3*** **–** Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

CIPA reported an unrealized gain in accordance with GASB Statement No. 31*, Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, during the year ended June 30, 2025 in the amount of $1,662,676 The unrealized gain is reported with other investment earnings as part of nonoperating revenues.

F. Receivables and Allowance for Doubtful Accounts

Receivables generally include investment earnings on deposits and member assessments. CIPA has not experienced any significant bad debt losses and management has analyzed these accounts and believes all amounts are fully collectible. Accordingly, no provision has been made for doubtful accounts.

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Unpaid Claims and Claim Adjustment Liabilities

CIPA establishes claim liabilities based on estimates of the ultimate cost of claims (including future allocated claim adjustment expense) that have been reported but not settled. The estimated amount of aggregate excess insurance recoverable on unpaid claims is deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability.

Claims liabilities are recomputed periodically at an expected confidence level using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they become known.

H. Unallocated Loss Adjustment Expenses

Unallocated loss adjustment expenses (ULAE) are the indirect expenses to settle claims. These expenses are primarily administration and claims handling expenses.

Accounting standards require that ULAE be included in financial statements. CIPA has recorded $150,000 for ULAE as of June 30, 2025.

I. Contribution Income

Member contributions are collected in advance and recognized as revenues in the period for which insurance protection is provided. If CIPA's Board of Directors determines that the insurance funds for a program, including anticipated investment income, are insufficient to pay losses, the JPA may impose a supplemental assessment on all participating members. Supplemental assessments are recognized as income in the period assessed, however, the assessments are paid to CIPA over a ten-year period or more if approved by the Board.

J. Income Taxes

CIPA's income is exempt from federal and state income taxes under Internal Revenue Code Section 115 and the corresponding section of the *California Revenue and Taxation Code*.

K. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions 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 these estimates.

L. Comparative Data

Selected information from the prior fiscal year has been included in the accompanying financial statements in order to provide an understanding of changes in CIPA's financial position and operations. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with CIPA's financial statements for the year ended June 30, 2024, from which this selected financial data was derived.

Note 2 – Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments consisted of the following at June 30, 2025 and 2024:

	2025	2024
Balance per bank	$ 714,273	$ 805,807
Less: Outstanding checks	(567,348)	(623,791)
Balance per books	146,925	182,016
Cash on hand	1,000	1,000
Cash on hand and in bank	147,925	183,016
Pooled Funds:		
Local Agency Investment Fund	151,550	143,840
California Asset Management Program	12,361,098	9,548,425
Money market funds	921,854	159,247
Total cash and cash equivalents	13,582,427	10,034,528
Investments	62,653,522	54,975,084
Total cash and cash equivalents and investments	$ 76,235,949	$ 65,009,612

A. Cash and Cash Equivalents

Cash in Bank

As of June 30, 2025, the carrying amount of demand deposits was $146,925 and the bank balance was $714,273, of which the total amount was collateralized or insured with securities held by the pledging financial institutions in CIPA's name as discussed below.

Custodial Credit Risk for Deposit

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 California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposit 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

Local Agency Investment Fund

CIPA is a voluntary participant in the Local Agency Investment Fund (LAIF) which is regulated by California Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2025, CIPA had $151,550 invested in the LAIF. The fair value of CIPA's position in the pool is the same as the value of the pool shares and reported at amortized cost which approximates fair value.

Note 2 – Cash and Cash Equivalents and Investments (Continued)

A. Cash and Cash Equivalents (Continued)

California Asset Management Program

The California Asset Management Program (CAMP) is a public joint powers authority which provides California Public Agencies with investment management services for surplus funds and comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt financings. The CAMP currently offers the Cash Reserve Portfolio, a short-term investment portfolio, as a means for Public Agencies to invest these funds. Public Agencies that invest in the Pool (Participants) purchase shares of beneficial interest. Participants may also establish individual, professionally managed investment accounts (Individual Portfolios) by separate agreement with the Investment Advisor.

Investments in the Pools and Individual Portfolios are made only in investments in which Public Agencies generally are permitted by California statute. The CAMP may reject any investment and may limit the size of a Participant's account. The Pool seeks to maintain, but does not guarantee, a constant net asset value of $1.00 per share. A Participant may withdraw funds from its Pool accounts at any time by check or wire transfers. Requests for wire transfers must be made by 9:00 a.m. that day. As of June 30, 2025, CIPA had $12,361,098 invested in CAMP, which is reported at amortized cost which approximates fair value.

B. Investments

Authorized Deposits/Investments

Under provisions of CIPA's Investment Policy, and in accordance with Section 53600 of the California Government Code, CIPA may invest in the following types of investments:

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in Any One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	30%
Municipal Securities	5 years	None	5%
Banker's Acceptances	180 days	25%	5%
Commercial Paper	270 days	25%	5%
Certificates of Deposit - Negotiable	5 years	30%	5%
Certificates of Deposit - Non-negotiable	5 years	30%	5%
Corporate Notes	5 years	30%	5%
Mortgage Obligations/Asset Backed Securities	5 years	20%	5%
Supranationals	5 years	30%	10%
Money Market Mutual Funds	None	20%	10%
Local Agency Investment Fund	None	None*	None
California Asset Management Program	None	None	None

*LAIF has a $75 million maximum investment limit per account

Note 2 – Cash and Cash Equivalents and Investments (Continued)

B. Investments (Continued)

Custodial Credit Risk for Investments

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. CIPA's investment policy contains policy requirements that would limit the exposure to custodial credit risk for investments. Securities purchased from brokers/dealers shall be held in third party safekeeping by the trust department of CIPA's bank or other trustee. Securities are to be held in the name of CIPA and are to be purchased on a delivery vs. payment (DVP) basis only. Investments with various federal agencies, mortgage obligations, asset backed securities, corporate notes, municipal securities and supranationals with a fair value of $62,653,522 at June 30, 2025, are held by CIPA's custodian bank.

Disclosures Relating to Interest Rate 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 CIPA 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.

As of June 30, 2025, CIPA had the following investments:

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25-60 Months
U.S Treasury Obligations	$ 22,576,862	$ 3,605,598	$ 3,816,604	$ 15,154,660
U.S. Agency Securities	13,194,933	3,288,781	3,267,767	6,638,385
Mortgage Obligations/Asset Backed Securities	6,816,215	107,525	739,171	5,969,519
Corporate Notes	17,287,630	1,841,291	3,699,403	11,746,936
Municipal Securities	284,968	-	-	284,968
Supranationals	2,492,914	1,257,461	181,339	1,054,114
Total	$ 62,653,522	$ 10,100,656	$ 11,704,284	$ 40,848,582

CIPA's investments are presented in the Statement of Net Position at June 30, 2025 and 2024 as follows:

	2025	2024
Short-term investments	$ 10,100,656	$ 9,646,898
Investments	52,552,866	45,328,186
Total investments	$ 62,653,522	$ 54,975,084

Note 2 – Cash and Cash Equivalents and Investments (Continued)

B. Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code and CIPA's investment policy, and the actual rating as of year-end for each investment type as rated by Moody's.

		S&P/Moody's	Exempt from	Ratings as of June 30, 2025				
Investment Type	Fair Value	Legal Rating	Disclosures	Aaa	Aa1-Aa3	A1	A2	A3
U.S. Treasury Obligations	$ 22,576,862	N/A	$ 22,576,862	$ -	$ -	$ -	$ -	$ -
U.S. Agency Securities	13,194,933	N/A	-	13,194,933	-	-	-	-
Mortgage Obligations/Asset Backed	6,816,215	AA/Aa2	-	6,816,215	-	-	-	-
Corporate Notes	17,287,630	A/A2	-	489,063	4,889,040	6,154,932	4,844,702	909,893
Municipal Securities	284,968	AA/Aa2	-	284,968	-	-	-	-
Supranationals	2,492,914	AA/Aa2	-	2,492,914	-	-	-	-
Total	$ 62,653,522		$ 22,576,862	$ 23,278,093	$ 4,889,040	$ 6,154,932	$ 4,844,702	$ 909,893

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The investment policy of CIPA contains limitations on the amounts that can be invested in any one issuer. Investments in any one issuer that represent 5 percent or more of total CIPA investments are as follows:

Issuer	Investment Type	Fair Value
Federal Home Loan Banks	U.S. Agency Securities	$ 3,593,441
Freddie Mac	U.S. Agency Securities	5,595,484

Fair Value Measurements

Fair value measurements are categorized based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, including matrix pricing models; Level 3 inputs are significant unobservable inputs.

Investment fair value measurements as of June 30, 2025 are as follows:

Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Obligations	$ 22,576,862	$ -	$ 22,576,862	$ -
U.S. Agency Securities	13,194,933	-	13,194,933	-
Mortgage Obligations/Asset Backed Securities	6,816,215	-	6,816,215	-
Corporate Notes	17,287,630	-	17,287,630	-
Municipal Securities	284,968	-	284,968	
Supranationals	2,492,914	-	2,492,914	-
Total	$ 62,653,522	$ -	$ 62,653,522	$ -

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that the GASB Statements require or permit in the statement of net position at the end of each reporting period.

Note 3 – Reconciliation of Claims Liability

As discussed in Note 1, CIPA establishes a liability for both reported and unreported insured events, which includes estimates of future payments of losses and related legal expenses. The following represents changes in those aggregate liabilities for CIPA during the fiscal year ended June 30:

	2025	2024
Beginning balance	$ 44,949,577	$ 42,140,506
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	10,426,676	7,383,519
Increase in provision for insured events of prior fiscal years	3,637,119	2,371,756
Total incurred claims and claim adjustment expenses	14,063,795	9,755,275
Payments		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	6,592,882	6,946,204
Ending balance	$ 52,420,490	$ 44,949,577

Changes in claims development of $3,637,119 for the year ended June 30, 2025 was primarily attributable to ongoing analysis of additional information that became available regarding the ultimate losses incurred for previous years.

The components of the unpaid claims and claim adjustment expenses as of June 30, 2025 and 2024, were as follows:

	2025	2024
Total	$ 52,420,490	$ 44,949,577
Unpaid claims and claim adjustment liability - current portion	(7,378,641)	(7,378,641)
Unpaid claims and claim adjustment liability - noncurrent	$ 45,041,849	$ 37,570,936

At June 30, 2025, estimated unpaid claims of $52,420,490 are reflected at their net present values of $52,270,490, plus ULAE of $150,000. At June 30, 2025, unpaid claims are discounted at three percent.

Note 4 – Commitments and Contingencies

A. Litigation

CIPA is involved in various litigation from time to time arising from the normal course of business. In the opinion of management and legal counsel, CIPA is not involved in any litigation that is expected to have a material adverse effect on the overall financial position of CIPA at June 30, 2025.

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SUPPLEMENTARY INFORMATION

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California Insurance Pool Authority
Combining Statement of Net Position
June 30, 2025

	Liability	Workers' Compensation	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 10,842,413	$ 2,740,014	$ 13,582,427
Receivables:			
Interest	733	926	1,659
Short-term investments	4,955,746	5,144,910	10,100,656
Total current assets	15,798,892	7,885,850	23,684,742
Noncurrent Assets:			
Investments	25,784,330	26,768,536	52,552,866
Total noncurrent assets	25,784,330	26,768,536	52,552,866
Total assets	41,583,222	34,654,386	76,237,608
LIABILITIES			
Current Liabilities:			
Accounts payable	13,238	1,885	15,123
Unpaid claims and claim adjustment liability - current portion	5,825,243	1,553,398	7,378,641
Total current liabilities	5,838,481	1,555,283	7,393,764
Noncurrent Liabilities:			
Unpaid claims and claim adjustment liability - noncurrent	20,168,923	24,872,926	45,041,849
Total noncurrent liabilities	20,168,923	24,872,926	45,041,849
Total liabilities	26,007,404	26,428,209	52,435,613
NET POSITION			
Unrestricted	15,575,818	8,226,177	23,801,995
Total net position	$ 15,575,818	$ 8,226,177	$ 23,801,995

California Insurance Pool Authority
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

	Liability	Workers' Compensation	Total
OPERATING REVENUES			
Contributions	$ 26,110,019	$ 5,836,135	$ 31,946,154
Excess insurance	(9,332,967)	(1,134,907)	(10,467,874)
Joint purchase insurance	(6,771,511)	-	(6,771,511)
Total operating revenues	10,005,541	4,701,228	14,706,769
OPERATING EXPENSES			
Claims paid	3,056,278	3,623,210	6,679,488
Provision for loss reserves	3,394,194	4,076,719	7,470,913
Litigation management	47,430	-	47,430
Risk management services	293,098	293,099	586,197
Administrative expenses	104,329	57,901	162,230
Total operating expenses	6,895,329	8,050,929	14,946,258
Operating income (loss)	3,110,212	(3,349,701)	(239,489)
NONOPERATING REVENUES			
Investment earnings	2,274,523	2,087,072	4,361,595
Total nonoperating revenues	2,274,523	2,087,072	4,361,595
CHANGES IN NET POSITION	5,384,735	(1,262,629)	4,122,106
NET POSITION			
Beginning of year	10,191,083	9,488,806	19,679,889
End of year	$ 15,575,818	$ 8,226,177	$ 23,801,995

OTHER INFORMATION
(Unaudited)

California Insurance Pool Authority
Reconciliation of Claims Liabilities by Type of Coverage
For the Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	Liability	
	2025	2024
Unpaid claims and claim adjustment liability:		
Beginning balance	$ 22,599,972	$ 21,269,025
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	7,323,988	5,830,120
Increase (decrease) in provision for insured events of prior fiscal years	(986,019)	579,730
Total incurred claims and claim adjustment expenses	6,337,969	6,409,850
Payment:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	2,943,775	5,078,903
Ending balance	$ 25,994,166	$ 22,599,972

California Insurance Pool Authority
Reconciliation of Claims Liabilities by Type of Coverage (Continued)
For the Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	Workers' Compensation	
	2025	2024
Unpaid claims and claim adjustment liability:		
Beginning balance	$ 22,349,605	$ 20,871,481
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	3,102,688	1,553,399
Increase in provision for insured events of prior fiscal years	4,623,138	1,792,026
Total incurred claims and claim adjustment expenses	7,725,826	3,345,425
Payment:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	3,649,107	1,867,301
Ending balance	$ 26,426,324	$ 22,349,605

California Insurance Pool Authority
Reconciliation of Claims Liabilities by Type of Coverage (Continued)
For the Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	Total	
	2025	2024
Unpaid claims and claim adjustment liability:		
Beginning balance	$ 44,949,577	$ 42,140,506
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	10,426,676	7,383,519
Increase in provision for insured events of prior fiscal years	3,637,119	2,371,756
Total incurred claims and claim adjustment expenses	14,063,795	9,755,275
Payment:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	6,592,882	6,946,204
Ending balance	$ 52,420,490	$ 44,949,577

California Insurance Pool Authority
Ten-Year Claims Development Information - Liability and Workers' Compensation Programs
For the Year Ended June 30, 2025

The following table illustrates how CIPA's earned revenue (net of excess insurance) and investment income compare to related costs of loss (net of loss assumed by excess insurance) and other expenses assumed by CIPA as of the end of each of the past years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to excess insurance, and net earned contribution revenue and reported investment revenue. (2) This line shows each fiscal year's other operating costs of CIPA including overhead and claims expense not allocable to individual claims. (3) This line shows CIPA's gross incurred claims and allocated claim adjustment expenses, claims assumed by excess insurance, and net incurred claims and allocated 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 policy year). (4) This section of rows shows the cumulative net amounts paid as of the end of successive years for each policy year. (5) This line shows the latest re-estimated amount of claims assumed by excess insurance as of the end of the current year for each accident year. (6) This section of rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known). (7) This line compares the latest reestimated net 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 policy years mature, the correlation between original estimates and re-estimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

California Insurance Pool Authority
Ten-Year Claims Development Information - Liability Program
For the Year Ended June 30, 2025

	2016	2017	2018	2019	2020
(1) Required Contribution and Investment Revenues:					
Earned	$ 6,628,269	$ 6,810,107	$ 7,310,953	$ 7,727,141	$ 10,141,769
Dividends	(275,395)	-	-	-	-
Ceded	(3,298,158)	(2,955,692)	(3,044,735)	(3,092,119)	(3,942,984)
Net earned	3,054,716	3,854,415	4,266,218	4,635,022	6,198,785
(2) Unallocated expenses	213,627	266,327	307,722	310,161	323,561
(3) Estimated Claims and Expenses, End of Policy Year					
Incurred	2,586,954	4,158,066	3,302,893	3,683,231	4,828,464
Net Incurred	2,586,954	4,158,066	3,302,893	3,683,231	4,828,464
(4) Net Paid (cumulative as of):					
June 30, 2015	-	-	-	-	-
June 30, 2016	-	-	-	-	-
June 30, 2017	-	-	-	-	-
June 30, 2018	-	-	-	-	-
June 30, 2019	-	2,604,977	-	-	-
June 30, 2020	-	5,205,859	-	30,012	-
June 30, 2021	-	7,707,546	49,250	30,012	840,901
June 30, 2022	-	9,108,226	261,763	30,012	3,484,774
June 30, 2023	-	7,782,714	330,094	1,367,460	9,967,572
June 30, 2024	-	7,782,714	330,094	1,691,982	10,064,152
June 30, 2025	-	7,782,714	330,094	1,367,460	12,021,008
(5) Re-Estimated Ceded Claims and Expenses	-	-	-	-	-
(6) Re-Estimated Net Incurred Claims and Expenses:					
June 30, 2015	-	-	-	-	-
June 30, 2016	2,586,954	-	-	-	-
June 30, 2017	2,688,943	4,158,066	-	-	-
June 30, 2018	2,390,792	4,119,308	3,302,893	-	-
June 30, 2019	-	6,365,351	3,643,811	3,683,231	-
June 30, 2020	500,077	9,190,300	3,477,090	3,633,483	4,828,464
June 30, 2021	362,394	8,234,468	2,313,076	1,995,179	8,583,813
June 30, 2022	-	9,207,927	336,460	1,794,691	10,772,080
June 30, 2023	197,469	7,752,211	718,271	2,423,070	11,808,620
June 30, 2024	197,469	7,872,714	2,554,989	3,047,372	13,012,252
June 30, 2025	-	7,782,714	330,094	1,358,238	14,407,797
(7) (Increase) Decrease in Estimated Incurred Claims and Expenses from the End of the Policy Year	$ 2,586,954	$ (3,624,648)	$ 2,972,799	$ 2,324,993	$ (9,579,333)

California Insurance Pool Authority
Ten-Year Claims Development Information - Liability Program (Continued)
For the Year Ended June 30, 2025

	2021	2022	2023	2024	2025
(1) Required Contribution and Investment Revenues:					
Earned	$ 10,422,640	$ 13,355,553	$ 17,127,776	$ 24,271,878	$ 28,384,542
Dividends	-	-	-	-	-
Ceded	(665,925)	(8,159,724)	(10,148,477)	(14,575,583)	(16,104,478)
Net earned	9,756,715	5,195,829	6,979,299	9,696,295	12,280,064
(2) Unallocated expenses	271,744	346,491	380,109	463,426	444,857
(3) Estimated Claims and Expenses, End of Policy Year					
Incurred	4,759,095	4,281,427	4,820,084	5,830,120	7,323,988
Net Incurred	4,759,095	4,281,427	4,820,084	5,830,120	7,323,988
(4) Net Paid (cumulative as of):					
June 30, 2015	-	-	-	-	-
June 30, 2016	-	-	-	-	-
June 30, 2017	-	-	-	-	-
June 30, 2018	-	-	-	-	-
June 30, 2019	-	-	-	-	-
June 30, 2020	-	-	-	-	-
June 30, 2021	-	-	-	-	-
June 30, 2022	-	-	-	-	-
June 30, 2023	96,343	-	-	-	-
June 30, 2024	96,343	-	-	-	-
June 30, 2025	-	1,297,520	45,916	-	-
(5) Re-Estimated Ceded Claims and Expenses	-	-	-	-	-
(6) Re-Estimated Net Incurred Claims and Expenses:					
June 30, 2015	-	-	-	-	-
June 30, 2016	-	-	-	-	-
June 30, 2017	-	-	-	-	-
June 30, 2018	-	-	-	-	-
June 30, 2019	-	-	-	-	-
June 30, 2020	-	-	-	-	-
June 30, 2021	4,759,095	-	-	-	-
June 30, 2022	4,727,703	4,281,427	-	-	-
June 30, 2023	4,706,978	4,157,784	5,250,679		-
June 30, 2024	2,727,700	4,010,379	5,095,112	6,112,613	-
June 30, 2025	2,583,560	4,019,653	6,245,159	6,185,179	8,322,713
(7) (Increase) Decrease in Estimated Incurred Claims and Expenses from the End of the Policy Year	$ 2,175,535	$ 261,774	$ (1,425,075)	$ (355,059)	$ (998,725)

California Insurance Pool Authority
Ten-Year Claims Development Information - Workers' Compensation Program
For the Year Ended June 30, 2025

	2016	2017	2018	2019	2020
(1) Required Contribution and Investment Revenues:					
Earned	$ 1,693,311	$ 1,783,285	$ 2,685,536	$ 4,007,264	$ 3,957,182
Ceded	(293,113)	(313,282)	(322,683)	(529,004)	(534,163)
Net earned	1,400,198	1,470,003	2,362,853	3,478,260	3,423,019
(2) Unallocated expenses	153,008	153,663	160,337	226,043	223,353
(3) Estimated Claims and Expenses, End of Policy Year					
Incurred	1,982,104	2,052,233	2,597,318	2,079,481	2,002,932
Net Incurred	1,982,104	2,052,233	2,597,318	2,079,481	2,002,932
(4) Net Paid (cumulative as of):					
June 30, 2015	-	-	-	-	-
June 30, 2016	-	-	-	-	-
June 30, 2017	-	-	-	-	-
June 30, 2018	-	-	-	-	-
June 30, 2019	-	52,081	-	-	-
June 30, 2020	101,724	206,789	328,055	-	-
June 30, 2021	271,049	370,849	401,723	-	-
June 30, 2022	437,763	476,397	463,123	-	-
June 30, 2023	573,715	590,800	509,485	-	18,823
June 30, 2024	668,051	1,664,409	547,997	-	59,075
June 30, 2025	785,395	1,688,977	679,111	594,078	139,318
(5) Re-Estimated Ceded Claims and Expenses	-	-	-	-	-
(6) Re-Estimated Net Incurred Claims and Expenses:					
June 30, 2015	-	-	-	-	-
June 30, 2016	1,982,104	-	-	-	-
June 30, 2017	1,874,410	2,052,233	-	-	-
June 30, 2018	1,509,091	2,019,011	2,597,318	-	-
June 30, 2019	1,440,734	2,088,997	2,684,790	2,079,481	-
June 30, 2020	1,441,984	2,066,160	2,583,095	2,070,942	2,002,932
June 30, 2021	2,291,435	2,546,413	2,611,176	2,111,157	1,980,129
June 30, 2022	2,546,033	3,096,307	2,561,920	1,838,246	1,842,798
June 30, 2023	2,537,289	3,360,815	1,995,628	1,489,419	1,459,585
June 30, 2024	2,468,143	3,275,102	1,904,041	1,519,178	1,464,978
June 30, 2025	2,457,018	3,974,522	1,902,747	1,533,847	1,467,937
(7) (Increase) Decrease in Estimated Incurred Claims and Expenses from the End of the Policy Year	$ (474,914)	$ (1,922,289)	$ 694,571	$ 545,634	$ 534,995

California Insurance Pool Authority
Ten-Year Claims Development Information - Workers' Compensation Program (Continued)
For the Year Ended June 30, 2025

	2021	2022	2023	2024	2025
(1) Required Contribution and Investment Revenues:					
Earned	$ 2,960,642	$ 2,333,947	$ 4,184,657	$ 6,742,050	$ 7,923,207
Ceded	(534,458)	(656,360)	(748,695)	(1,109,831)	(1,134,907)
Net earned	2,426,184	1,677,587	3,435,962	5,632,219	6,788,300
(2) Unallocated expenses	233,327	277,016	277,016	326,267	351,000
(3) Estimated Claims and Expenses, End of Policy Year					
Incurred	2,481,571	2,103,464	2,143,345	1,553,399	3,102,688
Net Incurred	2,481,571	2,103,464	2,143,345	1,553,399	3,102,688
(4) Net Paid (cumulative as of):					
June 30, 2015	-	-	-	-	-
June 30, 2016	-	-	-	-	-
June 30, 2017	-	-	-	-	-
June 30, 2018	-	-	-	-	-
June 30, 2019	-	-	-	-	-
June 30, 2020	-	-	-	-	-
June 30, 2021	-	-	-	-	-
June 30, 2022	-	-	-	-	-
June 30, 2023	-	-	-	-	-
June 30, 2024	-	62,085	-	-	-
June 30, 2025	-	145,176	-	1,999,391	-
(5) Re-Estimated Ceded Claims and Expenses	-	-	-	-	-
(6) Re-Estimated Net Incurred Claims and Expenses:					
June 30, 2015	-	-	-	-	-
June 30, 2016	-	-	-	-	-
June 30, 2017	-	-	-	-	-
June 30, 2018	-	-	-	-	-
June 30, 2019	-	-	-	-	-
June 30, 2020	-	-	-	-	-
June 30, 2021	2,481,571	-	-	-	-
June 30, 2022	2,370,099	2,103,464	-	-	-
June 30, 2023	1,937,195	2,140,252	2,378,852	-	-
June 30, 2024	1,949,164	2,236,171	2,166,412	3,187,816	-
June 30, 2025	1,944,750	2,240,482	2,125,219	6,355,574	3,509,829
(7) (Increase) Decrease in Estimated Incurred Claims and Expenses from the End of the Policy Year	$ 536,821	$ (137,018)	$ 18,126	$ (4,802,175)	$ (407,141)

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Board of Directors
of California Insurance Pool Authority
Newport Beach, California

We have audited, in accordance with the 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, the financial statements of California Insurance Pool Authority ("CIPA"), which comprise the statement of net position as of June 30, 2025, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise CIPA's basic financial statements, and have issued our report thereon dated October 24, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CIPA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CIPA's internal control. Accordingly, we do not express an opinion on the effectiveness of CIPA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CIPA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Pun Group, LLP

Santa Ana, California
October 24, 2025