

California Association for Park and Recreation Indemnity Board of Directors

President, Dean Wetter
Vice President, Michelle Lacy
Secretary, Jill Nunes

Directors

Director Lorena Cervantes
Director Jim Friedl
Director Mathew Fuzie
Director Brandy Hosack

REGULAR MEETING OF THE BOARD OF DIRECTORS

1:00 p.m. – Friday, April 24, 2026

1075 Creekside Ridge Drive, Suite 240
Roseville, CA 95678

In addition to the physical address identified above, California Association for Park and Recreation Indemnity will be conducting this meeting via video and teleconference.

Zoom Meeting:

<https://us02web.zoom.us/j/88080484152?pwd=85j2G9gjuLK5HD3vM7momqtjRnXL4f.1>

Passcode: 068558

In compliance with the Brown Act, this meeting is being conducted by teleconference from:

901 W. Esplanade Ave., San Jacinto, CA 92582
147 Gregory Lane, Pleasant Hill, CA 94523
11070 White Rock Rd., Suite 130, Rancho Cordova, CA 95670
10300 San Diego St., Lamont, CA 93241
403 W. Hillcrest Drive, Thousand Oaks, CA 91360
4444 East Ave., Livermore, CA 94550
4855 Hamilton St., Sacramento, Ca 95841

*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
April 24, 2026

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.

The CAPRI Board encourages public participation. If you desire to address the Board on any CAPRI related item on the Agenda, you are asked to complete a speaker form and turn it in to the Executive Director. Members of the public may also offer public comment by email. Emails must be submitted to mbreck@capri-jpa.gov no later than one hour prior to the start of the meeting. Please note, emailed public comments will be distributed to the Board and treated as a public comment.

4. **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.

5. **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.

6. **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.

- 6.1 **Approval of CAPRI Board Meeting Minutes**

- February 24, 2026

7. **PULLED CONSENT ITEMS**

8. **SPECIAL REPORTS**

- 8.1 **CAPRI Audit Report for 2024-2025 – James Marta & Company LLP**
- 8.2 **Workers’ Compensation Actuarial Analysis – Bickmore Actuarial**
- 8.3 **General Liability & Property Actuarial Analysis – Bickmore Actuarial**
- 8.4 **Insurance Market Report – Alliant Insurance Services**

9. **DISCUSSION/ACTION ITEMS**

- 9.1 **New Member Application – Rim of the World Recreation & Park District**

- The Board shall review and discuss the application of Rim of the World Recreation & Park District for the CAPRI Workers’ Compensation program.

Agenda
Regular Meeting of the Board of Directors
April 24, 2026

- 9.2 **Member Loyalty and Safety Discount Calculations 2026-2027**
 - The Board shall review and discuss the proposed discount calculations for the 2026-2027 fiscal year.
- 9.3 **CAPRI 2026-2027 Budget Review**
 - The Board shall review and discuss the proposed CAPRI Budget for the 2026-2027 fiscal year.
- 9.4 **Board Vacancy**
 - The Board shall provide Staff direction with respect to filling the upcoming Board vacancy.

- 10. **EXECUTIVE DIRECTOR/STAFF REPORTS**

- 11. **BOARD MEMBER REPORTS**
 - 11.1 **Board Member Comments**

- 12. **FUTURE AGENDA ITEMS**

This section is reserved for items identified by Board members and Staff as matters for future Board business.

 - WC Experience Modification Factors 2026-2027
 - General Liability & Property Program 2026-2027 Funding Review
 - Workers' Compensation Program 2026-2027 Funding Review
 - Final 2026-2027 Budget Review
 - Prepaid Pension Trust (Sec. 115 Trust) Discussion
 - WC Premium Allocation Formula
 - GL & Property Premium Allocation Formula

- 13. **ANNOUNCEMENTS**

The next CAPRI Board of Directors Meeting will be held on Wednesday, May 27, 2026 in Monterey, CA.

- 14. **ADJOURNMENT**

BOARD OF DIRECTORS REGULAR MEETING

February 24, 2026

MINUTES

1. CALL TO ORDER:

The regular meeting of the Board of Directors was held on February 24, 2026. The Meeting was called to order by President Wetter at 2:02 p.m.

Members Present: President Dean Wetter, Vice President Michelle Lacy, Secretary Jill Nunes, Director Lorena Cervantes, Director Mathew Fuzie, and Director Brandy Hosack.

Members Absent: Director Jim Friedl

CAPRI Staff Present: Executive Director Matthew Duarte, Director of Administrative Operations Monica Breck, Director of Safety and Risk Control Kirk Andre, Risk Analyst Mario Castagnola, and Executive Assistant Janay Hood.

Others Present: Byrne Conley (Gibbons and Conley), Doug Wozniak (Alliant Insurance), Charles Torretta (George Hills Company), Brittany Torretta (George Hill Company), Sally Town (Sedgwick), Allison Kaune (PFM), and Mike Heller (Rio Linda Elverta RPD).

2. INTRODUCTIONS: Introduction of CAPRI's newest employee, Mario Castagnola, and introductions around the room.

3. PUBLIC COMMENTS: None.

4. CLOSED SESSION:

The Board convened to Closed Session at 2:04 p.m.

4.1 Worker's Compensation – Existing Litigation Pursuant to Government Code § 54956.9(d)(1)

- Casillas v. Rancho Simi Recreation & Park District
- Jewell v. Livermore Area Recreation & Park District
- Pierce v. Dunsmuir Recreation & Park District
- Podschun v. Rancho Simi Recreation & Park District

4.2 Liability & Property – Existing Litigation Pursuant to Government Code § 54956.9(d)(1)

- Bobol v. Hayward Area Recreation & Park District
- Bottini v. Almanor Recreation & Park District
- Casalong v. Paradise Recreation & Park District
- Doe v. Rancho Simi Recreation & Park District
- Villalvazo v. Livermore Area Recreation & Park District
- CAPRI \$5K Summary

Closed session concluded at 3:34 p.m.

5. 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.

No reportable action.

6. CONSENT AGENDA:

- 6.1** Approval of CAPRI Board Minutes
 - November 7, 2025
- 6.2** Warrant Listings: October 2025 – December 2025
- 6.3** Financial Reports
 - Statement of Net Position
 - Statement of Revenue, Expenses, and Change in Net Position
 - Statement of Revenue and Expenses Budget to Actual
 - Consolidating Statement of Net Positions
 - Consolidating Statement of Revenue, Expenses, and Change in Net Position

MOTION:

Vice President Michelle Lacy made a motion to approve the Consent Agenda items 6.1 - 6.3. Director Mathew Fuzie seconded the motion.

Ayes: *Wetter, Lacy, Nunes, Cervantes, Fuzie, and Hosack*

Nays: *None*

Abstain: *None*

Absent: *Friedl*

7. PULLED CONSENT ITEMS: None.

8. SPECIAL REPORTS

8.1 Investment Status Report

Allison Kaune with PFM provided a report on the status of RIO's investment holdings. The asset allocation has been updated to 50% fixed income and 50% equities per the RIO Board's decision in January. Investments have seen a positive return. The investment portfolio remains consistent with our investment policy.

8.2 Insurance Market Report

Doug Wozniak with Alliant Insurance Services provided an update regarding the current insurance market for the upcoming 26/27 renewal. Doug is cautiously optimistic about the market outlook. Workers' Compensation, Cyber, and Property are looking stable. Liability continues to be a tough market with large settlements and verdicts, but we are in a good place as part of PRISM's program.

8.3 General Liability Program Status Report

Executive Director Matthew Duarte reviewed and discussed the status of the General Liability Program. The claim counts and reserves have increased since this time last year. There are several litigated claims and a number of large claims in the 2023/2024 policy year. The Board was provided with a summary of the GL loss history by fiscal year.

8.4 Property Program Status Report

Executive Director Matthew Duarte reviewed and discussed the status of the Property Program. The 25/26 fiscal year had 20 claims, 9 of which have reached the excess layer, that are a mix including of storm damage, theft, vandalism, and vehicle accidents. The Board was provided with a summary of the Property Loss Run for FY 25/26.

8.5 WC Program Status Report

Executive Director Matthew Duarte reviewed and discussed the status of the Workers' Compensation Program. The total claim count is trending up from the prior year. The Board was provided with a summary of the WC loss history by fiscal year and the WC Claims Performance Analytics.

9. DISCUSSION/ACTION ITEMS:

9.1 Review of CAPRI's Recommended Insurance Requirements

The Board reviewed and discussed the current CAPRI recommendations for insurance requirements in contracts. The Board and Staff agreed that the requirements may need updating due to changes in insurance limit standards. The Board provided direction to Staff regarding further research. This item will be brought back to a future Board meeting.

9.2 Board Meeting Calendar 2026

At the November Board Meeting, the Board Meeting Calendar for 2026 was partially approved and partially tabled due to scheduling conflicts. At this meeting, the Board reviewed the proposed updates to the CAPRI Board Meeting Calendar for 2026.

MOTION:

Director Lorena Cervantes made a motion to approve the proposed CAPRI Board Meeting Calendar for 2026. Director Brandy Hosack seconded the motion.

Ayes: Wetter, Lacy, Nunes, Cervantes, Fuzie, and Hosack

Nays: None

Abstain: None

Absent: Friedl

9.3 District Visit Cycle XX Safety Awards

The Safety Awards are based upon the results of each member’s performance at its District Visit. The Board reviewed the proposed winners of the Cycle XX (1st Half) Safety Awards.

MOTION:

Vice President Michelle Lacy made a motion to approve the proposed winners of the Cycle XX (1st Half) Safety Awards. Director Mathew Fuzie seconded the motion.

Ayes: Wetter, Lacy, Nunes, Cervantes, Fuzie, and Hosack

Nays: None

Abstain: None

Absent: Friedl

9.4 PARK Award – Excellence in Risk Management

The Board reviewed the proposed winner of the third annual PARK Award. Following each district visit, CAPRI Staff identifies areas for improvement with recommendations to the Districts. In recent years, CAPRI has acknowledged Districts that make a significant commitment to safety and best risk management practices with the “PARK Award.” This year, Staff is proposing that we recognize Arcade Creek Recreation and Park District for their achievement in risk management practices.

MOTION:

Vice President Michelle Lacy made a motion to approve the PARK Award for Arcade Creek Recreation and Park District for their achievement in safety and risk management practices. President Dean Wetter seconded the motion.

Ayes: Wetter, Lacy, Nunes, Cervantes, Fuzie, and Hosack

Nays: None

Abstain: None

Absent: Friedl

10. EXECUTIVE DIRECTOR/STAFF REPORTS:

10.1 District Visit Update: This item was information only.

10.2 CARPD Update: This item was information only.

10.3 RIO Update: This item was information only.

10.4 Online Training Utilization Report: This item was information only.

10.5 CAPRI 40th: This item was information only.

11. BOARD MEMBER REPORTS:

11.1 Board Member Comments: There were no comments.

12. FUTURE AGENDA ITEMS:

The Board of Directors had no comments or questions.

13. ANNOUNCEMENTS:

The next CAPRI Board of Directors Meeting is scheduled for April 10, 2026.

14. ADJOURNMENT:

The Board adjourned the meeting at 5:24 p.m.

Jill Nunes,
Secretary for the CAPRI Board of Directors

Agenda Item 8.2

SPECIAL REPORTS

SUBJECT: Financial Audit Report 2024-2025

BACKGROUND AND STATUS:

Attached is the audit for fiscal year ("FY") ending June 30, 2025, 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 auditor's role in preparing this Report concerns 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.

James Marta & Company CPAs will be presenting at the Board Meeting addressing the firm's Report.

RECOMMENDATION:

Accept the audit for the FY24-25 as prepared by the accounting firm, James Marta & Company LLP, Certified Public Accountants.

REFERENCES MATERIAL ATTACHED:

- CAPRI's Financial Statements w/ draft of Independent Audit Report



**CALIFORNIA ASSOCIATION FOR PARK AND
RECREATION INDEMNITY**

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

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2025 AND 2024**

DRAFT

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

BOARD OF DIRECTORS

JUNE 30, 2025

Dean Wetter

President

Valley-Wide Recreation and Park District

Michelle Lacy

Vice President

Pleasant Hill Recreation and Park District

Colin Miller

Secretary

Arden Park Recreation and Park District

Lorena Cervantes

Bear Mountain Recreation and Park District

Jim Friedl

Conejo Recreation and Park District

Mathew Fuzie

Livermore Area Recreation and Park District

Jill Nunes

Cordova Recreation and Park District

Matthew Duarte

Administrator

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
Roseville, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Statement of Net Position of California Association for Park and Recreation Indemnity (CAPRI), as of June 30, 2025 and 2024, and the related Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for the years then ended and the related notes to the financial statements, which collectively comprise California Association for Park and Recreation Indemnity's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of California Association for Park and Recreation Indemnity, as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis of our Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California Association for Park and Recreation Indemnity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

California Association for Park and Recreation Indemnity's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about California Association for Park and Recreation Indemnity's ability to continue as a going concern for one year after the date that the financial statements are issued.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

MANAGEMENT DISCUSSION AND ANALYSIS

AS OF JUNE 30, 2025 AND 2024

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of California Association for Park and Recreation Indemnity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about California Association for Park and Recreation Indemnity's ability to continue as a going concern for a reasonable period of time.

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

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, Schedule of Contributions, and the Notes to Required Supplementary Information 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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

MANAGEMENT DISCUSSION AND ANALYSIS

AS OF JUNE 30, 2025 AND 2024

basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of California Association for Park and Recreation Indemnity. 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 Matters

As discussed in note 1A, CAPRI transferred its loss portfolio to its captive, Recreational Insurance Organization (RIO). Since RIO is a component unit of CAPRI, all of RIO's activities will be consolidated into the consolidated financial statements of CAPRI.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **DATE** on our consideration of California Association for Park and Recreation Indemnity's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entities internal control over financial reporting and compliance.

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

DATE

MANAGEMENT'S DISCUSSION AND ANALYSIS

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

MANAGEMENT DISCUSSION AND ANALYSIS

AS OF JUNE 30, 2025 AND 2024

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, 2025. 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, 2025

- Total Assets were \$44.5 million, which was an increase of ~\$6.6 million from the prior year. This was mainly due to an increase in Cash and Investment balances.
- Total Liabilities were \$22.0 million, an increase of ~\$2.6 million from the prior year. The change is due mainly to an increase in Claims Liabilities.
- Total Net Position was \$22.7 million, an increase of ~\$3.8 million. The change in Net Position was primarily driven by increases in Member Contributions and Investment Income.
- Total Member Contributions were \$18.6 million, an increase of approximately \$890,000 from the prior year. This increase in contributions is largely due to an increase in excess insurance premiums and the total covered payroll for the membership.
- Total operating expenses were \$17.6 million, an increase of \$2.5 million from the prior year. This was mainly due to an increase in both Claims and Insurance Expense.
- Total nonoperating income increased by approximately ~\$187,000 over the prior year due to increases in Bank Interest Income.

Description of the Basic Financial Statements

The accounts and records are maintained in-house with the assistance of Gilbert CPAs 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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 DISCUSSION AND ANALYSIS

AS OF JUNE 30, 2025 AND 2024

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

| | June 30, 2025 | June 30, 2024 | Change | | June 30, 2023 | Change | |
|---------------------------------------|----------------------|----------------------|---------------------|------|----------------------|---------------------|-----|
| | | | \$ | % | | \$ | % |
| <u>Assets</u> | | | | | | | |
| Total Other Assets | \$ 44,517,338 | \$ 37,915,657 | \$ 6,601,681 | 17% | \$ 32,842,269 | \$ 5,073,388 | 15% |
| Total Capital Assets | 10,765 | 15,806 | (5,041) | -32% | 8,962 | 6,844 | 76% |
| Total Assets | <u>44,528,103</u> | <u>37,931,463</u> | <u>6,596,640</u> | 17% | <u>32,851,231</u> | <u>5,080,232</u> | 15% |
| <u>Deferred Outflows of Resources</u> | 301,636 | 352,168 | (50,532) | 100% | 353,979 | (1,811) | 0% |
| <u>Liabilities</u> | | | | | | | |
| Total Other Liabilities | 6,471,072 | 5,540,654 | 930,418 | 17% | 5,365,055 | 175,599 | 3% |
| Total Long-Term Liabilities | 15,563,129 | 13,801,149 | 1,761,980 | 13% | 14,228,782 | (427,633) | -3% |
| Total Liabilities | <u>22,034,201</u> | <u>19,341,803</u> | <u>2,692,398</u> | 14% | <u>19,593,837</u> | <u>(252,034)</u> | -1% |
| <u>Deferred Inflows of Resources</u> | 35,852 | 53,296 | (17,444) | 100% | 82,989 | (29,693) | 0% |
| <u>Net Assets</u> | | | | | | | |
| Invested in Capital Assets | 10,765 | 15,806 | (5,041) | -32% | 8,962 | 6,844 | 76% |
| Unrestricted Net Position | 22,748,921 | 18,872,726 | 3,876,194 | 21% | 13,519,422 | 5,353,305 | 40% |
| Total Net Position | <u>\$ 22,759,686</u> | <u>\$ 18,888,532</u> | <u>\$ 3,871,153</u> | 20% | <u>\$ 13,528,384</u> | <u>\$ 5,360,149</u> | 40% |

Condensed Statement of Revenues, Expenses and Change in Net Position

| | June 30, 2025 | June 30, 2024 | Change | | June 30, 2023 | Change | |
|------------------------|----------------------|----------------------|---------------------|------|----------------------|---------------------|-------|
| | | | \$ | % | | \$ | % |
| <u>Revenues</u> | | | | | | | |
| Member Contribution | \$ 18,633,456 | \$ 17,744,194 | \$ 889,262 | 5% | \$ 15,673,387 | \$ 2,070,807 | 13% |
| Other Income | 2,913,331 | 2,726,398 | 186,932 | 7% | 365,688 | 2,360,711 | 646% |
| Total Revenues | <u>21,546,786</u> | <u>20,470,592</u> | <u>1,076,194</u> | 5% | <u>16,039,075</u> | <u>4,431,518</u> | 28% |
| <u>Expense</u> | | | | | | | |
| Claims Expense | 7,019,381 | 4,920,673 | 2,098,708 | 43% | 3,100,587 | 1,820,086 | 59% |
| Insurance Expense | 9,214,268 | 8,814,943 | 399,325 | 5% | 6,941,810 | 1,873,133 | 27% |
| Dividend Expense | - | - | - | 0% | - | - | -100% |
| Other Expenses | 1,441,983 | 1,374,828 | 67,156 | 5% | 709,037 | 665,791 | 94% |
| Total Expenses | <u>17,675,632</u> | <u>15,110,444</u> | <u>2,565,188</u> | 17% | <u>10,751,434</u> | <u>4,359,010</u> | 41% |
| Change in Net Position | 3,871,155 | 5,360,148 | (1,488,994) | -28% | 5,287,641 | 72,507 | 1% |
| Beginning Net Position | 18,888,532 | 13,528,384 | 5,360,148 | 40% | 8,240,743 | 5,287,641 | 64% |
| Ending Net Position | <u>\$ 22,759,687</u> | <u>\$ 18,888,532</u> | <u>\$ 3,871,155</u> | 20% | <u>\$ 13,528,384</u> | <u>\$ 5,360,148</u> | 40% |

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

MANAGEMENT DISCUSSION AND ANALYSIS

AS OF JUNE 30, 2025 AND 2024

Analysis of Overall Financial Position and Results of Operations 2024-25

For the fiscal year ended June 30, 2025, total assets increased by approximately \$6.6 million. This change was primarily reflected in cash and investments balances, which collectively increased by approximately \$6.7 million. Total liabilities increased by \$2.6 million during the fiscal year due primarily to an increase in Claims Liabilities. Overall, net position increased \$3.8 million in the current fiscal year due primarily to an increase in Member Contributions and Investment Income.

During the year ended June 30, 2025, total member contributions increased by approximately \$890,000 over the prior year. The changes in actuarial estimates resulted in an increase of claims expense of approximately \$2.1 million. On an individual program basis, Property claims expense increased by approximately \$830,000 in comparison to the prior year, Liability claims expense decreased by approximately \$220,000, and Workers' Compensation claims expense increased by approximately \$1.4 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 were approximately \$1 million more than the prior year.

Analysis of Overall Financial Position and Results of Operations 2023-24

For the fiscal year ended June 30, 2024, total assets increased by approximately \$5.1 million. This change was primarily reflected in cash and investments balances, which collectively increased by approximately \$4.9 million. Total liabilities decreased by approximately \$252,000 during the fiscal year due primarily to an increase in Claims Liabilities. Overall, net position increased \$5.4 million in the current fiscal year due primarily to an increase in Member Contributions and Investment Income.

During the year ended June 30, 2024, total member contributions increased by \$2 million over the prior year. The changes in actuarial estimates resulted in an increase of claims expense of approximately \$2.2 million. On an individual program basis, Property claims expense decreased by approximately \$1.9 million in comparison to the prior year, Liability claims expense increased by approximately \$1.8 million, and Workers' Compensation claims expense increased by approximately \$2.2 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 were approximately \$3 million more than the prior year.

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

In May 2023, the CAPRI Board of Directors authorized the formation of a Captive Insurance Company, Recreation Insurance Organization (RIO), in order to diversify CAPRI's investment portfolio and more effectively finance its claims liabilities on a reinsurance basis. An initial capitalization payment of \$250,000 was transferred from CAPRI to RIO in June of 2023. RIO officially began operations on July 1, 2023, and \$21.5 million was transferred from CAPRI to RIO in order to fund: (1) the transfer of CAPRI's existing Claims Liabilities incurred through June 30, 2023 in CAPRI's Workers' Compensation and Property/Liability programs to RIO (the "Loss Portfolio Transfer"), and (2) a fully-reinsured program of Workers Compensation and

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

MANAGEMENT DISCUSSION AND ANALYSIS

AS OF JUNE 30, 2025 AND 2024

Property/Liability coverage for the 2023-24 policy year (the “Go Forward Premium”) which continues in 2024-25. It is anticipated that RIO’s investment of the proceeds of the Loss Portfolio Transfer and the Go Forward Premium into a diversified portfolio of investments will allow CAPRI to more effectively finance its claims liabilities and stabilize rates for members in the long-term. Since RIO is a component unit of CAPRI, all of RIO’s activities will be consolidated into the consolidated financial statements of CAPRI.

BASIC FINANCIAL STATEMENTS

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

STATEMENT OF NET POSITION

AS OF JUNE 30, 2025 AND 2024

| | <u>2025</u> | <u>2024</u> |
|--------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 17,692,330 | \$ 13,269,894 |
| Investments Maturing Within One Year | 15,598,214 | 14,129,403 |
| Interest Receivable | 170,653 | 118,700 |
| Receivable from Members | 313,930 | 525,612 |
| Reinsurance Receivable | 259,294 | 205,354 |
| Prepaid Expenses | <u>5,107</u> | <u>17,890</u> |
| Total Current Assets | <u>34,039,528</u> | <u>28,266,853</u> |
| Noncurrent Assets | | |
| Investments | 10,462,536 | 9,587,786 |
| Right to Use - Asset | 15,274 | 61,018 |
| Capital Assets (net) | <u>10,765</u> | <u>15,806</u> |
| Total Noncurrent Assets | <u>10,488,575</u> | <u>9,664,610</u> |
| Total Assets | <u>44,528,103</u> | <u>37,931,463</u> |
| DEFERRED OUTFLOW OF RESOURCES | | |
| Deferred Outflows on Pensions | <u>301,636</u> | <u>352,168</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | 1,247,710 | 276,278 |
| Premium Adjustments Payable | 223,362 | 264,376 |
| Claims Liabilities | <u>5,000,000</u> | <u>5,000,000</u> |
| Total Current Liabilities | <u>6,471,072</u> | <u>5,540,654</u> |
| Noncurrent Liabilities | | |
| Net Pension Liability | 859,885 | 874,137 |
| Lease Liability | 1,001 | 57,411 |
| Claims Liabilities | <u>14,702,243</u> | <u>12,869,601</u> |
| Total Noncurrent Liabilities | <u>15,563,129</u> | <u>13,801,149</u> |
| Total Liabilities | <u>22,034,201</u> | <u>19,341,803</u> |
| DEFERRED INFLOW OF RESOURCES | | |
| Deferred Inflows on Pensions | <u>35,852</u> | <u>53,296</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 10,765 | 15,806 |
| Unrestricted | <u>22,748,921</u> | <u>18,872,726</u> |
| Total Net Position | <u>\$ 22,759,686</u> | <u>\$ 18,888,532</u> |

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, 2025 AND 2024

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| OPERATING REVENUES | | |
| Member Contributions | \$ 18,633,456 | \$ 17,744,194 |
| Miscellaneous Revenues | 85,000 | 77,267 |
| Total Operating Revenues | <u>18,718,456</u> | <u>17,821,461</u> |
| OPERATING EXPENSES | | |
| Claims Expense | 7,019,381 | 4,920,673 |
| Insurance Expense | 9,214,268 | 8,814,943 |
| Claims Management | 393,437 | 428,003 |
| Office Administration Expense | 807,230 | 747,665 |
| Consultants and Professional Services Expense | 170,927 | 141,574 |
| Travel, Conferences and Other Expense | 65,348 | 52,675 |
| Depreciation Expense | 5,041 | 4,911 |
| Total Operating Expenses | <u>17,675,632</u> | <u>15,110,444</u> |
| Operating Income | 1,042,824 | 2,711,017 |
| NONOPERATING INCOME | | |
| Investment Income (Loss) | <u>2,828,330</u> | <u>2,649,131</u> |
| Change in Net Position | 3,871,154 | 5,360,148 |
| Beginning Net Position | <u>18,888,532</u> | <u>13,528,384</u> |
| Ending Net Position | <u>\$ 22,759,686</u> | <u>\$ 18,888,532</u> |

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, 2025 AND 2024

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| Cash Flows From Operating Activities | | |
| Contributions Received | \$ 27,084,387 | \$ 24,162,566 |
| Miscellaneous Revenue Received | 85,000 | 77,267 |
| Reinsurance Recoveries Received (Paid) | (53,940) | (130,235) |
| Claims Expenses Paid | (5,574,674) | (5,765,991) |
| Premiums Paid | (17,436,748) | (15,038,554) |
| Salaries and Benefits Paid | (623,140) | (641,976) |
| General/Administrative Cost Paid | 583,873 | (232,459) |
| Net Cash Provided (Used) by Operating Activities | <u>4,064,758</u> | <u>2,430,618</u> |
| Cash Flows From Capital and Related Financing Activities | | |
| Purchase of Capital Assets | (2,006) | (2,006) |
| Net Cash Used by Capital and Related Financing Activities | <u>(2,006)</u> | <u>(2,006)</u> |
| Cash Flows From Investing Activities | | |
| Investment Income Received | 1,276,321 | 1,441,480 |
| Purchase of Investments | (1,086,450) | (22,174,545) |
| Proceeds from Sales and Maturities of Investments | 169,813 | 21,047,536 |
| Net Cash Provided (Used) by Investing Activities | <u>359,684</u> | <u>314,471</u> |
| Net Increase (Decrease) in Cash | 4,422,436 | 2,743,083 |
| Beginning Cash and Cash Equivalents | <u>13,269,894</u> | <u>10,526,811</u> |
| Ending Cash and Cash Equivalents | <u>\$ 17,692,330</u> | <u>\$ 13,269,894</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | |
| Operating Income (Loss) | \$ 1,042,826 | \$ 2,711,017 |
| Adjustments to Reconcile Operating Loss to Cash | | |
| Provided (Used) by Operations: | | |
| Depreciation | 5,041 | 4,911 |
| (Increase) Decrease in: | | |
| Receivable from Members | 211,682 | 34,782 |
| Reinsurance Receivable | (53,940) | (130,235) |
| Prepaid Expenses | 12,783 | (12,611) |
| Deferred Outflow on Pensions | (241,577) | (292,109) |
| Increase (Decrease) in: | | |
| Accounts Payable | 971,432 | 48,009 |
| Premium Adjustments Payable | (41,014) | 127,590 |
| Claims Liabilities | 1,832,642 | (417,315) |
| Pension Liability, Net | 331,850 | 346,102 |
| Deferred Inflow on Penisons | (6,967) | 10,477 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 4,064,758</u> | <u>\$ 2,430,618</u> |
| Supplemental Information: Noncash Investing Activities | | |
| Change in Fair Value of Investments | <u>\$ 1,500,054</u> | <u>\$ 1,152,981</u> |

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

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.

In May 2023, the CAPRI Board of Directors authorized the formation of a Captive Insurance Company, Recreation Insurance Organization (RIO), in order to diversify CAPRI's investment portfolio and more effectively finance its claims liabilities on a reinsurance basis. An initial capitalization payment of \$250,000 was transferred from CAPRI to RIO in June of 2023. RIO officially began operations on July 1, 2023, and \$21.5 million was transferred from CAPRI to RIO in order to fund: (1) the transfer of CAPRI's existing Claims Liabilities incurred through June 30, 2023 in CAPRI's Workers' Compensation and Property/Liability programs to RIO (the "Loss Portfolio Transfer"), and (2) a fully-reinsured program of Workers Compensation and Property/Liability coverage for the 2023-24 policy year (the "Go Forward Premium"). It is anticipated that RIO's investment of the proceeds of the Loss Portfolio Transfer and the Go Forward Premium into a diversified portfolio of investments will allow CAPRI to more effectively finance its claims liabilities and stabilize rates for members in the long-term. Since RIO is a component unit of CAPRI, all of RIO's activities will be consolidated into the consolidated financial statements of CAPRI.

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.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

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.

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. Public Risk Innovation, Solutions, and Management (PRISM) (Formerly, 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 PRISM 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.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

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 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 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 CAPRI being considered a component unit of that entity. In determining its reporting entity, CAPRI considered all governmental units that were members of the CAPRI since inception. The criteria did not require that inclusion of these entities in these financial statements principally because 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.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

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, 2025 and 2023, 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.

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.

Financing Leases

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for financial leases are recorded in the financial statements. Related assets are amortized using the straight-line method over the life of the contract.

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

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.

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

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.

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.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

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.

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>2025</u> | <u>2024</u> |
|--------------------------------------|----------------------|----------------------|
| Bank Balance Per Books | \$ 2,013,784 | \$ 2,525,491 |
| Money Market Funds | 50,007 | 50,002 |
| Cash in RIO | 271,824 | 306,862 |
| Cash in Local Agency Investment Fund | <u>15,356,715</u> | <u>10,387,539</u> |
| Total Cash and Cash Equivalents | <u>\$ 17,692,330</u> | <u>\$ 13,269,894</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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

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.

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 bore an average annual yield of approximately 4.411% for the fiscal year ended June 30, 2025. LAIF is currently unrated and has an average life of 248 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. LAIF is administered by the State Treasurer and is audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814.

B. Investments

Investments as of June 30 consisted of the following:

| <u>Investment Type</u> | <u>2025</u> | <u>2024</u> |
|------------------------|----------------------|----------------------|
| Mutual Funds | \$ 26,060,750 | \$ 23,717,189 |
| Total | <u>\$ 26,060,750</u> | <u>\$ 23,717,189</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").

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, 2025, the carrying values and maturities of CAPRI's investments held in a managed portfolio were as follows:

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities</u> | | |
|-----------------------------|----------------------|------------------------------|----------------|----------------------|
| | | <u>< 1yr</u> | <u>1-3 yrs</u> | <u>>3 yrs</u> |
| Mutual Funds - Fixed Income | \$ 15,598,214 | \$15,598,214 | \$ - | \$ - |
| Mutual Funds - Equity | 10,462,536 | - | - | 10,462,536 |
| Total | \$ 26,060,750 | \$15,598,214 | \$ - | \$ 10,462,536 |

As of June 30, 2024, 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> |
| Mutual Funds - Fixed Income | \$ 14,129,403 | \$14,129,403 | \$ - | \$ - |
| Mutual Funds - Equity | 9,587,786 | - | - | 9,587,786 |
| Total | \$ 23,717,189 | \$14,129,403 | \$ - | \$ 9,587,786 |

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.

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, 2025 and 2024, no portion of CAPRI's portfolio, excluding U.S. Government guaranteed obligations exceeds 5% of the total portfolio.

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, 2025 are as shown below:

| <u>Investments:</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------|----------------------|----------------|----------------|----------------------|
| Mutual Funds | \$ 26,060,750 | \$ - | \$ - | \$ 26,060,750 |
| Total | \$ 26,060,750 | \$ - | \$ - | \$ 26,060,750 |

Investments' fair value measurements at June 30, 2023 are as shown below:

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

| <u>Investments:</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------|----------------|----------------|----------------|---------------|
| Mutual Funds | \$ 23,717,189 | \$ - | \$ - | \$ 23,717,189 |
| Total | \$ 23,717,189 | \$ - | \$ - | \$ 23,717,189 |

3. CAPITAL ASSETS

Capital assets at June 30, 2025 and 2024 consisted of the following:

| | <u>2024</u> | <u>Additions</u> | <u>Retirements</u> | <u>2025</u> |
|--------------------------------|-------------|------------------|--------------------|-------------|
| Depreciable assets | | | | |
| Furniture, Fixtures, Equipment | \$ 75,762 | \$ - | \$ - | \$ 75,762 |
| Computer Hardware, Software | 38,419 | - | - | 38,419 |
| Total depreciable assets | 114,181 | - | - | 114,181 |
| Less Accumulated Depreciation | 98,375 | 5,041 | - | 103,416 |
| Depreciable assets, net | 15,806 | (5,041) | - | 10,765 |
| Capital Assets, net | \$ 15,806 | \$ (5,041) | \$ - | \$ 10,765 |

Depreciation expense was \$5,041 and \$4,911 for the fiscal years ended June 30, 2025 and 2024, respectively.

4. LONG-TERM LEASE AND RIGHT-TO-USE LEASE ASSET

Long-term Lease – CAPRI is under a current lease for building space at 1075 Creekside Ridge Dr, Suite #240, Sacramento. Total rent expense for the year ended June 30, 2025 was \$56,410.

Right to use asset – In accordance with the new Governmental Accounting Standards Board Statement 87, long-term leases that meeting certain criteria are required to be capitalized and recorded as Right-to-Use Lease Asset. The following lease met these criteria.

- a. The building space lease is for a 63 month term, to expire on September 2025. The rents are based upon a predetermined schedule with provision for certain other increases. This lease is a long-term lease that must be capitalized and recorded in accordance with the provisions of GASB 87.
- b. Total amount of the lease asset and related accumulated amortization. Amortization is taken over the lease term.

| | |
|-----------------------------|------------|
| Intangible Lease Asset | \$ 240,182 |
| Amortization of Lease Asset | (224,908) |
| Right-to-Use Lease Asset | \$ 15,274 |

- c. Leased assets by major classification

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

Lease Asset - Office building \$ 240,182

- d. Variance payments included in the measurable lease; none.
- e. Other payments included in the measure lease; none.
- f. Principal and interest requirements to maturity; there is no cost of capital interest as defined by the contract.

As of June 30, 2025, future minimum lease payments to be paid in the following year is \$15,369.

- g. Commitments under leases before commencement of the lease term; none.
- h. Components of any loss associated with an impairment related change in the lease liability; none.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

5. 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. CAPRI does not discount claims. The following schedule represents changes in liabilities for CAPRI during the years ended June 30, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| Unpaid Claims and allocated claims adjustment beginning of the fiscal year | \$ 17,869,601 | \$ 18,286,916 |
| Loss portfolio transfer as of July 1, 2023 | - | 870,805 |
| Incurred claims and claims adjustment expenses: | | |
| Provision for insured events of the current fiscal year | 7,078,015 | 6,374,128 |
| Increases (decreases) in provision for insured events of prior years | <u>(58,634)</u> | <u>(1,453,455)</u> |
| Total incurred claims and claim adjustment expenses | <u>7,019,381</u> | <u>4,920,673</u> |
| Payments | | |
| Claims and allocated claims adjustment expenses attributable to insured events of the current year | 1,423,598 | 1,021,534 |
| Claims and claims adjustment expenses attributable to insured events of prior years | <u>3,763,141</u> | <u>5,187,259</u> |
| Total Payments | <u>5,186,739</u> | <u>6,208,793</u> |
| Total unpaid claims and claims adjustment expenses at the end of the year | <u>\$ 19,702,243</u> | <u>\$ 17,869,601</u> |
| Components of unpaid claims and claims adjustment expense: | | |
| Claims reserve | \$ 7,919,912 | \$ 7,918,480 |
| Claims incurred but not reported | 10,794,383 | 9,100,188 |
| Liability for unallocated loss adjustment expenses | 987,948 | 850,933 |
| Total claims liabilities | <u>\$ 19,702,243</u> | <u>\$ 17,869,601</u> |
| Current portion | \$ 5,000,000 | \$ 5,000,000 |
| Noncurrent portion | <u>14,702,243</u> | <u>12,869,601</u> |
| Total claims liabilities | <u>\$ 19,702,243</u> | <u>\$ 17,869,601</u> |

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

6. 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, 2025, are summarized as follows:

| | Prior to January 1, 2013 | On or after January 1, 2013 |
|---|-----------------------------|--------------------------------|
| Hire date | | |
| Benefit formula | 2.7% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 - 55 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.7% | 1.0% to 2.5% |
| Required employee contribution rates | 7.953% | 6.750% |
| Required employer contribution rates | 14.130% | 7.870% |

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, 2025 and 2024, the contributions recognized as part of pension expense for the Plan were \$124,146 and \$108,865 respectively.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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

As of June 30, 2025 and 2024, the California Association for Park and Recreation Indemnity reported net pension liabilities for its proportionate share of the net pension liability of \$859,885 and \$874,137, 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, 2024, 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, 2023 rolled forward to June 30, 2024 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, 2024 and 2023 was as follows:

| | |
|---|------------------------|
| Proportion - June 30, 2024 Measurement Date | 0.01778% |
| Proportion - June 30, 2023 Measurement Date | <u>0.01748%</u> |
| Change - Increase (Decrease) | <u><u>0.00030%</u></u> |

For the year ended June 30, 2025 and 2024, CAPRI recognized pension expense of \$28,771 and \$15,054. At June 30, 2025, CAPRI reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2025

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Pension contributions subsequent to measurement date | \$ 124,146 | \$ - |
| Net differences between projected and actual earnings on plan investments | 49,503 | - |
| Changes in proportion and differences between contributions and the proportionate share of contributions | 31,541 | - |
| Changes in assumptions | 22,101 | - |
| Changes in proportions | - | (32,951) |
| Differences between expected and actual experience | 74,345 | (2,901) |
| Total | <u>\$ 301,636</u> | <u>\$ (35,852)</u> |

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

\$124,146 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, 2026. 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 |
|-------------------------------|---|
| 2026 | \$ 40,991 |
| 2027 | 114,357 |
| 2028 | 3,255 |
| 2029 | (16,965) |
| Total | \$ 141,638 |

June 30, 2024

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Pension contributions subsequent to measurement date | \$ 108,865 | \$ - |
| Net differences between projected and actual earnings on plan investments | 141,531 | - |
| Changes in proportion and differences between contributions and the proportionate share of contributions | 14,275 | - |
| Changes in assumptions | 52,776 | - |
| Changes in proportions | - | (46,369) |
| Differences between expected and actual experience | 34,721 | (6,927) |
| Total | \$ 352,168 | \$ (53,296) |

\$108,865 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 |
|-------------------------------|---|
| 2025 | \$ 49,341 |
| 2026 | 36,891 |
| 2027 | 99,714 |
| 2028 | 4,061 |
| Total | \$ 190,007 |

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

| | |
|-------------------------------|---|
| Valuation Date | June 30, 2023 |
| Measurement Date | June 30, 2024 |
| Actuarial Cost Method | Entry-Age Normal Cost |
| Actuarial Assumptions | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Payroll Growth Rate | 2.75% |
| Projected Salary Increase (1) | Varies by Entry Age and Service |
| Investment Rate of Return (2) | 6.80% |
| Mortality | Derived using CalPERS' Membership Data for all Funds |

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses

All other actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate - The discount rate used to measure the total pension liability was 6.90% for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan 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 employer rate plans run out of assets. Therefore, the current 6.90 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. 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.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 6.80% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed 10 basis points. An investment return excluding administrative expenses would have been 6.90%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

5. DEFINED BENEFIT PENSION PLAN (Continued):

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short term (first 11 years) and the long-term (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 the Plan. The expected rate of return was set by calculating the 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 geometric rates of return are net of administrative expenses.

| <u>Asset Class</u> | <u>Assumed Asset Allocation</u> | <u>Real Return Years 1 - 10 (1,2)</u> |
|----------------------------------|---|---|
| Global Equity - cap-weighted | 30.0% | 4.45% |
| Global Equity - non-cap-weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Assets | 15.0% | 3.21% |
| Leverage | -5.0% | -0.59% |

(1) An expected inflation of 2.30% used for this period

(2) Figures are based on the 2021-22 Asset Liability Management Study

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents CAPRI’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what CAPRI’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:

June 30, 2025

| | Discount Rate - 1% (5.90%) | Current Discount Rate (6.90%) | Discount Rate + 1% (7.90%) |
|------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Plan's Net Pension Liability | \$ 1,251,399 | \$ 859,885 | \$ 537,612 |

June 30, 2024

| | Discount Rate - 1% (5.90%) | Current Discount Rate (6.90%) | Discount Rate + 1% (7.90%) |
|------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Plan's Net Pension Liability | \$ 1,251,031 | \$ 874,137 | \$ 563,920 |

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, 2025, CAPRI had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

7. JOINT VENTURE

CAPRI participates in a joint venture under a joint powers agreement (JPA) with the Public Risk Innovation, Solutions, and Management (PRISM) for its excess workers' compensation insurance. The relationship between entities is such that PRISM is not a component unit of CAPRI for financial reporting purposes. PRISM arranges for and provides primary and excess coverage for its members. PRISM 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 PRISM is as follows:

- A. **Entity** PRISM
- B. **Purpose** To provide workers' compensation reinsurance protection
- C. **Participants** 55 counties and 301 public entities
- D. **Governing Board** 55 county board members and 7 public entity board members

F. Condensed Financial Information

| | <u>June 30, 2025</u> |
|------------------------|-------------------------|
| Total Assets | <u>\$ 1,840,453,495</u> |
| Deferred Outflows | <u>3,656,547</u> |
| Total Liabilities | <u>1,528,080,048</u> |
| Deferred Inflows | <u>5,702,826</u> |
| Total Net Position | <u>\$ 310,327,168</u> |
| Total Revenues | <u>\$ 2,272,666,059</u> |
| Total Expenses | <u>(2,183,673,834)</u> |
| Change in Net Position | <u>\$ 88,992,225</u> |

Separate complete financial statements are available from PRISM at 75 Iron Point Circle, Suite 200, Folsom, California 95630 or on their website: www.prismrisk.gov.

8. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2025 through **DATE** the date the financial statements were issued. Management is not aware of any other 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

CAPRI

AS OF JUNE 30, 2025

| | <u>Property/Liability</u> | | <u>Workers' Compensation</u> | | <u>Totals</u> | |
|--|---------------------------|---------------------|------------------------------|----------------------|-------------------|----------------------|
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Unpaid Claims and allocated claims adjustment beginning of the fiscal year | \$ 311,513 | \$ 6,782,130 | \$ 539,420 | \$ 11,504,786 | \$ 850,933 | \$ 18,286,916 |
| Loss portfolio transfer as of July 1, 2023 | - | (6,459,172) | - | (10,956,939) | - | - |
| Incurred claims and claims adjustment expenses: | | | | | | |
| Provision for insured events of the current fiscal year | 18,092 | (11,445) | 118,923 | (8,427) | 137,015 | (19,872) |
| Increases (decreases) in provision for insured events of prior years | - | - | - | - | - | - |
| Total incurred claims and claim adjustment expenses | <u>18,092</u> | <u>(11,445)</u> | <u>118,923</u> | <u>(8,427)</u> | <u>137,015</u> | <u>(19,872)</u> |
| Payments | | | | | | |
| Claims and allocated claims adjustment expenses attributable to insured events of the current year | - | - | - | - | - | - |
| Claims and claims adjustment expenses attributable to insured events of prior years | - | - | - | - | - | - |
| Total Payments | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total unpaid claims and claims adjustment expenses at the end of the year | <u>\$ 329,605</u> | <u>\$ 311,513</u> | <u>\$ 658,343</u> | <u>\$ 539,420</u> | <u>\$ 987,948</u> | <u>\$ 18,267,044</u> |
| Components of unpaid claims and claims adjustment expense: | | | | | | |
| Claims reserve | \$ - | \$ 3,148,316 | \$ - | \$ 5,022,551 | \$ - | \$ 8,170,867 |
| Claims incurred but not reported | - | 3,310,856 | - | 5,934,388 | - | 9,245,244 |
| Liability for unallocated loss adjustment expenses | 329,605 | 322,958 | 658,343 | 547,847 | 987,948 | 870,805 |
| Total claims liabilities | <u>\$ 329,605</u> | <u>\$ 6,782,130</u> | <u>\$ 658,343</u> | <u>\$ 11,504,786</u> | <u>\$ 987,948</u> | <u>\$ 18,286,916</u> |
| Current portion | \$ - | \$ 1,900,000 | \$ - | \$ 3,100,000 | \$ - | \$ 5,000,000 |
| Noncurrent portion | 329,605 | 4,882,130 | 658,343 | 8,404,786 | 987,948 | 13,286,916 |
| Total claims liabilities | <u>\$ 329,605</u> | <u>\$ 6,782,130</u> | <u>\$ 658,343</u> | <u>\$ 11,504,786</u> | <u>\$ 987,948</u> | <u>\$ 18,286,916</u> |

As of July 1, 2023, the loss portfolio transfer moved all prior year claims to RIO as well as claims moving forward. The ULAE liability remained with CAPRI as part of program administration.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF PROGRAM

RIO

AS OF JUNE 30, 2025

| | <u>Property/Liability</u> | | <u>Workers' Compensation</u> | | <u>Totals</u> | |
|--|---------------------------|---------------------|------------------------------|----------------------|----------------------|----------------------|
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Unpaid Claims and allocated claims adjustment beginning of the fiscal year | \$ 6,230,261 | \$ - | \$ 10,788,407 | \$ - | \$ 17,018,668 | \$ - |
| Loss portfolio transfer as of July 1, 2023 | - | 6,782,130 | - | 11,504,786 | - | 18,286,916 |
| Incurred claims and claims adjustment expenses: | | | | | | |
| Provision for insured events of the current fiscal year | 3,300,000 | 3,029,000 | 3,641,000 | 3,365,000 | 6,941,000 | 6,394,000 |
| Increases (decreases) in provision for insured events of prior years | (16,290) | (448,445) | (42,344) | (1,005,010) | (58,634) | (1,453,455) |
| Total incurred claims and claim adjustment expenses | <u>3,283,710</u> | <u>2,580,555</u> | <u>3,598,656</u> | <u>2,359,990</u> | <u>6,882,366</u> | <u>4,940,545</u> |
| Payments | | | | | | |
| Claims and allocated claims adjustment expenses attributable to insured events of the current year | 816,790 | 446,733 | 606,808 | 574,801 | 1,423,598 | 1,021,534 |
| Claims and claims adjustment expenses attributable to insured events of prior years | 2,105,099 | 2,685,691 | 1,658,042 | 2,501,568 | 3,763,141 | 5,187,259 |
| Total Payments | <u>2,921,889</u> | <u>3,132,424</u> | <u>2,264,850</u> | <u>3,076,369</u> | <u>5,186,739</u> | <u>6,208,793</u> |
| Total unpaid claims and claims adjustment expenses at the end of the year | <u>\$ 6,592,082</u> | <u>\$ 6,230,261</u> | <u>\$ 12,122,213</u> | <u>\$ 10,788,407</u> | <u>\$ 18,714,295</u> | <u>\$ 17,018,668</u> |
| Components of unpaid claims and claims adjustment expense: | | | | | | |
| Claims reserve | \$ 2,703,696 | \$ 2,980,622 | \$ 5,216,216 | \$ 4,937,858 | \$ 7,919,912 | \$ 7,918,480 |
| Claims incurred but not reported | 3,888,386 | 3,249,639 | 6,905,997 | 5,850,549 | 10,794,383 | 9,100,188 |
| Total claims liabilities | <u>\$ 6,592,082</u> | <u>\$ 6,230,261</u> | <u>\$ 12,122,213</u> | <u>\$ 10,788,407</u> | <u>\$ 18,714,295</u> | <u>\$ 17,018,668</u> |
| Current portion | \$ 2,500,000 | \$ 1,900,000 | \$ 2,500,000 | \$ 3,100,000 | \$ 5,000,000 | \$ 5,000,000 |
| Noncurrent portion | 4,092,082 | 4,330,261 | 9,622,213 | 7,688,407 | 13,714,295 | 12,018,668 |
| Total claims liabilities | <u>\$ 6,592,082</u> | <u>\$ 6,230,261</u> | <u>\$ 12,122,213</u> | <u>\$ 10,788,407</u> | <u>\$ 18,714,295</u> | <u>\$ 17,018,668</u> |

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

CLAIMS DEVELOPMENT INFORMATION – PROPERTY AND LIABILITY

CLAIMS BEFORE JULY 1, 2023

AS OF JUNE 30, 2025

| | Fiscal and Policy Year Ended June 30 | | | | | | | | | |
|---|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024* | 2025* |
| 1. Required contribution and investment revenue: | | | | | | | | | | |
| Earned | \$ 2,877,549 | \$ 3,144,885 | \$ 3,642,530 | \$ 3,934,458 | \$ 6,164,840 | \$ 7,429,459 | \$ 7,562,375 | \$ 9,838,120 | \$ 12,075,475 | \$ 13,072,007 |
| Ceded | (1,451,228) | (1,146,597) | (1,494,144) | (1,657,489) | (2,331,104) | (2,639,387) | (3,519,006) | (4,165,086) | (10,525,916) | (12,016,361) |
| Net earned | 1,426,321 | 1,998,288 | 2,148,386 | 2,276,969 | 3,833,736 | 4,790,072 | 4,043,369 | 5,673,034 | 1,549,559 | 1,055,646 |
| 2. Unallocated expenses | 390,746 | 411,511 | 431,583 | 473,301 | 622,698 | 514,562 | 591,117 | 425,423 | 597,664 | 611,300 |
| 3. Estimated incurred claims and expense, end of policy year | | | | | | | | | | |
| Incurred | 1,244,000 | 1,943,992 | 1,817,745 | 3,080,821 | 2,181,000 | 2,720,579 | 2,182,522 | 3,878,346 | - | - |
| Ceded ** | - | - | - | - | - | - | - | - | - | - |
| Net Incurred | 1,244,000 | 1,943,992 | 1,817,745 | 3,080,821 | 2,181,000 | 2,720,579 | 2,182,522 | 3,878,346 | - | - |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of policy year | 242,316 | 722,351 | 327,321 | 1,200,329 | 222,425 | 498,732 | 185,984 | 539,775 | - | - |
| One year later | 664,715 | 1,327,931 | 875,344 | 1,776,370 | 743,246 | 884,220 | 584,996 | - | - | - |
| Two years later | 917,844 | 1,633,370 | 1,475,774 | 2,337,161 | 928,964 | 1,271,381 | - | - | - | - |
| Three years later | 1,311,141 | 2,721,997 | 1,617,369 | 4,828,598 | 739,865 | - | - | - | - | - |
| Four years later | 1,539,131 | 2,560,977 | 1,969,381 | 4,968,545 | - | - | - | - | - | - |
| Five years later | 1,683,132 | 2,759,481 | 1,903,813 | - | - | - | - | - | - | - |
| Six years later | 1,865,781 | 2,565,800 | - | - | - | - | - | - | - | - |
| Seven Years Later | 2,131,707 | - | - | - | - | - | - | - | - | - |
| Eight Years Later | - | - | - | - | - | - | - | - | - | - |
| Nine Years Later | - | - | - | - | - | - | - | - | - | - |
| 5. Reestimated ceded claims and expenses: | - | 424,241 | 3,900 | 5,350,999 | 352,905 | 21,729 | - | - | - | - |
| 6. Reestimated net incurred claims and expenses: | | | | | | | | | | |
| End of policy year | 1,244,000 | 1,943,992 | 1,817,745 | 3,080,821 | 2,181,000 | 2,720,579 | 2,182,522 | 3,878,346 | - | - |
| One year later | 1,262,011 | 2,381,048 | 2,448,284 | 4,862,306 | 2,061,000 | 2,200,000 | 2,031,653 | - | - | - |
| Two years later | 1,225,258 | 3,073,015 | 2,014,854 | 4,844,614 | 1,760,164 | 2,200,437 | - | - | - | - |
| Three years later | 1,723,803 | 2,732,488 | 2,147,854 | 5,216,005 | 1,483,379 | - | - | - | - | - |
| Four years later | 1,821,254 | 2,631,415 | 2,031,224 | 4,969,921 | - | - | - | - | - | - |
| Five years later | 1,836,294 | 2,778,034 | 1,903,812 | - | - | - | - | - | - | - |
| Six years later | 1,900,543 | 2,565,800 | - | - | - | - | - | - | - | - |
| Seven years later | 2,131,707 | - | - | - | - | - | - | - | - | - |
| Eight Years Later | - | - | - | - | - | - | - | - | - | - |
| Nine Years Later | - | - | - | - | - | - | - | - | - | - |
| 7. Increase (decrease) in estimated incurred claims and expense from end of policy year | \$ 887,707 | \$ 621,808 | \$ 86,067 | \$ 1,889,100 | \$ (697,621) | \$ (520,142) | \$ (150,869) | \$ - | \$ - | \$ - |

* As of July 1, 2023, RIO is responsible for all prior and future claims

** Ceded information is not available

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

CLAIMS AFTER JULY 1, 2023

AS OF JUNE 30, 2025

| | Fiscal and Policy Year Ended June 30 | | | | | | | | | |
|---|--------------------------------------|--------------|-----------|----------------|-----------|------------|--------------|----------------|--------------|--------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024* | 2025* |
| 1. Required contribution and investment revenue: | | | | | | | | | | |
| Earned | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,300,768 | \$ 5,569,644 |
| Ceded | - | - | - | - | - | - | - | - | - | - |
| Net earned | - | - | - | - | - | - | - | - | 4,300,768 | 5,569,644 |
| 2. Unallocated expenses | - | - | - | - | - | - | - | - | 176,946 | 180,215 |
| 3. Estimated incurred claims and expense, end of policy year | | | | | | | | | | |
| Incurred*** | 2,164,265 | 2,877,870 | 1,989,712 | 5,500,808 | 1,410,809 | 1,532,914 | 1,592,610 | 4,627,799 | 3,029,000 | 3,300,000 |
| Ceded ** | - | - | - | - | - | - | - | - | - | - |
| Net Incurred | 2,164,265 | 2,877,870 | 1,989,712 | 5,500,808 | 1,410,809 | 1,532,914 | 1,592,610 | 4,627,799 | 3,029,000 | 3,300,000 |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of policy year | - | - | - | - | - | - | - | - | 446,733 | 816,790 |
| One year later | - | - | - | - | - | - | - | 1,949,013 | 1,549,405 | - |
| Two years later | - | - | - | - | - | - | 980,438 | 3,520,534 | - | - |
| Three years later | - | - | - | - | - | 1,364,437 | 1,025,868 | - | - | - |
| Four years later | - | - | - | - | 1,316,012 | 1,421,658 | - | - | - | - |
| Five years later | - | - | - | 5,496,828 | 1,317,106 | - | - | - | - | - |
| Six years later | - | - | 1,989,713 | 4,436,354 | - | - | - | - | - | - |
| Seven Years Later | - | 2,877,870 | 1,989,776 | - | - | - | - | - | - | - |
| Eight Years Later | 2,164,264 | 2,626,630 | - | - | - | - | - | - | - | - |
| Nine Years Later | 2,164,680 | - | - | - | - | - | - | - | - | - |
| 5. Reestimated ceded claims and expenses: | - | - | - | - | - | - | - | - | - | - |
| 6. Reestimated net incurred claims and expenses: | | | | | | | | | | |
| End of policy year | - | - | - | - | - | - | - | - | 3,029,000 | 3,300,000 |
| One year later | - | - | - | - | - | - | - | 4,627,799 | 3,029,374 | - |
| Two years later | - | - | - | - | - | - | 1,592,610 | 3,117,492 | - | - |
| Three years later | - | - | - | - | - | 1,532,914 | 1,486,344 | - | - | - |
| Four years later | - | - | - | - | 1,410,809 | 1,894,914 | - | - | - | - |
| Five years later | - | - | - | 5,500,808 | 1,411,339 | - | - | - | - | - |
| Six years later | - | - | 1,989,712 | 4,440,334 | - | - | - | - | - | - |
| Seven years later | - | 2,877,870 | 1,989,775 | - | - | - | - | - | - | - |
| Eight Years Later | 2,164,265 | 2,626,630 | - | - | - | - | - | - | - | - |
| Nine Years Later | 2,164,680 | - | - | - | - | - | - | - | - | - |
| 7. Increase (decrease) in estimated incurred claims and expense from end of policy year | \$ 415 | \$ (251,240) | \$ 63 | \$ (1,060,474) | \$ 530 | \$ 362,000 | \$ (106,266) | \$ (1,510,307) | \$ 374 | \$ - |

* As of July 1, 2023, RIO is responsible for all prior and future claims

** Ceded information is not available

*** Valuation at time of loss portfolio transfer

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

CLAIMS DEVELOPMENT INFORMATION – WORKERS COMPENSATION

CLAIMS BEFORE JULY 1, 2023

AS OF JUNE 30, 2025

| | Fiscal and Policy Year Ended June 30 | | | | | | | | | |
|---|--------------------------------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024* | 2025* |
| 1. Required contribution and investment revenue: | | | | | | | | | | |
| Earned | \$ 4,346,641 | \$ 5,214,990 | \$ 5,402,990 | \$ 5,438,407 | \$ 5,415,430 | \$ 4,661,792 | \$ 4,089,342 | \$ 6,200,955 | \$ 6,016,392 | \$ 6,211,688 |
| Ceded | (842,932) | (1,200,292) | (996,096) | (1,104,992) | (1,554,070) | (1,759,592) | (2,346,004) | (2,776,724) | (4,500,027) | (5,433,170) |
| Net earned | 3,503,709 | 4,014,698 | 4,406,894 | 4,333,415 | 3,861,360 | 2,902,200 | 1,743,338 | 3,424,231 | 1,516,365 | 778,518 |
| 2. Unallocated expenses | 260,347 | 277,652 | 281,833 | 281,833 | 295,981 | 343,042 | 394,077 | 283,614 | 417,843 | 409,413 |
| 3. Estimated incurred claims and expense, end of policy year | | | | | | | | | | |
| Incurred | 3,589,000 | 3,545,000 | 3,662,430 | 3,662,430 | 3,240,000 | 2,973,000 | 3,185,000 | 2,672,000 | - | - |
| Ceded | - | - | - | - | - | - | - | - | - | - |
| Net Incurred | 3,589,000 | 3,545,000 | 3,662,430 | 3,662,430 | 3,240,000 | 2,973,000 | 3,185,000 | 2,672,000 | - | - |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of policy year | 624,492 | 423,948 | 479,368 | 578,880 | 476,415 | 389,501 | 475,322 | 533,517 | - | - |
| One year later | 1,653,716 | 1,129,825 | 1,005,989 | 1,208,532 | 985,573 | 951,655 | 1,163,295 | - | - | - |
| Two years later | 2,258,267 | 1,485,450 | 1,367,679 | 1,593,281 | 1,606,948 | 1,320,006 | - | - | - | - |
| Three years later | 2,828,797 | 1,861,194 | 1,332,609 | 1,794,168 | 1,858,340 | - | - | - | - | - |
| Four years later | 3,038,731 | 1,948,366 | 1,371,494 | 1,903,196 | - | - | - | - | - | - |
| Five years later | 3,060,209 | 1,898,002 | 1,397,942 | - | - | - | - | - | - | - |
| Six years later | 2,927,369 | 1,988,142 | - | - | - | - | - | - | - | - |
| Seven Years Later | 2,963,342 | - | - | - | - | - | - | - | - | - |
| Eight Years Later | - | - | - | - | - | - | - | - | - | - |
| Nine Years Later | - | - | - | - | - | - | - | - | - | - |
| 5. Reestimated ceded claims and expenses: | 765,620 | - | - | - | 90,989 | - | - | - | - | - |
| 6. Reestimated net incurred claims and expenses: | | | | | | | | | | |
| End of policy year | 3,589,000 | 3,545,000 | 3,662,430 | 3,444,000 | 3,240,000 | 2,973,000 | 3,185,000 | 2,672,000 | - | - |
| One year later | 3,748,000 | 3,110,841 | 3,155,000 | 3,553,000 | 3,132,000 | 3,144,000 | 3,188,000 | - | - | - |
| Two years later | 4,063,398 | 3,164,000 | 2,845,000 | 3,298,000 | 3,313,000 | 2,930,000 | - | - | - | - |
| Three years later | 4,073,000 | 2,858,000 | 2,398,000 | 3,035,000 | 3,005,000 | - | - | - | - | - |
| Four years later | 3,858,000 | 2,707,000 | 2,245,000 | 2,754,000 | - | - | - | - | - | - |
| Five years later | 3,725,000 | 2,662,000 | 2,157,000 | - | - | - | - | - | - | - |
| Six years later | 3,640,000 | 2,607,000 | - | - | - | - | - | - | - | - |
| Seven years later | 3,337,014 | - | - | - | - | - | - | - | - | - |
| Eight Years Later | - | - | - | - | - | - | - | - | - | - |
| Nine Years Later | - | - | - | - | - | - | - | - | - | - |
| 7. Increase (decrease) in estimated incurred claims and expense from end of policy year | \$ (251,986) | \$ (938,000) | \$ (1,505,430) | \$ (908,430) | \$ (235,000) | \$ (43,000) | \$ 3,000 | \$ - | \$ - | \$ - |

* As of July 1, 2023, RIO is responsible for all prior and future claims

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

CLAIMS DEVELOPMENT INFORMATION – WORKERS COMPENSATION

CLAIMS AFTER JULY 1, 2023

AS OF JUNE 30, 2025

| | Fiscal and Policy Year Ended June 30 | | | | | | | | | |
|---|--------------------------------------|-------------|-------------|-------------|--------------|--------------|------------|------------|--------------|--------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024* | 2025* |
| 1. Required contribution and investment revenue: | | | | | | | | | | |
| Earned | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,211,690 | \$ 4,973,708 |
| Ceded | - | - | - | - | - | - | - | - | - | - |
| Net earned | - | - | - | - | - | - | - | - | 4,211,690 | 4,973,708 |
| 2. Unallocated expenses | - | - | - | - | - | - | - | - | 227,375 | 286,055 |
| 3. Estimated incurred claims and expense, end of policy year | | | | | | | | | | |
| Incurred*** | 2,960,566 | 2,551,000 | 2,017,000 | 2,621,000 | 2,775,000 | 2,723,000 | 3,509,000 | 2,827,000 | 3,365,000 | 3,641,000 |
| Ceded** | - | - | - | - | - | - | - | - | - | - |
| Net Incurred | 2,960,566 | 2,551,000 | 2,017,000 | 2,621,000 | 2,775,000 | 2,723,000 | 3,509,000 | 2,827,000 | 3,365,000 | 3,641,000 |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of policy year | - | - | - | - | - | - | - | - | 574,801 | 606,808 |
| One year later | - | - | - | - | - | - | - | 1,326,559 | 1,347,715 | - |
| Two years later | - | - | - | - | - | - | 1,826,151 | 1,609,966 | - | - |
| Three years later | - | - | - | - | - | 1,524,662 | 2,127,078 | - | - | - |
| Four years later | - | - | - | - | 1,913,259 | 1,683,268 | - | - | - | - |
| Five years later | - | - | - | 1,972,227 | 1,925,781 | - | - | - | - | - |
| Six years later | - | - | 1,410,484 | 2,041,056 | - | - | - | - | - | - |
| Seven Years Later | - | 1,996,051 | 1,424,666 | - | - | - | - | - | - | - |
| Eight Years Later | 2,960,566 | 2,000,499 | - | - | - | - | - | - | - | - |
| Nine Years Later | 2,964,529 | - | - | - | - | - | - | - | - | - |
| 5. Reestimated ceded claims and expenses: | - | - | - | - | - | - | - | - | - | - |
| 6. Reestimated net incurred claims and expenses: | | | | | | | | | | |
| End of policy year | - | - | - | - | - | - | - | - | 3,365,000 | 3,641,000 |
| One year later | - | - | - | - | - | - | - | 2,827,000 | 3,226,000 | - |
| Two years later | - | - | - | - | - | - | 3,509,000 | 3,080,000 | - | - |
| Three years later | - | - | - | - | - | 2,723,000 | 3,632,000 | - | - | - |
| Four years later | - | - | - | - | 2,775,000 | 2,610,000 | - | - | - | - |
| Five years later | - | - | - | 2,621,000 | 2,650,000 | - | - | - | - | - |
| Six years later | - | - | 2,017,000 | 2,608,000 | - | - | - | - | - | - |
| Seven years later | - | 2,551,000 | 1,921,000 | - | - | - | - | - | - | - |
| Eight Years Later | 2,960,566 | 2,502,000 | - | - | - | - | - | - | - | - |
| Nine Years Later | 2,964,530 | - | - | - | - | - | - | - | - | - |
| 7. Increase (decrease) in estimated incurred claims and expense from end of policy year | \$ 3,964 | \$ (49,000) | \$ (96,000) | \$ (13,000) | \$ (125,000) | \$ (113,000) | \$ 123,000 | \$ 253,000 | \$ (139,000) | \$ - |

* As of July 1, 2023, RIO is responsible for all prior and future claims

** Ceded information is not available

*** Valuation at time of loss portfolio transfer

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| | June 30, 2015 | June 30, 2016 | June 30, 2017 | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 | June 30, 2022 | June 30, 2023 | June 30, 2024 | ⁽¹⁾ |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| Proportion of the net pension liability | 0.01925% | 0.01798% | 0.01776% | 0.01796% | 0.01785% | 0.01778% | 0.02525% | 0.01748% | 0.01748% | 0.01748% | 0.01778% |
| Proportionate share of the net pension liability | \$ 528,035 | \$ 624,704 | \$ 700,126 | \$ 676,906 | \$ 714,764 | \$ 750,099 | \$ 479,508 | \$ 831,201 | \$ 874,137 | \$ 859,885 | |
| Covered-employee payroll ⁽²⁾ | \$ 292,798 | \$ 221,466 | \$ 334,885 | \$ 373,068 | \$ 334,885 | \$ 331,230 | \$ 358,610 | \$ 381,571 | \$ 413,028 | \$ 422,437 | |
| Proportionate Share of the net pension liability as percentage of covered-employee payroll | 180.34% | 282.08% | 209.06% | 181.44% | 213.44% | 226.46% | 133.71% | 217.84% | 211.64% | 203.55% | |
| Plans fiduciary net position as a percentage of the total pension liability | 78.40% | 78.40% | 73.31% | 75.26% | 77.73% | 75.10% | 88.29% | 76.68% | 76.21% | 78.08% | |
| Proportionate share of aggregate employer contributions ⁽³⁾ | \$ 72,513 | \$ 78,180 | \$ 76,250 | \$ 86,103 | \$ 84,264 | \$ 87,804 | \$ 92,102 | \$ 98,931 | \$ 108,865 | \$ 124,146 | |

⁽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, 2025

| | Fiscal Year 2015-16 | Fiscal Year 2016-17 | Fiscal Year 2017-18 | Fiscal Year 2018-19 | Fiscal Year 2019-20 | Fiscal Year 2020-21 | Fiscal Year 2021-22 | Fiscal Year 2022-23 | Fiscal Year 2023-24 | Fiscal Year 2024-25 | (1) |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|-----|
| Actuarially Determined Contribution (2) | \$ 72,513 | \$ 78,180 | \$ 76,250 | \$ 86,103 | \$ 84,264 | \$ 87,804 | \$ 92,102 | \$ 98,931 | \$ 108,865 | \$ 124,146 | |
| Contributions in relation to the actuarially determined contributions (2) | (72,513) | (78,180) | (76,250) | (86,103) | (84,264) | (87,804) | (92,102) | (98,931) | (108,865) | (124,146) | |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Covered-employee payroll (3) | \$ 292,798 | \$ 221,466 | \$ 334,885 | \$ 373,068 | \$ 334,885 | \$ 331,230 | \$ 381,571 | \$ 413,028 | \$ 422,437 | \$ 493,454 | |
| Contributions as a percentage of covered-employee payroll (3) | 24.77% | 35.30% | 22.77% | 23.08% | 25.16% | 26.51% | 24.14% | 23.95% | 25.77% | 25.16% | |

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

(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, 2025

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: There were no changes in assumptions.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 2025

| | <u>CAPRI Property Liability</u> | <u>CAPRI Workers' Compensation</u> | <u>RIO Property Liability</u> | <u>RIO Workers' Compensation</u> | <u>Eliminating Entries</u> | <u>Total</u> |
|--------------------------------------|---|--|---------------------------------------|--|--------------------------------|----------------------|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and Cash Equivalents | \$ 5,080,355 | \$ 12,340,151 | \$ 163,094 | \$ 108,730 | | \$ 17,692,330 |
| Investments Maturing Within One Year | - | - | 9,358,928 | 6,239,286 | | 15,598,214 |
| Interest Receivable | 102,392 | 68,030 | 139 | 92 | | 170,653 |
| Receivable from Members | 188,358 | 125,572 | - | - | | 313,930 |
| Reinsurance Receivable | - | 259,294 | - | - | | 259,294 |
| Due from | 6,781,719 | 4,189,435 | 5,229,424 | 5,227,912 | (21,428,490) | - |
| Prepaid Expenses | 3,064 | 2,043 | - | - | | 5,107 |
| Total Current Assets | <u>12,155,888</u> | <u>16,984,525</u> | <u>14,751,585</u> | <u>11,576,020</u> | <u>(21,428,490)</u> | <u>34,039,528</u> |
| Noncurrent Assets | | | | | | |
| Investment in Captive | 125,000 | 125,000 | - | - | (250,000) | - |
| Investments | - | - | 2,900,333 | 7,562,203 | | 10,462,536 |
| Right of Use - Asset | 15,274 | - | - | - | | 15,274 |
| Capital Assets (net) | 10,765 | - | - | - | | 10,765 |
| Total Noncurrent Assets | <u>151,039</u> | <u>125,000</u> | <u>2,900,333</u> | <u>7,562,203</u> | <u>(250,000)</u> | <u>10,488,575</u> |
| Total Assets | <u>12,306,927</u> | <u>17,109,525</u> | <u>17,651,918</u> | <u>19,138,223</u> | <u>(250,000)</u> | <u>44,528,103</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | | | |
| Deferred Outflows on Pensions | 180,982 | 120,654 | - | - | | 301,636 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | 661,076 | 67,771 | 518,863 | - | | 1,247,710 |
| Due to | 5,229,424 | 5,227,912 | 6,781,719 | 4,189,435 | (21,428,490) | - |
| Premium Adjustments Payable | - | 223,362 | - | - | | 223,362 |
| Claims Liabilities | 329,605 | 658,343 | 2,500,000 | 2,500,000 | | 5,000,000 |
| Total Current Liabilities | <u>6,220,105</u> | <u>6,177,388</u> | <u>9,800,582</u> | <u>6,689,435</u> | <u>(21,428,490)</u> | <u>6,471,072</u> |
| Noncurrent Liabilities | | | | | | |
| Net Pension Liability | 515,931 | 343,954 | - | - | | 859,885 |
| Lease Liability | 1,001 | - | - | - | | 1,001 |
| Claims Liabilities | - | - | 4,092,082 | 9,622,213 | | 14,702,243 |
| Total NonCurrent Liabilities | <u>516,932</u> | <u>343,954</u> | <u>4,092,082</u> | <u>9,622,213</u> | | <u>15,563,129</u> |
| Total Liabilities | <u>6,737,037</u> | <u>6,521,342</u> | <u>13,892,664</u> | <u>16,311,648</u> | <u>(21,428,490)</u> | <u>22,034,201</u> |
| DEFERRED INFLOW OF RESOURCES | | | | | | |
| Deferred Inflows on Pensions | 21,511 | 14,341 | - | - | | 35,852 |
| NET POSITION | | | | | | |
| Net Investment in Capital Assets | 10,765 | - | - | - | | 10,765 |
| Paid in Capital | - | - | 125,000 | 125,000 | (250,000) | - |
| Unrestricted | 5,718,596 | 10,694,496 | 3,634,254 | 2,701,575 | - | 22,748,921 |
| Total Net Position | <u>\$ 5,729,361</u> | <u>\$ 10,694,496</u> | <u>\$ 3,759,254</u> | <u>\$ 2,826,575</u> | <u>\$ (250,000)</u> | <u>\$ 22,759,686</u> |

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

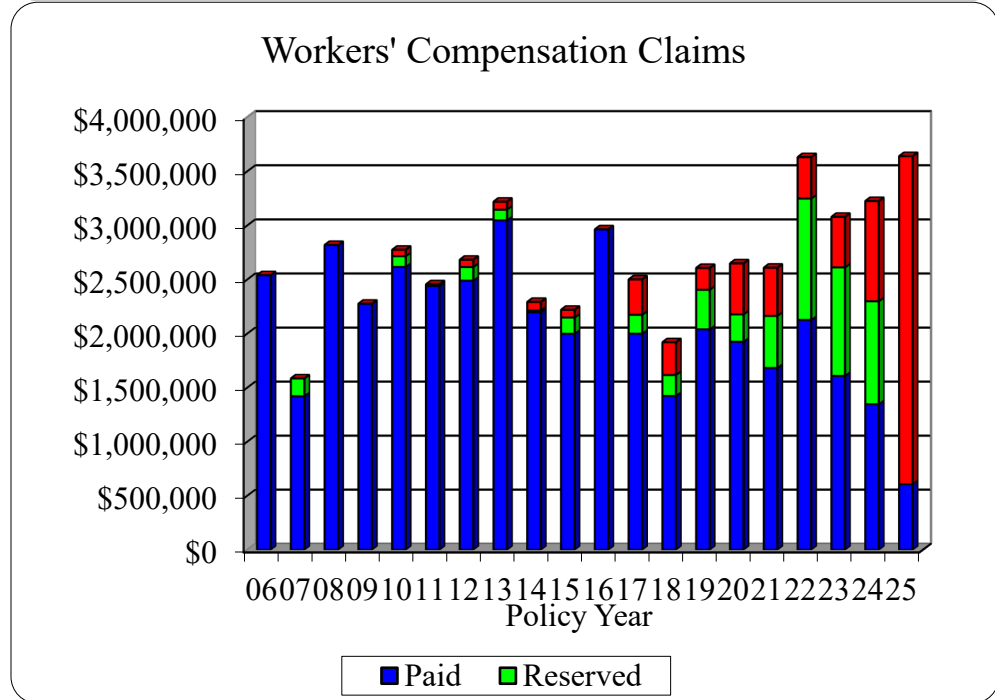
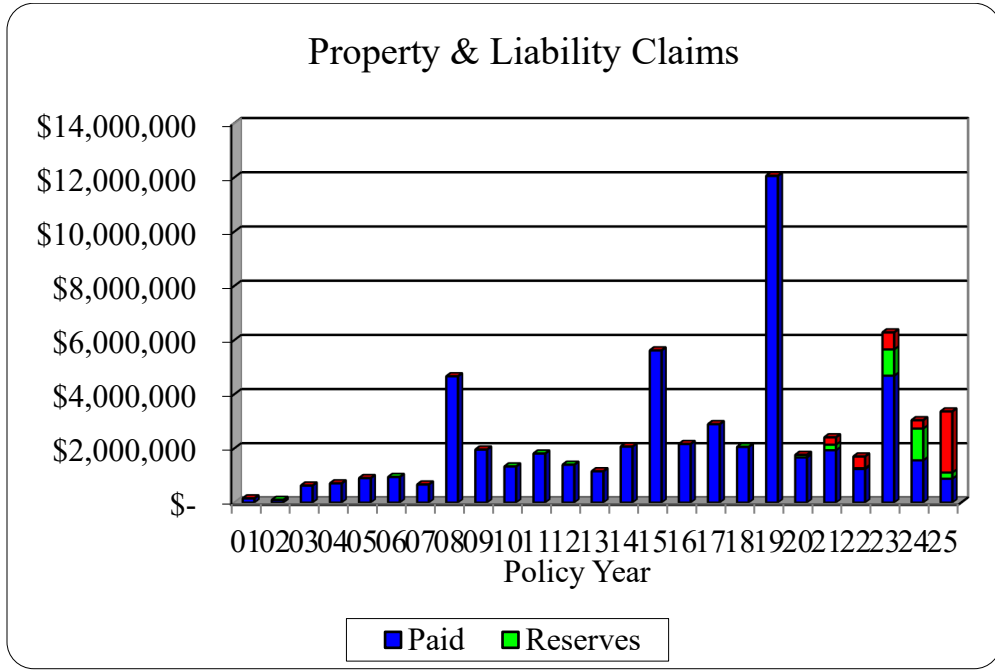
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| | CAPRI Property Liability | CAPRI Workers' Compensation | RIO Property Liability | RIO Workers' Compensation | Eliminating Entries | Total |
|---|---|--|---------------------------------------|--|--------------------------------|----------------------|
| OPERATING REVENUES | | | | | | |
| Member Contributions | \$ 12,681,864 | \$ 5,951,592 | \$ 4,184,791 | \$ 4,050,472 | \$ (8,235,263) | \$ 18,633,456 |
| RIO Administration | 27,000 | 18,000 | - | - | (45,000) | - |
| Miscellaneous | 51,000 | 34,000 | - | - | - | 85,000 |
| Total Operating Revenues | <u>12,759,864</u> | <u>6,003,592</u> | <u>4,184,791</u> | <u>4,050,472</u> | <u>(8,280,263)</u> | <u>18,718,456</u> |
| OPERATING EXPENSES | | | | | | |
| Claims Expense | 18,092 | 118,923 | 3,283,710 | 3,598,656 | | 7,019,381 |
| Insurance Expense | 12,016,361 | 5,433,170 | - | - | (8,235,263) | 9,214,268 |
| Claims Management | - | - | 135,387 | 258,050 | | 393,437 |
| Office Administration Expense | 479,797 | 319,864 | 4,541 | 3,028 | | 807,230 |
| Consultants and Professional Services Expense | 80,221 | 53,434 | 52,635 | 35,137 | (45,000) | 170,927 |
| Travel, Conferences and Other Expense | 37,153 | 18,722 | 2,056 | 1,370 | | 65,348 |
| Depreciation Expense | 3,025 | 2,016 | - | - | | 5,041 |
| Total Operating Expenses | <u>12,634,649</u> | <u>5,946,129</u> | <u>3,478,329</u> | <u>3,896,241</u> | <u>(8,280,263)</u> | <u>17,675,632</u> |
| Net Operating Income (Loss) | 125,215 | 57,463 | 706,462 | 154,231 | | 1,042,824 |
| NONOPERATING INCOME | | | | | | |
| Investment Income (Loss) | 312,143 | 208,096 | 1,384,525 | 923,019 | | 2,828,330 |
| Change in Net Position | 437,358 | 265,559 | 2,090,987 | 1,077,250 | | 3,871,154 |
| Capital Contributions | - | - | - | - | - | - |
| Beginning Net Position | <u>5,292,003</u> | <u>10,428,937</u> | <u>1,668,267</u> | <u>1,749,325</u> | <u>(250,000)</u> | <u>18,888,532</u> |
| Ending Net Position | <u>\$ 5,729,361</u> | <u>\$ 10,694,496</u> | <u>\$ 3,759,254</u> | <u>\$ 2,826,575</u> | <u>\$ (250,000)</u> | <u>\$ 22,759,686</u> |

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

GRAPHICAL SUMMARY OF CLAIMS

AS OF JUNE 30, 2025



Agenda Item 8.2

SPECIAL REPORTS

SUBJECT: Workers' Compensation Actuarial Analysis 2025-2026

BACKGROUND AND STATUS:

Bickmore Actuarial ("Bickmore") conducted an actuarial analysis of the Workers' Compensation program for CAPRI. Attached please find the Draft Executive Summary for the Workers' Compensation Actuarial Analysis.

Program Funding

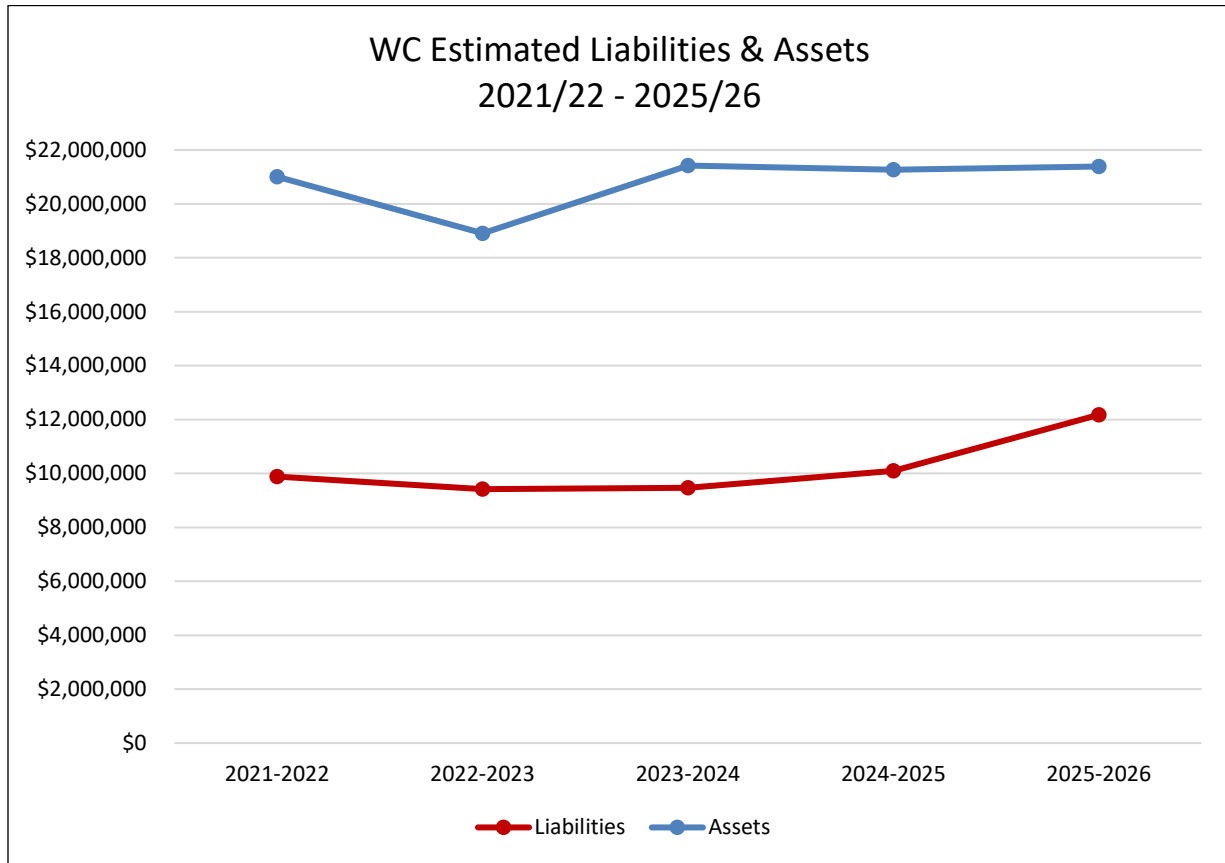
Overall, the study concluded that CAPRI will be funded at over the 90% confidence level. This meets Bickmore's recommended 90% funding level. Bickmore estimates that the program's discounted liability for outstanding claims has increased 20.6% at \$12,177,760 as of June 30, 2026 compared to \$10,094,084 at the close of the last fiscal year. The increase in liabilities is largely due to case reserves increasing significantly.

| | <u>Estimated Program Liability</u> |
|-----------|---|
| 2021-2022 | \$9,884,211 |
| 2022-2023 | \$9,419,393 |
| 2023-2024 | \$9,467,257 |
| 2024-2025 | \$10,094,084 |
| 2025-2026 | \$12,177,760 |

At the same time, program assets are projected to remain flat (*less than 1% increase*) at approximately \$21,385,000 as of June 30, 2026 compared to \$21,272,000 at the close of last fiscal year.

| | <u>Estimated Program Assets</u> |
|-----------|--|
| 2021-2022 | \$21,004,000 |
| 2022-2023 | \$18,910,000 |
| 2023-2024 | \$21,422,000 |
| 2024-2025 | \$21,272,000 |
| 2025-2026 | \$21,385,000 |

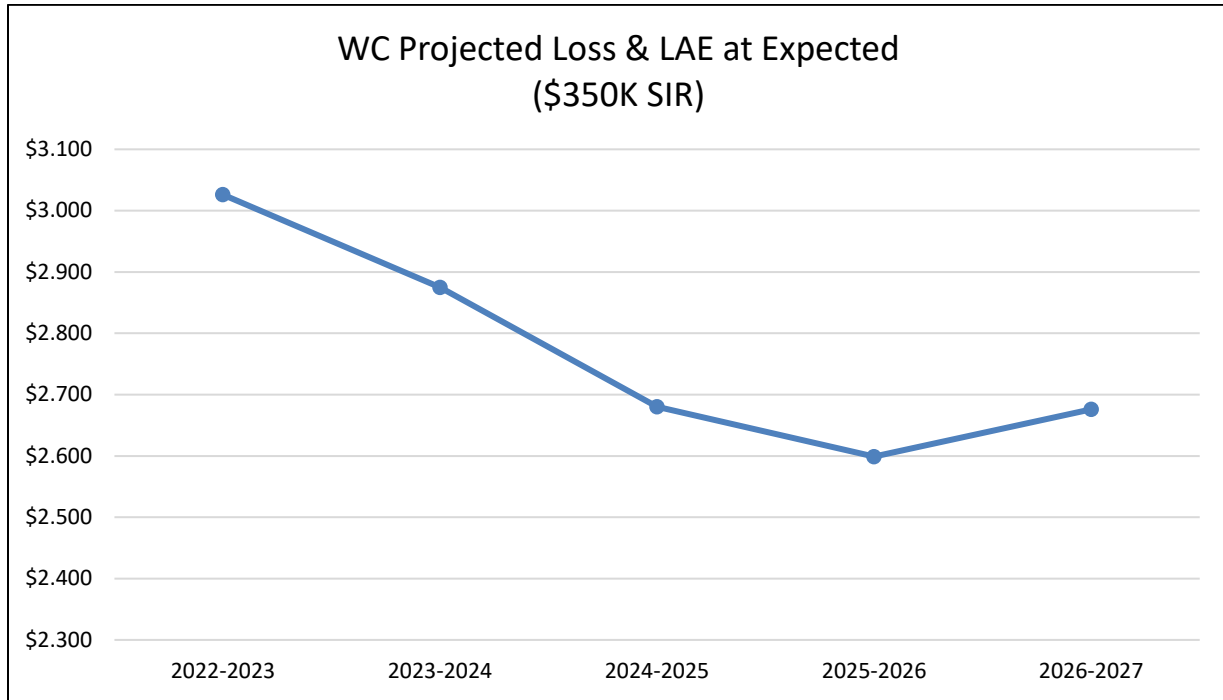
For reference, Staff has prepared a chart utilizing these estimated liability and asset data points. See below. CAPRI’s Workers’ Compensation program remains in a strong financial position with sufficient assets to cover its estimated liabilities.



Projections for 26-27

Looking ahead to 2026-2027, Bickmore’s projection for the expected workers’ compensation claims for the upcoming fiscal year is \$2.676 per \$100 payroll, which is 3.0% *higher* than the prior year projection. Staff has prepared a chart comparing the last five years of projected losses at the \$350,000 self-insured retention level.

| | Projected Loss & LAE at Expected |
|-----------|---|
| 2022-2023 | \$3.026 |
| 2023-2024 | \$2.875 |
| 2024-2025 | \$2.680 |
| 2025-2026 | \$2.599 |
| 2026-2027 | \$2.676 |



Stefan Zepernick of Bickmore Actuarial will be at the meeting to review the final report and answer any questions from the Board.

RECOMMENDATION:

Accept the Actuarial Review of the Workers’ Compensation Program for FY 26-27 as prepared by the actuarial firm, Bickmore Actuarial.

REFERENCE MATERIALS ATTACHED:

- Actuarial Review of the Self-Insured Workers’ Compensation Program – Executive Summary as prepared by Bickmore Actuarial



Bickmore — Actuarial

Actuarial Review of the Self-Insured Workers' Compensation Program

*Outstanding Liabilities as of June 30, 2026
Forecast for Program Year 2026-27*

Presented to
California Association of Park and Recreation Indemnity

April 10, 2026 – DRAFT

SCOPE AND SIGNATURE

The California Association for Park and Recreation Indemnity (“CAPRI”) has engaged Bickmore Actuarial to conduct an actuarial review of unpaid loss and loss adjustment expenses for claims that occurred on or before June 30, 2026 for its self-insured workers’ compensation program utilizing data valued as of December 31, 2025. CAPRI also seeks guidance on the appropriate funding level for claims to be incurred during the upcoming program year.

The specific objectives of the study are:

1. Estimate CAPRI’s net liability for outstanding claims as of June 30, 2026. Liabilities net of reinsurance are presented on both an undiscounted basis as well as a discounted basis. The net liabilities are also presented at the expected level (i.e. without a risk margin) and with risk margins, which are quantified via confidence levels. The net liabilities include provisions for loss, allocated loss adjustment expense (ALAE), and unallocated loss adjustment expense (ULAE). ALAE and ULAE are defined in the Glossary section of this report.
2. Project ultimate claims costs for the 2026-27 program year. Similar to the liability projections, the ultimate program year costs are presented on both undiscounted and discounted bases. Projections with and without risk margins are also included.
3. Provide a statement of compliance with Governmental Accounting Standards Board Statement #10.

We appreciate the opportunity to be of service to CAPRI in preparing this report. Please feel free to call Stefan Zepernick at (279) 895-1461 or Mikael Gabouchian at (858) 944-0200 with any questions you may have concerning this report.

Stefan Zepernick and Mikael Gabouchian meet the Casualty Actuarial Society continuing education requirements and the American Academy of Actuaries’ qualification standards to sign Statements of Actuarial Opinion.

DRAFT

Stefan Zepernick, ACAS, MAAA
Actuarial Manager

DRAFT

Mikael Gabouchian, ACAS, MAAA
Actuarial Manager

DRAFT

Jennifer Blythe
Actuarial Analyst

EXECUTIVE SUMMARY

As requested, we have completed our review of California Association for Park and Recreation Indemnity's (CAPRI) self-insured workers' compensation program.

We estimate the program's liability for outstanding claims to be \$12,177,760 as of June 30, 2026, and discounted for anticipated investment income. Given estimated program assets of \$21,385,000 as of June 30, 2026, the program will be funded above the 90% confidence level.

The \$12,177,760 estimate is the minimum liability to be booked by CAPRI at June 30, 2026 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.

Assuming an SIR of \$350,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2026-27 program year to be \$4,616,000. For budgeting purposes, the expected costs of 2026-27 claims translate to a rate of \$2.676 per \$100 of payroll.

These amounts include 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.

Effective July 1, 2023, CAPRI formed a single-parent captive insurance company, Recreation Indemnity Organization (RIO). This captive provides assumed reinsurance coverage to CAPRI for 100% of its retained losses. RIO assumes all loss and ALAE from CAPRI. This includes a loss portfolio transfer of outstanding liabilities for all claims occurring prior to July 1, 2023, and funding amounts for all new claims incurred subsequently. All liabilities and funding amounts for ULAE are retained by CAPRI and not assumed by RIO.

Net Claim Liabilities

The following table presents our conclusions regarding CAPRI's net claim liabilities.

Loss & LAE Claim Liabilities
As of June 30, 2026, Net of Reinsurance

| Dollars (\$000s) | Expected ¹ | ← Confidence Level → | | | | |
|----------------------------------|-----------------------|----------------------|-----------------|-----------------|-----------------|-----------------|
| | | 70% | 75% | 80% | 85% | 90% |
| Loss & ALAE | \$13,875 | \$15,096 | \$15,568 | \$16,108 | \$16,761 | \$17,635 |
| Claims Admin. (ULAE) | 476 | 518 | 534 | 553 | 575 | 605 |
| Total Loss & LAE | \$14,351 | \$15,614 | \$16,102 | \$16,661 | \$17,336 | \$18,240 |
| NPV Adjustment ² | (2,173) | (2,364) | (2,438) | (2,522) | (2,625) | (2,762) |
| Discounted Loss & LAE | \$12,178 | \$13,250 | \$13,664 | \$14,139 | \$14,711 | \$15,478 |
| Assets | 21,385 | 21,385 | 21,385 | 21,385 | 21,385 | 21,385 |
| Surplus/(Deficit) | 9,207 | 8,135 | 7,721 | 7,246 | 6,674 | 5,907 |
| Short Term ³ | \$3,038 | \$3,306 | \$3,409 | \$3,527 | \$3,670 | \$3,862 |
| Long Term ³ | 9,140 | 9,944 | 10,255 | 10,612 | 11,041 | 11,616 |

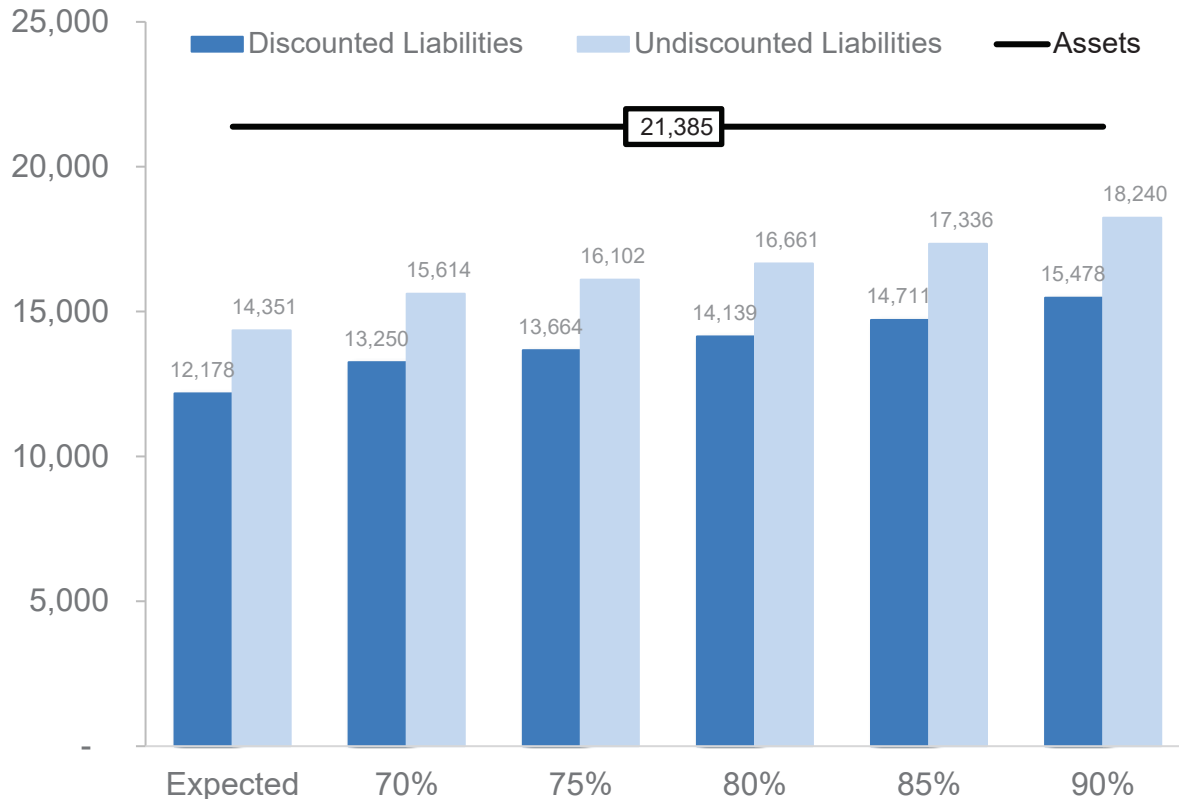
¹ Expected values represent the "best actuarial" or "central" estimate.

² Net present value is based on an annual discount rate of 3.0% and assumes that invested assets are equal to the recommended discounted reserve level.

³ Short-term liabilities are projected to be paid within 12 months of the accounting date. Long-term liabilities are projected to be paid after 12 months.

The following graph displays the comparison of the program's net claim liabilities and assets as of June 30, 2026 as shown on the prior page.

Loss & LAE Claim Liabilities and Assets
 As of June 30, 2026, Net of Reinsurance (\$000s)



We generally recommend that risk pools maintain funding at no less than the 90% confidence level. However, we understand that each entity is unique, and that proper funding levels can vary based on issues such as the organization's risk tolerance and financial circumstances. All of these items need to be considered when determining a surplus target, which may significantly exceed the 90% confidence level. A detailed assessment of an appropriate surplus target is beyond the scope of this study. Discounted recommendation assumes that all earnings on the assets invested (which are equal to the recommended discounted reserve level) will accrue to the program. The discount for future earnings should only be reflected, however, when the total indicated funds are available for investment and are expected to earn the indicated yield rate until all claims are closed.

Statement of Compliance with GASB #10

The outstanding liabilities presented in this section that include claims administration costs comply with the requirements promulgated by GASB #10.

Funding Projections

The following table presents our estimates of ultimate costs for the upcoming program year **at the program's current SIR of \$350,000.**

Projected Ultimate Costs
Fiscal Year 2026-27, SIR of \$350,000

| Dollars (\$000s) | Expected ¹ | ← Confidence Level → | | | | |
|----------------------------------|-----------------------|----------------------|----------------|----------------|----------------|----------------|
| | | 70% | 75% | 80% | 85% | 90% |
| Loss & ALAE | \$4,879 | \$5,425 | \$5,640 | \$5,889 | \$6,187 | \$6,587 |
| Claims Admin. (ULAE) | <u>347</u> | <u>386</u> | <u>401</u> | <u>419</u> | <u>440</u> | <u>468</u> |
| Total Loss & LAE | \$5,226 | \$5,811 | \$6,041 | \$6,308 | \$6,627 | \$7,055 |
| NPV Adjustment ² | (610) | (678) | (705) | (736) | (774) | (823) |
| Discounted Loss & LAE | \$4,616 | \$5,133 | \$5,336 | \$5,572 | \$5,853 | \$6,232 |
| Total Funding Rate ³ | \$2.676 | \$2.976 | \$3.094 | \$3.231 | \$3.393 | \$3.613 |

¹ Expected values represent the "best actuarial" or "central" estimate.

² Net present value is based on an annual discount rate of 3.0% and assumes that invested funding is equal to the recommended funding level and is invested at the beginning of the fiscal year.

³ Rate is per \$100 of payroll.

Agenda Item 8.3

SPECIAL REPORTS

SUBJECT: Liability/Property Actuarial Analysis FY2025-2026

BACKGROUND AND STATUS:

Bickmore Actuarial (“Bickmore”) conducted an actuarial analysis of the General Liability & Property program for CAPRI. Attached please find the Draft Executive Summary for the Liability & Property Actuarial Analysis.

Program Funding

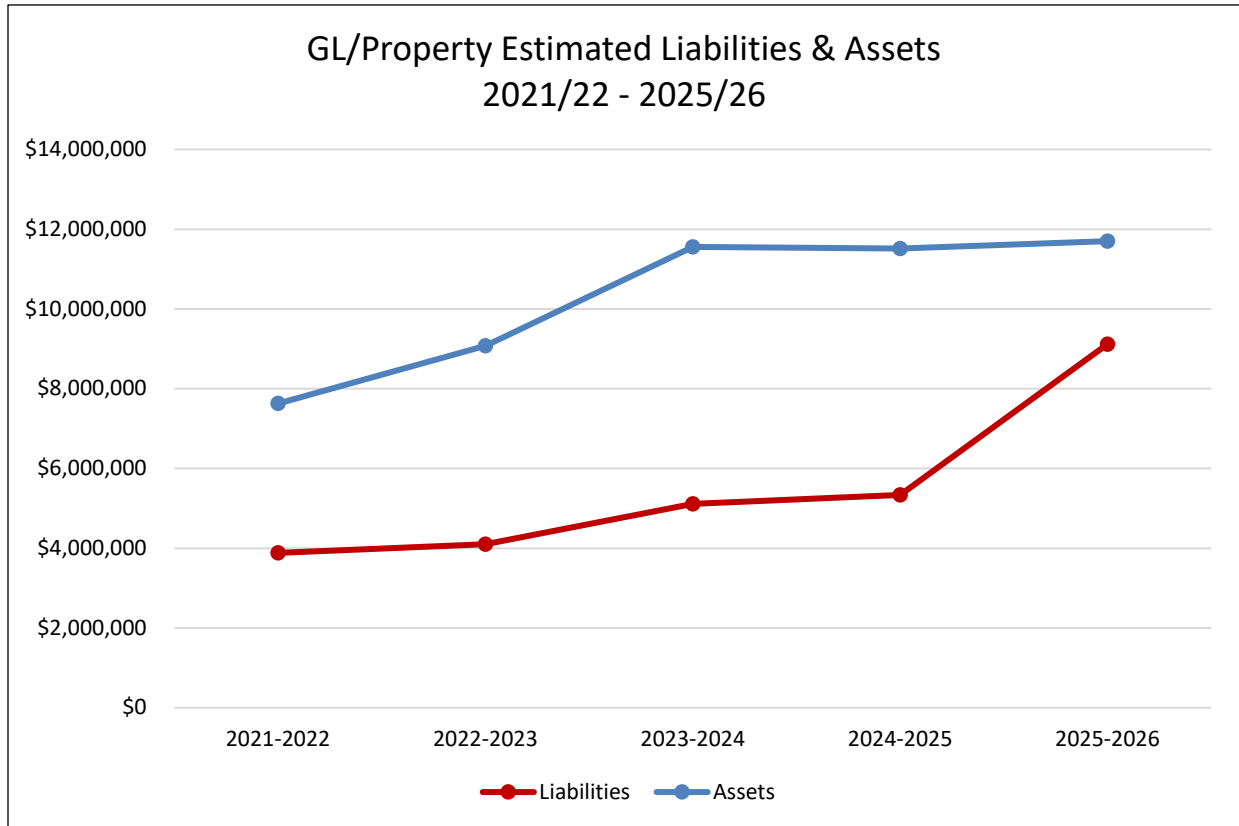
Overall, the study concluded that CAPRI will be funded at the 80% confidence level. Bickmore estimates that the program’s discounted liability for outstanding claims has *increased* approximately 70.8% to \$9,118,495 as of June 30, 2026 compared to \$5,339,553 at the close of the last fiscal year. The increase in liabilities is mostly attributed to a high volume of large GL loss activity in the 2023-2024 policy year and significant increase in GL case reserves.

| | Estimated Program Liability |
|-----------|------------------------------------|
| 2021-2022 | \$3,882,114 |
| 2022-2023 | \$4,100,000 |
| 2023-2024 | \$5,109,738 |
| 2024-2025 | \$5,339,553 |
| 2025-2026 | \$9,118,495 |

At the same time, program assets are projected to increase slightly (*approximately 1.6%*) to \$11,700,000 as of June 30, 2026 compared to \$11,519,000 at the close of the last fiscal year.

| | Estimated Program Assets |
|-----------|---------------------------------|
| 2021-2022 | \$7,628,000 |
| 2022-2023 | \$9,080,000 |
| 2023-2024 | \$11,556,000 |
| 2024-2025 | \$11,519,000 |
| 2025-2026 | \$11,700,000 |

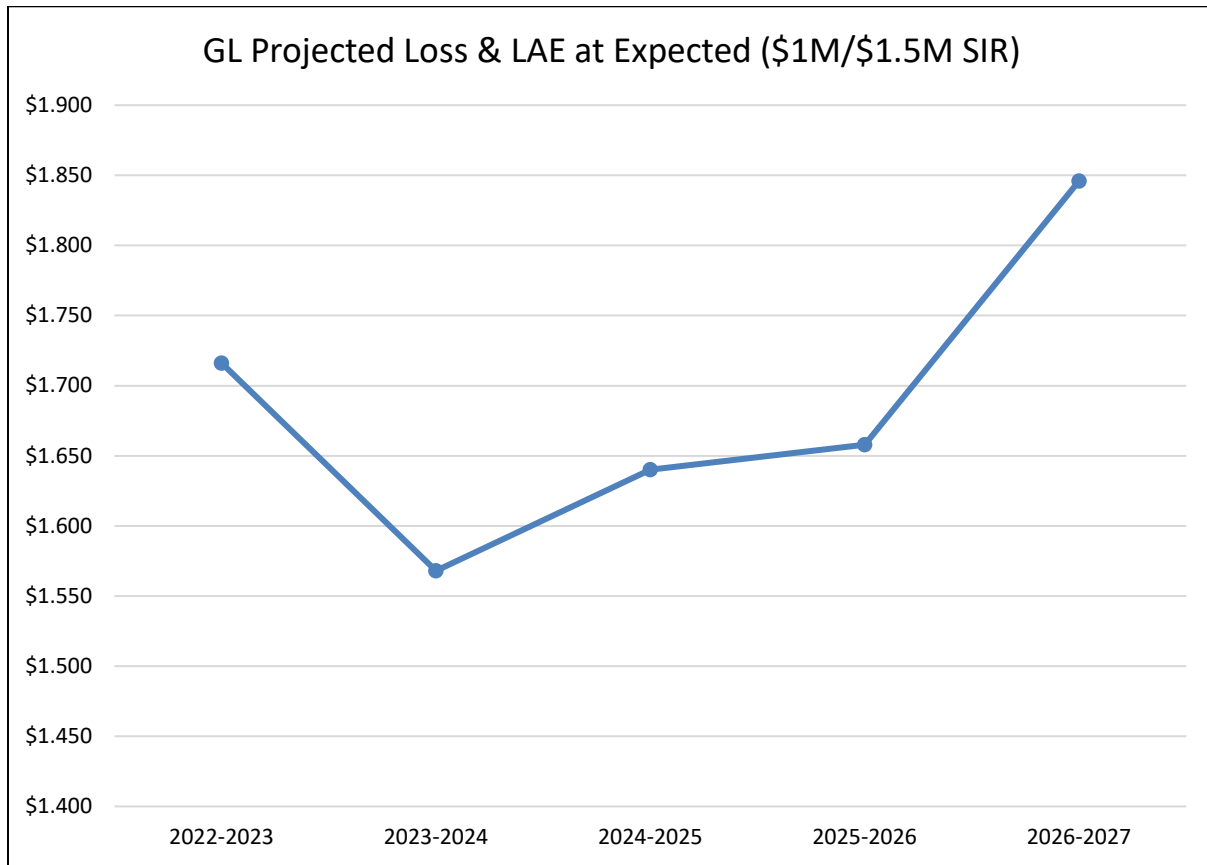
For reference, Staff has prepared a chart utilizing these estimated liability and asset data points. CAPRI’s General Liability & Property program remains in a strong financial position with sufficient assets to cover its estimated liabilities. See below.



Projections for 26-27

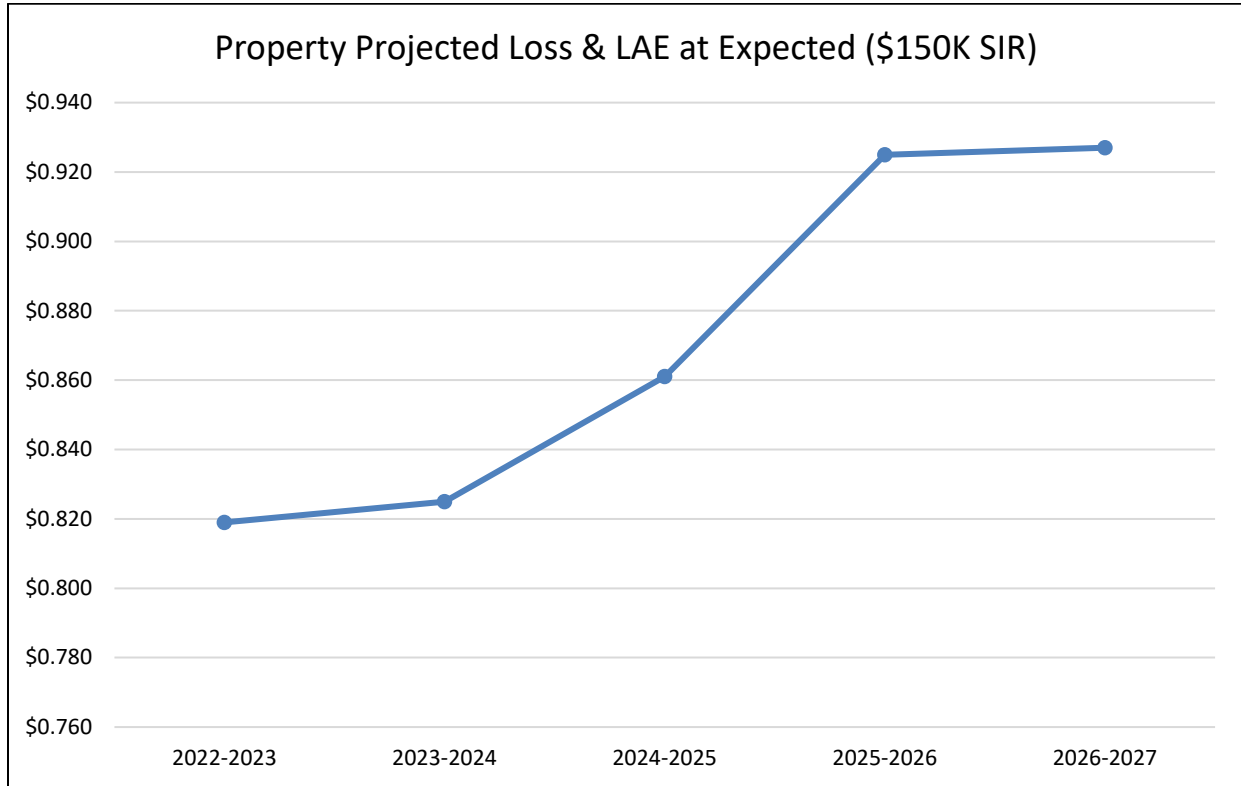
Looking ahead to 2026-2027, Bickmore’s projection for the expected general liability claims for the upcoming fiscal year is \$1.846 per \$100 payroll, which is 11.3% *higher* than the prior year projection. Staff has prepared a chart comparing the last five years of projected losses. Note that CAPRI’s SIR was \$1M through 2023-24 and increased to \$1.5M in 2024-25 where it remains.

| | Projected Loss & LAE at Expected |
|-----------|---|
| 2022-2023 | \$1.716 |
| 2023-2024 | \$1.568 |
| 2024-2025 | \$1.640 |
| 2025-2026 | \$1.658 |
| 2026-2027 | \$1.846 |



Regarding property losses, Bickmore’s projection for the expected property claims for the upcoming fiscal year is \$0.927 per \$1000 TIV, which is 0.2% higher than the prior year’s projection. Staff has prepared a chart comparing the last five years of projected losses at the \$150,000 self-insured retention level.

| | Projected Loss & LAE at Expected |
|-----------|---|
| 2022-2023 | \$0.819 |
| 2023-2024 | \$0.825 |
| 2024-2025 | \$0.861 |
| 2025-2026 | \$0.925 |
| 2026-2027 | \$0.927 |



Stefan Zepernick of Bickmore Actuarial will be at the meeting to review the final report and answer any questions from the Board.

RECOMMENDATION:

Accept the Actuarial Review of the General Liability & Property Program for FY 26-27 as prepared by the actuarial firm, Bickmore Actuarial.

REFERENCE MATERIALS ATTACHED:

- Actuarial Review of the Self-Insured General Liability & Property Program – Executive Summary as prepared by Bickmore Actuarial



Bickmore — Actuarial

Actuarial Review of the Self-Insured General Liability and Property Programs

*Outstanding Liabilities as of June 30, 2026
Forecast for Program Year 2026-2027*

Presented to
California Association of Park and Recreation Indemnity

April 10, 2026 – DRAFT

SCOPE AND SIGNATURE

The California Association for Park and Recreation Indemnity (“CAPRI”) has engaged Bickmore Actuarial to conduct an actuarial review of unpaid loss and loss adjustment expenses for claims that occurred on or before June 30, 2026 for its self-insured General Liability and Property programs utilizing data valued as of December 31, 2025. CAPRI also seeks guidance on the appropriate funding level for claims to be incurred during the upcoming program year.

The specific objectives of the study are:

1. Estimate CAPRI’s net liability for outstanding claims as of June 30, 2026. Liabilities net of reinsurance are presented on both an undiscounted basis as well as a discounted basis. The net liabilities are also presented at the expected level (i.e. without a risk margin) and with risk margins, which are quantified via confidence levels. The net liabilities include provisions for loss, allocated loss adjustment expense (ALAE), and unallocated loss adjustment expense (ULAE). ALAE and ULAE are defined in the Glossary section of this report.
2. Project ultimate claims costs for the 2026-2027 program year. Similar to the liability projections, the ultimate program year costs are presented on both undiscounted and discounted bases. Projections with and without risk margins are also included.
3. Provide a statement of compliance with Governmental Accounting Standards Board Statement #10.

We appreciate the opportunity to be of service to CAPRI in preparing this report. Please feel free to call Stefan Zepernick at (279) 895-1461 or Mikael Gabouchian at (858) 944-0200 with any questions you may have concerning this report.

Stefan Zepernick and Mikael Gabouchian meet the Casualty Actuarial Society continuing education requirements and the American Academy of Actuaries’ qualification standards to sign Statements of Actuarial Opinion.

DRAFT

Stefan Zepernick, ACAS, MAAA
Actuarial Manager

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Mary Ann Case, PSM
Senior Actuarial Analyst

EXECUTIVE SUMMARY

As requested, we have completed our review of California Association for Park and Recreation Indemnity's (CAPRI) self-insured liability and property program.

We estimate the program's liability for outstanding claims to be \$9,118,495 as of June 30, 2026, and discounted for anticipated investment income. Given estimated program assets of \$11,700,000 as of June 30, 2026, the program will be funded at the 80% confidence level.

The \$9,118,495 estimate is the minimum liability to be booked by CAPRI at June 30, 2026 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.

We estimate the ultimate cost of claims and expenses for claims incurred during the 2026-2027 program year to be \$3,066,000 for liability, assuming an SIR of \$1,500,000 per occurrence, and \$1,513,000 for property assuming an SIR of \$150,000. For budgeting purposes, the expected cost of 2026-2027 claims translates to a rate of \$1.846 per \$100 of payroll for liability and a rate of \$0.927 per \$1,000 of total insured value for property.

These amounts include 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.

Effective July 1, 2023, CAPRI formed a single-parent captive insurance company, Recreation Indemnity Organization (RIO). This captive provides assumed reinsurance coverage to CAPRI for 100% of its retained losses. RIO assumes all loss and ALAE from CAPRI. This includes a loss portfolio transfer of outstanding liabilities for all claims occurring prior to July 1, 2023, and funding amounts for all new claims incurred subsequently. All liabilities and funding amounts for ULAE are retained by CAPRI and not assumed by RIO.

Net Claim Liabilities

The following table presents our conclusions regarding CAPRI's net claim liabilities.

Self-Insured Liability and Property Program
Loss & LAE Claim Liabilities
As of June 30, 2026, Net of Reinsurance

| Dollars (\$000s) | Expected ¹ | ← Confidence Level → | | | | |
|----------------------------------|-----------------------|----------------------|-----------------|-----------------|-----------------|-----------------|
| | | 70% | 75% | 80% | 85% | 90% |
| Loss & ALAE | \$9,387 | \$10,524 | \$11,030 | \$11,630 | \$12,373 | \$13,371 |
| Claims Admin. (ULAE) | <u>176</u> | <u>197</u> | <u>207</u> | <u>219</u> | <u>233</u> | <u>253</u> |
| Total Loss & LAE | \$9,563 | \$10,721 | \$11,237 | \$11,849 | \$12,606 | \$13,624 |
| NPV Adjustment ² | <u>(445)</u> | <u>(497)</u> | <u>(521)</u> | <u>(550)</u> | <u>(583)</u> | <u>(631)</u> |
| Discounted Loss & LAE | \$9,118 | \$10,224 | \$10,716 | \$11,299 | \$12,023 | \$12,993 |
| Assets | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 |
| Surplus/(Deficit) | 2,582 | 1,477 | 985 | 402 | (322) | (1,292) |
| Short Term ³ | \$3,628 | \$4,074 | \$4,272 | \$4,507 | \$4,798 | \$5,188 |
| Long Term ³ | 5,490 | 6,150 | 6,444 | 6,792 | 7,225 | 7,805 |

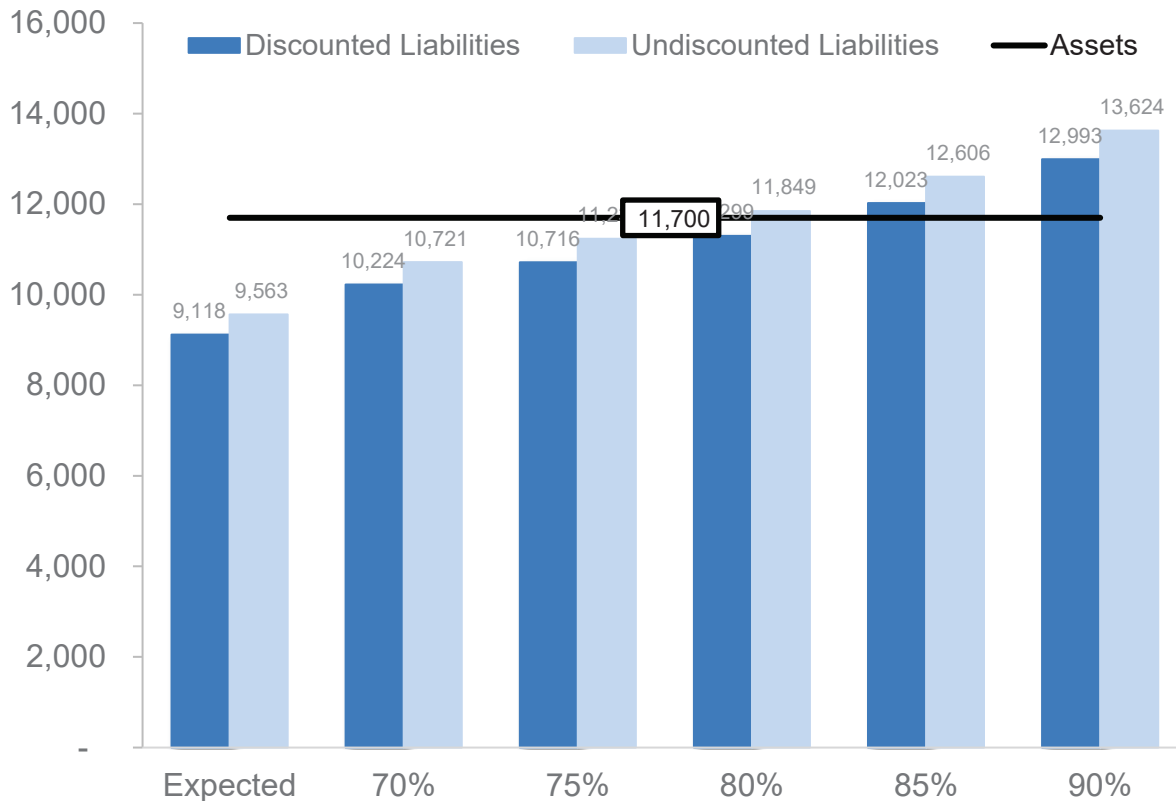
¹ Expected values represent the "best actuarial" or "central" estimate.

² Net present value is based on an annual discount rate of 2.0% and assumes that invested assets are equal to the recommended discounted reserve level.

³ Short-term liabilities are projected to be paid within 12 months of the accounting date. Long-term liabilities are projected to be paid after 12 months.

The following graph displays the comparison of the program’s net claim liabilities and assets as of June 30, 2026 as shown on the prior page.

Self-Insured Liability and Property Program
 Loss & LAE Claim Liabilities and Assets
 As of June 30, 2026, Net of Reinsurance (\$000s)



We generally recommend that risk pools maintain funding at no less than the 90% confidence level. However, we understand that each entity is unique, and that proper funding levels can vary based on issues such as the organization’s risk tolerance and financial circumstances. All of these items need to be considered when determining a surplus target, which may significantly exceed the 90% confidence level. A detailed assessment of an appropriate surplus target is beyond the scope of this study. Discounted recommendation assumes that all earnings on the assets invested (which are equal to the recommended discounted reserve level) will accrue to the program. The discount for future earnings should only be reflected, however, when the total indicated funds are available for investment and are expected to earn the indicated yield rate until all claims are closed.

Statement of Compliance with GASB #10

The outstanding liabilities presented in this section that include claims administration costs comply with the requirements promulgated by GASB #10.

Funding Projections

The following tables present our estimates of ultimate costs for the upcoming program year for liability and property, at the current program SIRs of \$1,500,000 and \$150,000, respectively.

Self-Insured Liability Program
Projected Ultimate Costs
Fiscal Year 2026-2027, SIR of \$1,500,000

| Dollars (\$000s) | Expected ¹ | ← Confidence Level → | | | | |
|-----------------------------------|-----------------------|----------------------|----------------|----------------|----------------|----------------|
| | | 70% | 75% | 80% | 85% | 90% |
| Loss & ALAE | \$3,155 | \$3,720 | \$4,007 | \$4,344 | \$4,771 | \$5,338 |
| <u>Claims Admin. (ULAE)</u> | <u>114</u> | <u>134</u> | <u>145</u> | <u>157</u> | <u>172</u> | <u>193</u> |
| Total Loss & LAE | \$3,269 | \$3,854 | \$4,152 | \$4,501 | \$4,943 | \$5,531 |
| <u>NPV Adjustment²</u> | <u>(203)</u> | <u>(239)</u> | <u>(258)</u> | <u>(279)</u> | <u>(307)</u> | <u>(343)</u> |
| Discounted Loss & LAE | \$3,066 | \$3,615 | \$3,894 | \$4,222 | \$4,636 | \$5,188 |
| Total Funding Rate ³ | \$1.846 | \$2.176 | \$2.344 | \$2.542 | \$2.791 | \$3.123 |

¹ Expected values represent the “best actuarial” or “central” estimate.

² Net present value is based on an annual discount rate of 2.0% and assumes that invested funding is equal to the recommended funding level and is invested at the beginning of the fiscal year.

³ Rate is per \$100 of payroll.

Self-Insured Property Program
Projected Ultimate Costs
Fiscal Year 2026-2027, SIR of \$150,000

| Dollars (\$000s) | Expected ¹ | ← Confidence Level → | | | | |
|-----------------------------------|-----------------------|----------------------|----------------|----------------|----------------|----------------|
| | | 70% | 75% | 80% | 85% | 90% |
| Loss & ALAE | \$1,466 | \$1,712 | \$1,828 | \$1,965 | \$2,136 | \$2,365 |
| <u>Claims Admin. (ULAE)</u> | <u>72</u> | <u>84</u> | <u>90</u> | <u>96</u> | <u>105</u> | <u>116</u> |
| Total Loss & LAE | \$1,538 | \$1,796 | \$1,918 | \$2,061 | \$2,241 | \$2,481 |
| <u>NPV Adjustment²</u> | <u>(25)</u> | <u>(29)</u> | <u>(31)</u> | <u>(34)</u> | <u>(37)</u> | <u>(41)</u> |
| Discounted Loss & LAE | \$1,513 | \$1,767 | \$1,887 | \$2,027 | \$2,204 | \$2,440 |
| Total Funding Rate ³ | \$0.927 | \$1.082 | \$1.156 | \$1.241 | \$1.350 | \$1.494 |

¹ Expected values represent the “best actuarial” or “central” estimate.

² Net present value is based on an annual discount rate of 2.0% and assumes that invested funding is equal to the recommended funding level and is invested at the beginning of the fiscal year.

³ Rate is per \$1,000 of TIV.

Agenda Item 8.4**SPECIAL REPORTS****SUBJECT: Insurance Market Report**

BACKGROUND AND STATUS:

Mr. Doug Wozniak of Alliant Insurance Services will present at the Board Meeting and provide an update on the current insurance market and outlook for the 2026-2027 renewal.

RECOMMENDATION:

Information only.

REFERENCE MATERIALS ATTACHED:

None.

Agenda Item 9.1**DISCUSSION/ACTION ITEMS**

SUBJECT: New Member Application – Rim of the World Recreation and Park District

BACKGROUND AND STATUS:

Pursuant to CAPRI Policy, any district or Joint Powers Authority organized under the laws of the State of California that provides recreation and park services and is a member of the California Association of Recreation and Park Districts is eligible for membership in the California Association for Park and Recreation Indemnity. The CAPRI Board of Directors must approve all applications for membership before participation and coverage can begin.

To be considered for membership in the Workers' Compensation program, a proposed new member district must provide a completed Estimated Payroll form, and a copy of the Joint Powers Agreement signed on behalf of the district. Furthermore, all applicants who request membership in CAPRI, are to receive a review of their District facilities.

Thereafter, the Executive Director verifies that the District is a member of the California Association of Recreation and Park Districts, computes the applicable contribution based upon criteria established by the Board of Directors, and submits the application with the recommendation of the Executive Director to the Board of Directors for approval.

If admission is approved by the CAPRI Board of Directors, then the Executive Director will so advise the applicant and process the necessary paperwork regarding billing, confirmation of coverage, and attachment to excess or group purchased coverage.

Prospective New Member – Rim of the World Recreation and Park District

Rim of the World Recreation and Park District ("Rim Rec") is a California special district located in San Bernardino County, in the unincorporated community of Rimforest, CA. The District provides quality parks, recreation programs and related facilities for all residents of the District. Rim Rec has an operating budget of over \$1.3M and manages 6 parks in an area of approximately 70,000 acres or 110 square miles. The estimated payroll for 2026/27 is approximately \$340,000. Rim Rec's General Manager is Jenny Hueter.

Rim Rec is already a current CAPRI Member participating in the General Liability and Property Program. In June 2025, Rim Rec reached out to CAPRI for a quote to join the Workers' Compensation program.

Staff has received and reviewed Rim Rec's payroll estimates and loss history consistent with CAPRI policy and provided this information to CAPRI's excess insurers for review. Staff has also toured Rim Rec parks and facilities as part of CAPRI's regular district visitation schedule. Additionally, Rim Rec is an existing CARPD Member and a signed copy of the CAPRI Joint Powers Authority agreement is on file. Finally, Staff has computed Rim Rec's estimated member contribution for the upcoming fiscal year in the amount of \$6,512, based on the renewal information we have at this time.

RECOMMENDATION:

Approve membership for Rim of the World Recreation and Park District to the CAPRI Workers' Compensation program, effective July 1, 2026.

FISCAL IMPACT:

The addition of a new member would add premium to the WC program, but also expose the pools to future claims.

REFERENCE MATERIALS ATTACHED:

None.

Agenda Item 9.2

DISCUSSION/ACTION ITEMS

SUBJECT: Member Loyalty & Safety Discount Calculations 2026-2027

BACKGROUND AND STATUS:

The stability of CAPRI's membership is a large part of the programs' long-term success. In order to encourage member retention, CAPRI offers a multi-program discount (also known as the Member Loyalty Discount) of 4%. Additionally, members can also receive an additional 1% discount through the Safety Credit Discount -- earned by submitting evidence of quarterly Safety Committee Meetings and participating in CAPRI Member trainings. As a result, members may earn up to a 5% discount off its annual premiums by taking advantage of the two discounts.

The calculations for Fiscal Year 2026-2027 are attached for reference and submitted for approval by the Board.

RECOMMENDATION:

Approve the proposed Member Loyalty & Safety Credit Discount Calculations for use in the 2026-2027 GL/Property and WC premium allocation calculations.

FISCAL IMPACT:

The proposed discounts impact the total funding collected by the pool. However, the discounts also incentivize best risk management practices and thereby serve to help reduce losses.

REFERENCE MATERIALS ATTACHED:

- Proposed Member Loyalty & Safety Credit Discount Calculations

**CAPRI Member Safety Loyalty Discount Calculations
FY2026-2027**

| District | Safety Minute Meetings (4 points) | Attended CAPRI Webinar (3 points) | Attended 2nd CAPRI Webinar (3 points) | Safety Credit Discount (1% Max) | Multi-Program (4% Max) | Total Discount (Max 5%) |
|-------------------------|--------------------------------------|--------------------------------------|--|------------------------------------|---------------------------|----------------------------|
| Almanor | 1 | 0 | 0 | 0.10% | 0.00% | 0.10% |
| Ambrose | 2 | 3 | 3 | 0.80% | 4.00% | 4.80% |
| Arcade Creek | 3 | 3 | 3 | 0.90% | 4.00% | 4.90% |
| Arden Manor | 1 | 3 | 3 | 0.70% | 4.00% | 4.70% |
| Arden Park | 1 | 3 | 3 | 0.70% | 4.00% | 4.70% |
| Auburn Area | 4 | 3 | 3 | 1.00% | 0.00% | 1.00% |
| Bear Mountain | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Bear River | 4 | 0 | 0 | 0.80% | 4.00% | 4.80% |
| Beaumont Cherry Valley | 0 | 3 | 3 | 0.60% | 4.00% | 4.60% |
| Belvedere Tiburon Joint | 4 | 3 | 0 | 0.70% | 4.00% | 4.70% |
| Boulder Creek | 0 | 0 | 0 | 0.00% | 4.00% | 4.00% |
| Buttonwillow | 0 | 3 | 0 | 0.30% | 4.00% | 4.30% |
| Carmichael | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Cazadero | 4 | 3 | 0 | 0.70% | 0.00% | 0.70% |
| Central Plumas | 0 | 0 | 0 | 0.00% | 4.00% | 4.00% |
| Coalinga-Huron | 1 | 3 | 3 | 0.70% | 4.00% | 4.70% |
| Conejo | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Cordova | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Desert | 4 | 3 | 3 | 1.00% | 0.00% | 1.00% |
| Dunsmuir | 0 | 0 | 0 | 0.00% | 4.00% | 4.00% |
| Durham | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| El Dorado Hills | 3 | 3 | 3 | 0.90% | 0.00% | 0.90% |
| Feather River | 4 | 3 | 3 | 0.90% | 4.00% | 4.90% |
| Fair Oaks | 3 | 3 | 3 | 0.90% | 4.00% | 4.90% |
| Fulton-El Camino | 0 | 3 | 3 | 0.60% | 4.00% | 4.60% |
| Greater Vallejo | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Hayward Area | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Highlands | 4 | 3 | 0 | 0.70% | 4.00% | 4.70% |
| Honey Lake | 0 | 0 | 0 | 0.00% | 0.00% | 0.00% |
| Isla Vista | 3 | 3 | 3 | 0.90% | 4.00% | 4.90% |
| Jurupa Area | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| La Selva Beach | 0 | 0 | 0 | 0.00% | 4.00% | 4.00% |
| Ladera | 2 | 3 | 3 | 0.80% | 4.00% | 4.80% |
| Lake Cuyamaca | 4 | 3 | 0 | 0.70% | 4.00% | 4.70% |
| Livermore Area | 1 | 3 | 3 | 0.70% | 4.00% | 4.70% |
| McFarland | 0 | 3 | 3 | 0.60% | 4.00% | 4.60% |
| Mendocino Coast | 3 | 3 | 3 | 0.90% | 4.00% | 4.90% |
| Mission Oaks | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Monte Rio | 4 | 3 | 0 | 0.70% | 4.00% | 4.70% |
| Mount Shasta | 1 | 3 | 3 | 0.70% | 4.00% | 4.70% |
| North of the River | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| North County | 0 | 3 | 0 | 0.30% | 0.00% | 0.30% |
| North Highlands | 2 | 3 | 0 | 0.50% | 4.00% | 4.50% |
| Orangevale | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Paradise | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Pleasant Hill | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Pleasant Valley | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Rancho Simi | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Rim of the World | 2 | 3 | 3 | 0.80% | 4.00% | 4.80% |
| Rio Linda-Elverta | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Russian River | 1 | 3 | 3 | 0.70% | 4.00% | 4.70% |
| Shafter | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Silverado-Modjeska | 4 | 3 | 0 | 0.70% | 4.00% | 4.70% |
| Soledad Mission | 0 | 3 | 0 | 0.30% | 4.00% | 4.30% |
| Southgate | 4 | 3 | 3 | 1.00% | 0.00% | 1.00% |
| Strawberry | 2 | 3 | 0 | 0.50% | 4.00% | 4.50% |
| Sunrise | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Tehachapi Valley | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Truckee-Donner | 0 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Tuolumne | 4 | 3 | 0 | 0.70% | 4.00% | 4.70% |
| Valley-Wide | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Wasco | 0 | 3 | 3 | 0.60% | 4.00% | 4.60% |
| Weed | 0 | 3 | 3 | 0.60% | 4.00% | 4.60% |
| West Side | 4 | 3 | 3 | 1.00% | 4.00% | 5.00% |
| Western Gateway | 4 | 0 | 0 | 0.40% | 4.00% | 4.40% |

Agenda Item 9.3**DISCUSSION/ACTION ITEMS****SUBJECT: CAPRI Budget 2026-2027 Review**

BACKGROUND AND STATUS:

The first draft of the 2026-2027 CAPRI Budget is attached hereto. This is the Board's opportunity to comment and provide direction to Staff. This draft is based upon usage for the past several fiscal years as well as projections from the insurance market. Staff believes the draft represents an accurate estimate of CAPRI's revenues and expenditures for FY26-27 as of this point in time. Ultimately, these numbers will change as firm insurance quotes are received and the Board provides further direction for the next fiscal year at the June Board Meeting.

Notable Revisions/Updates:

- Operating expenses increased to reflect organizational staffing updates, but total overhead costs remain at only 8%.
- Based upon the most recently available estimates from PRISM, excess Workers' Compensation premiums are expected to increase nearly 10%.
- Based upon the most recently available estimates from PRISM, excess General Liability premiums are expected to increase nearly 50%.
- The Draft Budget includes a flat renewal for Excess Property coverage.

RECOMMENDATION:

Provide direction to Staff regarding the CAPRI 2026-2027 Budget. Alternatively, adopt the draft as the CAPRI 2026-2027 subject to changes related to the excess premiums.

FISCAL IMPACT:

The fiscal impact is dependent upon direction provided to Staff.

REFERENCE MATERIALS ATTACHED:

- Draft of CAPRI Budget 2026-2027

**California Association for Park and Recreation Indemnity
Preliminary Draft Budget - July 2026 through June 2027**

| | Draft Budget | PY Budget | Change Between Current Year and Proposed Budget | % Increase |
|--|-------------------|-------------------|---|---------------|
| | Jul '26 - Jun '27 | Jul '25 - Jun '26 | | |
| Ordinary Revenue | | | | |
| Operating Revenue | | | | |
| Member Contributions | \$ 21,972,918 | \$ 19,483,536 | \$ 2,489,382 | 12.78% |
| RIO Administration | 45,000 | 45,000 | - | |
| CARPD Administration | 87,569 | 86,275 | 1,294 | 1.50% |
| Operating Revenue Total | 22,105,487 | 19,614,811 | 2,490,676 | 12.70% |
| Investment Income | | | | |
| Bank/LAIF Interest | 240,000 | \$ 150,000 | 90,000 | 60.00% |
| Portfolio Income (PFM) | 400,000 | \$ 350,000 | 50,000 | 14.29% |
| Total Investment Income | 640,000 | 500,000 | 140,000 | |
| Total Revenue | 22,745,487 | 20,114,811 | 2,630,676 | 13.08% |
| Expense | | | | |
| Operating Expenses | | | | |
| Administration-CAPRI Office | | | | |
| Salaries & Benefits | | | | |
| Salaries | | | | |
| Executive Director | 261,885 | 232,890 | 28,995 | 12.45% |
| Director of Admin Ops | 129,150 | 123,000 | 6,150 | 5.00% |
| Director of Safety & Risk Control | 123,900 | 118,000 | 5,900 | 5.00% |
| Risk Analyst | 95,000 | - | 95,000 | |
| Executive Assistant | 68,000 | 65,000 | 3,000 | 4.62% |
| Contingency | 16,000 | 16,000 | - | |
| Total Salaries | 693,935 | 554,890 | 139,045 | 25.06% |
| Employee Benefits | | | | |
| Medical | 87,000 | 66,000 | 21,000 | 31.82% |
| Life Insurance | 1,000 | 1,000 | - | 0.00% |
| 457 ER Contributions | 25,000 | 24,000 | 1,000 | 4.17% |
| PERS Contributions | 40,000 | 36,000 | 4,000 | 11.11% |
| PERS UAL | 100,911 | 80,000 | 20,911 | 26.14% |
| Payroll Tax Expenses | 8,000 | 7,500 | 500 | 6.67% |
| Total Employee Benefits | 261,911 | 214,500 | 47,411 | 22.10% |
| Total Salaries & Benefits | 955,846 | 769,390 | 186,456 | 24.23% |
| Bank Service Charges | 16,000 | 16,000 | - | 0.00% |
| Copier Service/Repair | 1,200 | 2,000 | (800) | -40.00% |
| Depreciation Expense | 6,000 | 6,000 | - | 0.00% |
| District Visitations | 12,000 | 12,000 | - | 0.00% |
| Miscellaneous | 4,000 | 14,000 | (10,000) | -71.43% |
| Office Supplies | 8,500 | 7,500 | 1,000 | 13.33% |
| Payroll Services | 4,600 | 4,600 | - | 0.00% |
| Postage and Delivery | 2,200 | 2,200 | - | 0.00% |
| Printing and Reproduction | 1,000 | 1,000 | - | 0.00% |
| Professional Dues | 5,000 | 5,000 | - | 0.00% |
| Rent | 70,000 | 66,000 | 4,000 | 6.06% |
| Safety Meetings/Workshops | 4,000 | 4,000 | - | 0.00% |
| Telephone/Internet | 7,000 | 6,500 | 500 | 7.69% |
| Travel/Meeting | 14,000 | 14,000 | - | 0.00% |
| Total Administration-CAPRI Office | 1,111,346 | 930,190 | 181,156 | 19.48% |

**California Association for Park and Recreation Indemnity
Preliminary Draft Budget - July 2026 through June 2027**

| | Jul '26 - Jun '27 | Jul '25 - Jun '26 | Current Year and Proposed Budget | % Increase |
|---|--------------------------|--------------------------|---|-------------------|
| Board Meeting/Travel | 32,000 | 32,000 | - | 0.00% |
| CARPD Expense | 3,000 | 3,000 | - | |
| Consulting Services | | | | |
| Actuarial Services | 12,700 | 12,450 | 250 | 2.01% |
| Claims Management | 441,938 | 427,742 | 14,196 | 3.32% |
| Financial Accounting | 80,000 | 80,000 | - | 0.00% |
| Financial Audit | 40,000 | 40,000 | - | 0.00% |
| Investment Advisors | 32,000 | 32,000 | - | 0.00% |
| IT Services | 3,000 | 3,000 | - | 0.00% |
| Legal Fees | 30,000 | 30,000 | - | 0.00% |
| Software Management | 40,000 | 40,000 | - | |
| Loss Prevention Services | 63,000 | 75,000 | (12,000) | -16.00% |
| Total Consulting Services | 742,638 | 740,192 | 2,446 | 0.33% |
| Total Operating Expenses | 1,888,984 | 1,705,382 | 183,602 | 10.77% |
| Insurance Expenditures | | | - | |
| Workers' Compensation | 1,369,000 | 1,248,614 | 120,386 | 9.64% |
| Combined GL/AL Excess | 3,356,000 | 2,289,799 | 1,066,201 | 46.56% |
| Property Coverage | 5,336,649 | 5,336,649 | - | 0.00% |
| Crime Policy/Identity Theft | 25,000 | 25,000 | - | 0.00% |
| Employee Assistance Program | 15,000 | 15,000 | - | |
| Other Premiums (W/C) | 75,000 | 71,081 | 3,919 | 5.51% |
| Broker Fees | 105,000 | 105,000 | - | 0.00% |
| Total Insurance Expenses | 10,281,649 | 9,091,143 | 1,190,506 | 13.10% |
| Claims Expenditures | | | - | |
| Claim Payments | | | - | |
| Claim Payments | 9,884,854 | 8,768,286 | 1,116,568 | 12.73% |
| Total Claim Payments | 9,884,854 | 8,768,286 | 1,116,568 | 12.73% |
| Contingency | | | - | |
| General | 50,000 | 50,000 | - | 0.00% |
| Total Contingency | 50,000 | 50,000 | - | 0.00% |
| Total Expense | 22,105,487 | 19,614,811 | 2,490,676 | 12.70% |
| Net Operating Income Over Expenses | \$0.00 | \$0.00 | \$0.00 | |

Agenda Item 9.4

DISCUSSION/ACTION ITEMS

SUBJECT: Board Vacancy

BACKGROUND AND STATUS:

Recently, Director Nunes announced that she has accepted a new employment position and will be resigning from the CAPRI Board of Directors. This will create a vacancy for the At-Large position on the Board.

Per Article II, section (3) of the CAPRI Bylaws, in the event of a vacancy the CAPRI Board shall appoint a replacement to serve the balance of the term (through December 2028).

Staff is recommending that the Board address the upcoming vacancy by sending out a message to the membership asking for anyone interested in serving to submit a letter of interest. Thereafter, a Committee would interview prospective candidates via Zoom the week of May 11-May 15. The Committee would then make a recommendation to the Board for the appointment and take action at the May 27th CAPRI Board Meeting.

RECOMMENDATION:

Direct Staff to send out a call to the CAPRI Membership for prospective candidates to submit a letter of interest for the Board position.

Direct the Committee to interview candidates and make a recommendation for appointment for the Board to consider at the upcoming May 27th Board Meeting.

FISCAL IMPACT:

None.

REFERENCE MATERIALS ATTACHED:

None.