

California Association for Park and Recreation Indemnity

Board of Directors

President, Lindsay Woods

Vice President, Dean Wetter

Secretary, Colin Miller

Directors

Ms. Lorena Cervantes

Mr. Jim Friedl

Mr. Larry Mazzuca

Mr. Mathew Fuzie

REGULAR MEETING OF THE BOARD OF DIRECTORS

10:00 a.m. – Wednesday, May 22, 2019

Lake Tahoe Resort Hotel
4130 Lake Tahoe Blvd
(Flying Cloud)
South Lake Tahoe, CA 96150
(530) 544-5400

*Note: Agenda posting and meeting are done in accordance with Ralph M. Brown Act
Government Code § 54954.2 and 54953*

Agenda
Regular Meeting of the Board of Directors
May 22, 2019

1. CALL TO ORDER

2. INTRODUCTIONS

3. PUBLIC COMMENTS

This time is reserved for members of the public to address the Board relative to matters of the CAPRI not on the agenda. No action may be taken on non-agenda items unless authorized by law.

Welcome to our Board of Directors Meeting. The Board encourages public participation. If you desire to address the Board on any CAPRI related matter or item on the Agenda, you are asked to please fill out one of the speaker forms in the back of the meeting room and turn it in to the Executive Director. When called upon, please come forward, and state your name and address before addressing the Board. Please limit your comments to 3 minutes per speaker.

Please note that if you address the Board on items NOT on the Agenda, the Brown Act does not allow discussion of such items. Therefore, the Board may only do the following: refer the matter to staff, ask for additional information, request a report back, or give a very limited factual response.

4. SPECIAL REPORTS

CAPRI consultants will report on the following topics:

- | | | |
|-----|---------------------------------------------------------------|--------|
| 4.1 | Financial Audit Update 2018/2019 – James Marta & Company | p. 6 |
| 4.2 | Workers’ Compensation Actuarial Analysis 2019/2020 - Bickmore | p. 63 |
| 4.3 | Liability/Property Actuarial Analysis 2019/2020 - Bickmore | p. 70 |
| 4.4 | Investment Status Reports – Public Financial Management | p. 76 |
| 4.5 | Insurance Market Update – Alliant Insurance Services | p. 116 |

5. CONSENT ITEMS

The following items are expected to be routine and non-controversial and will be acted upon by the Board at one time without discussion, unless a Board member requests that an item be removed from the consent agenda and held for discussion.

- | | | |
|-----|----------------------------------------------------------------|--------|
| 5.1 | Warrant Listings for the months January 2019 - March 2019 | p. 117 |
| 5.2 | LAIF Regular Monthly Statement – March 2019 through April 2019 | p. 122 |
| 5.3 | Statement of Net Position | p. 123 |
| 5.4 | Statement of Revenue and Expenses Budget to Actual | p. 125 |
| 5.5 | Statement of Revenue, Expenses, and Change in Net Position | p. 127 |
| 5.6 | Approval of CAPRI Board Minutes | p. 129 |

➤ March 19, 2019

Agenda
Regular Meeting of the Board of Directors
May 22, 2019

- 6. PULLED CONSENT ITEMS
- 7. DISCUSSION/ACTION ITEMS
The CAPRI Board of Directors will review and discuss taking appropriate action or inaction with respect to the following matters:
 - 7.1 DRAFT BUDGET 2019 – 2020 p. 135
 - The Board shall review and discuss the Proposed 2019-2020 CAPRI Budget and provide direction to Staff as needed.
 - 7.2 WC PREMIUM ALLOCATION FORMULA 2019-2020 p. 139
 - The Board shall review and discuss the 2019-2020 WC Premium Allocation Formula and provide staff direction to investigate insurance options including funding levels and whether to install additional internal controls to limit volatility in premiums.
 - 7.3 LIABILITY/PROPERTY PREMIUM ALLOCATION FORMULA 2019-2020 p. 144
 - The Board shall review and discuss the 2019-2020 GL & Property Premium Allocation Formula and provide staff direction to investigate insurance options including funding levels and self-insured retention levels.
 - 7.4 BOARD OF DIRECTORS MEETING SCHEDULE p. 146
 - The Board shall review and discuss the 2019 Board of Directors Meeting Schedule and provide Staff direction as to preferred dates and venues.
 - 7.5 ADA TRANSITION PLAN PROGRAM (DAC) p. 148
 - The Board shall review and discuss the proposal of ADA accessibility consultant, DAC, with respect to a proposed group purchase and provide Staff with further direction.
 - 7.6 CAJPA LIABILTY STUDY p. 149
 - The Board shall review and discuss whether to authorize the Executive Director to contribute to the CAJPA Liability Study
 - 7.7 NURSE TRIAGE PROGRAM p. 150
 - The Board shall review the nursing triage service provided by York Risk Services and consider whether to enter into a services agreement with York or Company Nurse on behalf of the CAPRI WC Members.
- 8. EXECUTIVE DIRECTOR/STAFF REPORTS
The Executive Director and Staff will report on the following topics:
 - 8.1 District Visit Report p. 165

Agenda
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May 22, 2019

- 8.2 MPN Program Update p. 171
- 8.3 Alliant Property Appraisal Program Update p. 172
- 8.4 News Articles of Note p. 173
9. CLOSED SESSION
- Pursuant to Government Code Section 54957.1, the Board must report in open session any action taken, or lack thereof, taken in closed session.*
- 9.1 Liability & Property – Existing Litigation Pursuant to Government Code section § 54956.9(d)(1)
- Caoile vs. Hayward Area Recreation & Park District
 - Esquivel vs. Isla Vista Recreation & Park District
 - Gutierrez vs. Livermore Area Recreation & Park District
 - Kreuzer vs. Strawberry Recreation District
 - Pickett vs. Ladera Recreation District
 - Schultz vs. North of the River Recreation & Park District
 - Torres vs. Ambrose Recreation & Park District
 - Watson vs. Orangevale Recreation & Park District
 - (Property) Orangevale Recreation & Park District
 - Liability Report \$5k Meeting Summary
- 9.3 Worker’s Compensation – Existing Litigation Pursuant to Government Code section § 54956.9(d)(1)
- Mike vs. Hayward Recreation & Park District
 - Freitas vs. Durham Recreation & Park District
 - Nickell vs. McFarland Recreation & Park District
 - Magaziner vs. Fulton-El Camino (DOL 06/27/17)
 - Magaziner vs. Fulton-El Camino (DOL 10/18/17)
 - Workers’ Compensation Results Report
10. REPORT FROM CLOSED SESSION
- Pursuant to Government Code Section 54957.1, the Board must report in open session any action taken, or lack thereof, taken in closed session.*
11. BOARD MEMBER REPORTS
- 11.1 Board Member Comments
- 11.2 Personnel/Finance Committee Report
12. FUTURE AGENDA ITEMS
- This section is reserved for items identified by Board members and Staff as matters for future Board business.

Agenda
Regular Meeting of the Board of Directors
May 22, 2019

TARGET DATE – JULY 2019

- 12.1 Bylaws Revision
- 12.2 Approval of CAPRI 19-20 Budget
- 12.3 Claims Manual Update & Review

TARGET DATE – SEPTEMBER 2019

- 12.10 New Board Member Orientation Packet
- 12.11 Review and Update CAPRI Board Manual
- 12.12 Claims Management Policy Review
- 12.13 CAPRI Forms Update & Review

13. ANNOUNCEMENTS

The next CAPRI Board of Directors meeting will be held July 24, 2019 at 9:00a.m at the CAPRI Offices in Citrus Heights, CA.

14. ADJOURNMENT

Compliance with the Americans with Disabilities Act

If you need special assistance to participate in this meeting, you should contact CAPRI at (916) 722-5550. Notification at least 72 hours prior will enable CAPRI to make reasonable arrangements to ensure accessibility to this meeting.

Agenda Item 4.1

SPECIAL REPORTS

SUBJECT: Financial Audit Report 2017/2018 – James Marta & Company

BACKGROUND AND STATUS:

Attached is the audit for fiscal year (“FY”) ending June 30, 2018, which consists of CAPRI’s Financial Statements and Independent Audit Report (Attachment 1), Internal Control Letter (Attachment 2), and the Auditor’s Communication Letter (Attachment 3). The financial statements represent Staff’s assertions concerning CAPRI’s financial position, results of operations, and cash flows. The auditor’s role is strictly limited to forming and expressing an opinion(s) about whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State’s Controller’s Office and state regulations governing special districts.

Consistent with prior years, the auditors have issued an unqualified or “clean” opinion, which means they can state, without reservation, that the financial statements are fairly presented in conformity with generally accepted accounting principles.

Mr. James Marta will be present at the Board Meeting to provide a presentation on his firm’s Report.

RECOMMENDATION:

Accept the audit for the FY 17-18 as prepared by the accounting firm, James Marta & Company LLP, Certified Public Accountants.

REFERENCES MATERIAL ATTACHED:

CAPRI’s Financial Statements and Independent Audit Report dated April 23, 2019

Internal Control Letter

Auditor’s Communication Letter



**CALIFORNIA ASSOCIATION FOR PARK AND
RECREATION INDEMNITY**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2018 AND 2017**

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

BOARD OF DIRECTORS

JUNE 30, 2018

Lindsay Woods

President

Hesperia Recreation and Park District

Dean Wetter

Vice President

Valley-Wide Recreation and Park District

Stephen Fraher

Secretary

Arcade Creek Recreation and Park District

Colin Miller

Arden Park Recreation and Park District

Brigitte Shearer

Highlands Recreation District

Jim Friedl

Conejo Recreation and Park District

Tim Barry

Livermore Area Recreation and Park District

Pat Cabulagan

Administrator

Rick Richards

Risk Manager

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Association for Park and Recreation Indemnity
Citrus Heights, California

Report on the Financial Statements

We have audited the accompanying Statement of Net Position of California Association for Park and Recreation Indemnity (CAPRI), as of June 30, 2018 and 2017, and the related Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows as of and 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 audits in accordance with auditing standards generally accepted in the United States of America, 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 from 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Association for Park and Recreation Indemnity as of June 30, 2018 and 2017, and the changes of its net operations and its cash flows for the years then ended in conformity 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 the Management's Discussion and Analysis, Reconciliation of Claims Liabilities by Type of Program, Claims Development Information, Schedule of Proportionate Share of the Net pension Liability, and Schedule of Contribution, 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 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financials statements of the Authority. The Combining Statement of Net Position, Combining Statement of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims are presented for purposes of additional analysis and are not required parts 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. The 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 Combining Statement of Net Position, Combining Statement of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims are 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 April 23, 2019 on our consideration of the CAPRI'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 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 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 the CAPRI's internal control over financial reporting and compliance.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 23, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

The following report reflects on the financial condition of California Association for Park and Recreation Indemnity (CAPRI) as of and for the fiscal year ended June 30, 2018. It is provided in order to enhance the information in the audited financial statements, footnotes and supplemental schedules, and should be reviewed in conjunction with that report.

Financial Highlights for the fiscal year ended June 30, 2018

- Total Assets were \$23.7 million, which was an increase of ~\$873,000 over the prior year. This was mainly due to an increase in Net Position due to operations of ~\$636,000 during the 2017-18 year.
- Total Liabilities were \$17.4 million, an increase of ~\$290,000 from the prior year. The change is due mainly to an increase in claims liabilities and net pension liability at year end.
- Total equity was \$6.5 million, an increase of ~\$636,000 from the prior year. The increase in Net Position was similar to the prior year, as increases in Member Contributions allowed CAPRI to mitigate increases in Claims Expense.
- Total member contributions were \$9.2 million, an increase of approximately \$636,000 from last year. This increase in contributions is largely due to an increase in covered payroll for the Workers' Compensation and Liability programs, as well as excess insurance premium increases in the Liability program.
- Total operating expenses were \$8.7 million, an increase of \$697,000 from last year. This is mainly due to a \$574,000 increase in claim expense and a \$143,000 increase in excess insurance expense. The change in claim expense was caused mainly by an increase in the actuary's initial ultimate loss estimate for the new program year's coverage and a lesser decrease (compared to 2017) of the prior years' ultimate loss estimates.

Description of the Basic Financial Statements

The accounts and records are maintained in-house with the assistance of Gilbert Associates, Inc. and are the basis for the financial statements and supplemental information. The financial statements consist of the Statement of Net Position, Statement of Revenue, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The *Statement of Net Position* provides information on CAPRI's assets and liabilities, with the difference reported as net position. The Statement of Net Position provides information as of a particular moment in time, and further subdivides the assets and liabilities into current and noncurrent categories to reflect the degree of availability of CAPRI's resources (assets) and the expected timing of liquidating CAPRI's obligations (liabilities).

The *Statement of Revenues, Expenses, and Changes in Net Position* illustrates CAPRI's revenues earned and expenses incurred. The Statement of Revenues, Expenses, and Changes in Net Position provides information on CAPRI's transactions over a period of time, and the resulting increase or decrease in net position. Revenues and expenses are further subdivided between operating and nonoperating, where

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

operating revenues and operating expenses are those transactions that arise from CAPRI's core purpose and mission.

The *Statement of Cash Flows* presents information about the cash receipts and cash payments during the year. The cash activity is subdivided between operating and investing activities in order to illustrate the respective net cash effect of these activities. The statement of cash flows also reconciles accrual-basis operating income (or loss) from the Statement of Revenues, Expenses, and Changes in Net Position to net cash provided (or used) by operating activities.

Condensed Statement of Net Position

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>		<u>June 30, 2016</u>	<u>Change</u>	
			<u>\$</u>	<u>%</u>		<u>\$</u>	<u>%</u>
<u>Assets</u>							
Total Other Assets	\$ 23,560,865	\$ 22,678,973	\$ 881,892	4%	\$ 22,696,968	\$ (17,995)	0%
Total Capital Assets	161,159	169,993	(8,834)	-5%	179,577	(9,584)	-5%
Total Assets	<u>23,722,024</u>	<u>22,848,966</u>	<u>873,058</u>	4%	<u>22,876,545</u>	<u>(27,579)</u>	0%
<u>Deferred Outflows of Resources</u>	212,538	193,749	18,789	100%	60,059	133,690	0%
<u>Liabilities</u>							
Total Other Liabilities	4,197,272	4,172,273	24,999	1%	4,719,255	(546,982)	-12%
Total Long-Term Liabilities	<u>13,216,881</u>	<u>12,951,838</u>	<u>265,043</u>	2%	<u>13,032,258</u>	<u>(80,420)</u>	-1%
Total Liabilities	<u>17,414,153</u>	<u>17,124,111</u>	<u>290,042</u>	2%	<u>17,751,513</u>	<u>(627,402)</u>	-4%
<u>Deferred Inflows of Resources</u>	49,737	84,305	(34,568)	100%	42,819	41,486	0%
<u>Net Assets</u>							
Invested in Capital Assets	161,159	169,993	(8,834)	-5%	179,577	(9,584)	-5%
Unrestricted Net Position	<u>6,309,513</u>	<u>5,664,306</u>	<u>645,207</u>	11%	<u>4,962,695</u>	<u>701,611</u>	14%
Total Net Position	<u>\$ 6,470,672</u>	<u>\$ 5,834,299</u>	<u>\$ 636,373</u>	11%	<u>\$ 5,142,272</u>	<u>\$ 692,027</u>	13%

Condensed Statement of Revenues, Expenses and Change in Net Position

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>		<u>June 30, 2016</u>	<u>Change</u>	
			<u>\$</u>	<u>%</u>		<u>\$</u>	<u>%</u>
<u>Revenues</u>							
Member Contribution	\$ 9,212,949	\$ 8,576,459	\$ 636,490	7%	\$ 7,549,190	\$ 1,027,269	14%
Other Income	87,923	83,416	4,507	5%	569,680	(486,264)	-85%
Total Revenues	<u>9,300,872</u>	<u>8,659,875</u>	<u>640,997</u>	7%	<u>8,118,870</u>	<u>541,005</u>	7%
<u>Expense</u>							
Claims Expense	5,205,491	4,631,796	573,695	12%	7,465,001	(2,833,205)	-38%
Insurance Expense	2,490,240	2,346,889	143,351	6%	2,294,160	52,729	2%
Dividend Expense	255,352	300,000	(44,648)	-15%	325,000	(25,000)	-100%
Other Expenses	713,416	689,163	24,253	4%	651,093	38,070	6%
Total Expenses	<u>8,664,499</u>	<u>7,967,848</u>	<u>696,651</u>	9%	<u>10,735,254</u>	<u>(2,767,406)</u>	-26%
Change in Net Position	636,373	692,027	(55,654)	-8%	(2,616,384)	3,308,411	-126%
Beginning Net Position	5,834,299	5,142,272	692,027	13%	7,758,656	(2,616,384)	-34%
Prior Period Adjustment	-	-	-	100%	-	-	0%
Ending Net Position	<u>\$ 6,470,672</u>	<u>\$ 5,834,299</u>	<u>\$ 636,373</u>	11%	<u>\$ 5,142,272</u>	<u>\$ 692,027</u>	13%

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

Analysis of Overall Financial Position and Results of Operations 2017-18

For the fiscal year ended June 30, 2018, total assets increased by approximately \$873,000. This change was primarily reflected in cash and investments balances, which collectively increased by approximately \$645,000. Reinsurance receivable also increased by approximately \$165,000 as additional claim payments were made in the excess insurance layer and were recorded as receivables back to CAPRI. Total liabilities increased by approximately \$290,000 during the fiscal year due primarily to an annual adjustment to claims liabilities based on current actuarial data, which increased claims liabilities by \$190,000. In addition, Net Pension Liability increased by approximately \$75,000. Overall, net position increased \$636,000 in the current fiscal year due primarily to an increase in member contributions which offset the increase in claims expense.

During the year ended June 30, 2018, total member contributions increased by approximately \$636,000 over the prior year. The changes in actuarial estimates resulted in an increase in claims expense of approximately \$574,000. General operating expenses increased by approximately \$24,000 or 3.5% from the prior year. On an individual program basis, Property/Liability claims expense decreased by approximately \$106,000 in comparison to the prior year and Workers' Compensation claims expense increased by approximately \$680,000. These changes are primarily a result of actuarial adjustments in the estimated ultimate losses of prior fiscal years. Actual claim payments during the current fiscal year were consistent with the prior year.

Analysis of Overall Financial Position and Results of Operations 2016-2017

For the fiscal year ended June 30, 2017, total assets decreased by approximately \$28,000. This change was primarily reflected in cash and investments balances, which collectively decreased by approximately \$52,000. Total liabilities increased by approximately \$627,000 during the fiscal year due primarily to an annual adjustment to claims liabilities based on current actuarial data, which decreased claims liabilities by \$381,000. In addition, Premium Adjustments Payable decreased by approximately \$321,000. Overall, net position increased \$692,000 in the current fiscal year due primarily to the overall decrease in liabilities.

During the year ended June 30, 2017, total member contributions increased by approximately \$1 million over the prior year. Investment income decreased by \$491,000 as interest rates and market values on investment securities continue to fluctuate. The changes in actuarial estimates resulted in a decrease in claims expense of approximately \$2.8 million. General operating expenses increased by \$38,000 or 5.8% from the prior year. On an individual program basis, Property/Liability claims expense increased by approximately \$1.4 million over the prior year and Workers' Compensation claims expense decreased by approximately \$4.2 million. These changes are primarily a result of actuarial adjustments in the estimated ultimate losses of prior fiscal years. Actual claim payments during the current fiscal year increased by approximately \$100,000 over the prior year.

Currently Known Facts or Conditions Expected to have a Significant Effect on Financial Position

For the fiscal year 2018-19, CAPRI reduced its self-insured retention level for the Liability program to \$750,000. This resulted in a higher premium for excess insurance but management expects that it may result in better long-term fiscal results depending upon 2018-19 year claims activity.

BASIC FINANCIAL STATEMENTS

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

STATEMENT OF NET POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,902,298	\$ 2,760,902
Investments Maturing Within One Year	2,741,850	1,801,745
Interest Receivable	104,040	98,027
Receivable from Members	420,545	352,665
Reinsurance Receivable	229,174	64,585
Total Current Assets	<u>6,397,907</u>	<u>5,079,122</u>
Noncurrent Assets		
Investments	17,162,958	17,599,851
Capital Assets (net)	161,159	169,993
Total Noncurrent Assets	<u>17,324,117</u>	<u>17,769,844</u>
Total Assets	<u>23,722,024</u>	<u>22,848,966</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows on Pensions	<u>212,538</u>	<u>193,749</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	29,097	32,608
Premium Adjustments Payable	172,363	142,453
Unearned Revenues	-	1,400
Claims Liabilities	3,995,812	3,995,812
Total Current Liabilities	<u>4,197,272</u>	<u>4,172,273</u>
Noncurrent Liabilities		
Net Pension Liability	700,126	624,704
Claims Liabilities	12,516,755	12,327,134
Total Noncurrent Liabilities	<u>13,216,881</u>	<u>12,951,838</u>
Total Liabilities	<u>17,414,153</u>	<u>17,124,111</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows on Pensions	<u>49,737</u>	<u>84,305</u>
NET POSITION		
Net Investment in Capital Assets	161,159	169,993
Unrestricted	6,309,513	5,664,306
Total Net Position	<u>\$ 6,470,672</u>	<u>\$ 5,834,299</u>

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
OPERATING REVENUES		
Member Contributions	\$ 9,212,949	\$ 8,576,459
Miscellaneous Revenues	66,695	67,023
Total Operating Revenues	9,279,644	8,643,482
OPERATING EXPENSES		
Claims Expense	5,205,491	4,631,796
Insurance Expense	2,490,240	2,346,889
Office Administration Expense	521,702	497,366
Consultants and Professional Services Expense	130,955	136,071
Travel, Conferences and Other Expense	51,925	46,142
Depreciation Expense	8,834	9,584
Dividends Expense	255,352	300,000
Total Operating Expenses	8,664,499	7,967,848
Operating Income (Loss)	615,145	675,634
NONOPERATING INCOME		
Investment Income	7,928	3,793
Rental Income	13,300	12,600
Total Nonoperating Income	21,228	16,393
Change in Net Position	636,373	692,027
Beginning Net Position	5,834,299	5,142,272
Ending Net Position	\$ 6,470,672	\$ 5,834,299

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Contributions Received	\$ 9,173,578	\$ 8,161,094
Miscellaneous Revenue Received	66,695	67,023
Reinsurance Recoveries Received (Paid)	(164,589)	88,271
Claims Expenses Paid	(5,015,870)	(5,013,073)
Premiums Paid	(2,489,042)	(2,348,087)
Salaries and Benefits Paid	(363,734)	(370,195)
Dividends Paid	(255,352)	(300,000)
General/Administrative Cost Paid	<u>(317,829)</u>	<u>(327,995)</u>
Net Cash Provided (Used) by Operating Activities	<u>633,857</u>	<u>(42,962)</u>
Cash Flows From Investing Activities		
Investment Income Received	372,291	287,722
Purchase of Investments	(11,269,747)	(15,224,354)
Proceeds from Sales and Maturities of Investments	10,391,694	15,539,960
Rents Collected	13,300	12,600
Net Cash Provided (Used) by Investing Activities	<u>(492,462)</u>	<u>615,928</u>
Net Increase (Decrease) in Cash	141,396	572,966
Beginning Cash and Cash Equivalents	<u>2,760,902</u>	<u>2,187,936</u>
Ending Cash and Cash Equivalents	<u>\$ 2,902,298</u>	<u>\$ 2,760,902</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 615,145	\$ 675,634
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operations:		
Depreciation	8,834	9,584
(Increase) Decrease in:		
Receivable from Members	(67,881)	(95,647)
Reinsurance Receivable	(164,589)	88,271
Prepaid Expenses	1,198	(1,198)
Deferred Outflow on Pensions	(152,479)	(133,690)
Increase (Decrease) in:		
Accounts Payable	(3,511)	(23,076)
Premium Adjustments Payable	29,910	(321,118)
Unearned Revenues	(1,400)	1,400
Claims Liabilities	189,621	(381,277)
Pension Liability, Net	172,091	96,669
Deferred Inflow on Penisons	6,918	41,486
Net Cash Provided (Used) by Operating Activities	<u>\$ 633,857</u>	<u>\$ (42,962)</u>
Supplemental Information: Noncash Investing Activities		
Change in Fair Value of Investments	<u>\$ (370,376)</u>	<u>\$ 210,734</u>

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The California Association for Park and Recreation Indemnity (CAPRI) is a Joint Powers Authority which provides insurance coverages, risk management, safety and loss prevention services through a financially sound risk-sharing pool. The original pool was created in 1986 while the current organization is the result of the merger on July 1, 2008 between California Association for Park and Recreation Insurance and Park and Recreation District Employee Compensation (PARDEC).

CAPRI's membership consists of various recreation and park districts in California. Through its various programs, members are able to pool member contributions and to realize the advantages of self-insurance. It provides coverage for property, general liability, workers' compensation, public officials and employee liability, automobile liability, and other minor coverages. CAPRI is under the control and direction of the Board of Directors consisting of representatives of the member districts.

B. Admission and Withdrawal of Members

A new member may be admitted by a majority vote of the Board of Directors and must pay an entry fee or charge as established by the Board.

Members may not voluntarily withdraw for a period of three years. Members must submit six months written notice prior to voluntary withdrawal. Members may be involuntarily terminated from the program by a two-thirds vote of the Board of Directors. The effect of withdrawal or involuntary termination does not terminate the responsibility of the member for any unpaid member contributions and debts or assessments levied against any year of its participation.

C. Description of Programs

Property/Liability Program

The Property/Liability Program was established for the purpose of operating and maintaining a self-insurance or group insurance program. Under this program, CAPRI provides its member districts the following coverage:

a. Property (Building and Content) / Boiler and Machinery

The program provides an all-risk replacement cost coverage, subject to a \$2,000 deductible for each loss at member level, a \$150,000 deductible at the pool level, and an aggregate limit of \$650,000. The earthquake and flood coverage has a \$5,000,000 and \$10,000,000 aggregate limit, respectively, subject to a deductible of 5% per occurrence of the building, contents, and/or structure damaged subject to a minimum of \$50,000 for earthquake and \$20,000 for flood. The program also provides coverage for sudden and accidental breakdown of boiler and machinery replacement cost coverage, subject to a \$2,000 deductible for member level, and \$150,000 at the pool level.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

C. Description of Programs (continued)

In excess of the above coverages, CAPRI provides a group purchased commercial insurance policy through the Public Entity Property Insurance Program (PEPIP) for all-risk replacement cost coverage, subject to a self-insured retention (SIR) of \$150,000 beginning April 1, 2005 to present.

b. General Liability and Public Officials and Employment Practices Liability

CAPRI provides comprehensive coverage with a limit of \$25,000,000 per occurrence for personal injury or property damage and a limit of \$25,000,000 annual aggregate per member district for errors and omissions of public officials. CAPRI self-funds coverage up to \$1,000,000. CSAC Excess Insurance Authority (CSAC-EIA) provides \$24,000,000 of coverage over self-insured retention of \$1,000,000.

This Program also includes Employment Practices Liability which is subjected to a \$20,000 deductible. If the Member District consults with its general counsel and if such counsel has experience with labor and employment law, or with its labor and employment counsel, or CAPRI-recommended labor and employment counsel prior to termination, layoffs, downsizing or other employment related matter, the deductible will be reduced to \$5,000 for any employment liability lawsuit brought by that employee.

Workers' Compensation Program

This program provides coverage to its members of up to statutory limits per occurrence, including volunteer operations as long as each member has issued a resolution covering volunteers. CAPRI self-funds up to \$350,000; losses in excess of this amount are covered by CSAC-EIA up to the Statutory limit per occurrence. CAPRI also provides its members with proactive claim oversight by working closely our third party claims administrator and the members.

D. Reporting Entity

CAPRI's reporting entity includes all activities (operations of its administrative staff, officers, executive committee and board of directors) as they relate to the CAPRI. This includes financial activity relating to all of the membership years. CAPRI has developed criteria to determine whether other entities with activities that benefit the CAPRI should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service and special financing relationship).

CAPRI 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. In addition, CAPRI is not aware of any entity that would exercise such oversight responsibility that would result in the CAPRI being considered a component unit of that entity. In determining its reporting entity, the CAPRI considered all governmental units that were members of the CAPRI since inception.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

The criteria did not require that inclusion of these entities in these financial statements principally because the CAPRI does not exercise oversight responsibility over any members.

E. Summary of Significant Accounting Policies

Basis of Accounting

These statements are prepared on the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues from contributions and interest are recognized when earned and expenses are recognized when goods or services are received or in the case of claims, when the insured event occurs. Liabilities for reserves for open claims and claims incurred but not reported have been recorded in the financial statements. CAPRI applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations, except where superseded by GASB pronouncements.

Fund Accounting

The accounts of CAPRI are organized on the basis of governmental fund accounting. It operates a single enterprise fund which is used to account for governmental activities. Enterprise fund type is used to account for “business-type activities” – activities similar to those found in the private sector. Business-type activities include services primarily funded through user charges.

CAPRI’s operations consist of two core insurance programs each with separate program accounts to independently evaluate each program on its own. The accounts have been combined for presentation in the financial statements.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents include cash in bank, money market funds, cash with the Local Agency Investment Fund, and all highly liquid debt instruments purchased with original maturity of three months or less.

Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2018 and 2017, the total accounts receivable portfolio was considered collectible. Earnings on investments are recorded in the year the interest is earned.

Investments

CAPRI records its investments and cash in the Local Agency Investment Fund (LAIF) at fair market value. Changes in fair market value are reported as a gain or loss in the Statement of Revenues, Expenses, and Changes in Net Position. The effect of recording investments and LAIF at fair market value is reflected as a net increase or decrease in the fair value of investments on the Statement of Revenues, Expenses, and Changes in Net Position and on the Statement of Net Position.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Fair market values of investments and LAIF have been determined by the sponsoring government based on quoted market prices. CAPRI's investments in LAIF have been valued based on the relative fair value of the entire external pool to the external pool's respective amortized cost.

Capital Assets

All capitalized assets are carried at cost net of accumulated depreciation. Depreciation and amortization is provided for over the estimated useful lives of the depreciable assets using the straight-line method. The estimated useful lives used for building, improvements, and furniture and equipment are twenty-four, ten, and five years, respectively.

Unearned Revenue/Prepaid Expenses

The coverage/fiscal year-end for the programs is June. As such, certain revenues are treated as unearned and certain expenses as prepaid. This is to reflect a proper matching of revenues and expenses for the coverage/fiscal year-end financial statements.

Unpaid Claims Liabilities

CAPRI establishes claims liabilities (claim reserve and incurred but not reported) based on estimates of the ultimate cost of claims, including future allocated claim adjustment expense, that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are 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 and workers' compensation.

Claims liabilities are recomputed periodically 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 are made.

Liability for Unallocated Loss Adjustment Expense (ULAE)

The liability for ULAE includes all costs expected to be incurred in connection with the settlement of unpaid claims that cannot be related to a specific claim. These amounts were determined in connection with other loss development information and are adjusted annually.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Management 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 reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Member Contributions

Annual member contributions are calculated for each member district based on their respective operating expenditures, property values, number/value of vehicles, payroll and loss history, and other established criteria, and approved by the Board of Directors. Member contributions are recognized as revenues in the period for which coverage is provided. If the Board of Directors determines that the funds for a program are insufficient to pay losses, CAPRI may impose a supplemental assessment on all participating members. Anticipated investment income is not considered in this determination. Supplemental assessments are recognized as income in the period assessed. There have been no assessments in the program since its inception.

The member contributions are planned to match the expense of insurance premiums for coverage in excess of self-insured amounts, estimated claim payments, and operating expenses.

Member Assessments

When claims against participating member districts for a claim year are of such a magnitude (as determined by the Board) as to endanger the ability of CAPRI to continue to meet its obligations, each member district which has participated in CAPRI during a particular claim year and/or any portion of the prior nine claim years may be assessed by CAPRI a pro rata share of the additional amount determined necessary by the Board of Directors to restore the ability of CAPRI to continue to meet its obligations. Each member district's pro rata share of the total assessment shall be in the same proportion as the total premiums paid by that district during the current claim year and the prior nine fiscal years bear to the total premiums paid by all participating member districts during that period of time. Anticipated investment income is not considered when determining if a premium deficiency exists.

Operating and Nonoperating Revenues

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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating revenues are defined as revenues earned in connection with normal operating activities. All other revenues are classified as nonoperating.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Dividends

The Board can declare and pay dividends at any time after the close of the third year for a “claim year.” The total dividend shall be determined by the board. Each member’s pro rata share of the dividends shall be paid in the same proportion as the premium paid by each district during the fiscal year for which the dividend is declared. Dividends are recorded in the financial statements when approved by the Board.

Income Taxes

CAPRI’s income is exempt from federal income taxes under Internal Revenue Code Section 115, which excludes income derived from the exercise of any essential governmental function and accruing to a state political subdivision.

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that apply to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to CAPRI’s pension plan(s) after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net position liability in the next fiscal year.

Additional factors involved in the calculation of the CAPRI’s pension expense and net position liability include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between CAPRI’s contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods.

Pension Liability

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 California Association for Park and Recreation Indemnity’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 ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Allocation of Indirect Expenses

Indirect expenses are allocated among insurance programs in the percentage management estimates each program bears on administration costs.

Statement of Cash Flows

CAPRI considers interest on investments to be nonoperating revenue; therefore, investment income is presented in the investing section of the Statement of Cash Flows.

2. CASH AND CASH EQUIVALENTS

A. Cash and Cash Equivalents

Cash and cash equivalents as of June 30 consisted of the following:

	<u>2018</u>	<u>2017</u>
Bank Balance Per Books	\$ 1,505,269	\$ 988,898
Money Market Funds	692,058	1,147,508
Undeposited funds	26,321	-
Cash in Local Agency Investment Fund	<u>678,650</u>	<u>624,496</u>
Total Cash and Cash Equivalents	<u>\$ 2,902,298</u>	<u>\$ 2,760,902</u>

Cash in Bank is covered by federal depository insurance up to \$250,000. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit. This collateral must be in the form of government-backed securities.

Local Agency Investment Fund

CAPRI is a voluntary participant in Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of CAPRI's investment in this pool, which approximates cost, is reported in the accompanying financial statements based upon CAPRI'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. Funds are accessible and transferable to the master account within twenty-four hours notice. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by Federal Agencies, government-sponsored enterprises and corporations. This fund currently yields approximately .232% interest annually and has an average life of 171 days. The monies held in the LAIF are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization.

B. Investments

Investments as of June 30 consisted of the following:

<u>Investment Type</u>	<u>2018</u>	<u>2017</u>
US Treasuries	\$ 6,904,615	\$ 6,709,632
SupraNational Agency	1,309,524	-
Municipal Bonds	200,839	201,792
Federal Agencies	1,864,275	4,530,699
Corporate Notes	5,187,280	3,777,760
Certificates of Deposit	4,438,275	4,181,713
Total	<u>\$ 19,904,808</u>	<u>\$ 19,401,596</u>

Investment Policy

As a governmental entity, CAPRI's investment policy permits investments in U.S. Government obligations, federal agency obligations, California municipal obligations, prime quality commercial paper, certain banker's acceptances, medium-term corporate notes, time certificates of deposit, repurchase agreements, money market funds, and the State of California's Local Agency Investment Fund ("LAIF").

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from changes in interest rates, CAPRI's investment policy limits its investment portfolio to a maximum maturity of three years, except in cases on investments in US Treasuries or federal obligations for which the maximum maturity is five years.

As of June 30, 2018, the carrying values and maturities of CAPRI's investments held in a managed portfolio were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>< 1yr</u>	<u>1-3 yrs</u>	<u>>3 yrs</u>
US Treasuries	6,904,614	\$ -	\$ 6,904,614	\$ -
Municipal Bonds	200,839	-	200,839	-
Federal Agencies	1,864,276	19,142	1,745,095	100,039
Supranationals	1,309,524	276,367	1,033,157	
Corporate Notes	5,187,280	352,953	4,834,327	
Certificate of Deposit	4,438,275	2,093,388	2,344,887	-
Total	\$ 19,904,808	\$ 2,741,850	\$17,062,919	\$ 100,039

Credit Risk

It is CAPRI's general investment policy to apply the prudent person standard: Investments shall be made as a prudent person would be expected to act with intelligence and prudence, not for speculation, considering the probable safety of their capital as well as the probable income to be derived. California law limits investments in medium-term corporate notes to the top three ratings issued by nationally recognized statistical ratings organizations. However, CAPRI's investment policy limits its corporate debt investments to the top two ratings.

Investments in US treasuries comprise 35% of the total portfolio and carry the explicit guarantee of the US Government, while investments in Federal Agency Bonds, which comprise 22% of the total portfolio, were rated AA+ by Standard & Poor as of June 30, 2018. The Municipal Bond was rated A+. While the rest of the portfolio is rated BBB+ or better by Standard & Poor.

Concentration of Credit Risk

CAPRI places no limit on the amount it may invest in Federal Government Agencies but restricts investments in California municipal obligations to a maximum of 30% of their portfolio. As of June 30, 2018, the portion of CAPRI's portfolio, excluding U.S. Government guaranteed obligations, that exceeds 5% of the total portfolio is as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>% of Portfolio</u>	<u>S&P Rating</u>
United States Treasury	\$ 6,904,615	34.69%	AA+
Federal Home Loan Banks	1,101,989	5.54%	AA+

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

Investments:	Level 1	Level 2	Level 3	Total
US Agency, Treasury & Municipal Notes (USATM):				
US Agency Notes:	\$ 1,864,275	\$ -	\$ -	\$ 1,864,275
US Treasury Notes:	6,904,615	-	-	6,904,615
Municipal Notes:	200,839	-	-	200,839
Supranationals	-	1,309,524	-	1,309,524
Corporate Bonds	-	5,187,280	-	5,187,280
Certificates of Deposit	-	4,438,275	-	4,438,275
Total	\$ 7,105,454	\$ 10,935,079	\$ -	\$ 19,904,808

3. CAPITAL ASSETS

Capital assets at June 30, 2018 and 2017 consisted of the following:

	2017	Additions	Retirements	2018
Non-depreciable assets				
Land	\$ 140,000	\$ -	\$ -	\$ 140,000
Depreciable assets				
Building	99,955	-	-	99,955
Building Improvements	92,432	-	-	92,432
Furniture, Fixtures, Equipment	51,093	-	-	51,093
Computer Hardware, Software	34,900	-	-	34,900
Total depreciable assets	278,380	-	-	278,380
Less Accumulated Depreciation	248,387	8,834	-	257,221
Depreciable assets, net	29,993	(8,834)	-	21,159
Capital Assets, net	\$ 169,993	\$ (8,834)	\$ -	\$ 161,159

Depreciation expense was \$8,834 and \$9,584 for the fiscal years ended June 30, 2018 and 2017, respectively.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

4. UNPAID CLAIMS LIABILITIES

CAPRI establishes an undiscounted liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses. The following schedule represents changes in liabilities for CAPRI during the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Unpaid Claims and allocated claims adjustment beginning of the fiscal year	\$ 16,322,946	\$ 16,704,223
Incurred claims and claims adjustment expenses:		
Provision for insured events of the current fiscal year	5,480,175	5,205,000
Increases (decreases) in provision for insured events of prior years	<u>(274,684)</u>	<u>(573,204)</u>
Total incurred claims and claim adjustment expenses	<u>5,205,491</u>	<u>4,631,796</u>
Payments		
Claims and allocated claims adjustment expenses attributable to insured events of the current year	806,689	1,146,299
Claims and claims adjustment expenses attributable to insured events of prior years	<u>4,209,181</u>	<u>3,866,774</u>
Total Payments	<u>5,015,870</u>	<u>5,013,073</u>
Total unpaid claims and claims adjustment expenses at the end of the year	<u>\$ 16,512,567</u>	<u>\$ 16,322,946</u>
Components of unpaid claims and claims adjustment expense:		
Claims reserve	\$ 8,532,679	\$ 9,032,576
Claims incurred but not reported	7,218,888	6,518,370
Liability for unallocated loss adjustment expenses	761,000	772,000
Total claims liabilities	<u>\$ 16,512,567</u>	<u>\$ 16,322,946</u>
Current portion	\$ 3,995,812	\$ 3,995,812
Noncurrent portion	<u>12,516,755</u>	<u>12,327,134</u>
Total claims liabilities	<u>\$ 16,512,567</u>	<u>\$ 16,322,946</u>

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

5. PENSION PLAN

A. *California Public Employees' Retirement System (CalPERS) - General Information about the Pension Plan*

All qualified permanent and probationary employees are eligible to participate in California Association for Park and Recreation Indemnity's cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and California Association for Park and Recreation Indemnity resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.4% to 2.41890%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	8.921%	6.533%

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018 and 2017, the contributions recognized as part of pension expense for the Plan were \$76,250 and \$71,180 respectively.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018 and 2017, the California Association for Park and Recreation Indemnity reported net pension liabilities for its proportionate share of the net pension liability of \$700,126 and \$624,704, respectively.

California Association for Park and Recreation Indemnity's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. California Association for Park and Recreation Indemnity's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2016 was as follows:

Proportion - June 30, 2017	0.01776%
Proportion - June 30, 2016	<u>0.01798%</u>
Change - Increase (Decrease)	<u><u>-0.00022%</u></u>

For the year ended June 30, 2018 and 2017, the Group recognized pension expense of \$98,315 and \$82,645. At June 30, 2018, the Group reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>June 30, 2018</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 76,250	\$ -
Net differences between projected and actual earnings on plan investments	22,400	-
Changes in proportion and differences between contributions and the proportionate share of contributions	14,043	-
Changes in assumptions	99,047	7,552
Changes in proportions	-	30,748
Differences between expected and actual experience	798	11,437
Total	<u>\$ 212,538</u>	<u>\$ 49,737</u>

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

\$212,538 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2019	\$ 9,031
2020	49,723
2021	41,097
2022	(13,300)
Total	\$ 86,551

June 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 78,180	\$ -
Net differences between projected and actual earnings on plan investments	113,269	-
Changes in proportion and differences between contributions and the proportionate share of contributions	-	4,914
Changes in assumptions	-	(21,763)
Changes in proportions	-	(66,929)
Differences between expected and actual experience	2,300	(527)
Total	\$ 193,749	\$ (84,305)

\$193,749 reported as deferred outflows of resources related to contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the current year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2018	\$ (17,526)
2019	(15,363)
2020	34,816
2021	29,337
Total	\$ 31,264

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal in accordance with the requirement of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Payroll Growth	3.00%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.375% Net of Pension Plan Investment Expenses, include inflation
Mortality (1)	Derived using CalERS' Membership Data for all Funds

(1) The mortality rate table used was developed based on CalPERS" specific data. The table include 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was 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	CalPERS		
	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
	<u>100.0%</u>		

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Authority’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	\$ 1,091,394	\$ 700,126	\$ 376,071

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2018, the Group had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

6. JOINT VENTURE

CAPRI participates in a joint venture under a joint powers agreement (JPA) with the California State Association of Counties - Excess Insurance Authority (CSAC - EIA) for its excess workers' compensation insurance. The relationship between entities is such that CSAC - EIA is not a component unit of CAPRI for financial reporting purposes. CSAC - EIA arranges for and provides primary and excess coverage for its members. CSAC - EIA is governed by a board which controls its operations including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in each entity. Summarized information for CSAC - EIA is as follows:

- A. **Entity** CSAC - EIA
- B. **Purpose** To provide workers' compensation reinsurance protection
- C. **Participants** 342 counties and public entities
- D. **Governing Board** 55 county board members and 7 public entity board members

F. **Condensed Financial Information**

	<u>June 30, 2018</u>
Total Assets	<u>\$ 834,314,751</u>
Deferred Outflows	<u>1,718,920</u>
Total Liabilities	<u>712,318,785</u>
Deferred Inflows	<u>1,144,292</u>
Total Net Position	<u>\$ 122,570,594</u>
Total Revenues	<u>\$ 895,529,924</u>
Total Expenses	<u>(907,285,224)</u>
Change in Net Position	<u>\$ (11,755,300)</u>

Separate complete financial statements are available from CSAC - EIA at 75 Iron Point Circle, Suite 200, Folsom, California 95630.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

7. WORKERS COMPENSATION PROGRAM NET POSITION

The previous actuarial estimates of ultimate loss were projected in advance and not based on complete actual claims paid data for the fiscal year. Therefore, in some years the ultimate loss estimates may not have adequately included the whole claims development picture. Going forward, management will be reviewing the actuarial estimates for old policy years to ensure the ultimate losses are fairly stated when considered in light of actual claims paid development. Premium rates will be adjusted if necessary to ensure adequate funding over the long-term.

8. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2018 through April 23, 2019, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF PROGRAM

AS OF JUNE 30, 2018

	<u>Liability</u>		<u>Property</u>		<u>Workers' Compensation</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Unpaid Claims and allocated claims adjustment beginning of the fiscal year	\$ 3,594,377	\$ 1,934,672	\$ 45,812	\$ 701,860	\$ 12,682,757	\$ 14,067,691	\$ 16,322,946	\$ 16,704,223
Incurred claims and claims adjustment expenses:								
Provision for insured events of the current fiscal year	1,366,178	1,010,000	451,567	650,000	3,662,430	3,545,000	5,480,175	5,205,000
Increases (decreases) in provision for insured events of prior years	469,103	1,775,971	759,362	(283,508)	(1,503,149)	(2,065,667)	(274,684)	(573,204)
Total incurred claims and claim adjustment expenses	1,835,281	2,785,971	1,210,929	366,492	2,159,281	1,479,333	5,205,491	4,631,796
Payments								
Claims and allocated claims adjustment expenses attributable to insured events of the current year	91,951	58,713	235,370	663,638	479,368	423,948	806,689	1,146,299
Claims and claims adjustment expenses attributable to insured events of prior years	1,359,974	1,067,553	607,542	358,902	2,241,665	2,440,319	4,209,181	3,866,774
Total Payments	1,451,925	1,126,266	842,912	1,022,540	2,721,033	2,864,267	5,015,870	5,013,073
Total unpaid claims and claims adjustment expenses at the end of the year	\$ 3,977,733	\$ 3,594,377	\$ 413,829	\$ 45,812	\$ 12,121,005	\$ 12,682,757	\$ 16,512,567	\$ 16,322,946
Components of unpaid claims and claims adjustment expense:								
Claims reserve	\$ 2,203,908	\$ 2,030,250	\$ 175,157	\$ 6,812	\$ 6,153,614	\$ 6,995,514	\$ 8,532,679	\$ 9,032,576
Claims incurred but not reported	1,609,825	1,407,127	195,672	0	5,413,391	5,111,243	7,218,888	6,518,370
Liability for unallocated loss adjustment expenses	164,000	157,000	43,000	39,000	554,000	576,000	761,000	772,000
Total claims liabilities	\$ 3,977,733	\$ 3,594,377	\$ 413,829	\$ 45,812	\$ 12,121,005	\$ 12,682,757	\$ 16,512,567	\$ 16,322,946
Current portion	\$ 1,100,000	\$ 1,100,000	\$ 45,812	\$ 45,812	\$ 2,850,000	\$ 2,850,000	\$ 3,995,812	\$ 3,995,812
Noncurrent portion	2,877,733	2,494,377	368,017	-	9,271,005	9,832,757	12,516,755	12,327,134
Total claims liabilities	\$ 3,977,733	\$ 3,594,377	\$ 413,829	\$ 45,812	\$ 12,121,005	\$ 12,682,757	\$ 16,512,567	\$ 16,322,946

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY
CLAIMS DEVELOPMENT INFORMATION – PROPERTY AND LIABILITY

AS OF JUNE 30, 2018

	Fiscal and Policy Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1. Required contribution and investment revenue:										
Earned	\$ 3,204,259	\$ 2,886,903	\$ 2,912,017	\$ 2,880,470	\$ 3,125,474	\$ 2,987,685	\$ 2,926,623	\$ 2,877,549	\$ 3,144,885	\$ 3,642,530
Ceded	(653,498)	(1,032,720)	(1,001,837)	(1,111,645)	(1,207,888)	(1,332,074)	(1,394,160)	(1,451,228)	(1,146,597)	(1,494,144)
Net earned	2,550,761	1,854,183	1,910,180	1,768,825	1,917,586	1,655,611	1,532,463	1,426,321	1,998,288	2,148,386
2. Unallocated expenses	368,624	389,210	395,976	1,123,877	927,561	389,430	399,054	390,746	411,511	431,583
3. Estimated incurred claims and expense, end of policy year										
Incurred	2,875,802	1,155,698	2,887,972	1,675,224	1,530,000	1,564,000	1,610,000	1,244,000	1,943,992	1,817,745
Ceded **	(936,802)	-	-	-	-	-	-	-	-	-
Net Incurred	1,939,000	1,155,698	2,887,972	1,675,224	1,530,000	1,564,000	1,610,000	1,244,000	1,943,992	1,817,745
4. Paid (cumulative) as of:										
End of policy year	327,000	199,672	164,981	322,537	352,474	301,414	466,272	242,316	722,351	327,321
One year later	1,552,604	744,374	1,129,548	675,019	806,503	466,967	873,089	664,715	1,327,931	
Two years later	1,827,019	927,539	1,441,318	976,897	1,018,127	1,076,715	1,542,925	917,844		
Three years later	1,930,453	1,070,089	1,711,774	1,026,728	1,082,759	1,464,020	1,522,372			
Four years later	1,936,629	1,054,581	1,795,701	1,117,912	1,164,500	2,051,630				
Five years later	1,959,686	1,054,581	1,795,869	1,252,249	1,154,000					
Six years later	1,959,987	1,054,581	1,795,869	1,253,868						
Seven Years Later	1,960,072	1,054,581	1,795,869							
Eight Years Later	1,960,052	1,054,581								
Nine Years Later	1,960,052									
5. Reestimated ceded claims and expenses:	936,802	-	50	62,546	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of policy year	1,939,000	1,155,698	2,887,972	1,675,224	1,530,000	1,564,000	1,610,000	1,244,000	1,943,992	1,817,745
One year later	2,063,444	1,319,909	1,900,522	1,511,000	1,452,361	1,021,000	1,579,526	1,262,011	2,381,048	
Two years later	2,116,582	1,170,963	1,576,000	1,208,137	1,258,000	1,616,851	2,357,380	1,225,258		
Three years later	1,972,010	1,116,461	2,256,457	1,086,600	1,206,396	2,091,614	2,453,917			
Four years later	1,976,335	1,102,473	1,847,053	1,134,541	1,318,078	2,077,681				
Five years later	1,962,982	1,056,764	1,795,869	1,282,861	1,154,000					
Six years later	1,967,335	1,054,581	1,795,820	1,253,868						
Seven years later	1,962,190	1,054,581	1,795,870							
Eight Years Later	1,960,052	1,054,581								
Nine Years Later	1,960,052									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	\$ 21,052	\$ (101,117)	\$ (1,092,102)	\$ (421,356)	\$ (376,000)	\$ 513,681	\$ 843,917	\$ (18,742)	\$ 437,056	\$ -

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY
CLAIMS DEVELOPMENT INFORMATION – WORKERS COMPENSATION
AS OF JUNE 30, 2018

	Fiscal and Policy Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1. Required contribution and investment revenue:										
Earned	\$ 4,179,817	\$ 3,969,766	\$ 3,939,517	\$ 3,781,461	\$ 3,218,034	\$ 3,200,939	\$ 3,732,182	\$ 4,346,641	\$ 5,214,990	\$ 5,402,990
Ceded	(255,414)	(261,650)	(533,095)	(661,494)	(725,644)	(873,719)	(698,336)	(842,932)	(1,200,292)	(996,096)
Net earned	3,924,403	3,708,116	3,406,422	3,119,967	2,492,390	2,327,220	3,033,846	3,503,709	4,014,698	4,406,894
2. Unallocated expenses	418,612	276,222	280,736	266,000	268,457	266,537	234,955	260,347	277,652	281,833
3. Estimated incurred claims and expense, end of policy year										
Incurred	3,755,000	3,636,000	2,573,000	2,286,000	2,405,000	2,694,000	3,416,000	3,589,000	3,545,000	3,662,430
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	3,755,000	3,636,000	2,573,000	2,286,000	2,405,000	2,694,000	3,416,000	3,589,000	3,545,000	3,662,430
4. Paid (cumulative) as of:										
End of policy year	632,684	438,262	486,743	697,046	470,599	576,297	477,938	624,492	423,948	479,368
One year later	1,222,359	991,864	1,009,634	1,331,066	1,220,856	1,010,679	969,939	1,653,716	1,129,825	
Two years later	1,450,172	1,372,568	1,400,178	1,285,746	1,789,939	1,437,148	1,273,088	2,258,267		
Three years later	1,616,979	1,710,955	1,554,833	1,971,460	2,378,190	1,661,307	1,655,581			
Four years later	1,801,327	1,935,709	1,788,023	2,748,185	2,644,288	1,855,750				
Five years later	1,944,322	2,204,050	2,202,841	2,286,014	2,768,693					
Six years later	2,043,116	2,400,839	2,290,533	2,324,385						
Seven Years Later	2,100,543	2,437,710	2,313,780							
Eight Years Later	2,128,380	2,467,207								
Nine Years Later	2,135,856									
5. Reestimated ceded claims and expenses:	3,839	15,000	2,255	644,085	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of policy year	3,755,000	3,636,000	2,573,000	2,286,000	2,405,000	2,694,000	3,416,000	3,589,000	3,545,000	3,662,430
One year later	3,457,000	2,991,000	2,157,000	2,292,000	2,563,000	2,889,000	3,259,000	3,748,000	3,110,841	
Two years later	2,827,000	2,451,000	2,297,000	2,761,000	3,280,000	3,028,000	2,630,000	4,063,398		
Three years later	2,588,000	2,681,000	2,417,000	2,668,000	3,902,094	2,610,000	2,366,719			
Four years later	2,519,000	2,986,000	2,458,000	3,163,000	3,453,000	2,651,549				
Five years later	2,454,000	3,098,000	3,098,000	3,382,000	3,437,546					
Six years later	2,690,000	2,964,000	2,705,000	2,675,866						
Seven years later	2,611,000	2,878,000	2,708,853							
Eight Years Later	2,558,000	2,786,659								
Nine Years Later	2,535,970									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	\$ (1,219,030)	\$ (849,341)	\$ 135,853	\$ 389,866	\$ 1,032,546	\$ (42,451)	\$ (1,049,281)	\$ 474,398	\$ (434,159)	\$ -

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2016</u> ⁽¹⁾
Proportion of the net pension liability	0.01806%	0.01925%	0.01798%	0.01776%
Proportionate share of the net pension liability	\$ 446,363	\$ 528,035	\$ 624,704	\$ 700,126
Covered-employee payroll ⁽²⁾	\$ 342,066	\$ 292,798	\$ 221,466	\$ 334,885
Proportionate Share of the net pension liability as percentage of covered-employee payroll	130.49%	180.34%	282.08%	209.06%
Plans fiduciary net position as a percentage of the total pension liability	76.96%	78.40%	78.40%	73.31%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 62,835	\$ 72,513	\$ 78,180	\$ 76,250

⁽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.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

SCHEDULE OF CONTRIBUTIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Fiscal Year 2013-14</u>	<u>Fiscal Year 2014-15</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2016-17</u> ⁽¹⁾
Actuarially Determined Contribution (2)	\$ 62,835	\$ 72,513	\$ 78,180	\$ 76,250
Contributions in relation to the actuarially determined contributions (2)	<u>(62,835)</u>	<u>(72,513)</u>	<u>(78,180)</u>	<u>(76,250)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll (3)	\$ 342,066	\$ 292,798	\$ 221,466	\$ 334,885
Contributions as a percentage of covered-employee payroll (3)	18.37%	24.77%	35.30%	22.77%

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

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

1. Reconciliation of Claims Liabilities by Type of Program

The schedule represents the changes in claims liabilities for the current and previous year for all of CAPRI's programs.

2. Claims Development Information

The table illustrates CAPRI's earned revenues (net of reinsurance) and investment income compared to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by CAPRI as of the end of the year.

The rows of the table are defined as follows:

1. This line shows the amount of required contribution revenue and reported investment revenue, amount of premium ceded to reinsurers, and net contribution and investment revenue.
2. This line shows the amount of reported unallocated claim adjustment expenses and other unallocated costs.
3. This line shows the total gross amount of incurred claims and allocated claim adjustment expenses, loss assumed by excess insurers or reinsurers, and total net amount of incurred claims and allocated claim adjustment expenses. Amounts are presented as originally reported at the end of each policy year.
4. This line shows the cumulative net amount paid as of the end of the policy year and each succeeding year.
5. This line shows the reestimated amount for loss assumed by excess insurers or reinsurers as of the end of the current year for each policy year.
6. This line shows the reestimated amount for net incurred claims and claim adjustment expenses as of the end of each succeeding year for each of policy year.
7. This line shows the change in net incurred claims and claim adjustment expenses from the original estimate, based on the difference between the latest reestimated amount for each policy year and the original net incurred claims and claim adjustment amounts reported.

As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

3. SCHEDULE OF PROPORTIONATE SHARE OF THE NET POSITION LIABILITY

Changes in assumptions, in 2018, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

Fiscal year 2018 was the 4th year of implementation, therefore only four years are shown.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

4. SCHEDULE OF CONTRIBUTIONS

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

SUPPLEMENTARY INFORMATION

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2018

	<u>Property Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,359,367	\$ 1,542,931	\$ 2,902,298
Investments Maturing Within One Year	1,645,110	1,096,740	2,741,850
Interest Receivable	62,323	41,717	104,040
Receivable from Members	-	420,545	420,545
Reinsurance Receivable	144,587	84,587	229,174
Total Current Assets	<u>3,211,387</u>	<u>3,186,520</u>	<u>6,397,907</u>
Noncurrent Assets			
Investments	1,777,051	15,385,907	17,162,958
Capital Assets (net)	161,159	-	161,159
Total Noncurrent Assets	<u>1,938,210</u>	<u>15,385,907</u>	<u>17,324,117</u>
Total Assets	<u>5,149,597</u>	<u>18,572,427</u>	<u>23,722,024</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows on Pensions	<u>127,523</u>	<u>85,015</u>	<u>212,538</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	19,565	9,532	29,097
Claims Liabilities	1,145,812	2,850,000	3,995,812
Total Current Liabilities	<u>1,165,377</u>	<u>3,031,895</u>	<u>4,197,272</u>
Noncurrent Liabilities			
Net Pension Liability	420,076	280,050	700,126
Claims Liabilities	866,685	11,650,070	12,516,755
Total NonCurrent Liabilities	<u>1,286,761</u>	<u>11,930,120</u>	<u>13,216,881</u>
Total Liabilities	<u>2,452,138</u>	<u>14,962,015</u>	<u>17,414,153</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows on Pensions	<u>29,842</u>	<u>19,895</u>	<u>49,737</u>
NET POSITION			
Net Investment in Capital Assets	161,159	-	161,159
Unrestricted	2,633,981	3,675,532	6,309,513
Total Net Position	<u>\$ 2,795,140</u>	<u>\$ 3,675,532</u>	<u>\$ 6,470,672</u>

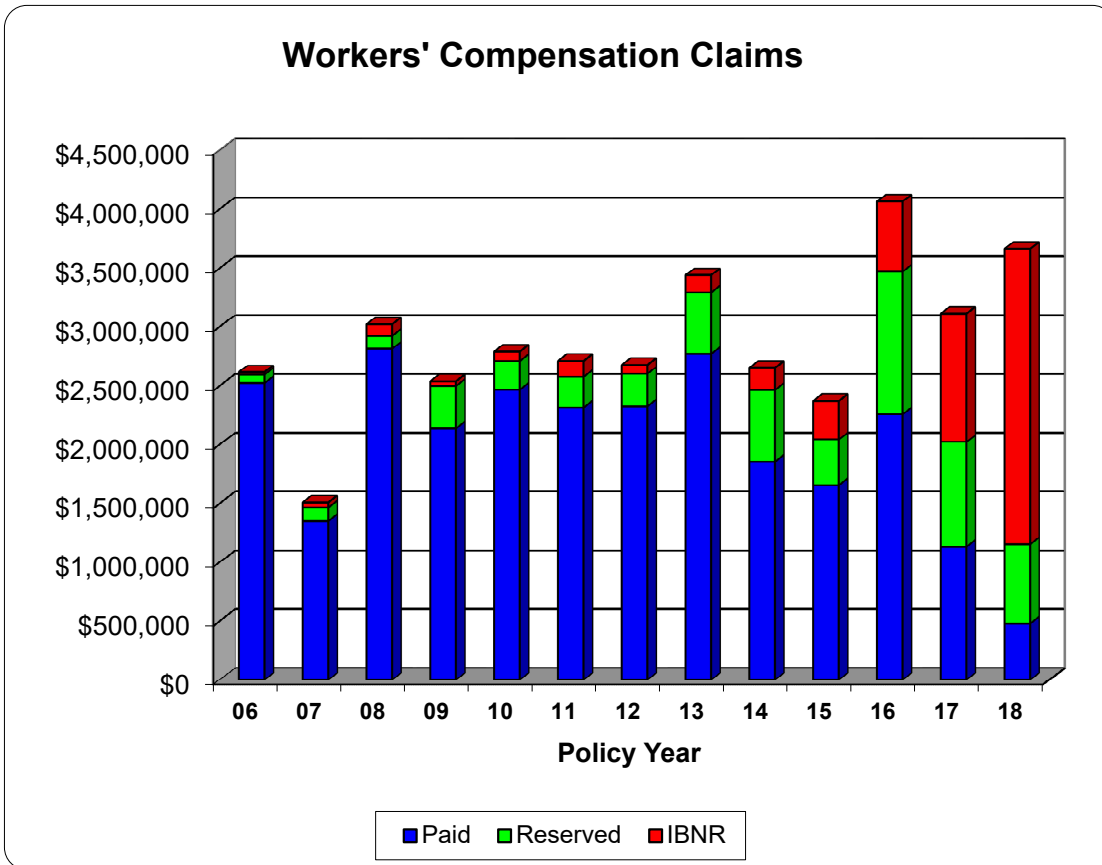
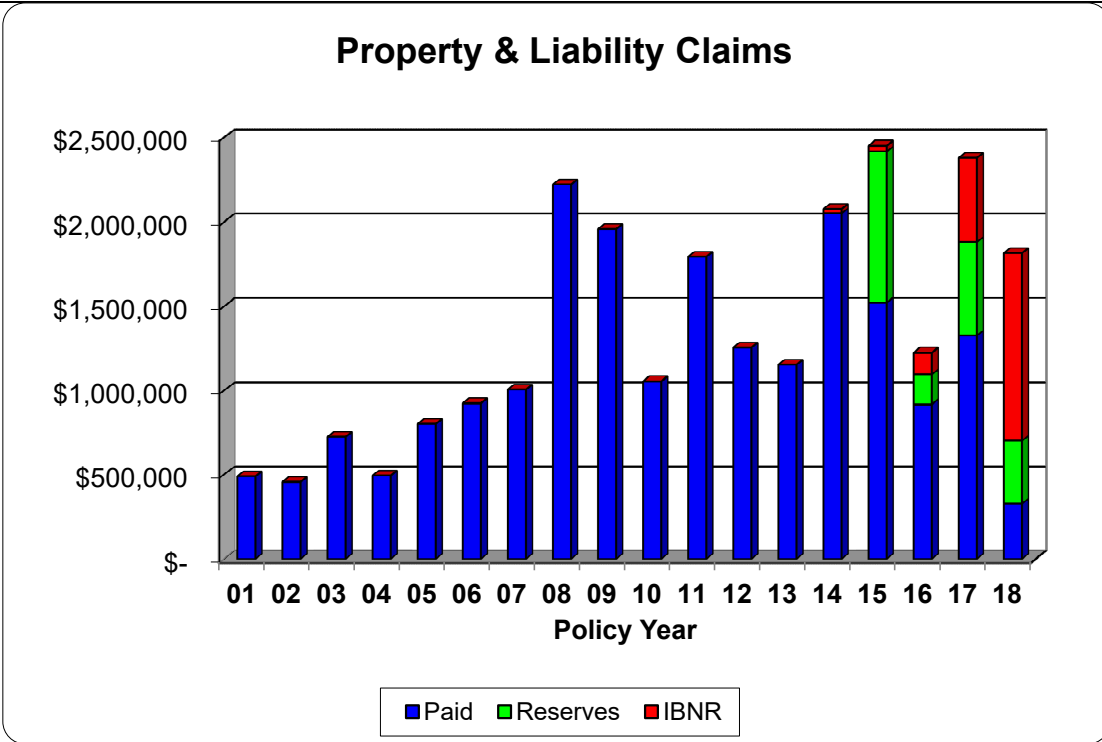
CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Property Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
OPERATING REVENUES			
Member Contributions	\$ 3,701,105	\$ 5,511,844	\$ 9,212,949
Miscellaneous	40,026	26,669	66,695
Total Operating Revenues	<u>3,741,131</u>	<u>5,538,513</u>	<u>9,279,644</u>
OPERATING EXPENSES			
Claims Expense	3,046,210	2,159,281	5,205,491
Insurance Expense	1,494,144	996,096	2,490,240
Office Administration Expense	313,021	208,681	521,702
Consultants and Professional Services Expense	78,573	52,382	130,955
Travel, Conferences and Other Expense	31,156	20,770	51,926
Depreciation Expense	8,833	-	8,833
Dividends Expense	111,338	144,014	255,352
Total Operating Expenses	<u>5,083,275</u>	<u>3,581,224</u>	<u>8,664,499</u>
Net Operating Income (Loss)	(1,342,144)	1,957,289	615,145
NONOPERATING INCOME			
Investment Income	4,757	3,171	7,928
Rental Income	7,980	5,320	13,300
Total Nonoperating Income	<u>12,737</u>	<u>8,491</u>	<u>21,228</u>
Change in Net Position	(1,329,407)	1,965,780	636,373
Beginning Net Position	<u>4,124,547</u>	<u>1,709,752</u>	<u>5,834,299</u>
Ending Net Position	<u>\$ 2,795,140</u>	<u>\$ 3,675,532</u>	<u>\$ 6,470,672</u>

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

GRAPHICAL SUMMARY OF CLAIMS

AS OF JUNE 30, 2018





James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**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

Board of Directors
California Association for Park and Recreation Indemnity
Citrus Heights, 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 Association for Park and Recreation Indemnity, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise California Association for Park and Recreation Indemnity's basic financial statements, and have issued our report thereon April 23, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered California Association for Park and Recreation Indemnity's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the California Association for Park and Recreation Indemnity's internal control. Accordingly, we do not express an opinion on the effectiveness of California Association for Park and Recreation Indemnity'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.

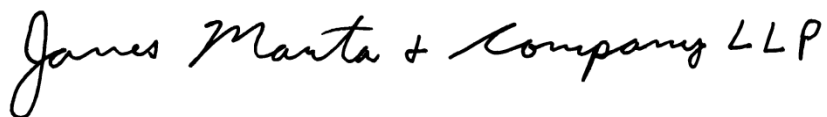
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Association for Park and Recreation Indemnity's financial statements are free of 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 determination of financial statement amounts. 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.

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
April 23, 2019

SCHEDULE OF FINDINGS

None identified in current year

STATUS OF PRIOR YEAR FINDINGS

2017-1 – Claims Reconciliation

Observation

During the review of the claims reconciliations, we identified that Liability Program did not have sufficient IBNR for the 2013-2014 or 2014-2015 year. Both years showed no IBNR with outstanding claims of \$463,010 and \$889,794, respectively. Upon review with CAPRI, management and accountant obtained an updated actuary and recorded an adjustment to increase the claims liability for the program \$338,578.

We also identified that the Property Program had hit the \$650,000 aggregate stop loss in the 2014-2015 and 2016-2017 year. Due to this, we had to limit the amounts of claims paid and record a reinsurance receivable for \$85,738.

Recommendation

To ensure that claims liability is accurate, each program and policy year should be reviewed once the reconciliation is completed. This review should include analysis of IBNR sufficiency and take into account any policy years that may have gone over the aggregate stop loss limits.

Status: Not an issue during the current year



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Board of Directors
California Association for Park and Recreation Indemnity
Citrus Heights, CA

We have audited the financial statements of California Association for Park and Recreation Indemnity (CAPRI) as of and for the years ended June 30, 2018 and 2017, and have issued our report thereon dated April 23, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated February 8, 2019, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of CAPRI solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control deficiencies over financial reporting and other matters noted during our audit in a separate letter to you dated April 23, 2019.

Planned Scope and Timing of the Audit

The audit was completed later than planned due to the late closing and adjustment of the books.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate and our firm, has complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by CAPRI is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2017-2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the estimates of claim liabilities. Management's estimate of the claim liabilities is based on the results of an actuarial study. We evaluated the key factors and assumptions used to develop the claim liabilities and determined that it is reasonable in relation to the basic financial statements taken as a whole. However, we continue to emphasize the need to assess even the actuarial findings.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting CAPRI's financial statements relate to claim liabilities.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. We have not identified any uncorrected misstatements as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We have not identified any corrected misstatements as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to CAPRI's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated April 23, 2019.

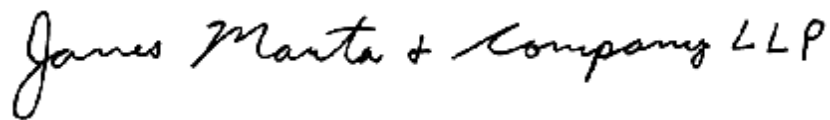
Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with CAPRI, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as CAPRI's auditors.

This report is intended solely for the information and use of the Board of Directors and management of California Association for Park and Recreation Indemnity and is not intended to be and should not be used by anyone other than these specified parties.

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
April 23, 2019

Attachment A – Upcoming Changes in Accounting Standards As of June 30, 2018

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Trust in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Trust. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB Statement No. 83, Certain Asset Retirement Obligations

Effective for the fiscal year ending June 30, 2019

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB Statement No. 84, Fiduciary Activities

Effective for the fiscal year ending June 30, 2020

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government’s fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

GASB Statement No. 87, Leases

Effective for the fiscal year ending June 30, 2021

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

Attachment B – Management Representation Letter



MANAGEMENT REPRESENTATION LETTER

April 23, 2019

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

This representation letter is provided in connection with your audit of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows of California Association for Park and Recreation Indemnity as of June 30, 2018 and 2017 and for the fiscal years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of California Association for Park and Recreation Indemnity in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of April 23, 2019:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 8, 2019 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We acknowledge that we are responsible for distributing the issued report as well as the communication with governance letter and internal control letter to all governing board members.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have reviewed and approved the adjusting and reclassifying journal entries reflected in the audit statements and Attachment A.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes,⁷ and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- California Sanitation Risk Management Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which California Sanitation Risk Management Authority is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- California Sanitation Risk Management Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims in the accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims in accordance with accounting principles generally accepted in the United States of America.
- We believe the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- The methods of measurement or presentation have not changed from those used in the prior period.
- When the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Required Supplementary Information

- With respect to the Management Discussion & Analysis, Reconciliation of Claims Liabilities by Type of Contract and Claims Development Information accompanying the financial statements:
- We acknowledge our responsibility for the presentation of the Management Discussion & Analysis, Reconciliation of Claims Liabilities by Type of Contract and Claims Development Information in accordance with U.S. GAAP, GASB-10 and GASB-30.
- We believe the Management Discussion & Analysis, Reconciliation of Claims Liabilities by Type of Contract and Claims Development Information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP, GASB-10 and GASB-30.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the Management Discussion & Analysis, Reconciliation of Claims Liabilities by Type of Contract and Claims Development Information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances:

Use of a Specialist

The work of a specialist has been used by the entity.

We agree with the findings of specialists in evaluating the valuation of claims liabilities and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.


 Matthew Duarte, Executive Director

Agenda Item 4.2**SPECIAL REPORTS****SUBJECT: Workers' Compensation Actuarial Analysis**

BACKGROUND AND STATUS:

Bickmore Actuarial ("Bickmore") conducted an actuarial analysis on the Workers' Compensation program for CAPRI. Attached please find the DRAFT Summary letter for the Workers' Compensation actuarial analysis.

Overall, the recommended funding levels identified in the actuarial study are approximately 3.2% lower compared to last fiscal year. Additionally, the study concluded that CAPRI will be funded at over the 90% confidence level. Notably, this exceeds Bickmore's recommended 80-85% funding level.

At the same time, Bickmore estimates that the program's liability for outstanding claims to decrease approximately 4% to \$10,263,000 as of June 30, 2019 compared to \$10,652,000 at the close of the last fiscal year. With program assets projected to increase approximately 11% to \$16,262,000 as of June 30, 2019 compared to \$14,742,000 at the close of the last fiscal year, the program is adequately funded.

Mr. Michael Harrington of Bickmore will be in attendance at the meeting to review the final report.

RECOMMENDATION:

Accept the Actuarial Review of the Workers' Compensation Program for the FY 19-20 as prepared by the actuarial firm, Bickmore Actuarial.

REFERENCE MATERIALS ATTACHED:

Draft Summary Letter of the Self-Insured Workers' Compensation Program

Friday, April 5, 2019

Mr. Matthew Duarte
Executive Director
California Association for Park and Recreation Indemnity
6341 Auburn Blvd, Suite A
Citrus Heights, CA 95621

Re: Actuarial Review of the Self-Insured Workers' Compensation Program

Dear Mr. Duarte:

As you requested, we have completed our review of California Association for Park and Recreation Indemnity's (CAPRI) self-insured workers' compensation program. Assuming an SIR of \$250,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2019-20 program year to be \$3,476,000. This amount includes allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of CAPRI's claims, assuming a 3.0% return on investments per year. For budgeting purposes, the expected costs of 2019-20 claims translate to a rate of \$2.986 per \$100 of payroll.

In addition, we estimate the program's liability for outstanding claims to be \$10,263,000 as of June 30, 2019, again including ALAE and ULAE, and discounted for anticipated investment income. Given estimated program assets of \$16,262,000 as of June 30, 2019, the program will be funded above the 90% confidence level.

The \$10,263,000 estimate is the minimum liability to be booked by CAPRI at June 30, 2019 for its workers' compensation program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires CAPRI to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding CAPRI’s liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2019 are summarized in the table below.

California Association for Park and Recreation Indemnity
 Self-Insured Workers’ Compensation Program
 Estimated Liability for Unpaid Loss and LAE
 at June 30, 2019

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$11,512,000					
ULAE	557,000					
Investment Income Offset	<u>(1,806,000)</u>					
Discounted Loss and LAE	\$10,263,000	\$11,310,000	\$11,731,000	\$12,213,000	\$12,808,000	\$13,588,000
Assets	<u>16,262,000</u>					
Surplus or (Deficit)	\$5,999,000	\$4,952,000	\$4,531,000	\$4,049,000	\$3,454,000	\$2,674,000

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on CAPRI’s financial statements.

Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

Furthermore, the CSAC Excess Insurance Authority standard states that based upon the actuarial recommendations, the member should maintain assets and make funding contributions equal to or exceeding the present value of expected losses and a reasonable margin for contingencies.

The table below shows results at various discount rates:

<u>Discount Rate</u>	<u>Factor to Adjust Liabilities</u>	<u>Outstanding Liabilities</u>	<u>Program Surplus or (Deficit)</u>
0.0%	1.176	\$12,069,000	\$4,193,000
0.5%	1.142	11,721,000	4,541,000
1.0%	1.110	11,393,000	4,869,000
1.5%	1.080	11,085,000	5,177,000
2.0%	1.052	10,795,000	5,467,000
2.5%	1.025	10,522,000	5,740,000
3.0%	1.000	10,263,000	5,999,000

The table below shows our funding recommendations for California Association for Park and Recreation Indemnity for the 2019-20 fiscal year.

California Association for Park and Recreation Indemnity
Self-Insured Workers' Compensation Program
Loss and LAE Funding Guidelines for 2019-20
Self-Insured Retention (SIR) of \$250,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$3,577,000					
ULAE	345,000					
Investment Income Offset	(446,000)					
Discounted Loss and LAE	\$3,476,000	\$3,928,000	\$4,112,000	\$4,324,000	\$4,588,000	\$4,936,000
Rate per \$100 of 2019-20 Payroll	\$2.986	\$3.374	\$3.532	\$3.714	\$3.941	\$4.240

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2019. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The table below shows results at various discount rates:

Discount Rate	Factor to Adjust Loss and LAE	Discounted Loss and LAE	Rate Per \$100 of Payroll
0.0%	1.128	\$3,922,000	\$3.369
0.5%	1.104	3,836,000	3.295
1.0%	1.080	3,755,000	3.225
1.5%	1.058	3,679,000	3.160
2.0%	1.038	3,608,000	3.099
2.5%	1.018	3,540,000	3.041
3.0%	1.000	3,476,000	2.986

The table below shows our funding recommendations for California Association for Park and Recreation Indemnity for the 2019-20 fiscal year, **assuming an SIR of \$350,000.**

California Association for Park and Recreation Indemnity
 Self-Insured Workers' Compensation Program
 Loss and LAE Funding Guidelines for 2019-20
 Self-Insured Retention (SIR) of \$350,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$3,954,000					
ULAE	345,000					
Investment Income Offset	(535,000)					
Discounted Loss and LAE	\$3,764,000	\$4,246,000	\$4,442,000	\$4,667,000	\$4,946,000	\$5,319,000
Rate per \$100 of 2019-20 Payroll	\$3.233	\$3.647	\$3.815	\$4.009	\$4.248	\$4.569

The funding recommendations shown in the table above do not include any recognition of the existing funding margin at June 30, 2019. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The table below shows results at various discount rates:

Discount Rate	Factor to Adjust Loss and LAE	Discounted Loss and LAE	Rate Per \$100 of Payroll
0.0%	1.142	\$4,299,000	\$3.692
0.5%	1.115	4,195,000	3.603
1.0%	1.089	4,098,000	3.520
1.5%	1.065	4,007,000	3.442
2.0%	1.042	3,921,000	3.368
2.5%	1.020	3,840,000	3.298
3.0%	1.000	3,764,000	3.233

The table below shows our funding recommendations for California Association for Park and Recreation Indemnity for the 2019-20 fiscal year, **assuming an SIR of \$500,000.**

California Association for Park and Recreation Indemnity
Self-Insured Workers' Compensation Program
Loss and LAE Funding Guidelines for 2019-20
Self-Insured Retention (SIR) of \$500,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$4,329,000					
ULAE	345,000					
Investment Income Offset	(623,000)					
Discounted Loss and LAE	\$4,051,000	\$4,565,000	\$4,776,000	\$5,023,000	\$5,323,000	\$5,724,000
Rate per \$100 of 2019-20 Payroll	\$3.479	\$3.921	\$4.102	\$4.314	\$4.572	\$4.916

The funding recommendations shown in the table above do not include any recognition of the existing funding margin at June 30, 2019. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The table below shows results at various discount rates:

<u>Discount Rate</u>	<u>Factor to Adjust Loss and LAE</u>	<u>Discounted Loss and LAE</u>	<u>Rate Per \$100 of Payroll</u>
0.0%	1.154	\$4,674,000	\$4.015
0.5%	1.124	4,553,000	3.911
1.0%	1.096	4,439,000	3.813
1.5%	1.070	4,333,000	3.722
2.0%	1.045	4,233,000	3.636
2.5%	1.022	4,139,000	3.555
3.0%	1.000	4,051,000	3.479

DRAFT

The loss projections in this report reflect the estimated impact of benefit legislation contained in AB749, AB227, SB228, SB899, SB863, and recent WCAB court decisions based upon information provided by the WCIRB.

The ultimate impact on loss costs of legislated benefit adjustments are generally difficult to forecast in advance because the changes typically take place over a period of several years following enactment. Furthermore, actuarially derived benefit level evaluations often underestimate actual future cost levels. The shortfalls result from a variety of circumstances, including: increases in utilization levels, unanticipated changes in administrative procedures, and cost shifting among benefit categories. Thus, actual cost increases could differ, perhaps substantially, from the WCIRB's estimates.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for CAPRI's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to California Association for Park and Recreation Indemnity in preparing this report. Please feel free to call Greg Beaulieu at (916) 290-4632 or Derek Burkhalter at (916) 244-1167 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

DRAFT

Greg Beaulieu, FCAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Derek Burkhalter, ACAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Daniel Shaw
Actuarial Analyst, Bickmore Actuarial

Agenda Item 4.3

SPECIAL REPORTS

SUBJECT: Liability/Property Actuarial Analysis

BACKGROUND AND STATUS:

Bickmore Actuarial ("Bickmore") conducted an actuarial analysis on the Liability & Property program for CAPRI. Attached please find the DRAFT Summary letter for the Liability & Property actuarial analysis.

Overall, the recommended funding levels identified in the actuarial study are approximately 15% higher compared to last fiscal year. Specifically, the recommended Liability funding level increased 21% while the Property funding level increased approximately 4%.

At the same time, Bickmore estimates that the program's liability for outstanding claims to increase approximately 39% to \$4,184,000 as of June 30, 2019 compared to \$3,008,000 at the close of the last fiscal year. Additionally, program assets are also projected to decrease approximately 8% to \$7,475,000 as of June 30, 2019 compared to \$8,171,000 at the close of the last fiscal year. Nevertheless, the program is still considered well-funded at above the 90% confidence level.

With the expected increases in excess costs, the Board may need to consider returning the self-insured retention level of \$1,000,000 after only a one year drop to \$750,000.

Mr. Michael Harrington with Bickmore will be in attendance at the meeting to review the final report.

RECOMMENDATION:

Accept the Actuarial Review of the General Liability & Property Program for the FY 19-20 as prepared by the actuarial firm, Bickmore Actuarial.

REFERENCE MATERIALS ATTACHED:

Draft Summary Letter of the General Liability & Property Program

Friday, April 5, 2019

Mr. Matthew Duarte
Executive Director
California Association for Park and Recreation Indemnity
6341 Auburn Blvd, Suite A
Citrus Heights, CA 95621

Re: Actuarial Review of the Self-Insured Liability and Property Program

Dear Mr. Duarte:

As you requested, we have completed our review of California Association for Park and Recreation Indemnity's (CAPRI) self-insured liability and property program. Assuming an SIR of \$750,000 per occurrence for liability and \$150,000 per occurrence for property, we estimate the ultimate cost of claims and expenses for claims incurred during the 2019-20 program year to be \$2,272,000. This amount includes allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of CAPRI's claims, assuming a 2.0% return on investments per year. For budgeting purposes, the expected cost of 2019-20 claims translates to a rate of \$2.07 per \$100 of payroll.

In addition, we estimate the program's liability for outstanding claims to be \$4,184,000 as of June 30, 2019, again including ALAE and ULAE, and discounted for anticipated investment income. Given estimated program assets of \$7,475,000 as of June 30, 2019, the program will be funded above the 90% confidence level.

The \$4,184,000 estimate is the minimum liability to be booked by CAPRI at June 30, 2019 for its liability and property program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires CAPRI to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding CAPRI's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2019 are summarized in the table below.

California Association for Park and Recreation Indemnity
Self-Insured Liability and Property Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2019

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$4,120,000					
ULAE	241,000					
Investment Income Offset	(177,000)					
Discounted Loss and LAE	\$4,184,000	\$4,757,000	\$5,023,000	\$5,333,000	\$5,719,000	\$6,234,000
Available Funding	7,475,000					
Surplus or (Deficit)	\$3,291,000	\$2,718,000	\$2,452,000	\$2,142,000	\$1,756,000	\$1,241,000

GASB #10 does not address an actual funding requirement for the program, but only speaks to the liability to be recorded on CAPRI's financial statements.

Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a margin for contingencies. Generally, the amount should be sufficient to bring funding to the 75% to 85% confidence level for primary programs. We consider funding to the 70% confidence level to be marginally acceptable and funding to the 90% confidence level to be conservative.

The two tables below show our funding recommendations for California Association for Park and Recreation Indemnity for liability and property, respectively, for the 2019-20 fiscal year.

California Association for Park and Recreation Indemnity
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2019-20
 Self-Insured Retention (SIR) of \$750,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,553,000					
ULAE	141,000					
Investment Income Offset	(83,000)					
Discounted Loss and LAE	\$1,611,000	\$1,922,000	\$2,083,000	\$2,275,000	\$2,515,000	\$2,837,000
Rate per \$100 of 2019-20 Payroll	\$1.465	\$1.748	\$1.895	\$2.069	\$2.288	\$2.580

California Association for Park and Recreation Indemnity
 Self-Insured Property Program
 Loss and LAE Funding Guidelines for 2019-20
 Self-Insured Retention (SIR) of \$150,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$600,000					
ULAE	71,000					
Investment Income Offset	(10,000)					
Discounted Loss and LAE	\$661,000	\$789,000	\$851,000	\$925,000	\$1,017,000	\$1,139,000
Rate per \$1,000 of 2019-20 TIV	\$0.611	\$0.729	\$0.786	\$0.855	\$0.940	\$1.052

The funding recommendations shown in the tables above do not include any recognition of the existing funding margin at June 30, 2019. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The tables below show the 2019-20 **liability** funding recommendations for CAPRI assuming alternative SIR's of \$1,000,000 and \$500,000:

California Association for Park and Recreation Indemnity
Self-Insured Liability Program
Loss and LAE Funding Guidelines for 2019-20
Self-Insured Retention (SIR) of \$1,000,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,607,000					
ULAE	141,000					
Investment Income Offset	(87,000)					
Discounted Loss and LAE	\$1,661,000	\$1,983,000	\$2,158,000	\$2,364,000	\$2,623,000	\$2,972,000
Rate per \$100 of 2019-20 Payroll	\$1.511	\$1.804	\$1.963	\$2.150	\$2.386	\$2.703

California Association for Park and Recreation Indemnity
Self-Insured Liability Program
Loss and LAE Funding Guidelines for 2019-20
Self-Insured Retention (SIR) of \$500,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,466,000					
ULAE	141,000					
Investment Income Offset	(76,000)					
Discounted Loss and LAE	\$1,531,000	\$1,820,000	\$1,964,000	\$2,136,000	\$2,349,000	\$2,635,000
Rate per \$100 of 2019-20 Payroll	\$1.393	\$1.655	\$1.786	\$1.943	\$2.137	\$2.397

DRAFT

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for CAPRI's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to California Association for Park and Recreation Indemnity in preparing this report. Please feel free to call Greg Beaulieu at (916) 290-4632 or Derek Burkhalter at (916) 244-1167 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

DRAFT

Greg Beaulieu, FCAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Derek Burkhalter, ACAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Daniel Shaw
Actuarial Analyst, Bickmore Actuarial

Agenda Item 4.4**SPECIAL REPORTS****SUBJECT: Investment Status Reports – Public Financial Management (PFM)**

BACKGROUND AND STATUS:

Allison Kaune of PFM will not be able to attend this month's Board Meeting. Her associate will be at the Board Meeting in July to review our investment portfolio and to give us a financial market outlook.

Nevertheless, attached is the Investment Status report for this quarter.

RECOMMENDATION:

Information only

REFERENCE MATERIALS ATTACHED:

Investment Status Report



CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

Investment Performance Review For the Quarter Ended March 31, 2019

Client Management Team

Lauren Brant, Managing Director

Allison Kaune, Senior Managing Consultant

50 California St, Suite 2300

San Francisco, CA 94111

415-982-5544

PFM Asset Management LLC

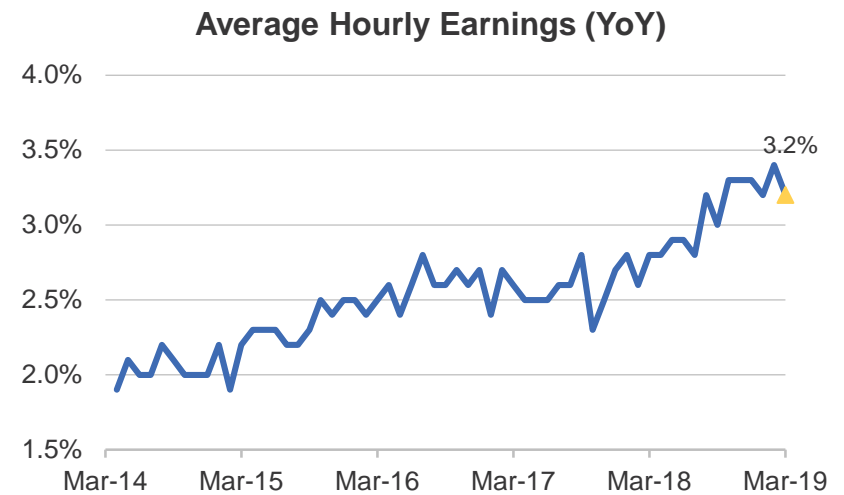
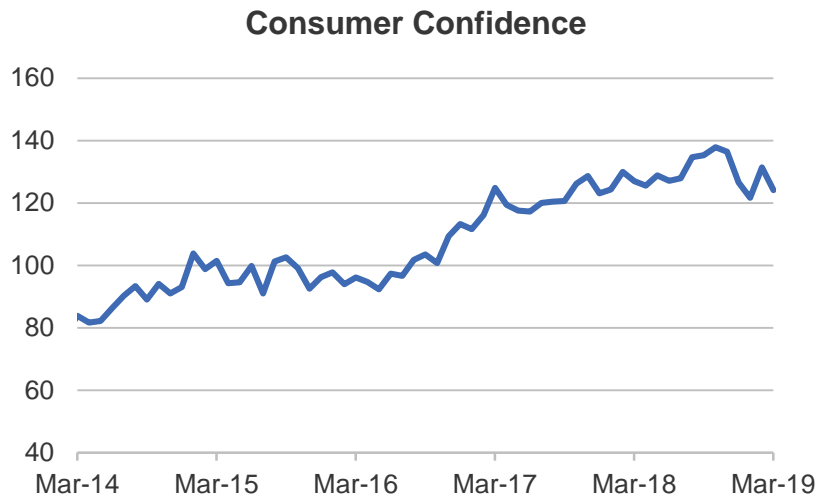
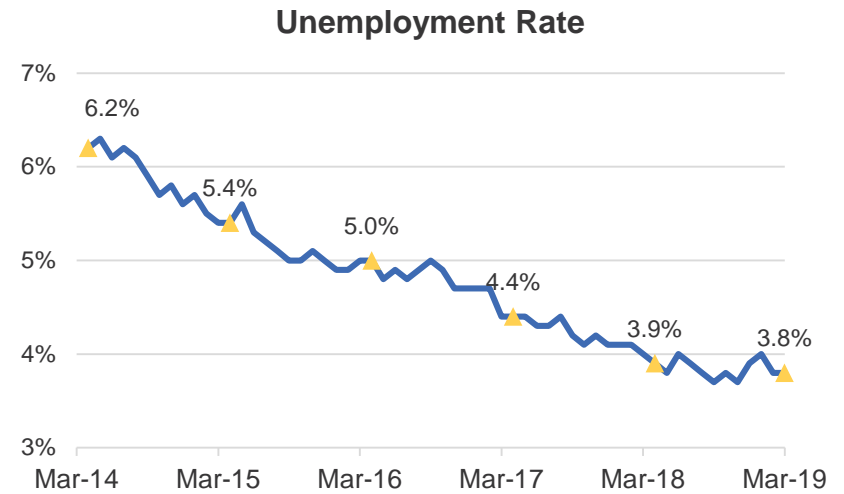
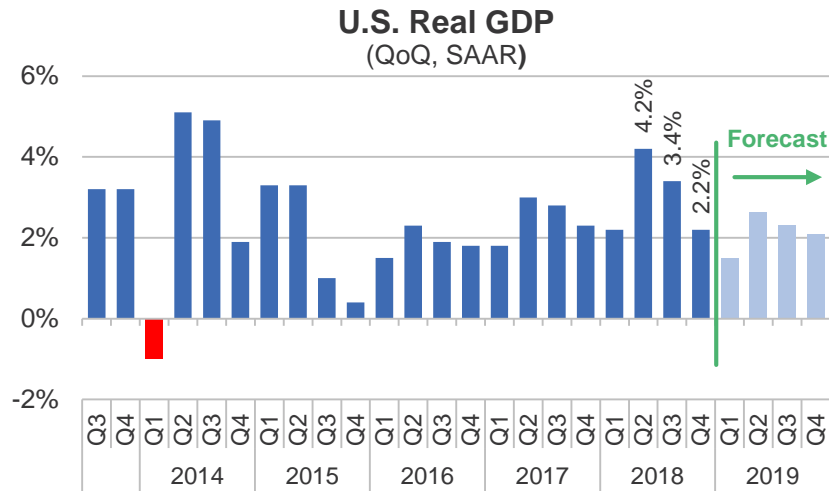
213 Market Street

Harrisburg, PA 17101-2141

717-232-2723

Market Update

Current U.S. Economic Conditions



Source: Bloomberg, latest data available as of 3/31/19. SAAR is seasonally adjusted annualized rate.

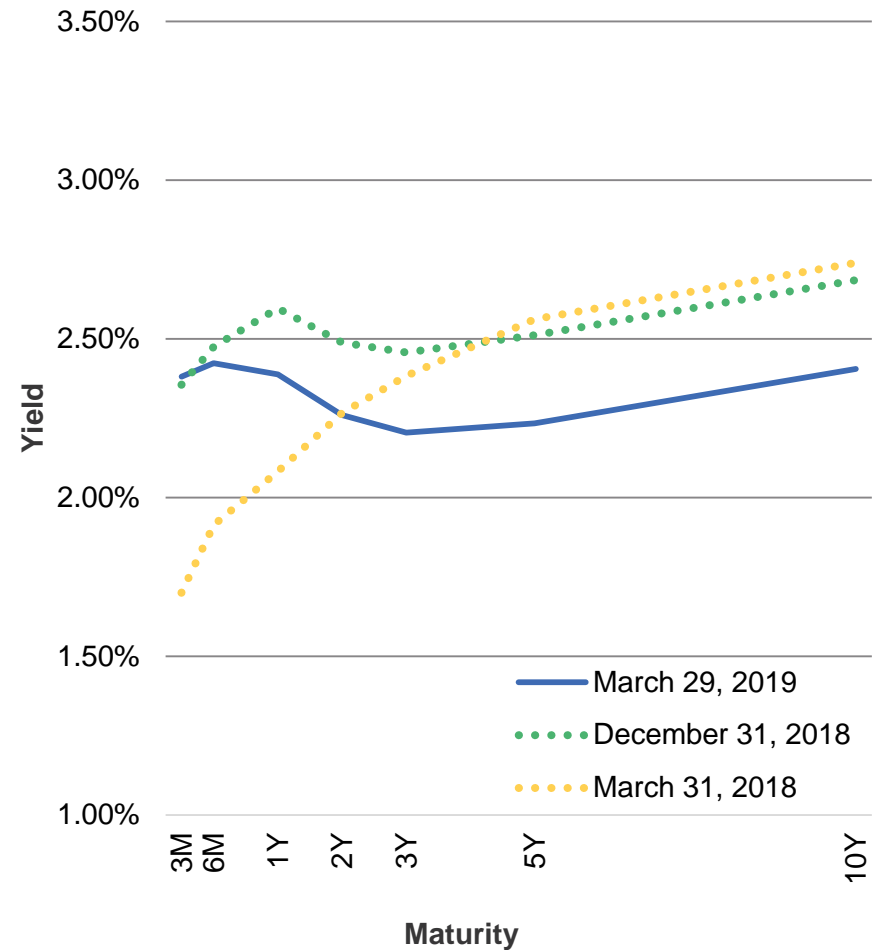
Treasury Yields Plunge in Fourth Quarter Then Fall Further Post Fed Meeting



Source: Bloomberg as of 3/31/2019.

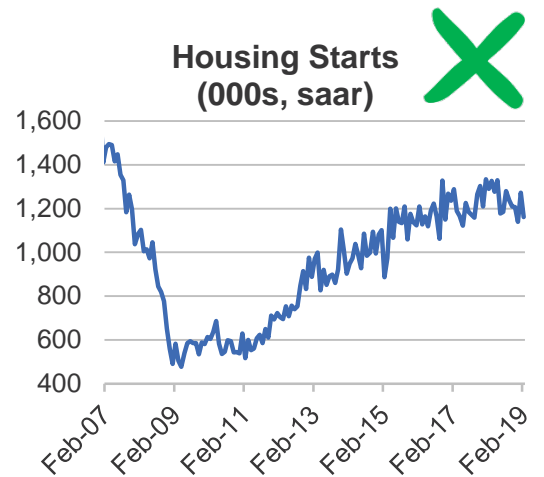
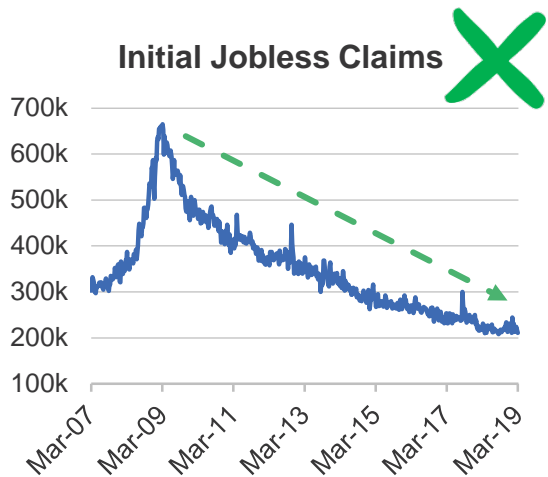
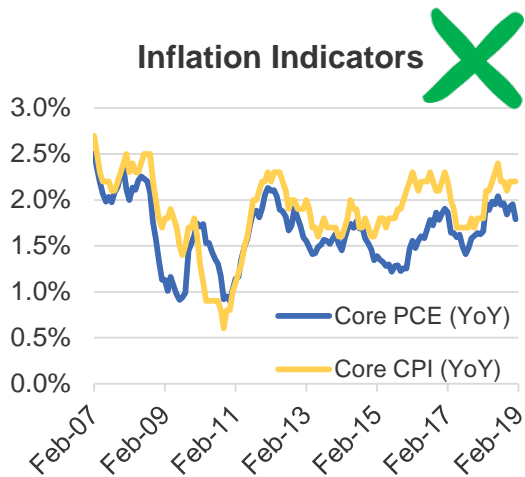
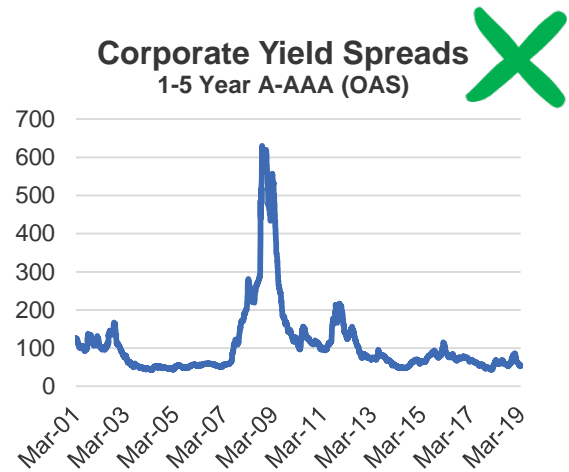
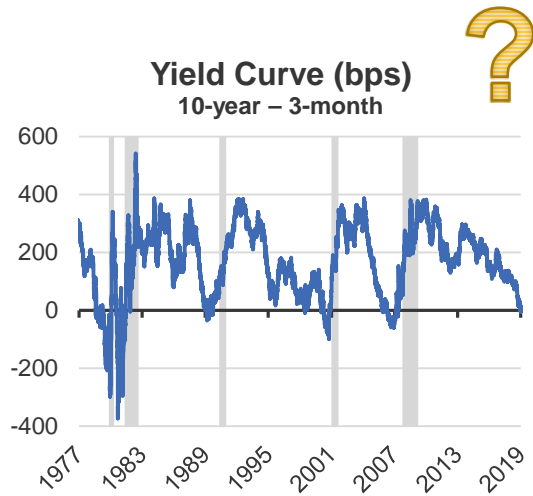
U.S. Treasury Yields Have Fallen; Inversion Deepens

	1Q2019 3/29/19	4Q2018 12/31/18	1Q2018 3/31/18
3-month	2.38%	2.35%	1.70%
6-month	2.42%	2.48%	1.91%
1-year	2.39%	2.60%	2.08%
2-year	2.26%	2.49%	2.27%
3-year	2.20%	2.46%	2.38%
5-year	2.23%	2.51%	2.56%
10-year	2.41%	2.68%	2.74%



Source: Bloomberg as of 3/29/2019.

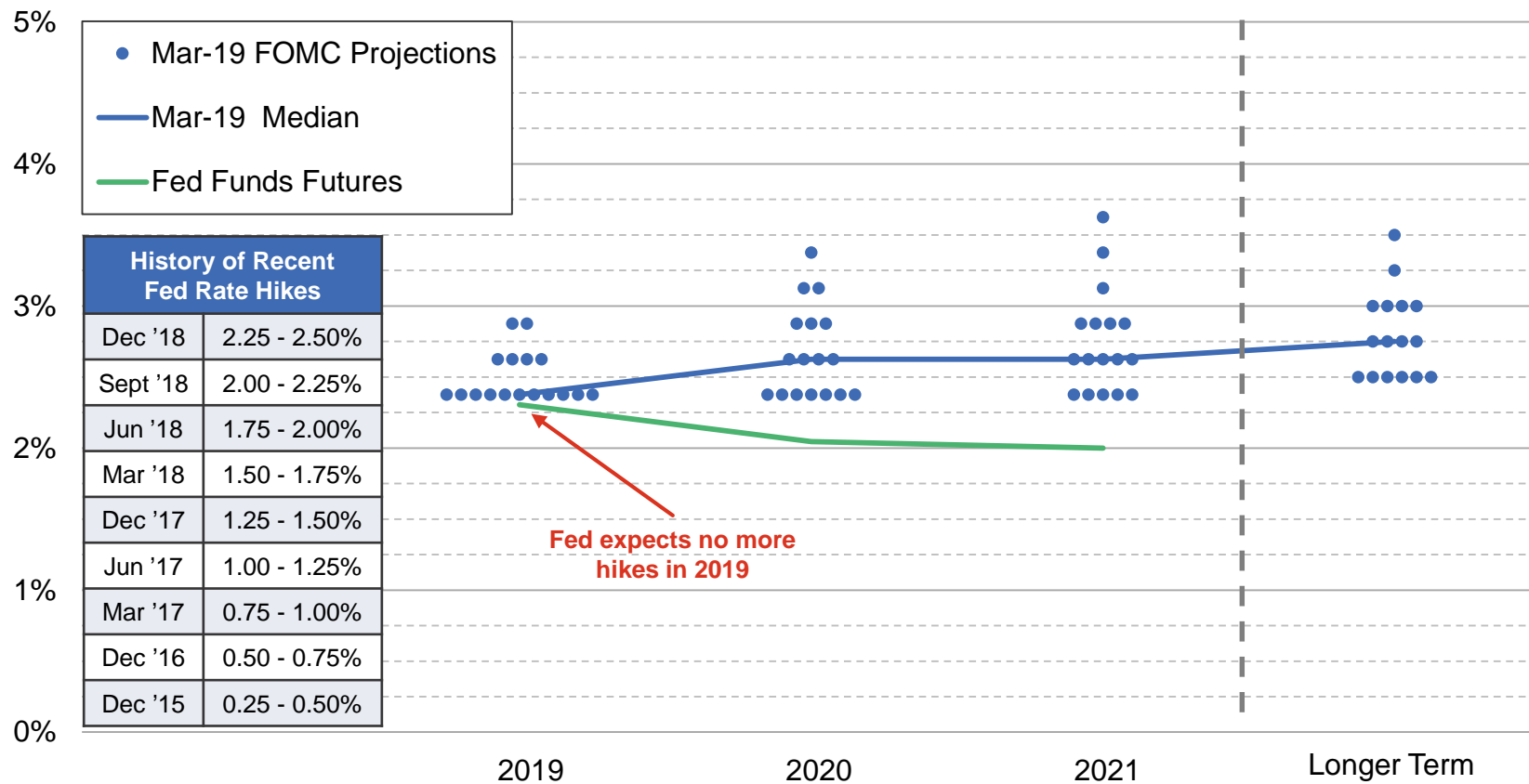
Market Indicators Not Pointing to an Imminent Recession



Source: Bloomberg, as of 3/31/2019.

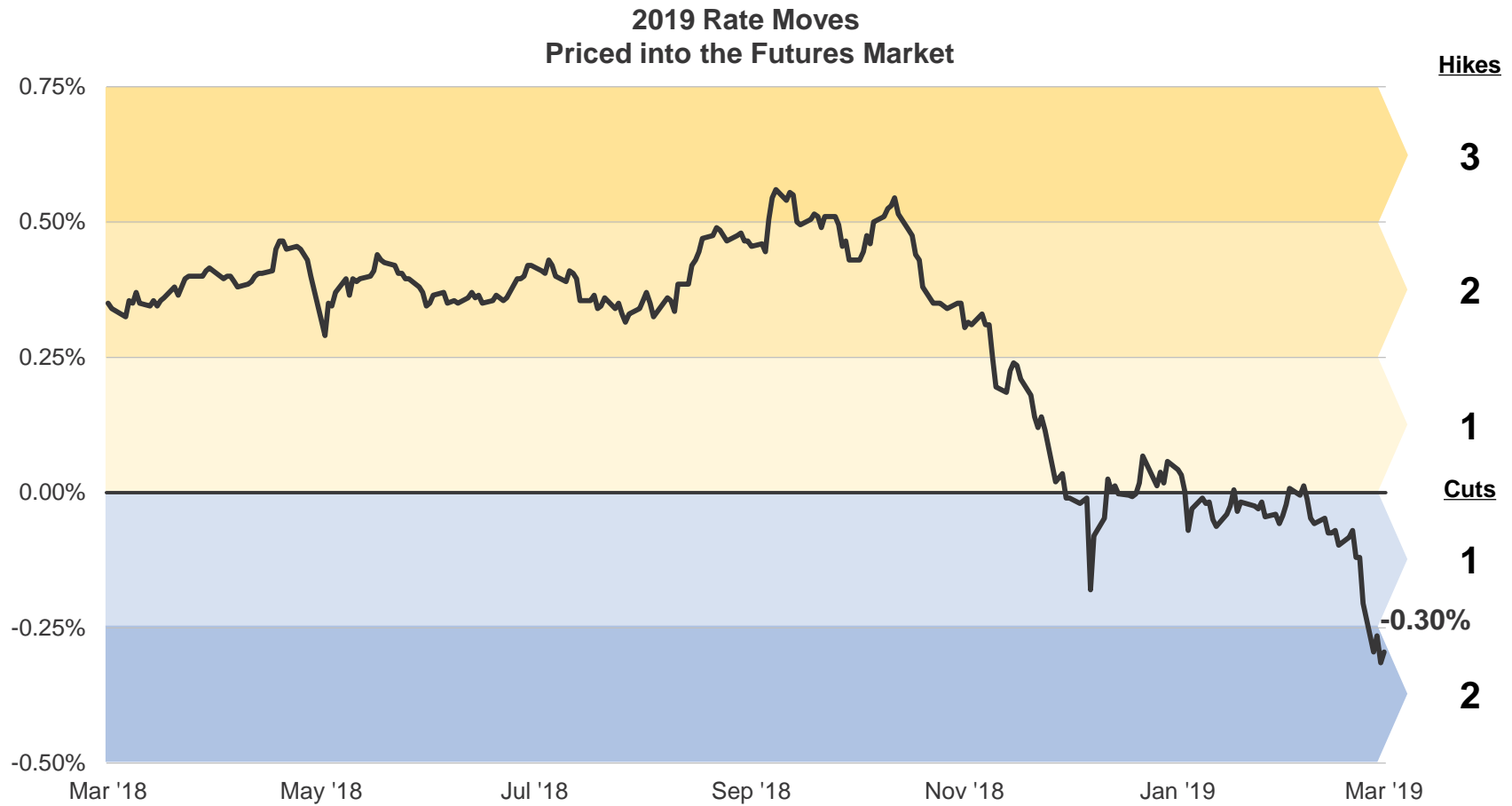
Fed Expects No Rate Hikes in 2019

Fed Participants' Assessments of 'Appropriate' Monetary Policy



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. Fed funds futures as of 3/20/19.

But, the Market Expects a Rate Cut by Year End



Source: Bloomberg, as of 3/28/2019.

Investment Performance Review

Portfolio Recap

- ◆ Continuing the trend from the fourth quarter of 2018, interest rates moved lower during the first quarter of 2019, as the Fed stated it has no plans for further rate action in 2019. However, in a strong reversal from the prior quarter, equity markets rebounded, credit spreads tightened and volatility decreased.
- ◆ U.S. Treasury yields with maturities beyond one year fell 20-30 basis points (0.20% to 0.30%). In the last week of the quarter, the 3-month to 10-year part of the yield curve inverted temporarily, renewing concerns about a possible recession.
- ◆ Our portfolio strategy included the following elements:
 - Because of the maturity of the current business cycle, slower growth prospects, and a Fed now on hold for further rate hikes, we removed our defensive bias with regard to portfolio duration (duration positioning short of the benchmark), a strategy that had been in place for much of 2017-18 while rates were rising. We are now targeting a duration that is in line with the benchmark.
 - Sector allocation strategy continued to favor broad diversification, generally including the widest range of permitted investments. While the fourth quarter flight to safer assets resulted in Treasuries being the best performing sector, the first quarter's rebound generated strong excess returns for the portfolio as most fixed income sectors outperformed similar duration Treasuries.
 - With agency spreads near historic lows, we continued to favor Treasuries in the government space. As an alternative, we continued to evaluate supranationals, but the expected increase in supply never materialized, keeping yield spreads narrow.
 - After corporate yield spreads increased to their widest levels in over two years in the fourth quarter, we sought opportunities to add allocations in the sector as spreads moved tighter throughout the first quarter.
 - We found asset-backed securities (ABS) to be an attractive and alternative outlet to other credit instruments, as ABS typically experiences less volatility than corporates during periods of stress.

Sector Allocation and Compliance

- The portfolio is in compliance with the Association's Investment Policy and California Government Code.

Security Type	Market Value as of 3/31/19	% of Portfolio	Permitted by Policy	In Compliance
U.S. Treasury	\$9,296,579	46.4%	100%	✓
Federal Agency	\$1,022,345	5.1%	100%	✓
Federal Agency CMOs	\$304,944	1.5%	100%	✓
Municipal Obligations	\$203,987	1.0%	30%	✓
Supranationals	\$801,259	4.0%	30%	✓
Negotiable CDs	\$2,718,666	13.6%	30%	✓
Corporate Notes	\$4,903,460	24.5%	30%	✓
Asset-Backed Securities	\$778,617	3.9%	20%	✓
Securities Sub-Total	\$20,029,858	100.0%		
Accrued Interest	\$124,438			
Total Investments	\$20,154,296	100.0%		

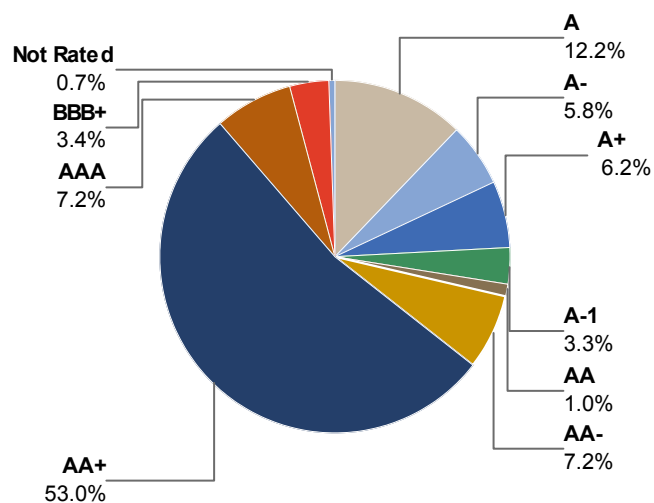
Market values, excluding accrued interest. Detail may not add to total due to rounding. Current investment policy as of November 5, 2018.

Portfolio Statistics

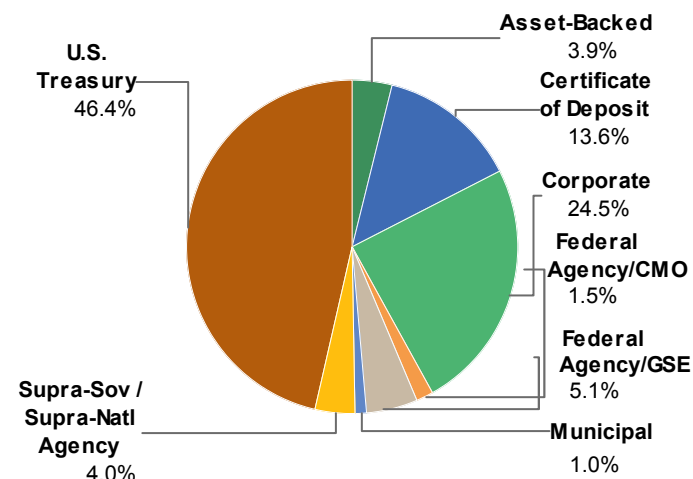
As of March 31, 2019

Par Value:	\$20,131,380
Total Market Value:	\$20,154,296
Security Market Value:	\$20,029,858
Accrued Interest:	\$124,438
Cash:	-
Amortized Cost:	\$19,946,480
Yield at Market:	2.43%
Yield at Cost:	2.49%
Effective Duration:	2.51 Years
Duration to Worst:	2.50 Years
Average Maturity:	2.72 Years
Average Credit: *	AA

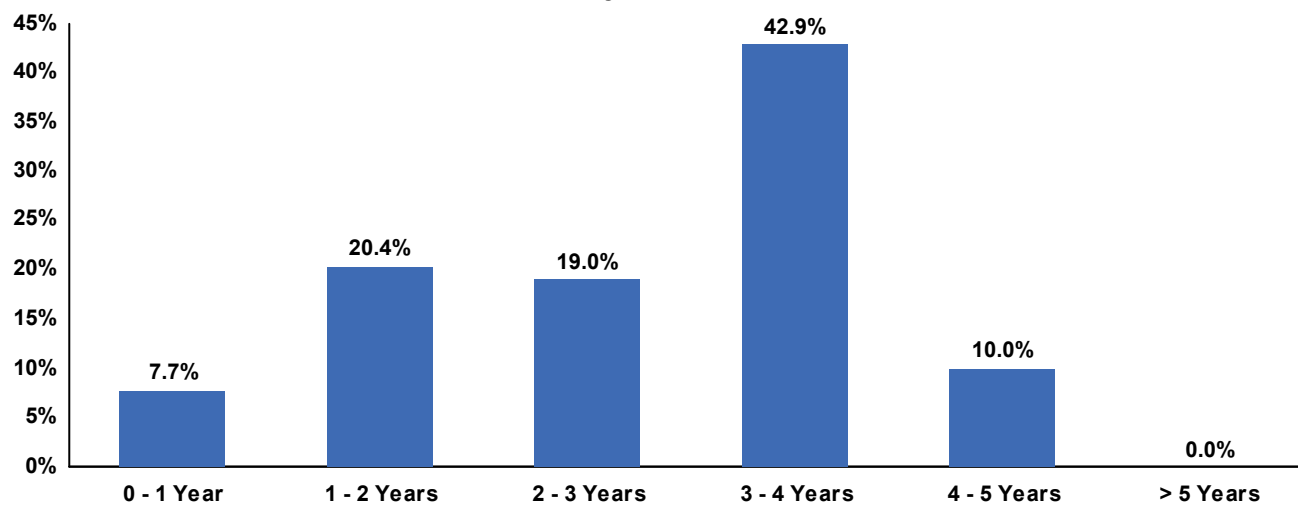
Credit Quality (S&P Ratings)**



Sector Allocation



Maturity Distribution

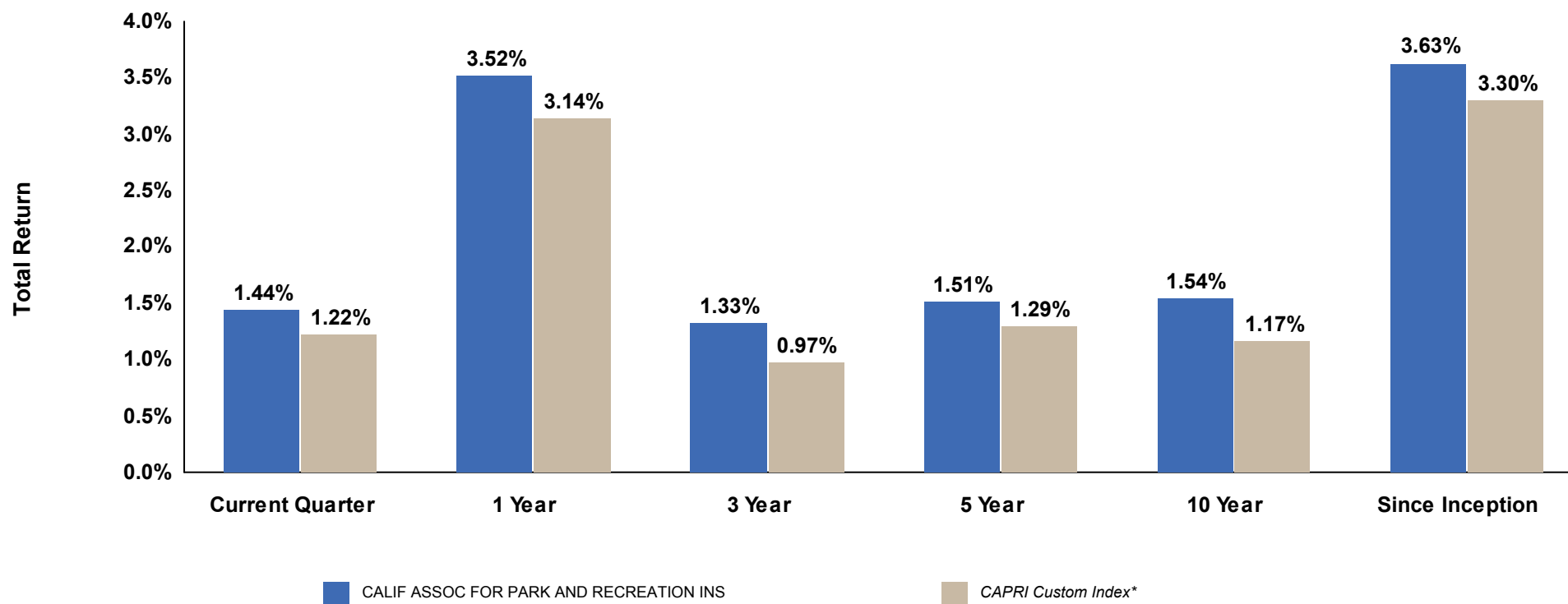


* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

**Securities held in the District's portfolio are in compliance with California Government Code and the Association's investment policy dated November 5, 2018.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (03/31/95)
			1 Year	3 Year	5 Year	10 Year	
CALIF ASSOC FOR PARK AND RECREATION INS	2.51	1.44%	3.52%	1.33%	1.51%	1.54%	3.63%
CAPRI Custom Index*	2.56	1.22%	3.14%	0.97%	1.29%	1.17%	3.30%
Difference		0.22%	0.38%	0.36%	0.22%	0.37%	0.33%



Portfolio performance is gross of fees unless otherwise indicated.

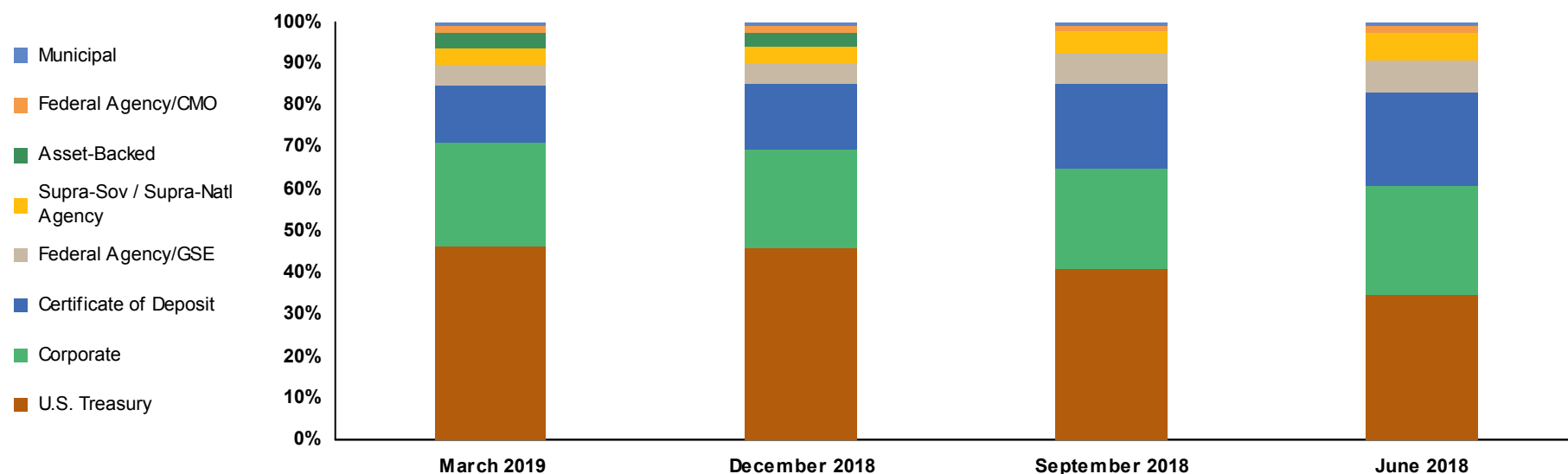
* CAPRI's benchmark was the ICE BofAML 1-Year U.S. Treasury Bill Index from inception until March 31, 2001, then the ICE BofAML 1-Year Treasury Note Index until September 30, 2001, then the ICE BofAML 1-3 Year Treasury Index until June 30, 2012, and was changed to the ICE BofAML 1-5 Year Treasury Index on July 1, 2012.

Portfolio Earnings**Quarter-Ended March 31, 2019**

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (12/31/2018)	\$19,866,425.87	\$20,041,621.20
Net Purchases/Sales	(\$13,080.25)	(\$13,080.25)
Change in Value	\$176,512.29	(\$82,060.75)
Ending Value (03/31/2019)	\$20,029,857.91	\$19,946,480.20
Interest Earned	\$109,889.95	\$109,889.95
Portfolio Earnings	\$286,402.24	\$27,829.20

Sector Allocation

Sector	March 31, 2019		December 31, 2018		September 30, 2018		June 30, 2018	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	9.3	46.4%	9.1	46.0%	8.2	40.9%	6.9	34.6%
Corporate	4.9	24.5%	4.7	23.4%	4.7	23.7%	5.2	26.1%
Certificate of Deposit	2.7	13.6%	3.1	15.6%	4.0	20.3%	4.4	22.3%
Federal Agency/GSE	1.0	5.1%	1.0	5.1%	1.5	7.5%	1.5	7.8%
Supra-Sov / Supra-Natl Agency	0.8	4.0%	0.8	4.0%	1.0	5.2%	1.3	6.6%
Asset-Backed	0.8	3.9%	0.6	3.2%	0.0	0.0%	0.0	0.0%
Federal Agency/CMO	0.3	1.5%	0.3	1.7%	0.3	1.4%	0.3	1.6%
Municipal	0.2	1.0%	0.2	1.0%	0.2	1.0%	0.2	1.0%
Total	\$20.0	100.0%	\$19.9	100.0%	\$20.0	100.0%	\$19.9	100.0%

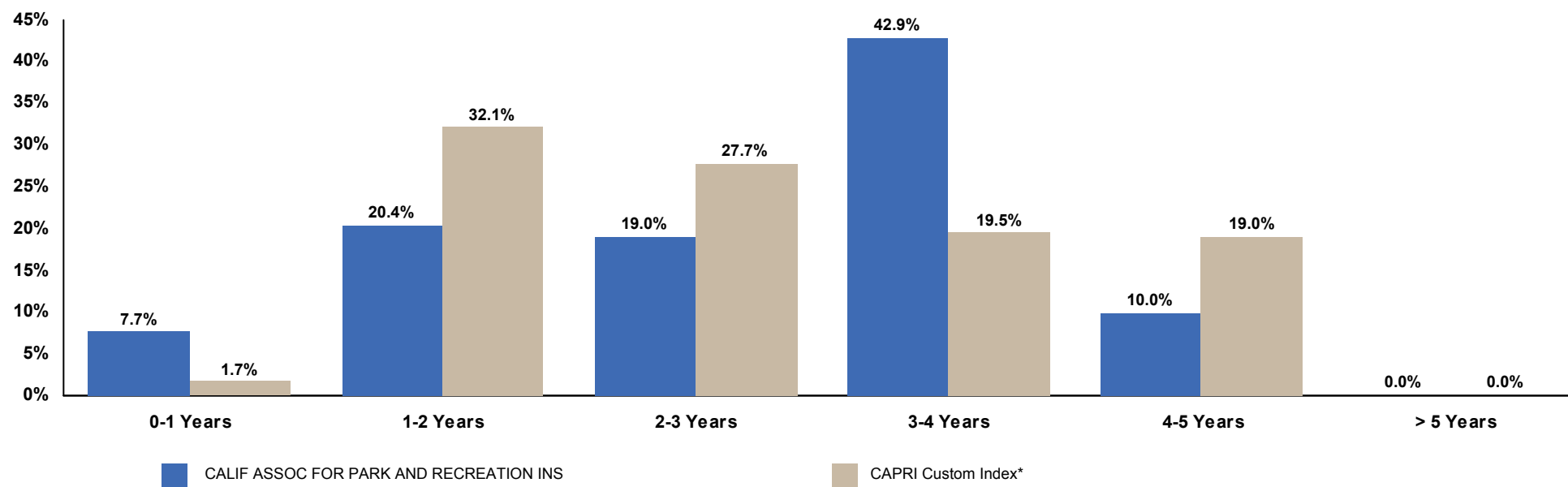


Detail may not add to total due to rounding.

Maturity Distribution

As of March 31, 2019

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CALIF ASSOC FOR PARK AND RECREATION INS	2.43%	2.72 yrs	7.7%	20.4%	19.0%	42.9%	10.0%	0.0%
CAPRI Custom Index*	2.29%	2.75 yrs	1.7%	32.1%	27.7%	19.5%	19.0%	0.0%



* CAPRI's benchmark was the ICE BofAML 1-Year U.S. Treasury Bill Index from inception until March 31, 2001, then the ICE BofAML 1-Year Treasury Note Index until September 30, 2001, then the ICE BofAML 1-3 Year Treasury Index until June 30, 2012, and was changed to the ICE BofAML 1-5 Year Treasury Index on July 1, 2012.

Investment Strategy Outlook

- With the Fed on hold and the market's current outlook for lower future interest rates, we will maintain a neutral duration posture in the portfolio relative to the benchmark.
- As a result of the outlook for slower economic growth, we continue to recommend maintaining diversification among investment grade sectors with a tilt toward higher grade corporate bonds given their income-producing potential.
- Our outlook for each of the major investment-grade fixed-income sectors are as follows:
 - As federal agency spreads remain very tight, we expect agency purchases to be minimal, seeking better value in either Treasuries or other sectors. Given the inverted-to-flat yield curve, we will also evaluate callable agencies for their incremental yield.
 - In supranationals, we will wait for the expected increase in supply to drive spreads wider. Until then, we will generally remain on the sidelines.
 - In the corporate sector, yield spreads have narrowed, settling in around longer-term, post-recession historical averages. Although the Treasury yield curve is flat, the corporate spread curve remains positively sloped, offering value for extending maturities. But, given international growth concerns, we remain diligent in our issuer and security selection process.
 - Allocations to AAA-rated ABS will be maintained. The sector offers an attractive incremental income compared to similar duration government securities and continues to offer a defensive outlet relative to other credit instruments.
 - Agency MBS and CMBS continue to be an alternative to other government sectors for its incremental income potential. Our analysis focuses on the expected performance of various structures and collateral types to identifying value.
 - Short-term, high quality credit in the form of negotiable certificates of deposit and commercial paper offer good income potential, especially in light of the partially inverted Treasury yield curve.

Transactions and Account Holdings

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
1/7/19	1/10/19	3,000,000	912828N30	US TREASURY NOTES	2.12%	12/31/22	2,958,518.86	2.51%	
1/8/19	1/16/19	135,000	36256XAD4	GMCAR 2019-1 A3	2.97%	11/16/23	134,985.06	2.97%	
1/30/19	1/31/19	975,000	912828N30	US TREASURY NOTES	2.12%	12/31/22	961,311.37	2.55%	
2/12/19	2/15/19	200,000	693475AV7	PNC BANK NA CORP NOTES	3.50%	1/23/24	201,851.78	3.34%	
2/27/19	2/28/19	200,000	55379WZU3	MUFG BANK LTD/NY CERT DEPOS	2.98%	2/25/22	200,000.00	3.01%	
3/4/19	3/6/19	950,000	912828R69	US TREASURY N/B NOTES	1.62%	5/31/23	919,596.82	2.53%	
3/15/19	3/22/19	200,000	46647PBB1	JPMORGAN CHASE & CO BONDS	3.20%	4/1/23	200,000.00	3.21%	
Total BUY		5,660,000					5,576,263.89		
INTEREST									
1/1/19	1/25/19	100,000	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/25/22	257.50		
1/1/19	1/25/19	113,991	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	359.80		
1/1/19	1/25/19	2,258	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	3.57		
1/1/19	1/25/19	100,000	3137FKK39	FHMS KP05 A	3.20%	7/1/23	266.92		
1/1/19	1/25/19	13,056	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	17.91		
1/6/19	1/6/19	180,000	24422ETL3	JOHN DEERE CAPITAL CORP NOTES	2.65%	1/6/22	2,385.00		
1/10/19	1/10/19	200,000	172967LF6	CITIGROUP INC (CALLABLE) CORP NOTE	2.45%	1/10/20	2,450.00		
1/14/19	1/14/19	575,000	3130A8QS5	FHLB GLOBAL NOTE	1.12%	7/14/21	3,234.38		
1/14/19	1/14/19	475,000	3130A8QS5	FHLB GLOBAL NOTE	1.12%	7/14/21	2,671.88		
1/15/19	1/15/19	200,000	43815AAC6	HAROT 2018-4 A3	3.16%	1/15/23	526.67		
1/15/19	1/15/19	185,000	65478NAD7	NAROT 2018-C A3	3.22%	6/15/23	546.06		
1/20/19	1/20/19	250,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	677.08		
1/23/19	1/23/19	400,000	459058GH0	INTL BANK OF RECONSTRUCTION AND DEV NOTE	2.75%	7/23/21	5,440.00		
2/1/19	2/25/19	107,474	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	324.60		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
2/1/19	2/25/19	100,000	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/25/22	257.50		
2/1/19	2/25/19	99,839	3137FKK39	FHMS KP05 A	3.20%	7/1/23	266.49		
2/1/19	2/25/19	13,030	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	17.87		
2/1/19	2/1/19	50,000	05531FAZ6	BRANCH BANKING & TRUST (CALLABLE) NOTES	2.15%	2/1/21	537.50		
2/4/19	2/4/19	400,000	83050FXT3	SKANDINAVISKA ENSKILDA BANKEN NY CD	1.84%	8/2/19	3,802.67		
2/5/19	2/5/19	200,000	44932HAG8	IBM CORP CORP NOTES	2.65%	2/5/21	2,650.00		
2/7/19	2/7/19	360,000	96121T4A3	WESTPAC BANKING CORP NY CD	2.05%	8/3/20	3,690.00		
2/15/19	2/15/19	185,000	65478NAD7	NAROT 2018-C A3	3.22%	6/15/23	496.42		
2/15/19	2/15/19	425,000	912828TJ9	US TREASURY NOTES	1.62%	8/15/22	3,453.13		
2/15/19	2/15/19	200,000	43815AAC6	HAROT 2018-4 A3	3.16%	1/15/23	526.67		
2/15/19	2/15/19	205,000	20772J3D2	CT ST TXBL GO BONDS	1.30%	8/15/19	1,332.50		
2/16/19	2/16/19	135,000	36256XAD4	GMCAR 2019-1 A3	2.97%	11/16/23	367.54		
2/18/19	2/18/19	200,000	857477AS2	STATE STREET CORP NOTES	2.55%	8/18/20	2,550.00		
2/20/19	2/20/19	250,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	677.08		
2/28/19	2/28/19	40,000	912828VV9	US TREASURY NOTES	2.12%	8/31/20	425.00		
3/1/19	3/25/19	100,000	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/25/22	257.50		
3/1/19	3/25/19	99,678	3137FKK39	FHMS KP05 A	3.20%	7/1/23	266.06		
3/1/19	3/25/19	10,199	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	13.99		
3/1/19	3/25/19	105,688	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	319.82		
3/3/19	3/3/19	120,000	0258M0EE5	AMERICAN EXPRESS CREDIT (CALLABLE) NOTE	2.20%	3/3/20	1,320.00		
3/4/19	3/4/19	150,000	14913Q2A6	CATERPILLAR FINL SERVICE NOTE	1.85%	9/4/20	1,387.50		
3/4/19	3/4/19	250,000	90275DHG8	UBS AG STAMFORD CT LT CD	2.90%	3/2/20	3,645.14		
3/4/19	3/4/19	85,000	25468PDP8	WALT DISNEY COMPANY CORP NOTES	1.95%	3/4/20	828.75		
3/9/19	3/9/19	200,000	45950VLQ7	INTERNATIONAL FINANCE CORPORATION NOTE	2.63%	3/9/21	2,636.00		
3/9/19	3/9/19	200,000	02665WBG5	AMERICAN HONDA FINANCE CORP NOTES	1.70%	9/9/21	1,700.00		
3/12/19	3/12/19	200,000	45905UP32	INTL BANK OF RECONSTRUCTION AND DEV NOTE	1.56%	9/12/20	1,562.00		
3/15/19	3/15/19	85,000	63743HER9	NATIONAL RURAL UTIL COOP NOTE	2.90%	3/15/21	1,232.50		
3/15/19	3/15/19	115,000	63743HER9	NATIONAL RURAL UTIL COOP NOTE	2.90%	3/15/21	1,667.50		
3/15/19	3/15/19	200,000	43815AAC6	HAROT 2018-4 A3	3.16%	1/15/23	526.67		
3/15/19	3/15/19	185,000	65478NAD7	NAROT 2018-C A3	3.22%	6/15/23	496.42		

CALIF ASSOC FOR PARK AND RECREATION INS

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
3/16/19	3/16/19	135,000	36256XAD4	GMCAR 2019-1 A3	2.97%	11/16/23	334.13		
3/20/19	3/20/19	250,000	92869BAD4	VALET 2018-2 A3	3.25%	4/20/23	677.08		
3/22/19	3/22/19	200,000	904764AZ0	UNILEVER CAPITAL CORP NOTES	2.75%	3/22/21	2,750.00		
Total INTEREST		8,455,214					61,832.80		

MATURITY

1/1/19	1/1/19	2,258	3136AQS1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	2,257.79		0.00
Total MATURITY		2,258					2,257.79		0.00

PAYDOWNS

1/1/19	1/25/19	25	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	25.48		0.00
1/1/19	1/25/19	6,517	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	6,516.87		0.00
1/1/19	1/25/19	161	3137FKK39	FHMS KP05 A	3.20%	7/1/23	160.57		0.00
2/1/19	2/25/19	161	3137FKK39	FHMS KP05 A	3.20%	7/1/23	161.39		0.00
2/1/19	2/25/19	2,832	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	2,831.78		0.00
2/1/19	2/25/19	1,786	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	1,785.93		0.00
3/1/19	3/25/19	1,694	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	1,694.17		0.00
3/1/19	3/25/19	10,384	3137FKK39	FHMS KP05 A	3.20%	7/1/23	10,384.17		0.00
3/1/19	3/25/19	2,106	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	2,106.47		0.00
Total PAYDOWNS		25,667					25,666.83		0.00

SELL

1/7/19	1/10/19	300,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	298,262.07	2.52%	(10,061.32)
1/7/19	1/10/19	675,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	671,089.64	2.52%	(12,010.56)

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
1/7/19	1/10/19	900,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	894,786.20	2.52%	(13,300.34)
1/7/19	1/10/19	300,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	298,262.06	2.52%	(5,099.94)
1/7/19	1/10/19	825,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	820,220.67	2.52%	(16,555.56)
1/8/19	1/16/19	115,000	912828Q78	US TREASURY NOTES	1.37%	4/30/21	112,268.18	2.58%	(1,807.51)
1/30/19	1/31/19	350,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	347,927.31	2.58%	(6,371.73)
1/30/19	1/31/19	85,000	912828WN6	US TREASURY NOTES	2.00%	5/31/21	84,177.26	2.58%	(2,634.74)
1/30/19	1/31/19	380,000	912828R77	US TREASURY NOTES	1.37%	5/31/21	370,618.10	2.58%	(4,704.49)
1/30/19	1/31/19	75,000	912828A42	US TREASURY NOTES	2.00%	11/30/20	74,452.76	2.60%	(1,645.93)
1/30/19	1/31/19	85,000	912828Q37	US TREASURY NOTES	1.25%	3/31/21	83,041.45	2.55%	(2,816.15)
2/7/19	2/11/19	400,000	83050FXT3	SKANDINAVISKA ENSKILDA BANKEN NY CD	1.84%	8/2/19	398,616.00	2.60%	(1,531.14)
2/26/19	2/28/19	200,000	06539RGM3	MUFG BANK LTD/NY CERT DEPOS	2.07%	9/25/19	201,057.59	2.66%	(736.41)
3/4/19	3/6/19	250,000	912828T67	US TREASURY NOTES	1.25%	10/31/21	242,933.41	2.53%	(4,321.47)
3/4/19	3/6/19	500,000	912828T67	US TREASURY NOTES	1.25%	10/31/21	485,866.82	2.53%	(11,226.01)
3/15/19	3/22/19	200,000	46647PAS5	JPMORGAN CHASE & CO CORP NOTES	3.51%	6/18/22	203,849.09	3.18%	2,014.00
Total SELL		5,640,000					5,587,428.61		-92,809.30

Issuer Distribution

As of March 31, 2019

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	9,296,579	46.4%
FEDERAL HOME LOAN BANKS	1,022,345	5.1%
INTL BANK OF RECONSTRUCTION AND DEV	601,300	3.0%
BANK OF NOVA SCOTIA	401,371	2.0%
SWEDBANK AB	396,871	2.0%
WESTPAC BANKING CORP	357,981	1.8%
ROYAL BANK OF CANADA	354,619	1.8%
BANK OF MONTREAL	351,663	1.8%
TOYOTA MOTOR CORP	322,846	1.6%
CITIGROUP INC	279,468	1.4%
VOLKSWAGEN OF AMERICA	252,901	1.3%
UBS AG	250,805	1.3%
AMERICAN EXPRESS CO	218,792	1.1%
THE WALT DISNEY CORPORATION	208,262	1.0%
PNC FINANCIAL SERVICES GROUP	204,766	1.0%
STATE OF CONNECTICUT	203,987	1.0%
SUMITOMO MITSUI FINANCIAL GROUP INC	202,795	1.0%
MITSUBISHI UFJ FINANCIAL GROUP INC	202,336	1.0%

Top 5 = 58.5%

Top 10 = 66.8%

Issuer	Market Value (\$)	% of Portfolio
HONDA AUTO RECEIVABLES	202,217	1.0%
GENERAL DYNAMICS CORP	201,806	1.0%
JP MORGAN CHASE & CO	201,204	1.0%
NATIONAL RURAL UTILITIES CO FINANCE CORP	201,025	1.0%
UNILEVER PLC	200,706	1.0%
CREDIT SUISSE GROUP	200,226	1.0%
INTERNATIONAL FINANCE CORPORATION	199,959	1.0%
GOLDMAN SACHS GROUP INC	199,903	1.0%
STATE STREET CORPORATION	199,887	1.0%
IBM CORP	199,742	1.0%
BANK OF AMERICA CO	199,360	1.0%
WELLS FARGO & COMPANY	199,352	1.0%
MORGAN STANLEY	198,699	1.0%
WAL-MART STORES INC	198,271	1.0%
THE BANK OF NEW YORK MELLON CORPORATION	197,408	1.0%
AMERICAN HONDA FINANCE	195,327	1.0%
FREDDIE MAC	191,582	1.0%
NISSAN AUTO RECEIVABLES	187,416	0.9%
DEERE & COMPANY	179,922	0.9%
PACCAR FINANCIAL CORP	169,670	0.9%
CATERPILLAR INC	148,316	0.7%

Issuer	Market Value (\$)	% of Portfolio
BB&T CORPORATION	148,168	0.7%
GM FINANCIAL SECURITIZED TERM	136,084	0.7%
CHARLES SCHWAB	126,568	0.6%
PEPSICO INC	123,930	0.6%
FANNIE MAE	113,362	0.6%
HOME DEPOT INC	99,263	0.5%
HERSHEY COMPANY	80,798	0.4%
Grand Total:	20,029,858	100.0%

Sector/Issuer Distribution

As of March 31, 2019

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Asset-Backed			
GM FINANCIAL SECURITIZED TERM	136,084	17.5%	0.7%
HONDA AUTO RECEIVABLES	202,217	26.0%	1.0%
NISSAN AUTO RECEIVABLES	187,416	24.1%	0.9%
VOLKSWAGEN OF AMERICA	252,901	32.5%	1.3%
Sector Total	778,617	100.0%	3.9%
Certificate of Deposit			
BANK OF MONTREAL	351,663	12.9%	1.8%
BANK OF NOVA SCOTIA	401,371	14.8%	2.0%
CREDIT SUISSE GROUP	200,226	7.4%	1.0%
MITSUBISHI UFJ FINANCIAL GROUP INC	202,336	7.4%	1.0%
ROYAL BANK OF CANADA	354,619	13.0%	1.8%
SUMITOMO MITSUI FINANCIAL GROUP INC	202,795	7.5%	1.0%
SWEDBANK AB	396,871	14.6%	2.0%
UBS AG	250,805	9.2%	1.3%
WESTPAC BANKING CORP	357,981	13.2%	1.8%
Sector Total	2,718,666	100.0%	13.6%
Corporate			
AMERICAN EXPRESS CO	218,792	4.5%	1.1%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
AMERICAN HONDA FINANCE	195,327	4.0%	1.0%
BANK OF AMERICA CO	199,360	4.1%	1.0%
BB&T CORPORATION	148,168	3.0%	0.7%
CATERPILLAR INC	148,316	3.0%	0.7%
CHARLES SCHWAB	126,568	2.6%	0.6%
CITIGROUP INC	279,468	5.7%	1.4%
DEERE & COMPANY	179,922	3.7%	0.9%
GENERAL DYNAMICS CORP	201,806	4.1%	1.0%
GOLDMAN SACHS GROUP INC	199,903	4.1%	1.0%
HERSHEY COMPANY	80,798	1.6%	0.4%
HOME DEPOT INC	99,263	2.0%	0.5%
IBM CORP	199,742	4.1%	1.0%
JP MORGAN CHASE & CO	201,204	4.1%	1.0%
MORGAN STANLEY	198,699	4.1%	1.0%
NATIONAL RURAL UTILITIES CO FINANCE CORP	201,025	4.1%	1.0%
PACCAR FINANCIAL CORP	169,670	3.5%	0.8%
PEPSICO INC	123,930	2.5%	0.6%
PNC FINANCIAL SERVICES GROUP	204,766	4.2%	1.0%
STATE STREET CORPORATION	199,887	4.1%	1.0%
THE BANK OF NEW YORK MELLON CORPORATION	197,408	4.0%	1.0%
THE WALT DISNEY CORPORATION	208,262	4.2%	1.0%
TOYOTA MOTOR CORP	322,846	6.6%	1.6%
UNILEVER PLC	200,706	4.1%	1.0%
WAL-MART STORES INC	198,271	4.0%	1.0%
WELLS FARGO & COMPANY	199,352	4.1%	1.0%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Sector Total	4,903,460	100.0%	24.5%
Federal Agency/CMO			
FANNIE MAE	113,362	37.2%	0.6%
FREDDIE MAC	191,582	62.8%	1.0%
Sector Total	304,944	100.0%	1.5%
Federal Agency/GSE			
FEDERAL HOME LOAN BANKS	1,022,345	100.0%	5.1%
Sector Total	1,022,345	100.0%	5.1%
Municipal			
STATE OF CONNECTICUT	203,987	100.0%	1.0%
Sector Total	203,987	100.0%	1.0%
Supra-Sov / Supra-Natl Agency			
INTERNATIONAL FINANCE CORPORATION	199,959	25.0%	1.0%
INTL BANK OF RECONSTRUCTION AND DEV	601,300	75.0%	3.0%
Sector Total	801,259	100.0%	4.0%
U.S. Treasury			
UNITED STATES TREASURY	9,296,579	100.0%	46.4%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Sector Total	9,296,579	100.0%	46.4%
Portfolio Total	20,029,858	100.0%	100.0%

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 09/03/2013 2.125% 08/31/2020	912828VV9	40,000.00	AA+	Aaa	12/28/2015	12/30/2015	40,692.19	1.74	73.91	40,215.56	39,868.76
US TREASURY NOTES DTD 11/15/2010 2.625% 11/15/2020	912828PC8	30,000.00	AA+	Aaa	5/3/2016	5/6/2016	31,860.94	1.21	298.03	30,678.54	30,131.25
US TREASURY NOTES DTD 12/31/2013 2.375% 12/31/2020	912828A83	60,000.00	AA+	Aaa	3/30/2016	3/31/2016	63,014.06	1.28	358.22	61,130.85	60,049.20
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	550,000.00	AA+	Aaa	1/3/2018	1/4/2018	543,017.58	2.18	4,330.11	544,960.75	544,070.45
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	200,000.00	AA+	Aaa	12/4/2017	12/6/2017	197,921.88	2.12	1,574.59	198,526.57	197,843.80
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	325,000.00	AA+	Aaa	10/2/2018	10/3/2018	313,599.61	2.91	2,558.70	315,115.14	321,496.18
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	800,000.00	AA+	Aaa	7/3/2018	7/6/2018	776,375.00	2.69	6,298.34	780,766.58	791,375.20
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	350,000.00	AA+	Aaa	11/2/2017	11/3/2017	348,742.19	1.96	2,755.52	349,125.95	346,226.65
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	700,000.00	AA+	Aaa	5/3/2018	5/7/2018	677,632.81	2.73	5,511.05	682,489.05	692,453.30
US TREASURY NOTES DTD 08/15/2012 1.625% 08/15/2022	912828TJ9	425,000.00	AA+	Aaa	9/5/2018	9/7/2018	407,169.92	2.76	858.51	409,602.94	416,599.45
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	450,000.00	AA+	Aaa	8/1/2018	8/3/2018	436,464.84	2.86	2,403.83	438,389.52	448,154.10
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	100,000.00	AA+	Aaa	12/12/2018	12/13/2018	97,523.44	2.78	534.19	97,698.88	99,589.80
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	3,000,000.00	AA+	Aaa	1/7/2019	1/10/2019	2,956,757.81	2.51	16,025.55	2,959,093.02	2,987,694.00
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	975,000.00	AA+	Aaa	1/30/2019	1/31/2019	959,537.11	2.55	5,208.30	960,166.52	971,000.55
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	425,000.00	AA+	Aaa	11/2/2018	11/6/2018	410,506.84	3.00	2,270.29	411,839.43	423,256.65

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	950,000.00	AA+	Aaa	3/4/2019	3/6/2019	915,525.39	2.53	5,174.11	916,081.33	926,769.65
Security Type Sub-Total		9,380,000.00					9,176,341.61	2.55	56,233.25	9,195,880.63	9,296,578.99
Supra-National Agency Bond / Note											
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	200,000.00	AAA	Aaa	9/12/2017	9/19/2017	199,520.00	1.64	164.77	199,763.92	197,432.80
INTERNATIONAL FINANCE CORPORATION NOTE DTD 03/16/2018 2.635% 03/09/2021	45950VLQ7	200,000.00	AAA	Aaa	3/9/2018	3/16/2018	199,850.00	2.66	322.06	199,900.68	199,958.60
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 07/25/2018 2.750% 07/23/2021	459058GH0	400,000.00	AAA	Aaa	7/18/2018	7/25/2018	399,064.00	2.83	2,077.78	399,270.63	403,867.60
Security Type Sub-Total		800,000.00					798,434.00	2.50	2,564.61	798,935.23	801,259.00
Municipal Bond / Note											
CT ST TXBL GO BONDS DTD 08/17/2016 1.300% 08/15/2019	20772J3D2	205,000.00	A	A1	8/3/2016	8/17/2016	205,442.80	1.23	340.53	205,055.88	203,987.30
Security Type Sub-Total		205,000.00					205,442.80	1.23	340.53	205,055.88	203,987.30
Federal Agency Collateralized Mortgage Obligation											
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	8,504.34	AA+	Aaa	10/7/2015	10/30/2015	8,589.50	1.08	11.67	8,504.65	8,474.61
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	103,581.93	AA+	Aaa	4/11/2018	4/30/2018	105,642.28	2.27	307.29	105,086.06	104,887.60
FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	100,000.00	AA+	Aaa	4/4/2018	4/9/2018	100,851.56	2.61	257.50	100,630.23	101,453.03

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Collateralized Mortgage Obligation											
FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	89,293.87	AA+	Aaa	12/7/2018	12/17/2018	89,293.60	3.11	238.34	89,293.60	90,128.62
Security Type Sub-Total		301,380.14					304,376.94	2.60	814.80	303,514.54	304,943.86
Federal Agency Bond / Note											
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8QS5	575,000.00	AA+	Aaa	8/3/2016	8/3/2016	571,992.75	1.23	1,383.59	573,588.25	559,855.65
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8QS5	475,000.00	AA+	Aaa	7/14/2016	7/15/2016	472,111.53	1.25	1,142.97	473,656.48	462,489.45
Security Type Sub-Total		1,050,000.00					1,044,104.28	1.24	2,526.56	1,047,244.73	1,022,345.10
Corporate Note											
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019	38141GVT8	175,000.00	BBB+	A3	4/21/2016	4/26/2016	174,888.00	2.02	1,516.67	174,997.45	174,915.30
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019	38141GVT8	25,000.00	BBB+	A3	4/20/2016	4/25/2016	24,930.50	2.10	216.67	24,998.42	24,987.90
CITIGROUP INC CORP NOTES DTD 06/09/2016 2.050% 06/07/2019	172967KS9	80,000.00	BBB+	A3	6/2/2016	6/9/2016	79,958.40	2.07	519.33	79,997.38	79,905.60
CITIGROUP INC (CALLABLE) CORP NOTE DTD 01/10/2017 2.450% 01/10/2020	172967LF6	200,000.00	BBB+	A3	1/4/2017	1/10/2017	199,920.00	2.46	1,102.50	199,978.79	199,562.40
AMERICAN EXPRESS CREDIT (CALLABLE) NOTE DTD 03/03/2017 2.200% 03/03/2020	0258M0EE5	120,000.00	A-	A2	2/28/2017	3/3/2017	119,875.20	2.24	205.33	119,960.76	119,442.96
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	85,000.00	A	A2	3/1/2017	3/6/2017	84,977.90	1.96	124.31	84,993.02	84,428.89

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	325,000.00	AA-	Aa3	4/11/2017	4/17/2017	324,850.50	1.97	2,887.08	324,946.96	322,846.23
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	100,000.00	A	A2	5/24/2017	6/5/2017	99,942.00	1.82	580.00	99,976.86	99,262.80
WALT DISNEY COMPANY CORP NOTES DTD 06/06/2017 1.800% 06/05/2020	25468PDU7	125,000.00	A	A2	6/1/2017	6/6/2017	124,855.00	1.84	725.00	124,942.08	123,833.38
STATE STREET CORP NOTES DTD 08/18/2015 2.550% 08/18/2020	857477AS2	200,000.00	A	A1	3/4/2016	3/7/2016	203,708.00	2.11	609.17	201,188.35	199,887.40
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	150,000.00	A	A3	9/5/2017	9/7/2017	149,874.00	1.88	208.13	149,939.07	148,315.65
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	100,000.00	A+	A1	11/6/2017	11/13/2017	99,991.00	2.05	785.83	99,995.08	99,127.40
WELLS FARGO & COMPANY NOTES DTD 12/07/2015 2.550% 12/07/2020	94974BGR5	200,000.00	A-	A2	5/6/2016	5/10/2016	204,432.00	2.04	1,615.00	201,678.81	199,352.40
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	200,000.00	AA	Aa2	10/11/2017	10/20/2017	199,710.00	1.95	1,118.89	199,839.91	198,271.20
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	50,000.00	A-	A2	10/23/2017	10/26/2017	49,977.00	2.17	179.17	49,986.48	49,530.55
IBM CORP CORP NOTES DTD 02/06/2018 2.650% 02/05/2021	44932HAG8	200,000.00	A	A1	2/1/2018	2/6/2018	199,902.00	2.67	824.44	199,938.74	199,741.60
NATIONAL RURAL UTIL COOP NOTE DTD 02/26/2018 2.900% 03/15/2021	63743HER9	85,000.00	A	A2	2/21/2018	2/26/2018	84,905.65	2.94	109.56	84,938.06	85,435.54
NATIONAL RURAL UTIL COOP NOTE DTD 02/26/2018 2.900% 03/15/2021	63743HER9	115,000.00	A	A2	4/12/2018	4/19/2018	114,513.55	3.05	148.22	114,669.28	115,589.26
UNILEVER CAPITAL CORP NOTES DTD 03/22/2018 2.750% 03/22/2021	904764AZ0	200,000.00	A+	A1	3/19/2018	3/22/2018	198,978.00	2.93	137.50	199,317.26	200,706.00
PEPSICO INC CORP (CALLABLE) NOTE DTD 10/10/2017 2.000% 04/15/2021	713448DX3	125,000.00	A+	A1	10/5/2017	10/10/2017	124,975.00	2.01	1,152.78	124,985.18	123,930.00

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	25,000.00	A-	A2	11/1/2017	11/3/2017	25,194.00	2.39	295.31	25,116.90	24,937.70
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	200,000.00	BBB+	A3	11/1/2017	11/3/2017	200,648.00	2.40	2,222.22	200,391.19	198,699.20
BANK OF NEW YORK MELLON (CALLABLE) NOTES DTD 05/02/2016 2.050% 05/03/2021	06406FAB9	200,000.00	A	A1	5/17/2016	5/20/2016	200,426.00	2.00	1,685.56	200,181.63	197,407.80
AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	100,000.00	A-	A2	5/25/2016	5/31/2016	99,814.00	2.29	912.50	99,918.75	99,349.10
PACCAR FINANCIAL CORP DTD 05/10/2018 3.100% 05/10/2021	69371RP26	70,000.00	A+	A1	5/7/2018	5/10/2018	69,981.80	3.11	849.92	69,987.04	70,542.71
BRANCH BANKING & TRUST (CALLABLE) NOTE DTD 05/10/2016 2.050% 05/10/2021	05531FAV5	100,000.00	A-	A2	5/10/2016	5/16/2016	99,934.00	2.06	802.92	99,971.33	98,637.60
GENERAL DYNAMICS CORP DTD 05/11/2018 3.000% 05/11/2021	369550BE7	200,000.00	A+	A2	5/8/2018	5/11/2018	198,610.00	3.25	2,333.33	199,008.27	201,806.40
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	80,000.00	A	A1	5/3/2018	5/10/2018	79,944.80	3.12	936.89	79,960.43	80,797.92
CHARLES SCHWAB CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	125,000.00	A	A2	5/17/2018	5/22/2018	124,996.25	3.25	1,467.01	124,997.22	126,567.88
AMERICAN HONDA FINANCE CORP NOTES DTD 09/09/2016 1.700% 09/09/2021	02665WBG5	200,000.00	A	A2	9/9/2016	9/14/2016	198,634.00	1.84	207.78	199,316.39	195,327.00
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	125,000.00	A-	A2	9/13/2017	9/18/2017	125,000.00	2.33	1,455.00	125,000.00	123,837.38
JOHN DEERE CAPITAL CORP NOTES DTD 01/06/2017 2.650% 01/06/2022	24422ETL3	180,000.00	A	A2	3/10/2017	3/15/2017	179,206.20	2.75	1,126.25	179,533.44	179,922.42
BANK OF AMERICA CORP NOTES DTD 05/17/2018 3.499% 05/17/2022	06051GHH5	50,000.00	A-	A2	5/14/2018	5/17/2018	50,000.00	3.50	651.20	50,000.00	50,585.35

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
JPMORGAN CHASE & CO BONDS DTD 03/22/2019 3.207% 04/01/2023	46647PBB1	200,000.00	A-	A2	3/15/2019	3/22/2019	200,000.00	3.21	160.35	200,000.00	201,203.60
PNC BANK NA CORP NOTES DTD 01/23/2019 3.500% 01/23/2024	693475AV7	200,000.00	A-	A3	2/12/2019	2/15/2019	201,424.00	3.34	1,322.22	201,390.67	204,765.80
Security Type Sub-Total		4,915,000.00					4,918,976.75	2.42	31,194.04	4,916,041.20	4,903,460.32
Certificate of Deposit											
BANK OF NOVA SCOTIA HOUSTON CD DTD 04/06/2017 1.910% 04/05/2019	06417GUE6	200,000.00	A-1	P-1	4/5/2017	4/6/2017	200,000.00	1.91	1,888.78	200,000.00	199,970.60
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	200,000.00	A-1	P-1	2/7/2018	2/8/2018	200,000.00	2.67	6,126.17	200,000.00	200,226.00
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	250,000.00	A-1	P-1	3/2/2018	3/6/2018	250,000.00	2.93	563.89	250,000.00	250,805.25
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	200,000.00	A+	Aa2	6/5/2018	6/7/2018	199,924.00	3.10	1,984.89	199,954.44	201,400.00
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	350,000.00	A+	Aa2	8/1/2018	8/3/2018	350,000.00	3.23	7,474.35	350,000.00	351,662.50
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	360,000.00	AA-	Aa3	8/3/2017	8/7/2017	360,000.00	2.05	1,107.00	360,000.00	357,980.76
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020	86565BPC9	200,000.00	A	A1	10/16/2018	10/18/2018	199,728.00	3.46	3,107.50	199,938.16	202,795.00
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	400,000.00	AA-	Aa2	11/16/2017	11/17/2017	400,000.00	2.30	3,430.22	400,000.00	396,871.20
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	350,000.00	AA-	Aa2	6/7/2018	6/8/2018	350,000.00	3.24	3,591.00	350,000.00	354,618.95

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit											
MUFG BANK LTD/NY CERT DEPOS DTD 02/28/2019 2.980% 02/25/2022	55379WZU3	200,000.00	A	A1	2/27/2019	2/28/2019	200,000.00	3.01	529.78	200,000.00	202,335.62
Security Type Sub-Total		2,710,000.00					2,709,652.00	2.77	29,803.58	2,709,892.60	2,718,665.88
Asset-Backed Security											
HAROT 2018-4 A3 DTD 11/28/2018 3.160% 01/15/2023	43815AAC6	200,000.00	AAA	Aaa	11/20/2018	11/28/2018	199,970.10	3.17	280.89	199,972.41	202,216.62
VALET 2018-2 A3 DTD 11/21/2018 3.250% 04/20/2023	92869BAD4	250,000.00	AAA	Aaa	11/15/2018	11/21/2018	249,989.50	3.25	248.26	249,990.35	252,900.68
NAROT 2018-C A3 DTD 12/12/2018 3.220% 06/15/2023	65478NAD7	185,000.00	AAA	Aaa	12/4/2018	12/12/2018	184,964.55	3.53	264.76	184,966.95	187,416.03
GMCAR 2019-1 A3 DTD 01/16/2019 2.970% 11/16/2023	36256XAD4	135,000.00	NR	Aaa	1/8/2019	1/16/2019	134,985.06	2.97	167.06	134,985.68	136,084.13
Security Type Sub-Total		770,000.00					769,909.21	3.25	960.97	769,915.39	778,617.46
Managed Account Sub Total		20,131,380.14					19,927,237.59	2.49	124,438.34	19,946,480.20	20,029,857.91
Securities Sub-Total		\$20,131,380.14					\$19,927,237.59	2.49%	\$124,438.34	\$19,946,480.20	\$20,029,857.91
Accrued Interest											\$124,438.34
Total Investments											\$20,154,296.25

Bolted items are forward settling trades.

IMPORTANT DISCLOSURES

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

GLOSSARY

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

Agenda Item 4.5**SPECIAL REPORTS****SUBJECT: Insurance Market Update**

BACKGROUND AND STATUS:

Doug Wozniak of Alliant Insurance Services will be at the Board of Directors meeting to update the Board on the current insurance market and our renewal for CAPRI for 2019-2020.

RECOMMENDATION:

Information only.

REFERENCE MATERIALS ATTACHED:

None

**California Association for Park and Recreation Indemnity
Transactions by Account
As of March 31, 2019**

Type	Date	Num	Name	Memo	Class	Clr	Split	Debit	Credit	Balance
Bank of West - Master Register										841,885.45
Liability Check	01/02/2019	eft	CalPERS 457 Plan Administration			√	PERS Contributions		40.00	841,845.45
Liability Check	01/02/2019	eft	Employment Development Department	932-0444-4		√	Payroll Liabilities		573.53	841,271.92
Liability Check	01/02/2019	eft	PERS			√	PERS Contributions		1,483.39	839,788.53
Liability Check	01/02/2019	eft	United States Treasury	68-0084481		√	Payroll Liabilities		1,390.38	838,398.15
Check	01/02/2019	EFT	CalPERS	Unfunded Liability Payment		√	PERS Contributions		121.71	838,276.44
Check	01/02/2019	EFT	CalPERS	Unfunded Liability		√	PERS Contributions		4,409.76	833,866.68
Check	01/03/2019	9682	CAPRI	Funding Request - 12/18/18 (ck# 2918-2937)		√	California Bank & Trust		113,884.60	719,982.08
Check	01/04/2019	9683	Apex Healthcare Medical Center, Inc.	Pre-employment, drug test (M. Duarte)		√	Miscellaneous		70.00	719,912.08
Check	01/04/2019	9684	James Marta & Company	Audit for 7/1/17 -6/30/18 - Inv#12154		√	Financial Audit		4,000.00	715,912.08
Check	01/04/2019	9685	Colin Miller	BOD Mtg - Anaheim 11/05/18		√	Board Meeting/Travel		474.27	715,437.81
Check	01/04/2019	9686	Matthew B Duarte	Reimburse - health benefits (Kaiser)		√	Medical		3,561.72	711,876.09
Check	01/04/2019	9687	Coverall North America	Inv# 1100278547 (Jan 2019)		√	Building Services/Repairs		199.00	711,677.09
Deposit	01/04/2019			Deposit		√	Accounts Receivable	51,187.81		762,864.90
Check	01/09/2019	9688	York Risk Services Group, Inc	WC Funding Request: 12/16/18 - 12/31/18		√	Workers' Compensation Claims		54,652.75	708,212.15
Check	01/11/2019	9689	Arcade Creek Office Park Owners' Assn	CAMS & Dep to Reserves - January 2019		√	CAM & Project Reserves		713.71	707,498.44
Check	01/11/2019	9690	Kaiser Permanente	January 2019 -Healthcare premium		√	Medical		659.61	706,838.83
Check	01/11/2019	9691	George Hills Company	Inv#1014443 - November Billing 11/30/18		√	Claims Management		17,488.90	689,349.93
Check	01/11/2019	9692	George Hills Company	Inv#1014556 - Subro Recovery Fee		√	Claims Management		1,656.00	687,693.93
Check	01/11/2019	9693	George Hills Company	Inv#1014557 - Subro - vehicle appraisal		√	Claims Management		75.00	687,618.93
Check	01/11/2019	9694	Gilbert Associates, Inc.	22430 Eng Inv #324290 (December 2018)		√	Financial Accounting		2,648.00	684,970.93
Check	01/11/2019	9695	George Hills Company	Inv#1014601 - Billing (December 2018)		√	Claims Management		13,630.10	671,340.83
Deposit	01/11/2019			Deposit		√	Accounts Receivable	310,728.75		982,069.58
Liability Check	01/14/2019		QuickBooks Payroll Service	Created by Payroll Service on 01/11/2019		√	Payroll		7,832.06	974,237.52
Liability Check	01/16/2019	eft	CalPERS 457 Plan Administration			√	PERS Contributions		40.00	974,197.52
Liability Check	01/16/2019	eft	Employment Development Department	932-0444-4		√	Payroll Liabilities		563.65	973,633.87
Liability Check	01/16/2019	eft	PERS			√	PERS Contributions		1,483.01	972,150.86
Liability Check	01/16/2019	eft	United States Treasury	68-0084481		√	Payroll Liabilities		1,376.30	970,774.56
Check	01/17/2019	9696	Pro-Air, Inc.	VOID: Inv#6379-113032 Maintenance Renewal		√	Building Services/Repairs	0.00		970,774.56
Check	01/17/2019	9697	York Risk Services Group, Inc	WC Claims Administration: 01/01/19 - 01/31/19		√	Claims Management		17,631.08	953,143.48
Check	01/17/2019	9698	Office Depot	Invoices (3) see attached/below		√	Office Supplies		752.26	952,391.22
Check	01/17/2019	9699	Carlee M Weston	Reimburse - office kitchen supplies		√	Office Supplies		31.46	952,359.76
Check	01/17/2019	9700	Gibbons & Conley	Inv #18Dec.208		√	Legal Fees		1,145.40	951,214.36
Check	01/18/2019	9701	York Risk Services Group, Inc	WC Funding Request: 01/01/19 - 01/15/19		√	Workers' Compensation Claims		105,080.58	846,133.78
Deposit	01/18/2019			Deposit		√	Accounts Receivable	756,647.00		1,602,780.78
Deposit	01/18/2019			Deposit		√	Deposit Error	5,544.75		1,608,325.53
Check	01/25/2019	9702	Streamline	Monthly service fee - January 2019		√	IT Services		100.00	1,608,225.53
Check	01/25/2019	9703	SMUD	Acct. 1209585 Billing 12/18/18 - 01/17/19		√	Utilities		454.27	1,607,771.26
Check	01/25/2019	9704	PFM Asset Management, LLC	Inv#AUM-103261 - December 2018		√	Investment Advisors		2,546.88	1,605,224.38
Check	01/25/2019	9705	Matthew B Duarte	Reimburse - airfare to PARMA		√	Medical		221.96	1,605,002.42
Check	01/25/2019	9706	Office Depot	Inv#258793000001 - Kitchen supplies		√	Office Supplies		112.68	1,604,889.74
Check	01/25/2019	9707	Consolidated Communications	Acct#916-722-5550/0 01/15/19 - 02/14/19		√	Telephone		444.91	1,604,444.83
Check	01/25/2019	9708	MUFG Union Bank, N.A.	Acct# 6736304980 - December 2018		√	Bank Service Charges		840.00	1,603,604.83
Check	01/25/2019	9709	Valley-Wide Recreation and Park District	Reimburse - CAPRI Mtg. 11/30/18 (Dean)		√	Board Meeting/Travel		204.02	1,603,400.81
Check	01/25/2019	9710	Sacramento County Utilities	Acct#50002368932 Bill Cycle: 12/15/18 - 02/14/19		√	Utilities		113.70	1,603,287.11
Check	01/25/2019	9711	Reliance Standard Life Insurance	Bill Period: Feb 2019 Case#9-06015-0001		√	Life Insurance		1.50	1,603,285.61
Check	01/25/2019	9712	George Hills Company	Inv#1014711- Subro Billing		√	Claims Management		4,514.34	1,598,771.27
Check	01/25/2019	9713	Smile Business Products	Inv#704966 - Billing 01/14/19 - 02/13/19		√	Copier Service/Repair		194.13	1,598,577.14
Check	01/25/2019	9714	Bank of the West / MasterCard	M. Duarte - Statement 12/15/18 - 01/14/19		√	Bank of the West CC - Matt		2,571.66	1,596,005.48
Deposit	01/25/2019			Deposit		√	Accounts Receivable	740,231.48		2,336,236.96

**California Association for Park and Recreation Indemnity
Transactions by Account
As of March 31, 2019**

Type	Date	Num	Name	Memo	Class	Clr	Split	Debit	Credit	Balance
Check	01/29/2019	9715	CAPRI	Funding Request - 01/29/19 (ck# 2947-2967)		√	California Bank & Trust		219,223.57	2,117,013.39
Liability Check	01/30/2019		QuickBooks Payroll Service	Created by Payroll Service on 01/28/2019		√	Payroll		10,543.25	2,106,470.14
Check	01/30/2019	9716	Roseville Glass	Window Replacement, Suite B		√	Building Services/Repairs		867.95	2,105,602.19
Liability Check	01/31/2019	EFT	CalPERS 457 Plan Administration			√	PERS Contributions		40.00	2,105,562.19
Liability Check	01/31/2019	EFT	Employment Development Department	932-0444-4		√	Payroll Liabilities		637.24	2,104,924.95
Liability Check	01/31/2019	EFT	PERS			√	PERS Contributions		2,094.65	2,102,830.30
Liability Check	01/31/2019	EFT	United States Treasury	68-0084481		√	Payroll Liabilities		1,753.24	2,101,077.06
Check	02/01/2019	9717	Pro-Air, Inc.	Inv#6379-113115 No Heat (Burned wires)		√	Building Services/Repairs		244.00	2,100,833.06
Check	02/01/2019	9718	Department of Industrial Relations	Inv #OSIP 65747 - 07/1/18 - 6/30/19		√	Other Premiums - W/C		15,528.84	2,085,304.22
Check	02/01/2019	9719	CSAC Excess Insurance Authority	Inv#19100406 - EWC Premium adjustment 2017-18		√	Workers' Compensation		12,451.00	2,072,853.22
Check	02/01/2019	9720	California American Water	Billing Period: Dec 21 - Jan 22, 2019		√	Utilities		116.09	2,072,737.13
Deposit	02/01/2019			Deposit		√	Accounts Receivable	929,249.63		3,001,986.76
Check	02/05/2019	9721	York Risk Services Group, Inc	WC Funding Request: 01/16/19 - 01/31/19		√	Workers' Compensation Claims		87,572.67	2,914,414.09
Check	02/06/2019	9722	CAPRI	Funding Request - 02/05/19 (ck# 2978-2993)		√	California Bank & Trust		22,236.56	2,892,177.53
Check	02/08/2019	9723	York Risk Services Group, Inc	WC Claims Administration: 02/01/19-02/28/19		√	Claims Management		17,631.08	2,874,546.45
Check	02/08/2019	9724	George Hills Company	Inv#1014751 - January - Admin Billing		√	Claims Management		17,718.88	2,856,827.57
Check	02/08/2019	9725	Coverall North America	Inv# 1100279544 (February 2019)		√	Building Services/Repairs		199.00	2,856,628.57
Check	02/08/2019	9726	Office Depot	(2) Invoices - see attached		√	Office Supplies		47.49	2,856,581.08
Check	02/08/2019	9727	Arcade Creek Office Park Owners' Assn	CAMS & Dep to Reserves - February 2019		√	CAM & Progetc Reserves		713.71	2,855,867.37
Check	02/08/2019	9728	James Marta & Company	Audit for 7/1/17 -6/30/18 - Inv#12228		√	Financial Audit		3,500.00	2,852,367.37
Check	02/08/2019	9729	Streamline	Monthly service fee - December 2018		√	IT Services		100.00	2,852,267.37
Deposit	02/08/2019			Deposit		√	Accounts Receivable	376,371.50		3,228,638.87
Liability Check	02/14/2019		QuickBooks Payroll Service	Created by Payroll Service on 02/12/2019		√	Payroll		10,123.73	3,218,515.14
Check	02/15/2019	9730	Gibbons & Conley	Inv #19Jan.235		√	Legal Fees		1,763.00	3,216,752.14
Check	02/15/2019	9731	Gilbert Associates, Inc.	22430 Eng Inv #324582 (January 2019)		√	Financial Accounting		5,044.30	3,211,707.84
Check	02/15/2019	9732	York Risk Services Group, Inc	Prefund Request: Ricketts - DOL 08/31/15 (Indemnity-C.R.PD)		√	Workers' Compensation Claims		15,215.68	3,196,492.16
Check	02/15/2019	9734	York Risk Services Group, Inc	Prefund Request: Rasmussen - DOL 05/16/17 (C.R. Medical)		√	Workers' Compensation Claims		20,520.00	3,175,972.16
Check	02/15/2019	9735	York Risk Services Group, Inc	Prefund Request: Ricketts - DOL 08/31/15 (C.R. Medical)		√	Workers' Compensation Claims		23,730.00	3,152,242.16
Check	02/15/2019	9736	York Risk Services Group, Inc	Prefunding: Dickerson - DOL 05/11/06 (Medical-Nursing Home)		√	Workers' Compensation Claims		15,690.13	3,136,552.03
Check	02/15/2019	9737	York Risk Services Group, Inc	Prefunding: Martinez - DOL 09/26/13 (C.R. PD)		√	Workers' Compensation Claims		18,515.00	3,118,037.03
Check	02/15/2019	9738	Conejo Recreation & Park District	Excess PEEIP - Woolsey Fire DOL:11/08/18		√	Property Claims Reserves		250,000.00	2,868,037.03
Check	02/15/2019	9739	Lorena Cervantes	Reimburse - PARMA & Board Mtg 02/13/19		√	Board Meeting/Travel		216.80	2,867,820.23
Check	02/15/2019	9740	Office Depot	Inv#268653186001 - MOC Liability proof		√	Office Supplies		8.68	2,867,811.55
Check	02/15/2019	9741	Streamline	Monthly service fee - February 2019		√	IT Services		100.00	2,867,711.55
Liability Check	02/15/2019	eft	CalPERS 457 Plan Administration			√	PERS Contributions		40.00	2,867,671.55
Liability Check	02/15/2019	eft	Employment Development Department	932-0444-4		√	Payroll Liabilities		613.44	2,867,058.11
Liability Check	02/15/2019	eft	PERS			√	PERS Contributions		1,999.76	2,865,058.35
Liability Check	02/15/2019	eft	United States Treasury	68-0084481		√	Payroll Liabilities		1,674.26	2,863,384.09
Deposit	02/15/2019			Deposit		√	Accounts Receivable	405,860.25		3,269,244.34
Check	02/20/2019	eft				√	Deposit Error Corrected		5,544.75	3,263,699.59
Check	02/21/2019	9743	CAPRI	Prefunding Req- 02/19/19 (DOL: 10/16/18 NOR)		√	California Bank & Trust		68,298.84	3,195,400.75
Check	02/21/2019	9744	York Risk Services Group, Inc	Prefunding: Conn - DOL 11/25/08 (C.R. Medical)		√	Workers' Compensation Claims		45,000.00	3,150,400.75
Check	02/21/2019	9745	York Risk Services Group, Inc	WC Funding Request: 01/31/19 - 02/15/19		√	Workers' Compensation Claims		90,874.01	3,059,526.74
Check	02/21/2019	9746	York Risk Services Group, Inc	WC Prefunding: DuPuy - DOL01/07/14 (C.R. Medical)		√	Workers' Compensation Claims		85,548.00	2,973,978.74
Check	02/21/2019	9747	York Risk Services Group, Inc	WC Prefunding: Vogel - DOL 03/25/13 (C.R. Medical)		√	Workers' Compensation Claims		40,000.00	2,933,978.74
Check	02/25/2019	EFT	CalPERS	Unfunded Liability		√	PERS Contributions		4,409.76	2,929,568.98
Check	02/25/2019	EFT	CalPERS	Unfunded Liability Payment		√	PERS Contributions		121.71	2,929,447.27
Liability Check	02/27/2019		QuickBooks Payroll Service	Created by Payroll Service on 02/26/2019		√	Payroll		9,264.32	2,920,182.95
Liability Check	02/28/2019	eft	CalPERS 457 Plan Administration			√	PERS Contributions		40.00	2,920,142.95
Liability Check	02/28/2019	eft	Employment Development Department	932-0444-4		√	Payroll Liabilities		573.61	2,919,569.34

**California Association for Park and Recreation Indemnity
Transactions by Account
As of March 31, 2019**

Type	Date	Num	Name	Memo	Class	Clr	Split	Debit	Credit	Balance
Liability Check	02/28/2019	eft	PERS			√	PERS Contributions		1,800.30	2,917,769.04
Liability Check	02/28/2019	eft	United States Treasury	68-0084481		√	Payroll Liabilities		1,509.64	2,916,259.40
Check	03/01/2019	9748	Bank of the West / MasterCard	M. Duarte - Statement 01/15/18 - 02/14/19		√	Bank of the West CC - Matt		5,566.69	2,910,692.71
Check	03/01/2019	9749	Matthew B Duarte	VOID: Reimburse - Site Visit to bay area (3)		√	Medical	0.00		2,910,692.71
Check	03/01/2019	9750	MUFG Union Bank, N.A.	Acct# 6736304980 - January 2019		√	Bank Service Charges		924.00	2,909,768.71
Check	03/01/2019	9751	Consolidated Communications	Acct#916-722-5550/0 02/15/19 - 03/14/19		√	Telephone		445.90	2,909,322.81
Check	03/01/2019	9752	PFM Asset Management, LLC	Inv#AJM-103795 - January 2019		√	Investment Advisors		2,561.65	2,906,761.16
Check	03/01/2019	9753	Smile Business Products	Inv#715228 - Billing 02/14/19 - 03/13/19		√	Copier Service/Repair		219.95	2,906,541.21
Check	03/01/2019	9754	Reliance Standard Life Insurance	Bill Period: Mar 2019 Case#9-06015-0001		√	Life Insurance		38.00	2,906,503.21
Check	03/01/2019	9755	George Hills Company	Inv#1014894 - (Subro) Hunt - DOL 12/20/18		√	Claims Management		120.00	2,906,383.21
Check	03/01/2019	9756	Matthew B Duarte	Reimburse - Site Visit, healthplan,etc		√	Reimburse - Site Visit, healthplan,etc		1,986.58	2,904,396.63
Check	03/01/2019	9757	Patrick Cabulagan	Reimburse - District visit (Valley-wide)		√	Travel/Meeting		651.38	2,903,745.25
Check	03/01/2019	9758	York Risk Services Group, Inc	WC Funding Request: 02/16/19 - 02/28/19		√	Workers' Compensation Claims		73,496.18	2,830,249.07
Check	03/01/2019	9759	CAPRI	Funding Request: ck#2994-3021 (February)		√	California Bank & Trust		54,059.79	2,776,189.28
Check	03/01/2019	9760	Office Depot	Inv#272686976001 & #267630739001		√	Office Supplies		534.85	2,775,654.43
Check	03/01/2019	9761	Bertha Pearson	Reimburse - PARMA conference		√	Travel/Meeting		54.19	2,775,600.24
Deposit	03/01/2019			Deposit		√	Accounts Receivable	410,097.00		3,185,697.24
Check	03/12/2019	9762	York Risk Services Group, Inc	Prefunding Req: Kreuzer DOL:03/01/13 C.R. Medical		√	Workers' Compensation Claims		22,835.00	3,162,862.24
Check	03/12/2019	9763	York Risk Services Group, Inc	Prefunding Req: Albright DOL:01/11/19 Hospital-in-		√	Workers' Compensation Claims		28,695.70	3,134,166.54
Check	03/13/2019	9764	CAPRI	Funding Request: ck#3022-3035 (March)		√	California Bank & Trust		161,677.38	2,972,489.16
Liability Check	03/14/2019		QuickBooks Payroll Service	Created by Payroll Service on 03/13/2019		√	Payroll		10,735.82	2,961,753.34
Check	03/14/2019	9765	Almanor Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		440.00	2,961,313.34
Check	03/14/2019	9766	Ambrose Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		3,255.00	2,958,058.34
Check	03/14/2019	9767	Arcade Creek Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		1,395.00	2,956,663.34
Check	03/14/2019	9768	Arden Manor Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		1,365.00	2,955,298.34
Check	03/14/2019	9769	Arden Park Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		1,126.00	2,954,172.34
Check	03/14/2019	9770	Auburn Area Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		5,225.00	2,948,947.34
Check	03/14/2019	9771	Bear Mountain Recreation & Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		2,341.00	2,946,606.34
Check	03/14/2019	9772	Bear River Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		630.00	2,945,976.34
Check	03/14/2019	9773	Beaumont-Cherry Valley Recreation & Park	Liability Dividend - FY 2002 - 2003		√	Dividends		1,774.00	2,944,202.34
Check	03/14/2019	9774	Boulder Creek Recreation & Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		734.00	2,943,468.34
Check	03/14/2019	9775	Buttonwillow Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		673.00	2,942,795.34
Check	03/14/2019	9776	Carmichael Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		6,954.00	2,935,841.34
Check	03/14/2019	9777	Central Plumas Recreation & Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		1,236.00	2,934,605.34
Check	03/14/2019	9778	Coalinga-Huron Recreation and Park Dist.	Liability Dividend - FY 2002 - 2003		√	Dividends		4,124.00	2,930,481.34
Check	03/14/2019	9779	Cordova Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		9,661.00	2,920,820.34
Check	03/14/2019	9780	Dunsmuir Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		823.00	2,919,997.34
Check	03/14/2019	9781	Durham Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		1,453.00	2,918,544.34
Check	03/14/2019	9782	Fair Oaks Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		3,278.00	2,915,266.34
Check	03/14/2019	9783	Fulton-El Camino Recreation & Park Dist.	Liability Dividend - FY 2002 - 2003		√	Dividends		4,317.00	2,910,949.34
Check	03/14/2019	9784	Greater Vallejo Recreation District	Liability Dividend - FY 2002 - 2003		√	Dividends		9,267.00	2,901,682.34
Check	03/14/2019	9785	Hayward Area Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		32,251.00	2,869,431.34
Check	03/14/2019	9786	Hesperia Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		6,811.00	2,862,620.34
Check	03/14/2019	9787	Highlands Recreation District	Liability Dividend - FY 2002 - 2003		√	Dividends		1,410.00	2,861,210.34
Check	03/14/2019	9788	Isla Vista Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		1,847.00	2,859,363.34
Check	03/14/2019	9789	Jurupa Area Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		4,206.00	2,855,157.34
Check	03/14/2019	9790	Ladera Recreation District	Liability Dividend - FY 2002 - 2003		√	Dividends		864.00	2,854,293.34
Check	03/14/2019	9791	Lake Cuyamaca Recreation & Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		1,850.00	2,852,443.34
Check	03/14/2019	9792	La Selva Beach Recreation District	Liability Dividend - FY 2002 - 2003		√	Dividends		691.00	2,851,752.34
Check	03/14/2019	9793	Livermore Area Recreation & Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		18,568.00	2,833,184.34

**California Association for Park and Recreation Indemnity
Transactions by Account
As of March 31, 2019**

Type	Date	Num	Name	Memo	Class	Clr	Split	Debit	Credit	Balance
Check	03/14/2019	9794	McFarland Recreation and Park District	Liability Dividend - FY 2002 - 2003			Dividends		2,476.00	2,830,708.34
Check	03/14/2019	9795	Mendocino Coast Recreation and Park Dist.	Liability Dividend - FY 2002 - 2003		√	Dividends		1,604.00	2,829,104.34
Check	03/14/2019	9796	Mission Oaks Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		3,886.00	2,825,218.34
Check	03/14/2019	9797	Monte Rio Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		827.00	2,824,391.34
Check	03/14/2019	9798	Mt. Shasta Recreation and Park District	Liability Dividend - FY 2002 - 2003			Dividends		2,217.00	2,822,174.34
Check	03/14/2019	9799	North of the River Recreation & Park Dist	Liability Dividend - FY 2002 - 2003		√	Dividends		17,400.00	2,804,774.34
Check	03/14/2019	9800	North County Recreation and Park District	Liability Dividend - FY 2002 - 2003			Dividends		1,749.00	2,803,025.34
Check	03/14/2019	9801	North Highlands Recreation and Park Dist.	Liability Dividend - FY 2002 - 2003		√	Dividends		3,678.00	2,799,347.34
Check	03/14/2019	9802	Orangevale Recreation and Park District	Liability Dividend - FY 2002 - 2003			Dividends		3,841.00	2,795,506.34
Check	03/14/2019	9803	Paradise Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		2,804.00	2,792,702.34
Check	03/14/2019	9804	Pleasant Hill Recreation & Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		8,225.00	2,784,477.34
Check	03/14/2019	9805	Pleasant Valley Recreation and Park Dist.	Liability Dividend - FY 2002 - 2003		√	Dividends		9,382.00	2,775,095.34
Check	03/14/2019	9806	Rancho Simi Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		21,275.00	2,753,820.34
Check	03/14/2019	9807	Rim of the World Recreation and Park Dist	Liability Dividend - FY 2002 - 2003		√	Dividends		1,879.00	2,751,941.34
Check	03/14/2019	9808	Rio Linda Elverta Recreation & Park Dist.	Liability Dividend - FY 2002 - 2003		√	Dividends		1,748.00	2,750,193.34
Check	03/14/2019	9809	Russian River Recreation & Park District	Liability Dividend - FY 2002 - 2003			Dividends		736.00	2,749,457.34
Check	03/14/2019	9810	Shafter Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		1,550.00	2,747,907.34
Check	03/14/2019	9811	Silverado-Modjeska Recreation & Park Dist	Liability Dividend - FY 2002 - 2003			Dividends		863.00	2,747,044.34
Check	03/14/2019	9812	Soledad Mission Recreation District	Liability Dividend - FY 2002 - 2003			Dividends		852.00	2,746,192.34
Check	03/14/2019	9813	Strawberry Recreation District	Liability Dividend - FY 2002 - 2003		√	Dividends		1,766.00	2,744,426.34
Check	03/14/2019	9814	Sunrise Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		11,899.00	2,732,527.34
Check	03/14/2019	9815	Tehachapi Valley Recreation & Park Dist.	Liability Dividend - FY 2002 - 2003		√	Dividends		2,051.00	2,730,476.34
Check	03/14/2019	9816	Truckee-Donner Recreation and Park Dist	Liability Dividend - FY 2002 - 2003			Dividends		5,993.00	2,724,483.34
Check	03/14/2019	9817	Tuolumne Park and Recreation District	Liability Dividend - FY 2002 - 2003			Dividends		717.00	2,723,766.34
Check	03/14/2019	9818	Valley-Wide Recreation and Park District	Liability Dividend - FY 2002 - 2003		√	Dividends		6,568.00	2,717,198.34
Check	03/14/2019	9819	Wasco Recreation and Park District	Liability Dividend - FY 2002 - 2003			Dividends		1,488.00	2,715,710.34
Check	03/14/2019	9820	Weed Recreation and Park District	Liability Dividend - FY 2002 - 2003			Dividends		957.00	2,714,753.34
Check	03/14/2019	9821	Gibbons & Conley	Inv #19Feb.264		√	Legal Fees		6,165.20	2,708,588.14
Check	03/14/2019	9822	Arcade Creek Office Park Owners' Assn	CAMS & Dep to Reserves - March 2019		√	CAM & Proget Reserves		713.71	2,707,874.43
Check	03/14/2019	9823	Kaiser Permanente	Feb-March-April 2019 -Healthcare premium		√	Medical		1,978.83	2,705,895.60
Check	03/14/2019	9824	Pitney Bowes, Inc.	Inv#1011449031 - Cartridge		√	Postage and Delivery		127.35	2,705,768.25
Check	03/14/2019	9825	SMUD	Acct. 1209585 Billing 01/18/19 - 02/19/19		√	Utilities		478.80	2,705,289.45
Check	03/14/2019	9826	Purchase Power	Statement Date: 02/22/19 (Meter Postage refill)		√	Postage and Delivery		470.99	2,704,818.46
Check	03/14/2019	9827	California American Water	Billing Period: Jan 23 - Feb 21, 2019		√	Utilities		112.32	2,704,706.14
Check	03/14/2019	9828	Coverall North America	Inv# 1100280526 (March 2019)		√	Building Services/Repairs		199.00	2,704,507.14
Check	03/14/2019	9829	James Marta & Company	Audit for 7/1/17 -6/30/18 - Inv#12316		√	Financial Audit		1,500.00	2,703,007.14
Check	03/14/2019	9830	North Highlands Recreation and Park Dist.	Reimbursement - BOD Mtg 2/13/19			Board Meeting/Travel		364.96	2,702,642.18
Check	03/14/2019	9831	Larry Mazzuca	Reimbursement: PARMA conference		√	Board Meeting/Travel		142.00	2,702,500.18
Check	03/14/2019	9832	Pro-Air, Inc.	Inv#6379-113150 Maintenance Renewal 2019		√	Building Services/Repairs		259.00	2,702,241.18
Liability Check	03/15/2019	eft	CalPERS 457 Plan Administration			√	PERS Contributions		40.00	2,702,201.18
Liability Check	03/15/2019	eft	Employment Development Department	932-0444-4		√	Payroll Liabilities		669.61	2,701,531.57
Liability Check	03/15/2019	eft	PERS			√	PERS Contributions		2,160.76	2,699,370.81
Liability Check	03/15/2019	eft	United States Treasury	68-0084481		√	Payroll Liabilities		1,847.06	2,697,523.75
Check	03/18/2019	9833	Patrick Cabulagan	Reimburse - District visits (Auburn)		√	Travel/Meeting		1,032.23	2,696,491.52
Check	03/18/2019	9834	York Risk Services Group, Inc	Prefunding Req: Dickerson DOL:05/11/16 (Nursing home)		√	Workers' Compensation Claims		15,230.00	2,681,261.52
Check	03/18/2019	9835	C.A.R.P.D.	Conference sponsorship (Platinum)		√	CARPD Expenses		1,600.00	2,679,661.52
Check	03/20/2019	9837	Colin Miller	BOD Mtg 02/13/19 & PARMA			Board Meeting/Travel		296.60	2,679,364.92
Check	03/21/2019	9836	York Risk Services Group, Inc	Funding Request: 03/01/19 - 03/15/19		√	Workers' Compensation Claims		96,055.47	2,583,309.45
Check	03/25/2019	EFT	CalPERS	Unfunded Liability Payment		√	PERS Contributions		121.71	2,583,187.74
Check	03/25/2019	EFT	CalPERS	Unfunded Liability		√	PERS Contributions		4,409.76	2,578,777.98

**California Association for Park and Recreation Indemnity
Transactions by Account
As of March 31, 2019**

Type	Date	Num	Name	Memo	Class	Clr	Split	Debit	Credit	Balance
Check	03/25/2019	9838	Bear River Recreation and Park District	Overpayment - 2nd half Liability premium			District Overpayments		2,163.00	2,576,614.98
Check	03/25/2019	9839	Matthew B Duarte	Reimburse - Site Visit, healthplan,etc		√	Reimburse - Site Visit, healthplan,etc		1,882.29	2,574,732.69
Check	03/25/2019	9840	York Risk Services Group, Inc	Prefunding: Bolton - DOL 10/10/16 C.R. Medical		√	Workers' Compensation Claims		25,000.00	2,549,732.69
Check	03/25/2019	9841	York Risk Services Group, Inc	Prefunding: Ellingson - DOL 10/02/06 C.R. Medical		√	Workers' Compensation Claims		47,549.00	2,502,183.69
Check	03/25/2019	9842	York Risk Services Group, Inc	Prefunding: Ambriz - DOL 06/20/18 C.R. Medical		√	Workers' Compensation Claims		30,000.00	2,472,183.69
Check	03/25/2019	9843	SearchPros	Billing - 03/10/19 - 03/16/19 (Fields)		√	Part-Time Services		358.15	2,471,825.54
Check	03/25/2019	9844	Carlee M Weston	Reimburse - Catering & Travel		√	Travel/Meeting		47.85	2,471,777.69
Check	03/25/2019	9845	Smile Business Products	Inv#722545 - Billing 03/14/19 - 04/13/19		√	Copier Service/Repair		194.13	2,471,583.56
Check	03/25/2019	9846	Bay Alarm	Acct#92944 04/01/19-07/01/19 (Service)			Building Services/Repairs		186.00	2,471,397.56
Check	03/25/2019	9847	Lindsay Woods	Reimburse - BOD Mtg 02/13/19 & PARMA			Board Meeting/Travel		74.42	2,471,323.14
Check	03/25/2019	9848	SearchPros	Billing - 03/03/19 - 03/09/19 (Fields)		√	Part-Time Services		377.00	2,470,946.14
Check	03/25/2019	9849	Streamline	Monthly service fee - March 2019		√	IT Services		100.00	2,470,846.14
Check	03/25/2019	9850	Jim Friedl	Reimburse - Board Mtg 02/11/19 & PARMA		√	Board Meeting/Travel		87.00	2,470,759.14
Check	03/25/2019	9851	Conejo Recreation & Park District	Reimburse - Board Mtg 02/11/19 & PARMA			Travel/Meeting		30.00	2,470,729.14
Check	03/25/2019	9852	Gilbert Associates, Inc.	22430 Eng Inv #324942 (February 2019)		√	Financial Accounting		3,496.30	2,467,232.84
Check	03/25/2019	9853	California Computer Services (Corp)	Inv# 82010 - office 365 premium		√	IT Services		45.00	2,467,187.84
Check	03/26/2019	9854	Hesperia Recreation and Park District	Reimburse - Personnel Mtg 01/31/19			Board Meeting/Travel		242.35	2,466,945.49
Deposit	03/27/2019			Deposit		√	Accounts Receivable	11,737.96		2,478,683.45
Liability Check	03/28/2019		QuickBooks Payroll Service	Created by Payroll Service on 03/27/2019		√	Payroll		9,680.48	2,469,002.97
Check	03/28/2019	9855	CAPRI	Funding Request: claim settlement Sanchez			California Bank & Trust		50,000.00	2,419,002.97
Liability Check	03/29/2019	eft	CalPERS 457 Plan Administration				PERS Contributions		40.00	2,418,962.97
Liability Check	03/29/2019	eft	Employment Development Department	932-0444-4			Payroll Liabilities		595.80	2,418,367.17
Liability Check	03/29/2019	eft	PERS				PERS Contributions		1,894.37	2,416,472.80
Liability Check	03/29/2019	eft	United States Treasury	68-0084481			Payroll Liabilities		1,635.90	2,414,836.90
Total Bank of West - Master Register								3,997,656.13	2,424,704.68	2,414,836.90
TOTAL								3,997,656.13	2,424,704.68	2,414,836.90



BETTY T. YEE
California State Controller

**LOCAL AGENCY INVESTMENT FUND
 REMITTANCE ADVICE**

Agency Name	CA ASSOC FOR PARK & REC INSUR
Account Number	35-34-007

As of 04/15/2019, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 03/31/2019.

Earnings Ratio		.00006976322349099
Interest Rate		2.55%
Dollar Day Total	\$	52,639,776.48
Quarter End Principal Balance	\$	585,193.50
Quarterly Interest Earned	\$	3,672.32

California Association for Park and Recreation Indemnity

Statement of Net Position

As of March 31, 2019 and March 31, 2018

	<u>Mar 31, '19</u>	<u>Mar 31, '18</u>
ASSETS		
Current Assets		
Checking/Savings		
Bank of West - Master Register	\$ 2,414,836.90	\$ 1,424,821.31
Bank of the West - MM	310,450.59	260,136.39
Claims Trust Accounts		
Umpqua Bank - Workers' Comp	118,982.62	169,633.74
California Bank & Trust - Liability	66,767.92	45,943.26
LAIF	585,193.50	427,060.73
Total Checking/Savings	<u>3,496,231.53</u>	<u>2,327,595.43</u>
Accounts Receivable		
Total Accounts Receivable	221,182.99	57,255.25
Other Current Assets		
Due from Employee	168.10	168.10
Investment Account		
PFM Investment Account	20,029,857.91	19,180,148.66
Union Bank	669,024.36	850,458.40
Total PFM - Investment Account	<u>20,698,882.27</u>	<u>20,030,607.06</u>
Due From Members - Year-end W/C		
Prepaid Insurance	669,711.97	605,643.61
Interest Receivable	128,110.66	95,087.44
Recovery Receivable	299,711.29	188,100.34
Total Other Current Assets	<u>21,796,584.29</u>	<u>20,919,606.55</u>
Total Current Assets	<u>\$ 25,513,998.81</u>	<u>\$ 23,304,457.23</u>
Capital Assets		
Capital Assets		
Suite B	13,815.33	13,815.33
Building Improvements	78,617.32	78,617.32
Building	99,955.00	99,955.00
Land	140,000.00	140,000.00
Computer Hardware/Software	34,901.30	34,901.30
Furniture & Equipment	51,092.10	51,092.10
Accumulated Depreciation	(261,274.02)	(255,869.34)
Total Capital Assets	<u>157,107.03</u>	<u>162,511.71</u>
Total Fixed Assets	<u>157,107.03</u>	<u>162,511.71</u>
Other Assets		
DEFERRED OUTFLOWS - PENSION	<u>\$ 212,538.00</u>	<u>\$ 193,749.00</u>
TOTAL ASSETS	<u>\$ 25,883,643.84</u>	<u>\$ 23,660,717.94</u>

California Association for Park and Recreation Indemnity

Statement of Net Position

As of March 31, 2019 and March 31, 2018

	<u>Mar 31, '19</u>	<u>Mar 31, '18</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Credit Cards		
Bank of the West / MC - Richards	\$ (536.19)	\$ (682.02)
Bank of the West / MC - Matt	\$ 2,062.14	\$ 2.30
Bank of the West / MC - Pat	-	156.63
Total Credit Cards	<u>1,525.95</u>	<u>(523.09)</u>
Other Current Liabilities		
Due to Members Year-end WC Premium		-
Member Contributions Paid in Advance	43,965.50	-
Claims Payable		
Liability Claim Reserves	\$ 3,778,653.00	\$ 1,970,129.00
Property Claims Reserves	402,516.00	(366,195.00)
W/C Claim Reserves	5,510,311.00	6,462,697.00
Total Claims Payable	<u>9,691,480.00</u>	<u>8,066,631.00</u>
Unearned Revenue		
Tenant Security Deposit	-	1,400.00
Accrued Expenses	7,049.70	26,270.32
Accounts Payable		
Payroll Tax liability	-	-
Total Other Current Liabilities	<u>9,742,495.20</u>	<u>8,094,301.32</u>
Total Current Liabilities	<u>9,744,021.15</u>	<u>8,093,778.23</u>
Long Term Liabilities		
Deferred Inflows - Pension	49,737.00	84,305.00
Net Pension Liability	\$ 700,126.00	\$ 624,704.00
IBNR		
IBNR Reserves - Liability	1,855,293.00	1,609,826.00
IBNR Reserves - Property	52,578.00	190,318.00
IBNR Reserves - Workers Comp	5,810,726.00	5,413,388.00
Total IBNR	<u>7,718,597.00</u>	<u>7,213,532.00</u>
ULAE		
ULAE - Liability	200,000.00	164,000.00
ULAE - Property	41,000.00	43,000.00
ULAE - Workers' Compensation	557,000.00	554,000.00
Total ULAE	<u>798,000.00</u>	<u>761,000.00</u>
Total Long Term Liabilities	<u>9,266,460.00</u>	<u>8,683,541.00</u>
Total Liabilities	<u>19,010,481.15</u>	<u>16,777,319.23</u>
NET POSITION		
Invested in Capital Assets	157,107.03	165,005.70
Unrestricted Net Assets	6,313,563.61	5,669,295.54
Net Income	402,492.05	1,049,097.47
Total Net Position	<u>\$ 6,873,162.69</u>	<u>\$ 6,883,398.71</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 25,883,643.84</u>	<u>\$ 23,660,717.94</u>

California Association for Park and Recreation Indemnity
Statement of Revenue and Expenses Budget to Actual
July through March 2019

	<u>Jul - Mar 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
Revenue				
Member Contributions	8,247,402.50	9,592,702.00	-1,345,299.50	85.98%
Bank/LAIF Interest	7,606.87	2,500.00	5,106.87	304.28%
Managed Portfolio	328,413.82	350,000.00	-21,586.18	93.83%
CARPD Administration	50,250.00	68,000.00	-17,750.00	73.9%
Rental Income	0.00	0.00	0.00	0.0%
Revenue - Other	631.37	0.00	631.37	100.0%
Total Revenue	<u>8,634,304.56</u>	<u>10,013,202.00</u>	<u>-1,378,897.44</u>	<u>86.23%</u>
Total Income	<u>8,634,304.56</u>	<u>10,013,202.00</u>	<u>-1,378,897.44</u>	<u>86.23%</u>
Expense				
Operating Expenditures				
Administration-CAPRI Office				
Bank Service Charges	7,253.53	14,000.00	-6,746.47	51.81%
Building Services/Repairs	4,646.65	5,000.00	-353.35	92.93%
Capital Assets	0.00	5,000.00	-5,000.00	0.0%
Common Area Maintenance	6,473.39	5,990.00	483.39	108.07%
Copier Service/Repair	1,952.87	4,500.00	-2,547.13	43.4%
Depreciation Expense	4,053.51	10,000.00	-5,946.49	40.54%
District Visitations	3,453.28	7,000.00	-3,546.72	49.33%
General Contingency	0.00	5,000.00	-5,000.00	0.0%
Insurance - CAPRI	0.00	2,200.00	-2,200.00	0.0%
Miscellaneous	9,781.76	3,000.00	6,781.76	326.06%
Office Supplies	7,310.66	8,000.00	-689.34	91.38%
Part-Time Services	735.15	2,000.00	-1,264.85	36.76%
Postage and Delivery	2,251.28	4,000.00	-1,748.72	56.28%
Printing and Reproduction	575.40	6,750.00	-6,174.60	8.52%
Professional Dues	2,195.00	2,750.00	-555.00	79.82%
Project Reserve	0.00	2,580.00	-2,580.00	0.0%
Publications	0.00	175.00	-175.00	0.0%
Other	131.25			
Salaries & Benefits				
Salaries				
Administrative Analyst	42,684.72	58,000.00	-15,315.28	73.59%
Adminstrator	154,832.10	179,000.00	-24,167.90	86.5%
Risk Manager	51,133.62	83,000.00	-31,866.38	61.61%
Administrative Assistant Salary	16,679.46	17,600.00	-920.54	94.77%
Accrued Vacation	4,488.62			
Total Salaries	<u>269,818.52</u>	<u>337,600.00</u>	<u>-67,781.48</u>	<u>79.92%</u>
Employee Benefits				
Medical	19,308.61	39,000.00	-19,691.39	49.51%
Life Insurance	687.50	2,900.00	-2,212.50	23.71%
PERS Contributions	65,072.02	92,000.00	-26,927.98	70.73%
Payroll Tax Expenses	4,963.90	6,000.00	-1,036.10	82.73%
Total Employee Benefits	<u>90,032.03</u>	<u>139,900.00</u>	<u>-49,867.97</u>	<u>64.36%</u>
Total Salaries & Benefits	359,850.55	477,500.00	-117,649.45	75.36%
Safety Meetings/Workshops	891.02	6,000.00	-5,108.98	14.85%
Telephone	3,973.41	7,000.00	-3,026.59	56.76%
Travel/Meeting	26,657.26	11,000.00	15,657.26	242.34%
Utilities	4,440.10	6,600.00	-2,159.90	67.27%
Total Administration-CAPRI Office	<u>446,626.07</u>	<u>596,045.00</u>	<u>-149,418.93</u>	<u>74.93%</u>

California Association for Park and Recreation Indemnity
Statement of Revenue and Expenses Budget to Actual
July through March 2019

	<u>Jul - Mar 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Board Meeting/Travel	15,853.62	23,000.00	-7,146.38	68.93%
CARPD Expense	108.76	0.00	108.76	100.0%
Consulting Services				
Actuarial Services	0.00	10,000.00	-10,000.00	0.0%
Claims Management	224,623.07	345,000.00	-120,376.93	65.11%
Financial Accounting	35,197.29	40,000.00	-4,802.71	87.99%
Financial Audit	15,500.00	22,000.00	-6,500.00	70.46%
Investment Advisors	20,396.27	32,000.00	-11,603.73	63.74%
IT Services	4,129.40	3,000.00	1,129.40	137.65%
Legal Fees	32,874.10	20,000.00	12,874.10	164.37%
Loss Prevention Services	0.00	1,750.00	-1,750.00	0.0%
Total Consulting Services	<u>332,720.13</u>	<u>473,750.00</u>	<u>-141,029.87</u>	<u>70.23%</u>
Total Operating Expenditures	795,308.58	1,092,795.00	-297,486.42	72.78%
Insurance Expenditures				
Crime Policy	13,241.25	25,000.00	-11,758.75	52.97%
Workers' Compensation	587,112.25	770,000.00	-182,887.75	76.25%
Combined GL/AL Excess	412,041.00	550,000.00	-137,959.00	74.92%
Other Premiums - W/C	71,010.12	60,000.00	11,010.12	118.35%
Property Coverage	930,442.43	1,250,000.00	-319,557.57	74.44%
Broker Fees	78,750.00	110,000.00	-31,250.00	71.59%
Total Insurance Expenditures	<u>2,092,597.05</u>	<u>2,765,000.00</u>	<u>-672,402.95</u>	<u>75.68%</u>
Claims Expenditures				
Workers' Compensation Claims	2,220,283.46	3,960,302.00	-1,740,018.54	56.06%
Property Claims	955,097.36	600,000.00	355,097.36	159.18%
Liability Claim Payments	532,709.74	1,330,000.00	-797,290.26	40.05%
Change in IBNR	499,709.00			
Change in ULAE	37,000.00			
Change in Reserves	1,158,801.00			
Total Claims Expenditures	<u>5,403,600.56</u>	<u>5,890,302.00</u>	<u>-486,701.44</u>	<u>91.74%</u>
Dividends	247,000.00			
Contingency				
General	0.00	50,000.00	-50,000.00	0.0%
Building Repair	535.00	16,000.00	-15,465.00	3.34%
Total Contingency	<u>535.00</u>	<u>66,000.00</u>	<u>-65,465.00</u>	<u>0.81%</u>
Total Expense	<u>8,539,041.19</u>	<u>9,814,097.00</u>	<u>-1,275,055.81</u>	<u>87.01%</u>
Net Ordinary Income	95,263.37	199,105.00	-103,841.63	47.85%
Other Income/Expense				
Other Income				
Investment Gain/Loss	307,228.68			
Total Other Income	<u>307,228.68</u>			
Net Other Income	<u>307,228.68</u>	<u>0.00</u>	<u>307,228.68</u>	<u>100.0%</u>
Net Income	<u><u>402,492.05</u></u>	<u><u>199,105.00</u></u>	<u><u>203,387.05</u></u>	<u><u>202.15%</u></u>

California Association for Park and Recreation Indemnity
Statement of Revenue, Expenses, and Change in Net Position
For the Quarter and Year to Date Ended March 31, 2019 and March 31, 2018

	<u>Jan '19 - Mar '19</u>	<u>July '18 - Mar '19</u>	<u>July '17 - Mar '18</u>
Ordinary Revenue			
Revenue			
Member Contributions	\$ 3,473,121.75	\$ 8,247,402.50	\$ 7,667,918.00
Workers' Comp Final PR Adjustment			
Bank/LAIF Interest	3,748.85	7,606.87	2,873.39
Managed Portfolio	113,190.41	328,413.82	272,221.54
Rental Income	-	-	12,600.00
Revenue - Other	542.80	631.37	699.95
CARPD - Quarterly Services	16,750.00	50,250.00	33,000.00
Total Operating Revenue	<u>3,607,353.81</u>	<u>8,634,304.56</u>	<u>7,989,312.88</u>
Operating Expenses			
General and Administrative Expenses			
CARPD Expenses	36.19	108.76	1,865.00
Administration-CAPRI Office			
Bank Service Charges	1,833.91	7,253.53	9,326.31
Building Services/Repairs	2,153.95	4,646.65	3,716.76
Common Area Maintenance	2,141.13	6,473.39	5,348.19
Copier Service / Repair	608.21	1,952.87	3,998.79
Depreciation Expense	1,351.17	4,053.51	7,481.97
District Visitations		3,453.28	3,062.42
Miscellaneous	251.33	9,781.76	1,698.34
Office Expense	1,672.24	7,310.66	1,908.57
Other	40.25	131.25	172.50
Part-Time Services	735.15	735.15	-
Postage and Delivery	649.16	2,251.28	2,492.18
Printing and Reproduction		575.40	1,443.85
Professional Dues	465.00	2,195.00	695.00
Project Reserve	-	-	1,075.20
Safety Meetings/Workshops		891.02	1,583.78
Salaries & Benefits	110,396.57	359,850.55	333,695.52
Telephone	890.81	3,973.41	4,977.60
Travel/Meeting	8,144.10	26,657.26	12,051.57
Utilities	1,360.19	4,440.10	4,742.40
Total Administration-CAPRI Office	<u>132,693.17</u>	<u>446,626.07</u>	<u>399,470.95</u>
Board Meeting/Travel	3,218.59	15,853.62	34,005.24
Consulting Services			
Actuarial Services	-	-	2,250.00
Claims Management	68,112.16	224,623.07	237,363.96
Financial Accounting	11,188.60	35,197.29	34,941.06
Financial Audit	9,000.00	15,500.00	12,930.00
Investment Advisors	5,108.53	20,396.27	17,332.05
IT Services	445.00	4,129.40	4,710.80
Legal Fees	9,073.60	32,874.10	19,926.32
Total Consulting Services	<u>102,927.89</u>	<u>332,720.13</u>	<u>329,454.19</u>
Total General and Administrative Expenses	<u>238,875.84</u>	<u>795,308.58</u>	<u>764,795.38</u>

California Association for Park and Recreation Indemnity
Statement of Revenue, Expenses, and Change in Net Position
For the Quarter and Year to Date Ended March 31, 2019 and March 31, 2018

	<u>Jan '19 - Mar '19</u>	<u>July '18 - Mar '19</u>	<u>July '17 - Mar '18</u>
Insurance Expenses			
Crime Policy	4,413.75	13,241.25	14,765.25
Workers' Compensation	204,004.75	587,112.25	611,282.00
Combined GL/AL Excess	137,347.00	412,041.00	307,281.75
Other Premiums -WC	15,528.84	71,010.12	55,481.28
Property Coverage	310,147.48	930,442.43	811,409.20
Broker Fees	26,250.00	78,750.00	84,377.00
Total Insurance Expenses	<u>697,691.82</u>	<u>2,092,597.05</u>	<u>1,884,596.48</u>
Claims Expenses			
Workers' Compensation Claims	863,032.23	2,220,283.46	2,091,161.58
Liability Claim Payments	172,812.78	532,709.74	1,064,399.56
Property Claims	483,271.95	955,097.36	827,530.28
Change in Reserves	(79,181.00)	1,158,801.00	(965,945.00)
Changes in IBNR	(1,604,992.00)	499,709.00	695,162.00
Change in ULAE	37,000.00	37,000.00	(11,000.00)
Total Claims Expenses	<u>(128,056.04)</u>	<u>5,403,600.56</u>	<u>3,701,308.42</u>
Dividends	247,000.00	247,000.00	255,351.98
Contingency - Building Repairs			
Building Repairs		535.00	500.00
Total Contingency	<u>-</u>	<u>535.00</u>	<u>500.00</u>
Total Expenses	<u>1,055,511.62</u>	<u>8,539,041.19</u>	<u>6,606,552.26</u>
Net Operating Revenue	2,551,842.19	95,263.37	1,382,760.62
Other Revenue (Expense)			
Investment Gain/Loss	176,512.28	307,228.68	(333,663.15)
Net Revenue Over (Under) Expenses	<u>\$ 2,728,354.47</u>	<u>\$ 402,492.05</u>	<u>\$ 1,049,097.47</u>
Beginning Net Position		6,470,670.64	5,834,301.24
Ending Net Position		<u>\$ 6,873,162.69</u>	<u>\$ 6,883,398.71</u>

BOARD OF DIRECTORS REGULAR MEETING

Public Policy Advocates
1015 K Street, Suite 200
Sacramento, CA 95814

March 19, 2019

MINUTES

1. CALL TO ORDER:

A regular meeting of the Board of Directors was held on March 19, 2019 at Public Policy Advocates, 1015 K Street, Suite #200, Sacramento, CA at 9:00 a.m.

Members Present: President Woods, Vice President Wetter, Secretary Colin Miller, Director Mathew Fuzie and Director Jim Friedl (Telephonic)

CAPRI Staff: Mr. Matthew Duarte

Absent: Director Cervantes and Director Larry Mazzuca

Others Present: Mr. Byrne Conley (Gibbons & Conley), Mr. Doug Wozniak (Alliant Insurance), Mr. Chuck Torretta (George Hills), Ms. Sally Town (York Risk Services) and Ms. Dori Zumwalt (York Risk Services).

2. INTRODUCTIONS:

None.

3. PUBLIC COMMENTS:

None.

4. CLOSED SESSION:

The Board convened to Closed Session at 9:01 a.m. regarding the following matters:

- Aguiniga v. Conejo Recreation & Park District
- Becker v. Sunrise Recreation & Park District
- Fletcher v. Fair Oaks Recreation & Park District
- Spindola v. Cordova Recreation & Park District
- Liability & Property Claims resolved over \$5,000.00 since last Board meeting

- Du Puy v. Paradise Recreation & Park District
- Ellingson v. Arcade Creek Recreation & Park District
- Ricketts v. Livermore Area Recreation & Park District, and
- WC Claims resolved in 2018

5. REPORT FROM CLOSED SESSION:

The Board reconvened to Open Session at 10:33 a.m. pursuant to Government Code Section 54957.1, the Board must report in open session any action taken, or lack thereof, taken in closed session.

No Reportable Action.

6. CONSENT AGENDA:

6.1 CAPRI Board Minutes

- February 13, 2019

MOTION:

Vice President Wetter made a motion to approve the consent items #6.1 – Board Minutes as amended in Executive Director Duarte’s handout. Director Miller seconded the motion.

Ayes: President Woods, Vice President Wetter, Secretary Miller, Director Friedl, and Director Fuzie.

Nays: None

Abstain: None

7 PULLED CONSENT ITEMS:

None.

8 DISCUSSION/ACTION ITEMS:

8.1 CAPRI Medical Provider Network Update

Ms. Dori Zumwalt and Ms. Sally Town provided an update and presentation regarding the CAPRI MPN and its successes since implementation in 2017. The Board discussed participation levels of the membership in the MPN.

MOTION:

Director Miller made a motion to require members participate in the MPN program by July 1, 2019 pending exemption requests for good cause. Director Fuzie seconded the motion.

Ayes: *President Woods, Vice President Wetter, Secretary Miller, Director Friedl, and Director Fuzie.*

Nays: *None*

Abstain: *None*

8.2 Company Nurse Program

Mr. John Brigowatz of Company Nurse presented his company's nurse triage service. After discussion, the Board of Directors elected to table further discussion to the May meeting and explore options through York's program.

8.3 ADA/Transition Plan Program Review

The Board reviewed and considered the proposition of formalizing an agreement with DAC for the purposes of securing a group purchase discount for Transition Plan review and updates. After discussion, the Board of Directors tabled further discussion to the May meeting. In addition, the Board of Directors requested Executive Director Duarte review the history of ADA claims against all members and bring his findings to the May meeting.

8.4 Employee Benefits Program Review

Executive Director Duarte provided an update as to the CAPRI-GSRMA Employee Benefits Program. Executive Director Duarte has begun working with Golden State Risk Management Authority (GSRMA) and Excess Insurance Authority (EIA) representatives to develop a marketing plan to better educate CAPRI members as to the program's offerings. GSRMA has agreed to create all marketing materials for the program subject to approval by CAPRI and has asked CAPRI to contribute by disseminating the material via email to its members.

8.5 CAPRI Employee Health and Dental Benefits Review

Executive Director presented an update on the staff benefits, reviewed the Board's options and recommended the Employee Benefits Program available through GSRMA and CSAC-EIA.

MOTION:

Director Wetter made a motion to authorize the Executive Director to enter into agreement with GSRMA to secure Health and Dental Benefits for full-time staff effective May 1, 2019 at the earliest. Secretary Miller seconded the motion.

Ayes: *President Woods, Vice President Wetter, Secretary Miller, Director Friedl, and Director Fuzie.*

Nays: *None*

Abstain: *None*

8.6 Consideration of Contract Extension with Gilbert & Associates

The Board reviewed the proposed contract with Gilbert & Associates for preparation of payroll tax returns and 1099s and the changes and clarification sought by Executive Director including schedule of costs.

MOTION:

Director Wetter made a motion to authorize the Executive Director to execute a contract with Gilbert & Associates with discussed clarifications in their proposed retainer agreement for the year ending on December 31, 2019 including the preparation of payroll tax forms and 1099's. Director Miller seconded the motion.

***Ayes:** President Woods, Vice President Wetter, Secretary Miller, Director Friedl, and Director Fuzie.*

***Nays:** None*

***Abstain:** None*

8.7 2019 – 2020 Draft Budget

Executive Director Duarte reviewed the first draft of the 2019-2020 Budget with Board of Directors and discussed his intent to have Administrative Assistant Carlee Weston move to full-time. President Woods supported the move but asked that the Executive Director be mindful of budgeting.

8.8 Cycle XVI Safety Awards

The following district will be receiving a Cycle XVI Safety Award at the CARPD conference scheduled for May 22-24th in South Lake Tahoe, California; Almanor, Ambrose, Arcade Creek, Arden Manor, Arden Park, Bear Mountain, Belvedere-Tiburon, Buttonwillow, Central Plumas, Cordova, Durham, Fair Oaks, Fulton-El Camino, Greater Vallejo, Jurupa Area, Mission Oaks, North of the River, North Highlands, Orangevale, Paradise, Pleasant Hill, Rio Linda-Elverta, Silverado-Modjeska, Southgate, Strawberry, Tehachapi Valley and West-Side.

MOTION:

Director Wetter made a motion to approve the Safety Awards for Cycle XVI. Director Miller seconded the motion.

***Ayes:** President Woods, Vice President Wetter, Secretary Miller, Director Friedl, and Director Fuzie.*

***Nays:** None*

***Abstain:** None*

9. SPECIAL REPORTS:

9.1 Investment Status Reports – Public Financial Management

The Board of Directors had no additional questions for Allison Kaune.

9.2 Insurance Market Update – Alliant Insurance Services

Mr. Doug Wozniak gave a presentation regarding the insurance market in 2019. He addressed that it will be a difficult time for all public entities overall throughout California with the numerous wildfires and mudslides over the last few years. In the Workers' Compensation program, the renewal will be stable and expect a 5-10% increase in the excess layer. However, the General Liability and Property program suffered 12.5-15 million in losses and the Property program will expect a 30%-40% increase.

10. EXECUTIVE DIRECTOR/STAFF REPORTS:

10.1 District Visitations Update

The Board of Directors had no additional comments or questions on this writeup.

10.2 Russian River Flood Update

The Board of Directors had no additional comments or questions on this writeup.

10.3 WC Experience Modification Factors

The Board of Directors had no additional comments or questions on this writeup.

10.4 CAPRI Office Update

The Board of Directors had no additional comments or questions on this writeup.

10.5 Membership Satisfaction Survey Results Review

The Board of Directors had no additional comments or questions on this writeup.

11. BOARD MEMBER REPORTS:

11.1 Board Member Comments

No additional comments

11.2 Personnel/Finance Committee Report

No additional comments.

12. FUTURE AGENDA ITEMS:

The Board of Directors and Staff had no additional comments or questions.

13. ANNOUNCEMENTS:

The next CAPRI Board of Directors meeting will be held on May 22, 2019 at the Lake Tahoe Resort Hotel, 4130 Lake Tahoe Blvd., South Lake Tahoe, CA.

14. ADJOURNMENT:

The Board adjourned the meeting at 1:38 p.m.

Colin Miller,
CAPRI Board of Directors Secretary

Agenda Item 7.1

DISCUSSION/ACTION ITEMS

SUBJECT: CAPRI 2019 – 2020 Draft Budget

BACKGROUND AND STATUS:

The second draft of the 2019-2020 CAPRI budget is attached hereto. This is the Board's second opportunity to comment and provide direction to Staff regarding next year's budget.

In preparing this draft budget, Staff has evaluated current usage and considered reported growth of the membership. Staff has also taken into consideration the actuarial reports with suggested funding levels and received input regarding projections for excess costs that have informed these budget estimates.

Additionally, Staff has reviewed the past three CAPRI budgets and identified multiple items that can be deleted as line items because there has been little or no spending associated with that category. At the same time, Staff has identified items where funding can be reallocated based upon past and projected usage. For example:

- CAPRI Office - General Contingency: Despite budget of \$5,000 the past 3 years, there have been no expenditures associated with this item. Additionally, it appears duplicative as there is a Contingency line item already provided in the budget in the amount of \$50,000. (*Staff proposes to delete this item*).
- CAPRI Office – Printing and Reproduction: Budgeted over \$6750 per year, but the past three years spending has been approximately \$4000 and Staff anticipates further decreases next year. (*Staff proposes reduction to \$4000 for this item*).
- CAPRI Office-Part-Time Services: Staff has observed the need for additional temporary employee services during the run up to the CARPD Conference and proposes reallocation of funding to support. (*Staff proposes increase to \$7,750*).
- Board Meeting/Travel: In the next fiscal year. Staff is anticipating one additional in-person Board Meeting than previously scheduled in years past and proposes that CAPRI budget accordingly. (Staff proposes increase of \$1,750 to \$24,750).
- Consulting Services – Loss Prevention: Despite budget of \$1,750 the past 3 years, there have been no expenditures associated with this item. (*Staff proposes to delete this item*).

Other items of note are changes associated with transition in staffing and anticipated laptop purchase for Safety Analyst.

No action is required of the Board at this time, but any further direction or input is welcomed.

RECOMMENDATION

Provide direction to Staff as needed.

REFERENCE MATERIALS ATTACHED:

Second Draft of 2019-2020 CAPRI Budget.

**California Association for Park and Recreation Indemnity
Revenues and Expenses Budget Overview
July 2018 through June 2019**

	Proposed Budget	Current Budget	Change Between Current Year and Proposed Budget	% Increase
	Jul '19 - Jun '20	Jul '18 - Jun '19		
Ordinary Revenue/Expense				
Revenue				
Member Contributions	\$ 10,473,913	\$ 9,757,702	\$ 716,211	7.34%
WC Final PR Adjustment				
Less: Safety Credits and Discounts	(165,000)	(165,000)	-	0.00%
Bank/LAIF Interest	2,500	2,500	-	0.00%
CARPD Administration	68,005	68,000	5	0.01%
Misc. Income				
Rental Income	-	-	-	
Portfolio Income (PFM)	350,000	350,000	-	0.00%
Total Revenue	10,729,418	10,013,202	716,216	
Total Revenue	10,729,418	10,013,202	716,216	7.15%
Expense				
Operating Expenses				
Administration-CAPRI Office				
Salaries & Benefits				
Salaries				
Accrued Vacation				
Executive Director	165,000	179,000	(14,000)	-7.82%
Safety Analyst /Risk Manager	65,000	83,000	(18,000)	-21.69%
Admin Analyst	60,000	58,000	2,000	3.45%
Admin Asst	40,000	17,600	22,400	127.27%
Contingency	17,728	-	17,728	
Total Salaries	347,728	337,600	10,128	3.00%
Employee Benefits				
Medical	45,000	39,000	6,000	15.38%
Life Insurance	2,900	2,900	-	0.00%
PERS Contributions	90,000	92,000	(2,000)	-2.17%
Payroll Tax Expenses	6,000	6,000	-	0.00%
Total Employee Benefits	143,900	139,900	4,000	2.86%
Total Salaries & Benefits	491,628	477,500	14,128	2.96%
Bank Service Charges	14,000	14,000	-	0.00%
Building Services/Repairs	5,000	5,000	-	0.00%
Capital Assts	5,000	5,000	-	0.00%
Common Area Maintenance	5,990	5,990	-	0.00%
Copier Service/Repair	4,500	4,500	-	0.00%
Depreciation	10,000	10,000	-	0.00%
District Visitations	7,000	7,000	-	0.00%
General Contingency	-	5,000	(5,000)	-100.00%
Insurance - CAPRI	2,200	2,200	-	0.00%
Miscellaneous	3,000	3,000	-	0.00%
Office Supplies	10,000	8,000	2,000	25.00%
Part-Time Services	7,750	2,000	5,750	287.50%
Postage and Delivery	4,000	4,000	-	0.00%
Printing and Reproduction	4,000	6,750	(2,750)	-40.74%
Professional Dues	2,750	2,750	-	0.00%
Project Reserve	2,580	2,580	-	0.00%
Publications	175	175	-	0.00%
Safety Meetings/Workshops	6,000	6,000	-	0.00%
Telephone	7,000	7,000	-	0.00%
Travel/Meeting	11,000	11,000	-	0.00%
Utilities	6,600	6,600	-	0.00%
Total Administration-CAPRI Office	610,173	596,045	14,128	2.37%

**California Association for Park and Recreation Indemnity
Revenues and Expenses Budget Overview
July 2018 through June 2019**

	Jul '19 - Jun '20	Jul '18 - Jun '19	Current Year and Proposed Budget	% Increase
Board Meeting/Travel	24,750	23,000	1,750	7.61%
Consulting Services				
Actuarial Services	10,000	10,000	-	0.00%
Claims Management	355,920	345,000	10,920	3.17%
Financial Accounting	40,000	40,000	-	0.00%
Financial Audit	22,000	22,000	-	0.00%
Investment Advisors	32,000	32,000	-	0.00%
IT Services	3,000	3,000	-	0.00%
Legal Fees	20,000	20,000	-	0.00%
Loss Prevention	-	1,750	(1,750)	-100.00%
Total Consulting Services	482,920	473,750	9,170	1.94%
Total Operating Expenses	1,117,843	1,092,795	25,048	2.29%
Insurance Expenditures				
Workers' Compensation	799,100	770,000	29,100	3.78%
Combined GL/AL Excess	730,000	550,000	180,000	32.73%
Property Coverage	1,750,000	1,250,000	500,000	40.00%
Crime Policy/Identity Theft	25,000	25,000	-	0.00%
Other Premiums (W/C)	60,000	60,000	-	0.00%
Broker Fees	110,000	110,000	-	0.00%
Total Insurance Expenses	3,474,100	2,765,000	709,100	25.65%
Claims Expenditures				
Claim Payments				
Claim Payments	5,814,924	5,890,302	(75,378)	-1.28%
Total Claim Payments	5,814,924	5,890,302	(75,378)	-1.28%
Contingency				
General	50,000	50,000	-	0.00%
Building Repair	16,000	16,000	-	0.00%
Total Contingency	66,000	66,000	-	0.00%
Total Expense	10,472,867	9,814,097	658,770	6.71%
Net Ordinary Revenue	256,551	199,105	57,446	28.85%
	\$ 256,551	\$ 199,105	\$ 57,446	28.85%

	Items Not Budgeted
4488.62	Accrued Vacation
108.76	Penalties & Fees
247000	CARPD Expenses
	Dividends
	Investment Gain/Loss
	Net Revenue @ 3/31/19

Agenda Item 7.2**DISCUSSION/ACTION ITEMS****SUBJECT: WC Premium Allocation Formula 2019 – 2020**

BACKGROUND AND STATUS:

As noted in Bickmore Actuarial Report, the recommended funding levels identified in the WC actuarial study are approximately 3.2% lower compared to last fiscal year. Additionally, the study concluded that CAPRI will be funded at over the 90% confidence level. Notably, this exceeds Bickmore's recommended 80-85% funding level.

At the same time, Bickmore estimates that the program's liability for outstanding claims to decrease approximately 4% to \$10,263,000 as of June 30, 2019 compared to \$10,652,000 at the close of the last fiscal year. With program assets projected to increase approximately 11% to \$16,262,000 as of June 30, 2019 compared to \$14,742,000 at the close of the last fiscal year, the program is adequately funded.

At this time, estimates for excess for Workers' Compensation are slightly higher than last year. Pool rates for memberships like ours are up approximately 4% while the reinsurance layers are up between 5-7%. Additionally, as the Board knows, the minimum wage continues to increase which has a domino effect on member staffing resulting in increased payrolls from last year. This year, payroll estimates are up approximately 7% as the total membership payroll now approaches \$114,000,000. Staff's proposed Budget accounts for these expected increases while continuing to fund for a self-insured retention layer of \$350,000.

Turning to the premium allocations, this year the Board has several options to consider. As you know, CAPRI's allocation formula accounts for the estimated payroll of each member, the job classification of each member's workers, and the loss history of the member as quantified in their Experience Modification Factor or "Ex Mod." The Ex Mod is a figure calculated by Alliant that accounts for the members past three years of loss history. The lower the Ex Mod, the better for the District as that multiplier is used in calculating the final WC premium.

Because the Ex Mod plays such a significant role in premium allocation, upswings or downswings in a District's Ex Mod can lead to wild fluctuations in premium. To combat this volatility, CAPRI has controls in place that cap the yearly increase at 20% per year. By way of example, if a member's Ex Mod was 80% in fiscal year 18-19, but then increased to 140% in 19-20 because of a large claim, CAPRI automatically resets that District's Ex Mod to 100% or only 20% more than last year.

In practice, the CAPRI Cap has been a huge benefit to our members. Members have been able to plan for increases as needed and avoided cases of "sticker shock." However, it should be noted, that the Capri Cap only works one way. While increases are capped, decreases do not get the same treatment. Therefore, a member that may have taken advantage of artificially deflated Ex Mods can then enjoy the ride back down without limitation. This means in some cases CAPRI never truly captures prior losses in higher premiums because the number has already fallen before the 20% gradual increase ever catches up to the true Ex Mod.

One recent example of a District benefitting from the absence of a cap was when a member saw its true Ex Mod increase from 149% to 201% before coming down to 118%. The CAPRI cap prevented the pool from recovering the true value of its losses following the member's steep recovery.

This year, the pool as a whole saw seven (7) districts with drops of over 35% in the Ex Mod which resulted in approximately \$350,000 less in premiums collected compared to last year. This was despite the fact that these same districts had a combined \$2,300,000 increase in total payroll.

Staff brings these findings to the Board's attention for review and discussion. There are certainly arguments for maintaining the current system as it is an attractive one to our members. However, under this system there will be years when large drops from multiple members will mean that the pool bears the brunt of the swing.

An alternative explored by Staff and presented to the Board would be to cap the decreases in Ex Mod at 35% so that larger drops are still accommodated and enjoyed by the District. As such, four (4) proposed premium allocation worksheets will be presented to the Board at the meeting. This includes options at different funding levels and with and without capping the decreases of the members. The Board is also being provided a spreadsheet with the past 4 years of member Ex Mods.

As in years past, the CAPRI Board of Directors may need to meet via teleconference sometime in mid-June to finalize the Budget, premium allocations and to bind insurance coverage.

RECOMMENDATION:

Provide staff direction to investigate insurance options including funding levels and whether or not to install a cap on Experience Modification Factor decreases.

REFERENCE MATERIALS ATTACHED:

Capri Experience Modification Factors from 2015-2019.

CAPRI EXPERIENCE MODIFICATIONS

DISTRICT MEMBER	2015	2016	2017	2018	2019
Ambrose Recreation	164%	207%	137%	143%	79%
Arcade Creek	251%	286%	233%	218%	170%
Arden Manor	82%	82%	85%	85%	111%
Arden Park	101%	146%	147%	99%	83%
Auburn Area	108%	76%	74%	131%	122%
Bear Mountain	144%	84%	142%	108%	111%
Bear River		81%	87%	86%	86%
Beaumont-Cherry	83%	81%	81%	80%	77%
Belvedere-Tiburon	80%	82%	83%	100%	97%
Boulder Creek		81%	87%	86%	86%
Buttonwillow					86%
Carmichael Recreation	85%	85%	131%	133%	127%
CAPRI	78%	78%	84%	84%	86%
Central Plumas	80%	82%	87%	86%	86%
Coalinga-Huron	108%	91%	88%	73%	67%
Cordova Recreation	190%	202%	128%	97%	84%
Desert Recreation	316%	164%	123%	115%	131%
Dunsmuir		81%	87%	86%	86%
Durham Recreation	81%	84%	86%	86%	80%
Fair Oaks Rec	186%	199%	182%	232%	184%
Fulton-El Camino	93%	84%	120%	164%	246%
Greater Vallejo	87%	82%	128%	109%	80%
Hayward Area Rec	111%	81%	157%	141%	110%
Hesperia Recreation	113%	113%	117%	114%	108%
Highland Recreation	104%	99%	95%	80%	73%
Isla Vista Rec	76%	76%	79%	119%	97%
Jurupa Area Rec	119%	121%	158%	115%	112%
Ladera Recreation	80%	82%	87%	90%	86%
Lake Cuyamaca Rec	119%	135%	143%	141%	77%
Livermore Area Rec	177%	190%	148%	146%	97%
McFarland Rec	139%	86%	86%	100%	173%
Mendocino Coast Rec	115%	171%	178%	174%	107%
Mission Oaks Rec	79%	72%	70%	70%	97%
Monte Rio		81%	111%	111%	111%
Mt. Shasta		177%	93%	90%	78%
North Highlands	185%	127%	91%	79%	72%
North of the River	116%	84%	136%	198%	174%
Orangevale Rec	168%	146%	113%	74%	85%
Paradise Recreation	169%	170%	153%	88%	168%
Pleasant Hill Rec	118%	115%	70%	78%	70%
Pleasant Valley Rec	95%	95%	111%	136%	145%
Rancho Simi	149%	196%	201%	162%	118%
Rio Linda-Elverta	94%	79%	105%	105%	102%
Russian River Rec	93%	94%	103%	111%	110%
Shafter Recreation	107%	101%	106%	99%	95%
Soledad				86%	111%

Southgate Rec	145%	86%	88%	117%	115%
Strawberry Recreation	171%	162%	85%	82%	76%
Sunrise	146%	142%	123%	93%	66%
Tehachapi Valley	96%	109%	143%	140%	116%
Truckee-Donner Rec	108%	95%	109%	149%	120%
Tuolumne Rec	81%	106%	111%	96%	86%
Valley Wide Rec	123%	101%	106%	69%	85%
Wasco Recreation	88%	90%	103%	107%	93%
Weed		106%	112%	111%	86%
West Side	77%	81%	99%	108%	98%
Western Gateway					86%

Alliant Insurance Services

Jack F. Chen, AVP

Agenda Item 7.3

DISCUSSION/ACTION ITEMS

SUBJECT: Liability/Property Premium Allocation Formula 2019 – 2020

BACKGROUND AND STATUS:

As noted in Bickmore Actuarial's Report, the recommended funding levels identified in the actuarial study are approximately 15% higher compared to last fiscal year. Specifically, the recommended Liability funding level increased 21% while the Property funding level increased approximately 4%.

At the same time, Bickmore estimates that the program's liability for outstanding claims to increase approximately 39% to \$4,184,000 as of June 30, 2019 compared to \$3,008,000 at the close of the last fiscal year. Additionally, program assets are also projected to decrease approximately 8% to \$7,475,000 as of June 30, 2019 compared to \$8,171,000 at the close of the last fiscal year. Nevertheless, the program is still considered well-funded at above the 90% confidence level.

At this time, however, estimates for excess for both Liability and Property are significantly higher than last year. As noted in the Draft Budget, this includes an anticipated increase of 32% in the Liability and 40% in Property. Staff's proposed Budget accounts for these expected increases.

The Board will have several different options for funding and may need to consider other alternative deductibles in order to control costs. This includes returning the Self-Insured Retention level back to \$1,000,000 for Liability, changing the coverage to account for a \$250,000 all-risk deductible, a \$1,000,000 wildfire deductible, and/or increasing the member deductible. These options will be discussed in greater detail at the Board Meeting with Doug Wozniak from Alliant Insurance.

A proposed premium allocation worksheet will be presented to the Board at the meeting. As in years past, the CAPRI Board of Directors may need to meet via teleconference sometime in mid-June to finalize the Budget, premium allocations and to bind insurance coverage.

RECOMMENDATION:

Provide staff direction to investigate insurance options including SIR levels and other coverage choices in advance of renewal.

REFERENCE MATERIALS ATTACHED:

None

Agenda Item 7.4

DISCUSSION/ACTION ITEMS

SUBJECT: Board of Directors Meeting Schedule

BACKGROUND AND STATUS:

The Board Meeting Schedule for the rest of this calendar year is as follows:

1. July 24, 2019 – CAPRI Office
2. September 18, 2019 – Location TBD
3. November 4-5, 2019 - Board Mtg. & Strategic Planning Session (Palm Springs)

Given the fluctuations in the insurance market, CAPRI does not have final excess numbers and thus is not be able to bind coverage until at least mid-June. The options for the Board are to:

1. Hold a Telephonic Board Meeting the week of June 24-29 for the limited purpose of approving the insurance rates and terms as well the CAPRI Budget; or
2. Authorize the Executive Director to bind coverage consistent with the parameters outlined in today's meeting.

The next regularly scheduled Meeting of the CAPRI Board of Directors is on July 24, 2019. At this time, the meeting is scheduled to be held at CAPRI's office in Citrus Heights. Staff requests confirmation that this location is acceptable to the Board.

Additionally, the CSDA Conference is held on September 25-28 in Anaheim. Staff is aware that Board Members often attend this conference and the efficiencies associated with holding meetings around events like these may be beneficial to CAPRI. If the Board is inclined, Staff can explore meeting space availability near or around the conference. Alternatively, Staff is prepared to make the meeting telephonic or hold the meeting at the CAPRI offices.

Finally, the Board had previously directed Staff to locate and identify locations for the November 2019 Strategic Board Meeting. These options will be discussed in greater detail at the Board Meeting.

RECOMMENDATION:

Provide Staff direction as to whether to hold a June 2019 Board Meeting for the limited purpose of approving coverage terms OR authorize the Executive Director to bind coverage consistent with Board's direction in today's meeting.

Provide Staff with direction as to where to hold the July 24, 2019 Board Meeting.

Provide Staff with direction as to where to hold the September 18, 2019 Board Meeting.

Provide Staff with direction as to where to hold the November 2019 Board Meeting & Strategic Planning Session.

REFERENCES MATERIAL ATTACHED:

None.

Agenda Item 7.5**DISCUSSION/ACTION ITEMS****SUBJECT: ADA/Transition Plan Program (DAC)**

BACKGROUND AND STATUS:

CAPRI encourages all of its members to provide equal access to all recreation programs, services, and activities in accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA") and Section 504 of the Rehabilitation Act of 1973 ("Section 504"). Consistent therewith, this Board recently considered contracting with an ADA accessibility consultant in order to help facilitate the development of updated Transition Plans for members.

In August 2018, the Board considered a group purchase discount as proposed by Disability Access Consultants ("DAC") for CAPRI members who would like to obtain an ADA Transition plan through DAC. At the time, the Board directed Staff to further investigate and report back to the Board with its findings. However, Staff would request further clarification as to the Board's directives to Staff at this time.

At the March 2019 Board meeting, the Board reviewed the DAC cost proposal and tabled the item, asking to Staff to return at the May meeting with a history of ADA claims of the pool. With the assistance of George Hills and former Executive Director, Pat Cabulagan, Staff has identified claims made against member districts in the past ten years and will discuss in further detail at the Board Meeting.

In the meantime, Staff has again engaged DAC to discuss cost effective options for CAPRI that would serve to continue to facilitate access. Discussions with DAC are ongoing and Staff will be providing further updates at the Board Meeting.

RECOMMENDATION:

Provide Staff with direction as to how to proceed with a proposed plan of action.

REFERENCE MATERIALS ATTACHED:

None.

Agenda Item 7.6

DISCUSSION/ACTION ITEMS

SUBJECT: CAJPA Liability Study

BACKGROUND AND STATUS:

As a member of the California Association of Joint Powers Authorities ("CAJPA"), CAPRI and its Staff are afforded educational opportunities and tools that can be used to improve the operations and performance of the pool.

Recently, Staff was contacted by CAJPA to inquire as to CAPRI's interest in participating in a group Liability Study. The purpose of the study was to pool JPA data with other JPAs in order to better evaluate risks and losses so as to improve our collective ability to defend against these claims. These types of data compilations are common on the Plaintiff side, but typically not shared as much on the defense side.

To fund this new study, CAJPA has asked CAPRI to contribute \$10,000. Staff verified that CAJPA is requesting the same contribution from all of its members regardless of size or budget. While staff recognizes the value in building out this database, the cost of contribution appears inequitable given CAPRI's size compared to some of the larger municipal pools or school district pools. As such, Staff is recommending making a contribution to the funding of the study at a lesser amount of approximately \$5,000.

RECOMMENDATION

Authorizing the Executive Director to make a contribution of \$5,000 to the CAJPA Liability Study.

REFERENCE MATERIALS ATTACHED:

None.

Agenda Item 7.7**DISCUSSION/ACTION ITEMS****SUBJECT: Nurse Triage Program Review**

BACKGROUND AND STATUS:

Historically, CAPRI has made available certain services and programs in an effort to assist its members and control costs. Such examples include the MPN and the Return to Work Program through Norm Peterson and Associates, and even York Risk Services as Administrator.

To that end, it appears that while the members are certainly benefitted from this assistance in processing and later closing the claim, there still remains the very real and significant administrative burden when an injury first occurs.

The following represents an example of the procedure a District may employ at the beginning of a claim:

- Injury occurs
- Injury is reported to the department supervisor
- Supervisor contacts HR and advises of injury
- Supervisor fills out and collects injury report(s) and sends it to HR
- HR fills out medical facility referral form
- Injured employee is provided with DWCF form
- Employee is provided with a copy of completed DWCF form along with medical facility referral and MPN pamphlet
- HR fills out form 5020 online
- HR emails York DWCF form and Injury Report form
- Medical facility faxes injury update and work restrictions or out of work dates
- HR forwards injury update form to York and ability to accommodate for any restrictions
- HR and York email back and forth with updates

As the Board well knows, this administrative burden – while necessary and important – imposes an imposition on each member's staff's day-to-day activities. However, there exist programs which aim to relieve the members of this burden while also improving the

medical care offered to employees and lowering the overall costs.

In the March 2019 Board Meeting, the Board reviewed a Nurse Triage service provider offered through CSAC-EIA called Company Nurse. Company Nurse is a specialty provider of nursing triage which allows the member districts to direct injured employees to immediate qualified medical providers available 24/7 on the phone. If a claim is warranted, Company Nurse then handles the documentation and initiates the claim process on behalf of the employee and the member.

Following the presentation, the Board tabled this discussion pending a further presentation from York Risk Services on their in-house product. Attached please find materials related to the presentation. Dori Zumwalt from York will be at the Board Meeting and available to address any additional questions of the Board.

RECOMMENDATION:

Provide Staff direction as to whether to enter into a services agreement with Company Nurse or York Risk Services to provide nursing triage services to the members.

REFERENCE MATERIALS ATTACHED:

Company Nurse Cost Estimates

› Behind every good outcome

Nurse Intake/Triage Program

May 2019

york.



Overview

Vision

- The concept behind the program is that by providing initial medical evaluation by registered nurses at the time a work place injury occurs, the injured employee is directed to the most appropriate and cost effective level of medical care.

Goals

- Expedite notice of First Report of Injury (FROI)
- Enhance reporting and data collected at time of injury
- Retain control through a positive experience for the injured worker
- Reduce overall workers' compensation costs



Features

- Provide injured workers immediate access to Registered Nurses
- 365/24/7 nurse hotline staffed with Registered Nurses
- Bilingual nurses available
- Industrial injury workers' compensation expertise
- Referral report to provider within minutes of call completion
- Follow up on self care cases next day as needed
- Assist injured worker in identifying the appropriate level of care and facilitate referral to appropriate provider location
- Increase network penetration through direction to network providers where appropriate



Clinical Process

Evaluate Urgency of Situation

- Assess signs and symptoms
- Provide immediate treatment information
- Assess treatment options using Telephonic Triage Guidelines
- Provider self-care information when appropriate
- Record injury information and medical history

Coordination of Care

- Identify and coordinate nearest network providers
- Provide client specific network information
- Provide initial return to work coaching

Report Distribution

- Complete and distribute Injury Report to client contacts
- Complete and distribute Provider Report to referral provider



Reporting

After taking the injury report and triaging an injured worker, our nurse generates the following reports:

- Report of Injury – Captures the injury details as well as the employee, employer, triage, and medical referral information
- Provider Alert – Faxed or emailed to the treating provider and or facility prior to the arrival of the injured employee that contains:
- Injury Summary Report – Provides a statistical accounting of the injuries for a specified time period for the employer (monthly, quarterly, annual, etc.)

Injury Care Report

- Demographic information
- Treatment facility
- Medical billing information
- Employer information
- Employee information
- Language
- Incident details
- Injury details
- Triage recommendations
- Disposition of care

Report of Injury		Confidential
Call Confirmation #B302346Q		Time : 06/16/2010 09:34:51
Employee , Test		
To: Test Company- Dept: Location Primary Contact : MaryJane Johnson Phone : 333 333-3331 Alternate Contact : Jeremy Hee 333-333-3332 Employer Address : Test Corporate Name 8553 Test Street Scottsdale AZ 85258		GAUCA TESTS TEST
Re: Test Employee		
Dear Employer:		
Please find attached an injury report for an incident which occurred on 09/28/2009 08:00:00 . The following information was provided to Company Nurse 0 days later on 09/28/2009 09:05:00. Your employee was triaged by a nurse and will seek or has sought treatment.		
Treatment facility:		
Test Clinic 123 Main St Any City AZ 85001 Phone : 480 222-0800		Fax : 623-321-1511
A Provider Alert has been faxed to the above number with the Employer's Name & Address, Employee's Name & Address, Details of the Injury, and a Work Status Report that the medical provider may complete and return to your designated recipient.		
If your company mandates POST-ACCIDENT DRUG/ALCOHOL TESTING or if you have a RETURN-TO-WORK program and you have notified Company Nurse of these programs, we have included this information on the fax to the provider. If you would like more information on these services, please contact your Company Nurse Customer Service Representative or notify the main office at 888-817-9282 or service@companynurse.com.		
Please contact the medical facility to obtain drug/alcohol test results and employee work limitations.		
Claims/Medical Billing Information (if a treatment facility is populated above, we have forwarded this information to them):		
Test Insurance 9512 Claims St Suite 1526 Phoenix AZ 85001 Phone : 666 666-6666		Fax : 666 666-6667
Home care/first aid advice provided by Company Nurse does not constitute authorization for modified duty. This injury report is being forwarded as a service to your organization; you may want to further investigate the incident.		
<small>CONFIDENTIALITY NOTICE - This document may contain information that is confidential or legally privileged. If you are not the intended recipient, or a person responsible for delivering it to the intended recipient, you are hereby notified that you must not read, disclose, copy, distribute or use any of the information contained in this document. If you have received this document in error, please immediately notify Company Nurse at 888-817-9282 or service@companynurse.com and destroy this document in its entirety. Thank you.</small>		

Work Status & Treatment

- Notifies clinic in advance
- Provides detailed injury information
- Serves as authorization for initial care
- Speeds up treatment for injured employee
- Provides physician with work status form

Work Status and Treatment Plan				Confidential
Call Confirmation #	DQH00004	Time:	08/22/2012 13:23:15	
Dear Medical Provider: Please legibly complete this form in its entirety and FAX to 888-777-1212 within 24 hours of treatment being rendered. Immediate attention to this will expedite the receipt of the proper and billing payments to your office. Reporting requirements vary by state and must still be completed to a claim. Your cooperation is appreciated.				
Employer:	Test MAIN/CHOOSE XML (ind) 1			MAIN - MAR04
Provider Information				
Test Clinic 123 Main St Any City, AZ 85001 Phone: 480 222-0002				17000001
Fax: 623-321-1511				
Employee Information				
Test Caller 123 Home Lane Scottsdale, AZ 85258 Phone: 480-222-2222			DOB: 10/10/1983	0000001
Date, Time, and Place of Incident/Report				
Date/Time of Incident	Day of week	Date/Time - Reported Local Time	Incident Location	
08/22/2012 10:10:00	Wednesday	08/22/2012 13:35:00	Accounting Office	
Subjective Complaints				
Findings Upon Physical Exam				
Diagnosis				
X-Ray Results				
Treatment Recommendations				
Medications Prescribed				
Work Status				
Released to Return to Work on _____ Light Duty _____ Reg. Duty _____				
Work Restrictions				
Follow-Up Appointment _____				
Signature		Title		Date

Upon completion of your initial treatment, please fax to 888-777-1212 details and a work status report.

Please note that workers' compensation benefits are governed by state statute. Although we do our best to ensure that these injuries are in fact work related, no guarantee is made that these are legitimate claims under workers' compensation laws.

Notice Material



ACCION A SEGUIR EN CASO DE UN ACCIDENTE EN EL TRABAJO:

> In case of workplace injury:

1-855-921-9517

POWERED BY:  AVAILABLE 24 HOURS A DAY



- 1 Injured worker notifies supervisor.**
Empleado lesionado notifica a su supervisor.
- 2 Supervisor/Injured worker immediately calls injury hotline.**
Supervisor/Empleado lesionado llama inmediatamente a la línea de enfermeros/as.
- 3 The Nurse Hotline gathers information over the phone and helps injured worker access appropriate medical treatment.**
Profesional Médico obtiene información por teléfono y asiste al empleado lesionado en localizar el tratamiento médico adecuado.

EMPLOYER NAME:
(NOMBRE DE COMPAÑIA):

SEARCH CODE:
(CÓDIGO DE BÚSQUEDA):

Notice to Employer/Supervisor Please post copies of this poster in multiple locations within your worksite. If the injury is non-life threatening, please call York prior to seeking treatment. Minor injuries should be reported prior to leaving the job site when possible.

YORKRISK.COM



Implementation

Implementation

- Define Implementation Timeline
- Establish Account
- Develop/Distribute Printed Materials
- Provide Training

Post Implementation Follow-up

- Targeted Review
- Results
- Recommendations
- Action Items



Benefits

- Ease of implementation
- Customized processes
- Automated notes and attachment loads
- Clinical Expertise at onset of Injury
- Injury report to client contacts within minutes of call completion
- Reduce reporting lag times
- Improve reporting information

Results

- Injury hotline serves as the first Point of Contact to report workplace incidents/injuries
- Results – CY17 (sample client)

Triage Referral Type	Number of Calls	Percentage
Call 911	3	0.45%
Emergent Care / ER	47	7.04%
Care Declined / Report Only	236	35.33%
Self Care / Home Care	162	24.25%
Occ. Health / Urgent Care	220	32.93%

54.58%

- Reduced Reportable Claims & Associated Costs
- Reduced Litigation Rate
- Increased network and preferred provider use



Thank You

CAPRI
March 2019

Year	Total # of Claims		Total Incurred Cost per Program		Average Cost Per Claim	
	Year	Total	Year	Average	Year	Per Claim
2017		202		\$1,460,960		\$7,232
2018		175		\$501,482		\$2,866
Total Avg.		189	Historical Average:	\$981,221		\$5,205

Year	% Claim Reduc	Total Claims	Est. Call Volume	Per Claim Fee	Annual Program Cost	(Admin/Marketing) Setup Fee	Total Annual Program Cost	Projected Annual Claim Cost Savings	Net Annual Savings	Savings % of Total Costs	ROI
Year 1	12%	166	249	\$157.50	\$26,145	\$0	\$26,145	\$78,075.00	\$51,930	5.3%	299%
Year 2	18%	155	233	\$157.50	\$24,413	\$0	\$24,413	\$88,485.00	\$64,073	6.5%	362%
2 Year Totals							\$50,558	\$166,560	\$116,003		

Legend:

% Claim Reduction: Expected percentage of reduction in claims count due to effective RN triage, not referred for Clinical care.

Total Claims: Number of total claims expected. Total Avg claims for sample years times Yearly Claims Reduction %.

Per Claim Fee: Service fee for RN intake, reporting and ongoing account maintenance and customer service.

Annual Program Fee: Cost of RN triage hotline. Based on prior year's actual Total Claims.

Setup Fee: Includes Company Nurse database set-up, printed materials and enrollment training services. Initial year only.

Annual Program Cost: Total annual fees.

Total Annual Claim Cost Savings: Based on reduction of claims year to year multiplied by ACC. Does not include time value of claims costs associated with RN self-care cases.

Net Annual Savings: Total Annual Claim Cost Savings less Annual Program Costs.

Savings % of Total Costs: Net Annual Savings divided by 2 year average claim costs.

ROI: Net Annual Savings divided by Annual Program Cost.

EXECUTIVE DIRECTOR/ STAFF REPORTS

SUBJECT: District Visitations Update

BACKGROUND AND STATUS:

Attached is the District Visitation Summary for Cycle XVI, along with the District Visitation Summary and History for review.

There were five (5) district visit completed during the months of March, April and May of 2019. We are pleased to say that Auburn Area, McFarland, Wasco, Lake Cuyamaca and Sunrise all received "Very Good" on their visitation review with only a few recommendations needed.

The following is their individual evaluation ranking.

Auburn Area Recreation and Park District – March 14, 2019

Auburn received a **Very Good** evaluation.

Safety Committee – *Good - no recommendations at this time.*

Inspection Program – *Good - recommended that trip hazards are added to inspection reports.*

Screening and Review – *Good - no recommendations at this time.*

ADA Implementation – *Good - no recommendations at this time.*

Injury and Illness Prevention Program (IIPP) - *Good. Asked the District to make sure there is evidence of their annual review of their IIPP program.*

Waiver and Release – *Good - no recommendations at this time.*

Facility Use Agreement – *Good - no recommendations at this time.*



Parks and Facilities – *Good - no recommendations at this time.*

Pools – Good – no recommendations at this time.

Entrance Medical Exam – *Good - no recommendations at this time.*

Job Descriptions – *Good - no recommendations at this time.*

Volunteers – *Good - no recommendations at this time.*

Life Safety – *Good -no recommendations at this time.*

McFarland Recreation and Park District – April 3, 2019

McFarland received a **Very Good** evaluation.

Safety Committee – *Good - recommended that they contact CAPRI to get signed up for the Target Solutions online training.*

Inspection Program – *Good - recommended that trip hazards are added to inspection reports.*

Screening and Review – *Good - no recommendations at this time.*

ADA Implementation - *Good, no recommendations at this time.*

Injury and Illness Prevention Program (IIPP) - *Good. Asked the District to make sure there is evidence of their annual review of their IIPP program.*

Waiver and Release – *Good - no recommendations at this time.*

Facility Use Agreement – *Good - no recommendations at this time.*

Parks and Facilities – *Good - no recommendations at this time.*

Pools – Good – *Recommended getting an ADA approved lift on deck as soon as feasible.*

Entrance Medical Exam – *Good - no recommendations at this time.*



Job Descriptions – *Good - no recommendations at this time.*

Volunteers – *Good – McFarland does not use many volunteers. No recommendations at this time.*

Life Safety – *Good – recommend conducting annual drills at least annually on evacuation plans.*

Wasco Recreation and Park District – April 3, 2019

Wasco received a **Very Good** evaluation.

Safety Committee – *Good – recommended that Wasco contact CAPRI to get signed up for Target Solutions online training.*

Inspection Program – *Good - recommended that trip hazards are added to inspection reports.*

Screening and Review – *Good - no recommendations at this time.*

ADA Implementation – *Good – Recommended that the District follow their ADA implementation plan and upgrade the needed accessibility issues.*

Injury and Illness Prevention Program (IIPP) - *Good. Asked the District to make sure there is evidence of their annual review of their IIPP program.*

Waiver and Release – *Good - no recommendations at this time.*

Facility Use Agreement – *Good - no recommendations at this time.*

Parks and Facilities – *Good - no recommendations at this time.*

Pools – *Good – Recommend getting the ADA lift installed as soon as possible (budgeted for FY19-20)*

Entrance Medical Exam – *Good - no recommendations at this time.*

Job Descriptions – *Good - no recommendations at this time.*



Volunteers – *Good - no recommendations at this time.*

Life Safety – *Good – Recommended conducting annual drills of evacuation plans.*

Lake Cuyamaca Recreation and Park District – April 5, 2019

Lake Cuyamaca received a **Very Good** evaluation.

Safety Committee – *Good – Recommended that Lake Cuyamaca contact CAPRI to get signed up for Target Solutions online training.*

Inspection Program – *Good - recommended that trip hazards are added to inspection reports.*

Screening and Review – *Good - no recommendations at this time.*

ADA Implementation – *Good – Recommend that the District implement an ADA written prioritization plan for ADA compliance and to actively take steps to improve ADA accessibility*

Injury and Illness Prevention Program (IIPP) - *Good. Asked the District to make sure there is evidence of their annual review of their IIPP program.*

Waiver and Release – *Good - no recommendations at this time.*

Facility Use Agreement – *Good - no recommendations at this time.*

Parks and Facilities – *Good - no recommendations at this time. The District has no playground equipment.*

Pools – *The District has no swimming pools.*

Entrance Medical Exam – *Good - no recommendations at this time.*

Job Descriptions – *Good - no recommendations at this time.*

Volunteers – *The District does not use volunteers.*



Life Safety – *Good – Recommended conducting annual drills of evacuation plans.*

Sunrise Recreation and Park District – May 8, 2019

Sunrise received a **Very Good** evaluation.

Safety Committee – *Good – No recommendations at this time.*

Inspection Program – *Good – Recommended that trip hazards are added to inspection reports.*

Screening and Review – *Good - no recommendations at this time.*

ADA Implementation – *Good – No recommendations at this time.*

Injury and Illness Prevention Program (IIPP) – *Good – No recommendations at this time.*

Waiver and Release – *Good - no recommendations at this time.*

Facility Use Agreement – *Good - no recommendations at this time.*

Parks and Facilities – *Good - no recommendations at this time.*

Pools – *Good – no recommendations at this time.*

Entrance Medical Exam – *Good - no recommendations at this time.*

Job Descriptions – *Good - no recommendations at this time.*

Volunteers – *Good – no recommendations at this time.*

Life Safety – *Good – No recommendations at this time.*

RECOMMENDATION:

None, Information only.

REFERENCE MATERIALS ATTACHED:

District Visitation Summary

CYCLE 16 DISTRICT VISITATION SUMMARY

DISTRICT	CYCLE 16	DATE OF VISIT	A: FOLLOW-UP (1)	B: DISTRICT SAFETY COMMITTEE (13)	C: INSPECT & MAINT (9)	D: SCREENING AND REVIEW (12)	E: ADA IMPLEMENTATION (7)	F: IPP IMPLEMENTATION (6)	G: WAIVER & RELEASE (6)	H: FACILITIES USE (5)	I: PARKS AND FACILITIES (5)	J: POOLS (7)	K: ENTRANCE MEDICAL EXAMS (4)	L: JOB DESCRIPTIONS (6)	M: VOLUNTEERS (9)	N: LIFE SAFETY (9)	O: LEGAL/EMPLOYMENT (1)	TOTAL
Almanor	Vgood	08/17/18	1	13	9	12	7	6	6	5	5	-	4	6	9	9	1	93
Ambrose	Vgood	09/21/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Arcade Creek	Vgood	07/09/18	1	13	9	12	7	6	6	5	5	-	4	6	9	9	1	93
Arden Manor	Vgood	08/14/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Arden Park	Vgood	07/25/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Auburn Area	Vgood	03/14/19	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	99
Bear Mountain	Vgood	11/13/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Bear River																		
Beaumont-Cherry Valley																		
Belvedere-Tiburon ***	Vgood	10/11/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Boulder Creek																		
Buttonwillow	Vgood	11/14/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Carmichael																		
Central Plumas	Vgood	08/17/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Coalinga-Huron																		
Conejo																		
Cordova	Vgood	07/23/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Desert																		
Dunsmuir																		
Durham	Vgood	08/16/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Fair Oaks	Vgood	07/10/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Fulton-El Camino	Vgood	07/11/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Greater Vallejo	Vgood	09/19/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Hayward Area																		
Hesperia																		
Highlands																		
Isla Vista																		
Jurupa Area	Vgood	11/07/18	1	13	9	12	7	6	6	5	5	-	4	6	9	9	1	93
La Selva Beach																		
Ladera																		
Lake Cuyamaca		04/05/19	1	11	8	11	5	6	6	5	5	N/A	4	6	N/A	8	1	77
Livermore Area																		
McFarland	Vgood	04/03/19	1	11	9	12	6	6	6	4	5	5	4	6	8	7	1	91
Mendocino Coast																		
Mission Oaks	Vgood	07/23/18	1	11	9	12	7	6	6	5	5	-	4	6	9	9	2	92
Monte Rio																		
Mount Shasta																		
North of the River	Vgood	11/14/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
North County																		
North Highlands	Vgood	07/09/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Orangevale	Vgood	08/13/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Paradise	Vgood	08/16/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Pleasant Hill	Vgood	09/21/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Pleasant Valley																		
Rancho Simi																		
Rim of the World																		
Rio Linda-Elverta	Vgood	07/24/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Russian River																		
Shafter																		
Silverado-Modjeska	Vgood	11/07/18	1	13	9	12	7	6	6	5	5	-	4	6	9	9	1	93
Soledad Mission																		
Southgate *****	Vgood	08/30/18	1	13	9	-	7	6	-	-	5	-	4	-	9	-	1	55
Strawberry	Vgood	10/11/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Sunrise	Vgood	10/08/19	1	13	9	23	7	6	6	5	5	7	4	6	9	9	1	111
Tehachapi Valley	Vgood	11/15/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	100
Truckee-Donner																		
Tuolumne																		
Valley-Wide	Vgood	02/14/19	1	13	9	12	6	6	6	5	5	7	4	6	9	9	1	99
Wasco	Vgood	04/03/19	1	12	9	12	5	6	6	5	5	6	4	6	9	7	1	94
Weed																		
West Side	Vgood	11/14/18	1	13	9	12	7	6	6	5	5	7	4	6	9	9	1	

17-May-19

*** MEMBER - WORKERS' COMP ONLY

Property/Liability/Workers' Comp WITH A POOL

90-100 Very Good
80-90 Good
70-79 Needs Improvement

69 or less Unsatisfactory

WITHOUT A POOL

84-93 Very Good
74-83 Good
65-73 Needs Improvement
64 or less Unsatisfactory

Workers' Comp Only

EXECUTIVE DIRECTOR/ STAFF REPORTS

SUBJECT: MPN Program Update

BACKGROUND AND STATUS:

At the last CAPRI Board Meeting in May, the Board reviewed the success of the CAPRI Medical Provider Network from the past two years. After discussion, the Board voted to require all members participate in the MPN no later than July 1, 2019 and that they would consider appeals for an exemption with good cause.

Since that time, Staff has announced the decision of the Board to the currently non-participating members. For the most part, feedback has been positive and several Districts have already begun the enrollment process. While there have not been any official appeals, Mendocino Recreation has indicated they will seek an exemption based on the hardship to their employees (nearest MPN is approximately one hour drive away.) Staff will provide another update on the program at the Board Meeting in July.

RECOMMENDATION:

Information only.

REFERENCE MATERIALS ATTACHED:

None.



Agenda Item 8.3

EXECUTIVE DIRECTOR/ STAFF REPORTS

SUBJECT: Alliant Property Appraisal Program Update

BACKGROUND AND STATUS:

At the start of the next fiscal year and now continuing on moving forward, CAPRI will be participating in Alliant's Property Appraisal Program. Each year, Alliant will review and appraise certain CAPRI properties to ensure our districts are sufficiently insured. Thank you to Alliant and Doug Wozniak in facilitating the initiation of this program.

RECOMMENDATION:

Information only.

REFERENCE MATERIALS ATTACHED:

None.

EXECUTIVE DIRECTOR/ STAFF REPORTS

SUBJECT: News Articles of Note

BACKGROUND AND STATUS:

Staff has collected recent articles and academic papers that relate to the business of CAPRI that may be of interest to the Board and/or the membership

RECOMMENDATION:

Information only.

REFERENCE MATERIALS ATTACHED:

- "Wildfires make it harder for California homeowners to get insurance" – San Francisco Chronicle; April 20, 2019
- "California Independent Contractor Test Applies Retroactively" – Bloomberg Law; May 2, 2019
- "Newsom: Homelessness is 'out of control.' California governor outlines \$1 billion plan" – Desert Sun; May 9, 2019
- "Jury Returns \$2 Billion Verdict Against Monsanto for couple with Cancer" – CNN; May 14, 2019

Wildfires make it harder for California homeowners to get insurance

Kathleen Pender

April 20, 2019 | Updated: April 20, 2019 7:16 a.m.



Homeowners in high-risk fire zones, including some in Berkeley, above and below, rejected by mainstream insurers, are turning in greater numbers to alternative carriers that often charge more for less.

Photo: Yalonda M. James / The Chronicle

As the cost and risk of California wildfires grow, it's getting harder for homeowners to get and keep insurance in fire-prone regions including the Sierra foothills, Tahoe and some parts of the Bay Area.

Homeowners rejected by mainstream companies are turning in greater numbers to alternative carriers that provide less coverage, higher prices or both.

These alternatives include the California Fair Plan, the insurer of last resort for homeowners and renters, and surplus lines carriers such as Lloyds of London, which are much less regulated than mainstream, or “admitted,” firms regulated by the California insurance department. Since 2016, both have seen a surge in business, which has accelerated this year in the wake of November’s devastating Camp Fire.

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Last year, surplus lines carriers sold 49,370 homeowners policies in California with \$122 million in annual premiums, both up nearly 60% from 2016, according to the Surplus Line Association of California.

In the first three months of this year, they sold 19,389 policies with \$52.6 million in premiums — up 93% and 143%, respectively, from the same period last year.

The Fair Plan sold 33,898 policies in brush/wildland areas last year, up 25% from 2016. The Fair Plan does not have numbers for this year, but in some counties at very high risk of wildfires, they’re running 300% ahead of last year, said Tammy Schwartz, its vice president for underwriting and operations.

She cautioned that its numbers in those rural counties are coming from a very small base. The Fair Plan insures homeowners who can’t get mainstream insurance for any reason. Overall, it sold 122,687 policies last year, mostly in urban areas. Three-quarters of its policies are in Los Angeles, Riverside and San Bernardino counties.

The Fair Plan and surplus lines are still a very small part of the California homeowners insurance market; combined, they account for less than 2% of all policies sold.

The Fair Plan is not a state agency, it’s an association of admitted carriers and backed by them. Its policies “satisfy the insurance required by mortgage lenders,” President Anneliese Jivan said.

Its basic policy covers damage from fire, lightning, internal explosion and smoke. Homeowners can purchase additional coverage for windstorm, hail, vandalism and a few other perils. But if they want coverage for liability, theft and water/mold damage, they need to buy an additional wraparound or “difference in conditions” policy from another company.

With insurance department approval, the Fair Plan raised its premiums by 20% on average April 1. However, those with the lowest wildfire risk will get a 10% to 30% rate cut while those with the highest risk scores will get increases up to 69%.

Surge in surplus

When California homeowners can't get insurance from "admitted" carriers regulated by the Department of Insurance, they sometimes turn to surplus lines carriers, which have seen a rise in business since 2016. This chart shows the number of policies and premiums charged by surplus carriers on California homeowners policies each year.

Year	No. of policies written	Premiums on those policies
2009	14,116	\$46,092,611
2010	13,684	\$45,461,114
2011	13,517	\$44,164,128
2012	15,619	\$51,640,085
2013	21,812	\$61,097,141
2014	30,500	\$77,590,841
2015	37,120	\$91,959,997
2016	31,107	\$77,828,895
2017	44,973	\$110,596,890
2018	49,370	\$122,423,171
2019*	19,389	\$52,631,689

*Through March 31. For the same period last year, they sold 10,021 policies with \$21,617,546 in premiums.

Source: Surplus Line Association of California

Unlike admitted carriers, surplus lines don't have to get their rates approved and are not part of the California Guarantee Insurance Association, which pays claims when a member firm goes under. Merced Property & Casualty Company, a small company that failed after the Camp Fire, was a member of the Guarantee Association.

When homeowners can't get coverage from an admitted carrier (they generally must have three rejections), their insurance agent typically turns to a broker who specializes in surplus lines.

Tom Carvalho, an underwriting manager with Burns & Wilcox in San Francisco, is one of them. The 2017 and 2018 wildfires caused admitted and non-admitted carriers "to reconsider their views on

California,” he said. “Carriers are defining high brush or high risk areas broader and broader.” Because surplus carriers don’t have to file rate plans, “they can be very quick to react.”

Two years ago, a surplus lines policy was “pretty consistently” 20% to 75% higher than a Fair Plan paired with a wraparound policy. Now, he said, “the market is so in flux it could be four times as expensive,” or it might 20%. “We’ve seen ripples, corrections and over-corrections as everyone is trying to figure it out.”

Stephanie Cannell, an independent insurance broker in Mill Valley, had a client in Mill Valley who paid \$3,700 for \$1.1 million worth of dwelling coverage from Lexington, a surplus lines carrier, last year. When Lexington declined to renew the policy, she got a quote from Lloyds of London for \$7,157. “I’m asking if Lexington will reconsider,” she said.

Based on anecdotal evidence, Carvalho and others say homeowners in the Sierra foothills and Lake Tahoe area are having the most trouble getting and keeping insurance. But it’s also affecting parts of Napa, Sonoma and Marin counties; Lafayette-Moraga-Orinda or Lamorinda; the Berkeley-Oakland hills and Portola Valley/Woodside on the Peninsula.

Regardless of its location, insurers evaluate each home individually based on factors such as prior losses, year built, age of wiring, type and age of the roof, slope, proximity to fire services, road access for fire engines and wildfire risk based on maps and possibly scores from risk-modeling companies such as Verisk, CoreLogic and Risk Management Solutions, said Janet Ruiz of the Insurance Information Institute, a trade group.

Verisk’s risk score, called FireLine, rates individual addresses from zero (lowest) to 30. The three main factors that determine its scores are fuel to feed a fire, topography and access. The one that changes most often is fuel. After a wildfire decimates an area, its risk score can go down because the vegetation is gone. Verisk has not changed its underlying algorithm in response to droughts or climate change, said Stephen Clark, a Verisk vice president.

About 100 California homeowners who responded to a 2017 survey by consumer group United Policyholders said they were not renewed in the past three years because of a FireLine score.

Clarke, however, said he’s heard that some companies are using FireLine “to begin writing more” insurance in high-risk areas “if they can get a premium commensurate with that exposure.”

Adrienne Peixotto, an agent with Newfront Insurance, has a client in Sonoma on the same street as a fire station who is being dropped because of high brush exposure. A neighbor on the same street, with the same insurance company, was not dropped. “I have been told the neighbor's house is more easily accessible,” she said. “It’s hard as an agent to know where to go. We asked around, every insurance company declined this property. They would have to go to Lloyds of London, which was a significant rate increase.”

Peixotto said she’s getting calls “on a daily basis” from people checking on insurance before they purchase a home. Some have opted not to put in offers.

Fair Plan policies

The California Fair Plan offers limited coverage to homeowners who can't get insurance elsewhere. Here are the number of policies sold in areas at risk of wildfires, and total policies.

Year	Policies in brush/wildland areas	Total dwelling policies
2014	22,397	126,687
2015	24,421	125,984
2016	27,193	124,690
2017	30,432	123,169
2018	33,898	122,687

Source: California Department of Insurance

When Michael Downs and his wife, Alison, moved from San Diego to Berkeley last year to be closer to kids and grandkids, they initially didn’t give insurance much thought. They’d had State Farm for their home, autos and liability umbrella since 1977.

“I assumed State Farm would insure me, and we’d go our merry way,” he said. It wasn’t until they were in escrow on a home in the Berkeley hills that he found out State Farm wouldn’t insure it.

“I tried AAA, Farmers Insurance, a few other companies. I started getting the same kind of response: ‘What’s your address? Hold on a sec. I’m sorry, because of the recent fires, we won’t issue a policy in the area. Try the Fair Plan.’”

Because he had no mortgage, Downs was able to close on the home in December without insurance. He finally got a policy in January from Travelers, an admitted carrier. He’s paying about \$2,000 more to insure the Berkeley home, which is the same size as his San Diego home, but better made.

Bay Area real estate agents say insurance is no longer an afterthought. When Dana Green, a Compass agent who sells in Lamorinda, gets a new listing, she asks an independent agent to run the address and get quotes from insurance companies, which she includes with a disclosure packet given to prospective buyers. Before this year, she only did this when there might be a problem, but now she does it on every home.

“Buyers don’t have as many choices, but they still can get insurance,” she said. The only time it threatened a deal was on a house with a shake roof in a high-fire zone. “We were able to get insurance but had to agree to make changes to the roof within a certain amount of time,” she said.

Joshua Deitch, a Coldwell Banker agent in Mill Valley, said insurance “has become more challenging and a concern. However, there always seems to be a solution. It’s not just calling your insurance agent anymore. Some of the carriers have hit their maximum limit in (Mill Valley), but other carriers have not and are therefore still underwriting. It’s just extra work.”

Amy Gurowitz, who lives in Oakland’s Redwood Heights area, said she got a letter from Liberty Mutual in February saying it would not reissue her policy due to fire risk. “We are near where the Oakland hills fire was in 1989, but we are on the other side of the freeway, not in a high-tree area, and on a major road right by a freeway on-ramp,” she said.

Gurowitz shopped around and got a quote from USAA for roughly the same coverage and price. Strangely, she then got a renewal policy from Liberty Mutual. One person at Liberty said her property was reassessed based on new data, another said the renewal was sent in error but would be honored. Gurowitz decided to go with USAA.

Many of the state’s largest admitted carriers, including Liberty Mutual and Travelers, have said — via email or in published statements — that they are trimming their exposure to wildfire risk in California, but downplayed the number of policyholders affected.

“After careful review of our exposure in Northern California, we are non-renewing only a very small percentage of insurance policies with the highest risk,” a spokesman for CSAA Insurance Group said in an email.

At Farmers Insurance, “We have begun an initiative to reduce our wildfire exposure in the state,” a spokesman said in an email. “Customers who experienced a loss in the recent Camp, Woolsey and Hill fires will not be impacted by this initiative.”

That's because state law prevents insurers from dropping customers who suffered a total loss caused by a declared disaster for a certain period of time. For losses suffered before 2019, they must offer to renew customers at least once. For losses in 2019 and thereafter, they must offer to renew them at least twice or for 24 months, whichever is greater.

Also starting this year, a new law prevents insurers from non-renewing any residential policy in a ZIP code within or adjacent to the fire perimeter, for one year after a disaster is declared. That will temporarily protect people who live in or near disaster areas but suffered a partial or no loss.

Kathleen Pender is a San Francisco Chronicle columnist.

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California Independent Contractor Test Applies Retroactively (1)

By Hassan A. Kanu, Erin Mulvaney and Patrick Dorrian

Posted May 2, 2019, 9:44 AM Updated May 2, 2019, 1:53 PM

- ‘Legal tradition’ is to apply judicial decisions retroactively
- Applying ABC test to pending cases serves wage law’s goals

A California Supreme Court ruling that created a strict standard for determining who is an “employee” applies retroactively, the Ninth Circuit held May 2 in a ruling expected to have a wide reach.

The decision means a legal test created last year by the California Supreme Court in *Dynamex Operations West, Inc. v. Superior Court*—making it harder for companies to classify workers as independent contractors—will be applied to cases going forward, as well as to disputes dating back to before the new test was enacted. Formal “employee” status comes with additional rights and benefits to workers.

The U.S. Court of Appeals for the Ninth Circuit’s opinion has major implications for California employers that rely on independent contractors, including gig economy companies like Uber Technologies and Postmates, and could even compel some businesses to simply reclassify contractors as employees and change pay and benefits. It comes as Uber plans to raise as much as \$9 billion in what is expected to be the biggest initial public offering of stock thus far in 2019.

The ruling also has important effects on franchised businesses like McDonald’s and international commercial cleaning company Jan-Pro—the defendant in the Ninth Circuit case. Making the *Dynamex* decision retroactive subjects employers to liability for misclassifying workers as contractors potentially going back four years before the 2018 decision, based on California’s statute of limitations, said Jeffrey Horton Thomas, a management-side lawyer in the employment practice group at Akerman LLP’s California office.

“Today’s Ninth Circuit ruling is the clearest decision yet that the *Dynamex* decision will be given retroactive effect,” Thomas said. He said the ruling, “could be “devastating to many businesses and requires their attention now.”

Jan-Pro will petition for a re-hearing on the issue, O’Hagan & Meyer’s Jeff Rosin, the company’s attorney, said in an email to Bloomberg Law. He said the issue wasn’t correctly decided and is of “critical important to the case and it’s unique procedural history, as well as other cases.”

The ruling is significant and strongly re-emphasized the strength and clarity of the ABC test, said Shannon Liss-Riordan, an attorney at Lichten & Liss-Riordan P.C., who represented Gerardo Vazquez and other plaintiffs in the case. She said the detailed ruling also provides guidance to lower courts on specifically how the prongs of the test should be interpreted.

The ruling should be a signal that many companies need to re-classify its workforce, she said.

“I believe that the *Dynamex* decision made that clear and it should have been clear last year, but I believe it makes it clear all over again,” Liss-Riordan told Bloomberg Law. She previously brought cases against companies, such as Jan-Pro, and prevailed on the same argument in Massachusetts, which has a similar worker classification test.

Some companies may have alternatives besides turning contractors into employees, said Richard Reibstein, a management-side partner at Locke Lord LLP in New York who heads the firm’s independent contractor misclassification and compliance practice.

“The Ninth Circuit’s decision, even if the reasoning is subject to question, is now the law in the federal courts determining independent contractor status under California law for so-called ‘wage order’ claims,” Reibstein said.

Gig Companies Face ‘Uphill Battle’

Dynamex established a three-factor “ABC” test to answer whether a worker is a legal “employee” in cases brought under California wage laws. To prove a worker isn’t actually a formal employee, companies have to show the worker has freedom from control over how to perform the services provided; that the services are outside the business’s normal variety or workplace; and that the worker is engaged in an independently established role. The test replaced a multifactor analysis that made it easier for companies to argue workers should be classified as contractors.

Applying *Dynamex* retroactively is consistent with the state’s “legal tradition,” Judge Frederic Block wrote in the Ninth Circuit’s opinion. The California high court also denied a petition asking it to state that the *Dynamex* decision should be applied prospectively only—“a data point for us to consider,” Block said.

There’s also no indication that California state courts are likely to limit the *Dynamex* test to new cases, the Ninth Circuit said.

Businesses have said the standard has the potential to upend gig economy companies whose business models are often based and reliant on independent contracting.

The ruling prompted new litigation against the companies, who’ve generally argued that the test shouldn’t be retroactive and should be applied narrowly. The Ninth Circuit’s May 2 decision potentially telegraphs the outcome of a closely watched battle over worker classification against GrubHub, widely considered a case to test the gig economy’s business model.

The Ninth Circuit cited cases involving a limousine business and timber harvester to “make clear that gig economy companies like Uber and Lyft face an uphill battle in asserting that their business is their app, rather than providing rides to customers,” Michael Rubin, a labor-side attorney at Altshuler Berzon LLP in California, told Bloomberg Law. Rubin filed amicus briefs as a representative of unions and worker advocacy groups in the *Dynamex* case and participated in oral arguments.

“The analysis shows that the focus is not how a company accomplishes its core business objectives, but what that core business objective is, whether transporting passengers or harvesting timber,” Rubin said.

The court’s findings on that end will likely present a challenge to gig economy companies trying to prove the ‘B’ part of the new test—that services provided by a contractor are outside the business’s normal variety.

Liss-Riordan, who represents driver Raef Lawson in the GrubHub case, cited the *Dynamex* decision in her appeal and said the new ABC test clearly means Lawson’s an employee and not an independent contractor.

Franchises On Hook

The Ninth Circuit’s decision also has particularly important application to businesses that use a franchise model.

That industry and a representative lobbying organization, the International Franchise Association, has been urging lawmakers and courts for a number of years to limit franchisors’ vicarious liability or ‘joint employment’ liability—in other words, to limit circumstances where both a parent franchisor and franchisee can be held liable for employment illegality.

“Many franchisors and the IFA have long insisted that franchisees and franchisors are entitled to special protections under California wage law, and the Ninth Circuit in this opinion made clear that’s not the case,” Rubin said.

The court essentially held that the “ABC” test applies to both a franchisee and the parent franchisor when deciding whether a group of workers are formal employees, pointing to increased exposure to liability for franchisors.

The “applicability of *Dynamex* in this case presents an unfair situation whereby a franchisee who severed his franchise relationship a decade ago” would “have his case analyzed against JPI under a legal standard adopted last year,” Rosin said.

“Short of legislative relief or intervention by the U.S. Supreme Court, California’s 76,000 franchise hotels, gyms, restaurants, and retail stores will live in legal uncertainty for the foreseeable future,” said Matthew Haller, a senior vice president at the IFA. The “9th Circuit has created an anti-business atmosphere that will make both franchise investors and entrepreneurs skeptical of opening or expanding in California.”

Case Returns to Lower Court

The decision means Jan-Pro must defend class claims that it illegally designated California employees as independent contractors.

The Ninth Circuit rejected Jan-Pro’s argument that retroactive application would be unfair to business owners. Limiting application of the ABC test to new cases only would defeat the remedial purposes of California wage law cited by the state supreme court, Block said.

Retroactive application ensures that the workers who sued Jan-Pro can provide for themselves and their families, Block said. It also protects the janitorial industry as a whole “by putting Jan-Pro on equal footing” with other businesses, and shields California from the burdens of having to support citizens who are paid “substandard wages.”

A lower court that had dismissed the claims must now reexamine the case under the ABC test.

Judges Ronald M. Gould and Marsha S. Berzon joined the opinion.

The case is *Vazquez v. Jan-Pro Franchising Int’l Inc.*, 9th Cir., No. 17-16096, 5/2/19.

Jury returns \$2 billion verdict against Monsanto for couple with cancer -- the biggest so far

By Michael Nedelman, CNN

Updated 9:00 AM ET, Tue May 14, 2019



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(CNN) — A jury handed an unparalleled \$2.055 billion verdict in favor of a couple in California who say their cancer was caused by long-term exposure to Monsanto's popular weed killer Roundup, according to the plaintiffs' attorneys.

The verdict in Oakland includes more than \$55 million in compensatory damages to the couple and \$2 billion in punitive damages, a statement said.

The verdict "is as clear of a statement as you can get that they need to change what they're doing," one of the plaintiffs' attorneys, Brent Wisner, told reporters Monday.

Related Article: \$80 million awarded to man who jury says got cancer after Roundup exposure

It follows [several recent losses](#) the company has faced in court concerning Roundup. Thousands of similar cases are pending at the federal or state level.

Bayer, the parent company of Monsanto, insists that glyphosate -- the key ingredient in Roundup -- is safe.

"Bayer is disappointed with the jury's decision and will appeal the verdict in this case," [it said in a statement](#) after Monday's verdict.

The septuagenarian plaintiffs, Alva and Alberta Pilliod of Livermore, used the weed killer on their property for more than three decades and were diagnosed with the same type of cancer, non-Hodgkin lymphoma, four years apart, according to their attorneys.

Bayer said the jury was presented with "cherry-picked findings" inconsistent with a [statement last month](#) by the US Environmental Protection Agency, which announced that glyphosate was not a carcinogen and posed no public health risk when used as directed.

Related Article: The EPA says glyphosate, the main ingredient in Roundup, doesn't cause cancer. Others aren't so sure

"The contrast between today's verdict and EPA's conclusion that there are 'no risks to public health from the current registered uses of glyphosate' could not be more stark," Bayer said.

However, not all groups have mirrored the EPA's announcement. Cases like the Pilliods' surged after a World Health Organization report in 2015 suggested that glyphosate might cause cancer.

The report, by WHO's International Agency for Research on Cancer, said glyphosate is "[probably carcinogenic to humans](#)." Bayer's statement on Monday said the plaintiffs "relied heavily" on the agency's 2015 assessment but called it "an outlier among international health regulators and scientific bodies."

Most lymphoma cases have no known cause, according to the [American Cancer Society](#).

There have also been concerns about whether Monsanto has had undue influence over regulators, with internal company documents playing a key role in Monday's verdict, according to the plaintiffs' lawyers.

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In the statement, Michael Miller, another of the Pilliods' lawyers, said their case is different from two previous Monsanto trials "where the judges severely limited the amount of plaintiffs' evidence." He said the jury

was shown a "mountain of evidence showing Monsanto's manipulation of science, the media and regulatory agencies to forward their own agenda."

Wisner said Monday that this evidence included emails and text messages between Monsanto and EPA officials.

A Monsanto spokeswoman [previously denied that](#) the company had ever paid, given gifts to or done anything else to curry favor with anyone from the EPA.

"This is going to continue until Monsanto and now Bayer takes responsibility for its product," Wisner said.

"This is not the end of this litigation," he said. "This is the beginning."

CNN's Holly Yan, Sarah Moon and Cheri Mossburg contributed to this report.

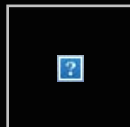


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Newsom: Homelessness is 'out of control.' California governor outlines \$1 billion plan

Adam Beam, Associated Press Published 6:56 p.m. PT May 9, 2019

SACRAMENTO – Calling it “a stain on the state of California,” Gov. Gavin Newsom on Thursday vowed to use part of a historic budget surplus to tackle homelessness in the nation’s most prosperous state.

“This homeless issue is out of control,” Newsom told reporters on as he unveiled his revised state budget. “(People) are outraged by it, they are disgusted by it, they are wondering what the hell is going on in Sacramento, and they should.”

Newsom outlined a proposed \$1 billion in spending to combat the problem as part of his \$213.5 billion state spending plan, an increase of \$4.5 billion from his first plan in January.

His proposal included a massive state surplus of \$21.5 billion, most of which he used to pad state reserves and pay down debt as he warned of a coming recession. That still left him billions more to invest in homelessness as well as teacher training, health care for young immigrants living in the country illegally and a tax credit for working families.

While homelessness in America has declined by 13% since 2010, it has jumped by 9% in California during the same time period, driven in part by a lack of housing and soaring rental and home costs.

Newsom’s spending plan gives \$650 million to local governments to build shelters, offer rental assistance and convert hotels and motels to temporary or permanent housing. The state’s 13 largest cities would get \$275 million, and the counties would get \$275 million. The rest would go to community organizations.

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[Experts Agree: Aquatic Exercise Does It All](#)

“Being on the streets, living in cars and other uninhabitable places is not acceptable. We need those immediate dollars to get out and deal with that,” said Anya Lawler, policy advocate for the Western Center on Law and Poverty.

Newsom is also calling for a fresh \$20 million to provide legal assistance to people facing eviction or in disputes with landlords and another \$40 million that would help the state’s public colleges and universities aid homeless students. His total spending on homelessness is up by several hundred million dollars from January.

He had already called for putting half a billion dollars into a tax credit program for building low income housing.

More broadly, Newsom’s budget aimed at addressing California’s high cost of living by spending \$1.2 billion more to increase a tax credit for working families with young children from \$200 to \$1,000.

“We call it a cost-of-living refund. Others will call it a tax cut,” Newsom said.

Newsom’s budget announcement kicks off negotiations with lawmakers, who must pass a budget by June 15 or lose their pay. California’s projected revenue grew by \$4.5 billion since January after state officials collected more individual income taxes in April than they had planned.

But Newsom said he’s “feeling anxiety” about the next recession, which he said could cost the state \$70 billion in revenue and lead to a deficit of \$40 billion over three years. That’s why he wants to spend \$15 billion to pay down debt and fill the state’s reserves.

It’s a message that echoes his predecessor, fellow Democrat Jerry Brown, who prioritized saving money in anticipation of a coming economic downturn that could wipe out tens of millions of dollars in state revenue.

“The headwinds are real,” Newsom said.

Still, Newsom's proposal spends significantly on public education, including expanding preschool programs and spending more on teacher training. In total, Newsom said about 45 percent of state spending will go to public education.

Democratic Assemblyman Phil Ting, who chairs the budget committee, said the budget must invest in the state's social infrastructure.

"At a time of unparalleled prosperity in our state, nearly 20% of Californians live in poverty and millions more are living right on the edge," he said.

Republicans criticized Newsom for including new taxes that would pay for clean drinking water in rural areas and bolster the state's 911 emergency system.

"We already have the revenue to do those things without increasing taxes," Assembly Budget Committee vice chairman Jay Obernolte said.

But others praised Newsom's budget for its commitment to spending on the homeless. They included Fresno Mayor Lee Brand, who said Newsom's \$650 million in aid to local governments was "very encouraging."

The issue is personal for Brand, who said his daughter was homeless for several years while battling drug addiction. He said she has now turned her life around and lives drug-free in Indiana, where she has a job in manufacturing.

"I learned don't give up on people," he said. "You see people out there, they all were at one time sons and daughters."

Associated Press writer Kathleen Ronayne contributed.