

**YOLO COUNTY PUBLIC AGENCY RISK
MANAGEMENT INSURANCE AUTHORITY**

FINANCIAL STATEMENTS

June 30, 2023 and 2022

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
Woodland, California

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June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
Yolo County Public Agency Risk
Management Insurance Authority
Woodland, California

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Yolo County Public Agency Risk Management Insurance Authority, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Yolo County Public Agency Risk Management Insurance Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Yolo County Public Agency Risk Management Insurance Authority, as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Yolo County Public Agency Risk Management Insurance Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 the Yolo County Public Agency Risk Management Insurance Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Yolo County Public Agency Risk Management Insurance Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-8, the Schedule of Changes in Other Postemployment Benefits (OPEB) Liability on page 37, the Schedule of the Authority's Proportionate Share of the Net Pension Liability on page 38, the Schedule of the Authority's Contributions on page 39, the Notes to Required Supplementary Information on page 40, the Reconciliation of Claims Liability by Type of Contract on pages 41 and 42, and the Claims Development Information on pages 43 through 45, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of Yolo County Public Agency Risk Management Insurance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Yolo County Public Agency Risk Management Insurance Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yolo County Public Agency Risk Management Insurance Authority's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Fort Lauderdale, Florida
June 28, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023 and 2022

This section of Yolo County Public Agency Risk Management Insurance Authority’s (YCPARMIA or “the Authority”) annual financial report presents management’s discussion and analysis of its financial performance during the fiscal year that ended June 30, 2023. This document should be read in conjunction with the accompanying basic financial statements.

YCPARMIA is a joint powers authority and separate public entity, created in 1979, that manages a risk management and insurance pool for thirty-two (32) participating Yolo County public entities, which includes YCPARMIA as a covered entity. The Authority has a governing board comprised of six voting governmental entities. In addition to a staff of six, the Authority retains outside providers to function as board counsel; adjust workers’ compensation claims; assist with accounting tasks; and to conduct annual financial audits and actuarial studies. It is the stated mission of the Authority “to protect the members’ resources from the impact of loss through a program of prevention, education, training, service and insurance coverage.” Member entities are assessed annual premium/cash contributions for participation in the Authority’s programs and services.

YCPARMIA reports as a governmental enterprise fund because its activities, the development and operation of public entity risk pools (retained risk), and the group purchase of insurance (transferred risk) are by and for its’ member users.

The Financial Statements are designed to provide readers with a broad overview of YCPARMIA’s finances in a manner like a private-sector business.

The Statement of Net Position presents information on YCPARMIA’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets plus deferred outflows of resources minus liabilities and deferred inflows of resources is reported as net position. Net position includes the amount invested in capital assets.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing total revenues and total expenses, and how YCPARMIA’s net position changed during the most recent fiscal year. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. - claims incurred but not paid, unrealized market gains on investments, earned but unused compensated absences, and net pension and OPEB liabilities).

The Statement of Cash Flows presents information on the sources and uses of cash during the most recent fiscal year. The Statement of Cash Flows is subdivided into three major sections to show cash provided or used by Operating, Capital and Related Financing, and Investing Activities.

The Financial Statements can be found on pages 7 through 9 of this report.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements and can be found beginning on page 10 of this report.

Other supplementary information includes a reconciliation of claims liabilities and claims development information as required elements.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS AND FINANCIAL REPORTING

Financial Highlights for Fiscal Years Ended

	June 30, 2023	June 30, 2022	June 30, 2021
ASSETS			
Current Assets			
Cash and cash equivalents	14,445,950	10,263,318	9,892,489
Receivables	348,565	1,917,799	375,915
Investments maturing within one year	377,121	354,191	1,448,671
Prepaid insurance	27,685	249,238	153,495
Total Current assets	15,199,321	12,784,546	11,870,570
Deposits	88,616	63,996	14,135
Investments, less portion maturing within one year	14,060,068	13,950,450	13,618,607
Capital assets	149,154	158,581	126,676
Total Non-Current Assets	14,297,838	14,173,027	13,759,418
TOTAL ASSETS	29,497,159	26,957,573	25,629,988
DEFERRED OUTFLOWS OF RESOURCES			
OPEB	106,586	47,518	46,335
Pensions	618,488	249,857	152,327
Total deferred outflows of resources	725,074	297,375	198,662
LIABILITIES			
Current Liabilities			
Accounts payable/payroll payable	311,425	246,938	200,439
Current portion of unpaid claims and claim adjustment expenses, net of deductibles	6,674,751	5,494,543	5,128,986
Total current liabilities	6,986,176	5,741,481	5,329,425
OPEB liability	432,857	522,272	591,831
Pension liability	1,443,114	805,261	1,264,911
Unpaid claims and claim adjustment expenses, net of deductibles and current portion	18,701,957	17,436,881	14,611,279
Total non-current liabilities	20,577,928	18,764,414	16,468,021
TOTAL LIABILITIES	27,564,104	24,505,895	21,797,446

DEFERRED OUTFLOWS OF RESOURCES

OPEB	251,408	263,616	257,945
Pensions	224,572	893,743	172,984
Total deferred outflows of resources	475,980	1,157,359	430,929

NET POSITION

Net invested in capital assets	149,154	158,581	126,676
Unrestricted	2,029,779	1,433,116	3,473,593
Total net position	2,178,933	1,591,697	3,600,269

Operating revenue	20,548,586	17,178,424	14,364,893
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Operating expenses

Provision for claims and claim adjustment expenses	11,499,360	10,995,516	8,969,690
Reinsurance premiums	7,870,387	6,312,929	4,237,647
OPEB	(160,691)	(65,071)	(46,377)
General and Administrative	1,070,377	1,236,443	1,166,939
Total operating expenses	20,279,433	18,479,817	14,327,899

Operating income	269,153	(1,301,393)	36,994
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Non-operating (expenses) revenues

Investment income	557,251	229,028	324,481
Net change in FMV of investments	(239,168)	(936,207)	(244,902)

Total non-operating (expenses) revenue	318,083	(707,179)	79,579
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Change in net position	587,236	(2,008,572)	116,573
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Net position beginning of year	1,591,697	3,600,269	3,483,696
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Net position, end of year	\$ 2,178,933	\$ 1,591,697	\$ 3,600,269
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Net Position

Net position is the difference between Total Assets plus Deferred Outflows and Total Liabilities plus Deferred Inflows. YCPARMIA started fiscal year 2022-23 with a net position of \$1.6M. Our ending balance in net position on June 30, 2023, was \$2.2M, which is an increase of \$ 587k from the prior year's end. The increase resulted from a net operating gain of \$269k, due to reduced OPEB interest expense, and savings in salary and benefit expense due to vacant positions, that was partially offset by increases in professional services, and net positive investment returns of \$318k, net of unrealized losses on our long-term investments of \$239k.

Overview of program funding

Member contributions are calculated to fully fund YCPARMIA’s operations for each program and include an administrative cost, a charge for retained risk, and the cost of transferred risk and any program-specific loss control programs. Changes in premium payments to the pool are driven by member loss experience, legislative changes, increases in environmental risk factors, and economic factors that impact the global insurance market. Assuming these factors are accurately reflected in our actuarial valuations of the pooled layer, members’ risk costs are expected to be capped at the premium/cash payments that they make to YCPARMIA plus any applicable claim deductibles. Savings in program specific expenditures flow directly to that program’s equity. Savings in administrative cost are allocated to each program based on the same percentage of cost originally budgeted for that program.

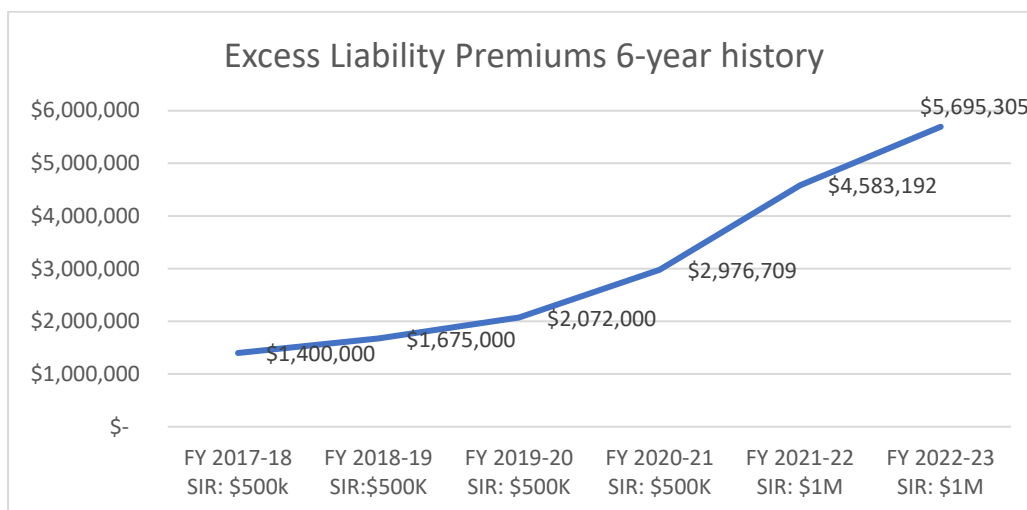
Accounting standards call for the Authority to book actuarially determined program reserves at the expected level. Due to inherent volatility in claim outcomes, the Board policy requires that an additional amount actuarially determined at an 80% confidence level, be included in the rate calculation for the liability and workers’ compensation programs. The Board also strives to maintain additional funding equal to three times the SIR for the liability and workers’ compensation program, and set targeted dollar amounts for the Fidelity and Property programs. As of June 30, 2023, the financial position of the individual YCPARMIA programs is as follows:

- The Liability Program is funded between the expected an 75% confidence level.
- The Workers’ Compensation Program is funded below the expected level.
- The Property Program is above its target funding of \$100,000.
- The Fidelity Program is funded above its targeted level of \$25,000.

Liability Program: Funded slightly below 75% confidence level.

For FY 2022-23, the retained limit for the liability program remained at \$1,000,000. Excess coverage, up to \$40 million per occurrence, is provided through membership in the California Joint Powers Risk Management Authority (CJPRMA). Members are subject to a \$1,000-\$5,000 deductible per claim.

The pooled layer of the program (retained risk) experienced overall unfavorable loss experience during FY 2022-23, with a net increase in projected ultimate losses of \$419k. Increased costs of \$641k for the last two fiscal years and for FY 2018-19, were offset by decreases of \$222k for claims from FY 2020-21 and earlier years. YCPARMIA’s claim volume has been steady, with claim counts oscillating between 140 and 175 per year. This contrasts with an average annual increase of 11% for the past decade nationwide.



Excess premium costs continued to skyrocket for the pool and globally. The chart above shows that the pool's excess liability insurance premium more than quadrupled over the past 6 years. Increases in the cost of transferred risk are due to forces in the global market. Over the past decade, the number of liability claims filed in the US has increased an average of 11% per year. Extremely high jury verdicts, an increase in verdicts awarded in civil rights lawsuits, social inflation, and the rise of third-party litigation funding are all adding to the cost of excess insurance.

Workers' Compensation Program: Funded slightly below the expected level.

YCPARMIA pools losses up to \$1,000,000 per occurrence, subject to a \$1,000 per claim member deductible. Excess coverage to statutory limits is provided through membership in PRISM JPA.

This program continues to face cost increases due to the expansion of benefits by the California legislature and increases to the medical fee schedule. Losses for three of the past four fiscal years have developed adversely over the past year; liabilities for losses for all prior years increased by \$893k since June 30, 2022.

Critical loss prevention measures at the member level include member safety committees that address the root cause of employee injuries, ergonomic workspaces, utilization of culturally competent EAP and peer support networks, and return to work programs.

Property Program: Above historical targeted funding of \$100,000; Funded above new 85% targeted confidence level.

The Property Program includes Boiler and Machinery and Vehicle Physical Damage coverages. This program, due to the small number of claims and low retention level, was not part of the annual actuarial study until June 30, 2023. The retention level for most real property losses was \$25,000, through March 31, 2023, when it increased to \$50,000 for all losses on or after March 31, 2023. Excess coverage is provided through membership in PRISM JPA. The all-risk property program has a deductible of \$1,000. There is a \$15,000 deductible for auto physical damage for vehicles under \$250,000 and \$50,000 for vehicles over \$250,000. Flood and earthquake coverage are also provided, with slightly different limits and deductibles.

Claim volume remains low, despite the severe winter storms of 2022-23. Property premiums have increased faster than the total insured values of the program due to supply chain issues which increase property repair costs and an increase in wildfire, vandalism, and catastrophic storm losses worldwide that impact premiums for all policyholders.

Fidelity Program: Fully funded above targeted level of \$25,000.

The Fidelity Program covers the dishonest acts of all employees and elected officials. YCPARMIA retains the first \$25,000 per occurrence, inclusive of the \$1,000 member deductible. Coverage for losses between \$25,000 and \$2,000,000 is provided by a commercial insurance policy through the Fidelity and Deposit Company of Maryland. FY 2022-23 was the third year of a three-year policy, and a flat rate was negotiated for the three-year period.

Critical loss prevention efforts include positive pay controls on banking accounts, and requiring confirmation of changes in vendor accounts to which electronic payments are sent.

Other Programs

YCPARMIA also provides cyber liability and pollution liability insurance to members. However, members bear the full cost of the deductibles under these programs and YCPARMIA does not retain any risk, so there are no long-term liabilities associated with these programs. All other programs are maintained on a pass-through basis with members who choose to participate bearing the full cost of any deductible and reimbursing their premium costs after the Authority has purchased various coverages at their direction, and on their behalf.

This financial report is designed to provide a general overview of YCPARMIA's finances. Questions concerning any of the information should be addressed to the Executive Director, YCPARMIA 77 West Lincoln Avenue, Woodland, CA 95695.

Barbara Lubben
Executive Director

June 28, 2024

FINANCIAL STATEMENTS

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
 STATEMENTS OF NET POSITION
 June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 14,445,950	\$ 10,263,318
Receivables:		
Member agencies	255,976	1,752,265
Interest	63,976	47,247
Other	28,613	118,287
Investments maturing within one year (Note 3)	377,121	354,191
Prepaid insurance	27,685	249,238
Total current assets	15,199,321	12,784,546
Deposits	88,616	63,996
Investments, less portion maturing within one year (Note 3)	14,060,068	13,950,450
Non-depreciable capital assets (Note 4)	93,005	93,005
Depreciable capital assets, net of accumulated depreciation (Note 4)	56,149	65,576
Total non-current assets	14,297,838	14,173,027
Total assets	29,497,159	26,957,573
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - OPEB (Note 5)	106,586	47,518
Deferred outflows of resources - pensions (Note 10)	618,488	249,857
Total deferred outflows of resources	725,074	297,375
LIABILITIES		
Current liabilities:		
Accounts payable	229,893	226,323
Payroll payable	81,532	20,615
Current portion of unpaid claims and claim adjustment expenses, net of deductible recoveries:		
Liability and workers' compensation (Note 6)	6,289,708	5,465,096
Property and other	385,043	29,447
Total current liabilities	6,986,176	5,741,481
Other postemployment benefits (Note 5)	432,857	522,272
Net pension liability (Note 10)	1,443,114	805,261
Unpaid claims and claim adjustment expenses net of deductible recoveries and current portion:		
Liability and workers' compensation (Note 6)	18,701,957	17,436,881
Total non-current liabilities	20,577,928	18,764,414
Total liabilities	27,564,104	24,505,895
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - OPEB (Note 5)	251,408	263,616
Deferred inflows of resources - pensions (Note 10)	224,572	893,743
Total deferred inflows of resources	475,980	1,157,359
NET POSITION		
Net position (Note 7):		
Net invested in capital assets	149,154	158,581
Unrestricted	2,029,779	1,433,116
Total net position	\$ 2,178,933	\$ 1,591,697

See accompanying notes to financial statements.

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
 Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Member contributions	\$ 20,548,586	\$ 17,178,424
Total operating revenues	20,548,586	17,178,424
Operating expenses:		
Provision for claims and claim adjustment:		
Liability and workers' compensation (Note 6)	11,133,383	11,051,691
Property and other	365,977	(56,175)
Other postemployment benefits (Note 5)	(160,691)	(65,071)
Reinsurance premiums (Note 8)	7,870,387	6,312,929
General and administrative	1,070,377	1,236,443
Total operating expenses	<u>20,279,433</u>	<u>18,479,817</u>
Operating income (loss)	269,153	(1,301,393)
Non-operating revenues (expenses):		
Investment income	557,251	229,028
Net change in fair value of investments	(239,168)	(936,207)
Total non-operating revenues (expenses)	<u>318,083</u>	<u>(707,179)</u>
Change in net position	587,236	(2,008,572)
Net position, beginning of year	<u>1,591,697</u>	<u>3,600,269</u>
Net position, end of year	<u>\$ 2,178,933</u>	<u>\$ 1,591,697</u>

See accompanying notes to financial statements.

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
 STATEMENTS OF CASH FLOWS
 Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows provided by operating activities:		
Cash received from members and others	\$ 22,658,367	\$ 15,050,879
Cash paid for claims and settlements	(9,054,076)	(7,804,357)
Cash paid for reinsurance	(7,648,834)	(6,408,672)
Cash paid to suppliers and employees	(1,941,631)	(489,114)
Net cash provided by operating activities	<u>4,013,826</u>	<u>348,736</u>
Cash used in capital and related financing activities:		
Purchase of capital assets	-	(39,947)
Net cash used in financing activities	<u>-</u>	<u>(39,947)</u>
Cash flows provided by investing activities:		
Investments purchased	(4,225,715)	(4,216,921)
Investments sold and matured	3,853,999	4,043,348
Interest received	540,522	235,613
Net cash provided by investing activities	<u>168,806</u>	<u>62,040</u>
Net change in cash and cash equivalents	4,182,632	370,829
Cash and cash equivalents, beginning of year	<u>10,263,318</u>	<u>9,892,489</u>
Cash and cash equivalents, end of year	<u>\$ 14,445,950</u>	<u>\$ 10,263,318</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 269,153	\$ (1,301,393)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	9,423	8,042
(Increase) decrease in assets:		
Receivables - member agencies	1,496,289	(1,677,214)
Receivables - other	89,674	128,739
Prepaid insurance	221,553	(95,743)
Deposits	(24,620)	(49,861)
Deferred outflows of resources	(427,699)	(98,713)
Increase (decrease) in liabilities:		
Accounts payable and payroll payable	67,710	46,499
Other postemployment benefits	(89,415)	(69,559)
Net pension liability	637,853	(459,650)
Unpaid claims and claim adjustment expenses	2,445,284	3,191,159
Deferred inflows of resources	(681,379)	726,430
Total adjustments	<u>3,744,673</u>	<u>1,650,129</u>
Net cash provided by operating activities	<u>\$ 4,013,826</u>	<u>\$ 348,736</u>

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA and / or the "Authority") is a Joint Powers Authority (JPA) that provides pooled risk management services to thirty-two public entities located in Yolo County. The members, including the county, four cities, a school district, and various other special districts participate in pooled programs covering liability, workers' compensation, property, and fidelity; other more unique exposures are addressed through the group purchase of commercial insurance. A variety of risk management, claims administration, and loss prevention services are also offered to the members. In addition to the protection afforded by participation in YCPARMIA's primary pool, the Authority's membership in the California Joint Powers Risk Management Authority (CJPRMA) for liability, and Public Risk Innovation, Solutions and Management (PRISM) for property and workers' compensation provides higher excess limits above the Authority's self-insurance retention (SIR).

Basis of Accounting: The accompanying financial statements are presented on the accrual basis of accounting in accordance with governmental accounting principles generally accepted in the United States of America. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses are recognized when the obligation is incurred.

Cash Equivalents: Cash equivalents are investments readily convertible into known amounts of cash with original maturities at date of purchase of less than three months.

Investments: Investments are reported in the accompanying statement of net position at fair value. Changes in fair value that occur during a fiscal year are recognized as investment earnings reported for that fiscal year. Net change in fair value of investments include changes in fair value and any gains or losses realized upon the liquidation, maturity or sale of investments and are included in non-operating revenue.

Deposits: Deposits represent amounts advanced to companies for payment of claims. They are classified as long-term assets.

Premises and Equipment: Premises and equipment are capitalized for amounts over \$1,000 and are carried at cost less accumulated depreciation. Depreciation is computed over respective estimated lives ranging from 3 to 30 years using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recognized in income for the period. Maintenance and repairs are charged to expense as incurred.

Revenue Recognition: Member contributions are recognized as revenue when earned based upon the coverage period of the related insurance. Operating revenues and expenses include all activities necessary to achieve the objectives of the Authority. Non-operating revenues include investment activities.

Receivables - Member Agencies: Amounts due from members at June 30. No allowances for doubtful accounts have been recorded because amounts are expected to be collected.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows or Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The Authority has recognized a deferred outflow of resources related to other postemployment benefits and pensions which is reported in the statement of net position.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The Authority has recognized a deferred inflow of resources related to other postemployment benefits and pensions which is reported in the statement of net position.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miscellaneous 2.5% at 55 Risk Pool under the California Public Employees' Retirement System (CalPERS) Public Employers Retirement Fund C and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Pool. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Provision for Unpaid Claims and Claim Adjustment Expenses: The Authority's policy is to establish unpaid claims and claim adjustment expenses based on estimates of the ultimate cost of claims 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, subrogation, and reinsurance recoverable on unpaid claims are deducted from the liability. The Authority increases the liability for allocated claim adjustment expenses. Because actual claim costs depend on such complex factors as inflation, changes in doctrine of legal liability, and damage awards, the process used in computing unpaid claims and claim adjustment expenses does not necessarily result in an exact amount, particularly for coverages such as general liability and workers' compensation. Unpaid claims and claim adjustment expenses are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, other economic and social factors, and estimated payment dates. Adjustments to unpaid claims and claim adjustment expenses are charged or credited to expense in the period in which they are made. The current portion of unpaid claims is based on current year payments and known claim information at the end of the period.

Member Participation: Under the Authority's Joint Powers Agreement, members must make a three-year commitment to participate in the Authority. Mid-term cancellation or withdrawal is not permitted, and notice must be given to the Authority six months in advance. Withdrawing members are not entitled to a refund, nor does it terminate their responsibility to contribute to their share of annual charges.

Coverage Limits: The Authority provides coverage for Liability claims up to \$1,000,000 and for Workers' Compensation claims up to \$1,000,000. The authority provides coverage for Property claims up to \$25,000 for claims prior to March 31, 2023 and up to \$50,000 for claims on or after March 31, 2023. Excess insurance is through third-parties, see Note 8.

Income Taxes: The Authority is an organization comprised of public agencies and is exempt from Federal income and California franchise taxes. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events: The Authority has reviewed all events occurring from June 30, 2023 through June 28, 2024, the date the financial statements were available to be issued.

Subsequent to year end, the Authority's excess liability pool, CJPRMA, declared an assessment in the amount of \$1.8 million payable over three years beginning July 1, 2024. The Authority has approved the collection of additional contributions from members to exactly equal the assessment dur over the next three years, beginning July 1, 2024.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents:		
Cash in bank	\$ 687,166	\$ 551,512
Money market	39,032	170,386
Cash in County Treasury/LAIF	<u>13,719,752</u>	<u>9,541,420</u>
Total cash and cash equivalents	<u>\$ 14,445,950</u>	<u>\$ 10,263,318</u>

Custodial Credit Risk - Cash in Bank: The Authority limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Interest-bearing cash balances held in banks are insured up to \$250,000 and non-interest bearing cash balances held in banks are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2023, the carrying amount of the Authority's accounts was \$687,166, and the bank balances were \$744,408, of which \$494,408 was uninsured but collateralized. At June 30, 2022, the carrying amount of the Authority's accounts was \$551,512, and the bank balances were \$1,258,567, of which \$1,008,567 was uninsured but collateralized.

Money Market: The Authority has a portion of its cash and equivalents in a money market account at a third-party Custodian. The money market account is not covered by FDIC insurance but is fully collateralized.

Local Agency Investment Fund (LAIF): The Authority places certain funds with LAIF. The Authority is a voluntary participant in 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 the Authority's investment in this pool is reported in the accompanying financial statements based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferrable to the master account with twenty-four hours' notice. 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. LAIF is currently unrated and has an average life of 191 days.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

The monies held in the pooled investment funds are not subject to categorization by risk category. 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 located at 915 Capitol Mall, Sacramento, CA 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain their goal of safety, liquidity, and yield are not jeopardized.

NOTE 3 - INVESTMENTS

Investments: Investments at June 30, 2023 and 2022 are reported at fair value and consisted of the following:

	<u>Rating</u>	<u>2023</u>	<u>2022</u>
Investments:			
US Government sponsored entities and agencies	AA+	\$ 3,257,288	\$ 3,948,281
Mortgages	AAA	2,329,930	1,210,929
Mortgages - Not Rated	*	-	1,328,304
Supranational	AAA	561,023	569,665
US Corporate Notes	AA+	82,934	84,847
US Corporate Notes	AA	246,984	250,323
US Corporate Notes	A+	1,297,657	1,012,607
US Corporate Notes	A	1,189,785	1,233,452
US Corporate Notes	A-	1,010,535	1,203,552
US Treasury	TSY	<u>4,461,053</u>	<u>3,462,681</u>
 Total investments		 <u>\$ 14,437,189</u>	 <u>\$ 14,304,641</u>

Investment security ratings reported as of June 30, 2023 and 2022 are defined by Standard & Poors. Securities of the United States Treasury (TSY) are not rated for credit worthiness as they are fully backed by the United States Government.

*Those that are Not Rated are rated by either Moody's or Fitch as AAA.

The following presents information about the Authority's assets and liabilities measured at fair value on a recurring basis as of June 30, 2023 and 2022, and indicates the fair value hierarchy of the valuation techniques utilized by the Authority to determine such fair value based on the hierarchy:

Level 1 - Quoted market prices or identical instruments traded in active exchange markets.

Level 2 - Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 3 - INVESTMENTS (Continued)

The Authority is required or permitted to record the following assets at fair value on a recurring basis:

<u>Description</u>	<u>Fair Value</u>	<u>2023</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Government sponsored entities and agencies	\$ 3,257,288	\$ -	\$ 3,257,288	\$ -
Mortgages	2,329,930	-	2,329,930	-
Supranational	561,023	-	561,023	-
US Corporate bonds	3,827,895	-	3,827,895	-
US Treasury	4,461,053	-	4,461,053	-
	<u>\$ 14,437,189</u>	<u>\$ -</u>	<u>\$ 14,437,189</u>	<u>\$ -</u>

<u>Description</u>	<u>Fair Value</u>	<u>2022</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Government sponsored entities and agencies	\$ 3,948,281	\$ -	\$ 3,948,281	\$ -
Mortgages	2,539,233	-	2,539,233	-
Supranational	569,665	-	569,665	-
US Corporate bonds	3,784,781	-	3,784,781	-
US Treasury	3,462,681	-	3,462,681	-
	<u>\$ 14,304,641</u>	<u>\$ -</u>	<u>\$ 14,304,641</u>	<u>\$ -</u>

Valuation Approach - The Authority's investments are generally classified in Level 2 of the fair value hierarchy because they are valued using broker or dealer quotations or alternative pricing sources with reasonable level of price transparency. The types of investments valued based on observable inputs includes US Government sponsored entities and agencies, mortgages, supranational, US corporate notes and treasury are classified within level 2 of the fair value hierarchy.

The Authority had no non-recurring assets and no liabilities at June 30, 2023 and 2022 which were required to be disclosed using the fair value hierarchy.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 3 - INVESTMENTS (Continued)

Investment Interest Rate Risk: The Authority does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2023 and 2022, the Authority had no investments with maturity dates beyond five years as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at June 30, 2023 and 2022 consist of the following:

	<u>Fair Value</u>	<u>2023</u>	
		Maturity	
		<u>Less than</u> <u>One Year</u>	<u>Greater than</u> <u>One Year</u>
Investments maturities:			
US Government sponsored entities and agencies	\$ 3,257,288	\$ 219,532	\$ 3,037,756
Mortgages	2,329,930	157,589	2,172,341
Supranational	561,023	-	561,023
US Corporate notes	3,827,895	-	3,827,895
US Treasury	4,461,053	-	4,461,053
	<u>\$ 14,437,189</u>	<u>\$ 377,121</u>	<u>\$ 14,060,068</u>

	<u>Fair Value</u>	<u>2022</u>	
		Maturity	
		<u>Less than</u> <u>One Year</u>	<u>Greater than</u> <u>One Year</u>
Investments maturities:			
US Government sponsored entities and agencies	\$ 3,948,281	\$ 324,006	\$ 3,624,275
Mortgages	2,539,233	30,185	2,509,048
Supranational	569,665	-	569,665
US Corporate notes	3,784,781	-	3,784,781
US Treasury	3,462,681	-	3,462,681
	<u>\$ 14,304,641</u>	<u>\$ 354,191</u>	<u>\$ 13,950,450</u>

Investment Credit Risk: The Authority does not have a formal investment policy that limits its investment choices other than the limitations of state law.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 3 - INVESTMENTS (Continued)

Concentration of Investment Credit Risk: The Authority does not place limits on the amount it may invest in any one issuer. At June 30, 2023 and 2022, the Authority had the following investments that represent more than five percent of the Authority's net investments:

	<u>2023</u>	<u>2022</u>
United States Treasury Notes	31%	24%
Federal Home Loan Mortgage Co.	13%	15%
Federal National Mortgage Associate	11%	11%
Federal Home Loan Bank	5%	7%

NOTE 4 - CAPITAL ASSETS

Capital assets at June 30, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Non-Depreciable:		
Land	\$ 93,005	\$ 93,005
Depreciable:		
Furniture and equipment	114,537	114,541
Building	356,631	356,631
Building improvements	44,724	44,724
	<u>608,897</u>	<u>608,901</u>
Accumulated depreciation:		
Furniture and equipment	(94,957)	(90,277)
Building	(364,786)	(360,043)
	<u>(459,743)</u>	<u>(450,320)</u>
Total capital assets	<u>\$ 149,154</u>	<u>\$ 158,581</u>

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description: The Authority provides healthcare benefits under a single employer defined benefit OPEB plan (the "Retiree Health Plan"). The Retiree Health Plan provides lifetime healthcare insurance for eligible retirees and their spouses through the PERS membership plan, which covers both active and qualified retired members, along with a dental plan.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Authority's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The Authority's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2023, the Authority has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the Authority's Total OPEB Liability. There is no separate report issued for the defined benefit healthcare plan.

Medical Benefits Provided: As a Public Employees' Medical and Hospital Care Act (PEMHCA) employer, YCPARMIA is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. YCPARMIA PEMHCA resolution on file with CalPERS defines YCPARMIA's contribution toward the cost of medical plan premiums for employees and retirees to be 100% of the applicable premium, but not more than \$415.25 per month, nor less than the required PEMHCA minimum employer contribution (MEC).

Dental Benefits Provided: YCPARMIA also pays 100% of the retiree dental premium which is \$88 per month in 2023 and 2022.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2023:

	<u>Participants</u>
Inactive plan members currently receiving benefits	5
Active plan members	3
	<hr/>
	8
	<hr/> <hr/>

Contributions: The contribution requirements of plan members and the Authority are established and may be amended by the Authority's Governing Board and by contractual agreements with employees.

YCPARMIA contributions to the Plan occur as benefits are paid to or on behalf of retirees. Benefit payments may occur in the form of direct payments for premiums and taxes ("explicit subsidies") and/or indirect payments to retirees in the form of higher premiums for active employees ("implicit subsidies"). Contributions to the Plan from the Authority were \$96,056 and \$29,179 for the years ended June 30, 2023 and 2022, respectively. Employees are not required to contribute to the OPEB plan.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions: The total OPEB liability in the June 30, 2023 actuarial valuation, measurement date of June 30, 2021, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Important Dates

Fiscal Year End	June 30, 2023
GASB 75 Measurement Date	June 30, 2022 (last day of the prior fiscal year)
Valuation Date	June 30, 2021

Valuation Methods

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Not applicable (\$0; no OPEB trust has been established)
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.

Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology provided in Appendix 2 to this report.

Pre-Medicare retiree premiums are blended with premiums for active members. Medicare-eligible retirees are covered by plans which are rated solely on the experience of Medicare retirees with no subsidy by active employee premiums.

Monthly baseline premium costs were set equal to the active single premiums shown in the chart at the bottom of Section 2. Representative claims costs derived from the dataset provided by CalPERS for pre-Medicare retirees are shown in the chart on the following page. Age-based claims were applied (a) for all retirees not yet eligible for Medicare and (b) for Medicare retirees receiving benefits in excess of the PEMHCA minimum and covered by Medicare Supplement plans.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Development of Age-related
 Medical Premiums (concluded)

		Expected Monthly Claims by Medical Plan for Selected Ages - Male											
Region	Medical Plan	Non-Medicare Retirees					Medicare Retirees						
		50	53	56	59	62	65	70	75	80	85	90	95
Region 1	Anthem Traditional HMO	\$ 1,146	\$ 1,352	\$ 1,570	\$ 1,800	\$ 2,046	Claims not developed for Medicare Advantage Plans						
	Blue Shield Access+ HMO	1,007	1,187	1,379	1,581	1,797	Claims not developed for Medicare Advantage Plans						
	Kaiser HMO	873	1,030	1,196	1,371	1,558	Claims not developed for Medicare Advantage Plans						
	PERS Platinum PPO	705	832	966	1,107	1,259	\$ 303	\$ 340	\$ 369	\$ 387	\$ 382	\$ 365	\$ 362
Region 2	Kaiser HMO	710	837	972	1,114	1,267	Claims not developed for Medicare Advantage Plans						
		Expected Monthly Claims by Medical Plan for Selected Ages - Female											
Region	Medical Plan	Non-Medicare Retirees					Medicare Retirees						
		50	53	56	59	62	65	70	75	80	85	90	95
Region 1	Anthem Traditional HMO	\$ 1,421	\$ 1,560	\$ 1,679	\$ 1,814	\$ 2,000	Claims not developed for Medicare Advantage Plans						
	Blue Shield Access+ HMO	1,248	1,370	1,475	1,594	1,757	Claims not developed for Medicare Advantage Plans						
	Kaiser HMO	1,082	1,189	1,279	1,382	1,523	Claims not developed for Medicare Advantage Plans						
	PERS Platinum PPO	874	960	1,033	1,116	1,230	\$ 291	\$ 329	\$ 356	\$ 372	\$ 375	\$ 367	\$ 361
Region 2	Kaiser HMO	880	966	1,040	1,124	1,239	Claims not developed for Medicare Advantage Plans						

Economic Assumptions

Municipal Bond Index	S&P General Obligation 20-Year High Grade Municipal Bond Index
Discount Rates	4.09% as of June 30, 2022, and 2.18% as of June 30, 2021
General Inflation Rate	2.5% per year
Salary Increase	3.0% per year. Since benefits do not depend on salary, this is used to allocate the cost of benefits between service years and to determine the amortization payment component of the Actuarially Determined Contributions.
Healthcare Trend	Medical plan premiums and estimated claims costs by age are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2022	Actual	2044-2049	4.7%
2023	5.8%	2050-2059	4.6%
2024	5.6%	2060-2066	4.5%
2025	5.4%	2067-2068	4.4%
2026-2027	5.2%	2069-2070	4.3%
2028-2029	5.1%	2071	4.2%
2030-2038	5.0%	2072-2073	4.1%
2039	4.9%	2074-2075	4.0%
2040-2043	4.8%	2076 & later	3.9%

(Continued)

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The healthcare trend shown above was developed using the Getzen Model 2022_b published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth 1.0%; Expected Health Share of GDP in 2030 20.3%; Resistance Point 20%; Year after which medical growth is limited to growth in GDP 2075.

Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.
Employer Benefit Cap	It is assumed that there will be no future increases in the employer monthly benefit cap.

Participant Election Assumptions

Participation rate	<i>Eligible active employees:</i> 100% are assumed to continue their current medical plan election in retirement; if currently waiving medical coverage, the employee is assumed to elect coverage in the Kaiser Region 1 plan in retirement.
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All eligible active employees are also assumed to elect YCPARMIA's dental plan coverage in retirement.

Spouse Coverage	<i>Active employees and retired participants:</i> Existing elections for spouse coverage are assumed to continue until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.
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Demographic Assumptions

Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. The representative mortality rates were the published CalPERS rates, adjusted to back out 15 years of Scale MP 2016 to central year 2015, then projected as described below.

Mortality Improvement	MacLeod Watts Scale 2022 applied generationally from 2015 (see Appendices)
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Service Retirement Rates	Miscellaneous Classic – 2.5% @ 55 Miscellaneous PEPR – 2% @ 62
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For sample rates of assumed mortality, service and disability retirement and separation (termination) prior to retirement at selected ages, please refer to our June 30, 2021, valuation report and/or the CalPERS experience study referenced above.

(Continued)

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Section 3 - Actuarial Methods and Assumptions

Software and Models Used in the Valuation

ProVal - MacLeod Watts utilizes ProVal, a licensed actuarial valuation software product from Winklevoss Technologies (WinTech) to project future retiree benefit payments and develop the OPEB liabilities presented in this report. ProVal is widely used by the actuarial community. We review results at the plan level and for individual sample lives and find them to be reasonable and consistent with the results we expect. We are not aware of any material inconsistencies or limitations in the software that would affect this actuarial valuation.

Age-based premiums model – developed internally and reviewed by an external consultant at the time it was developed. See discussion on Development of Age-Related Medical Premiums and the Appendices.

Getzen model – published by the Society of Actuaries; used to derive medical trend assumptions described earlier in this section.

Changes in assumptions or methods as of the Measurement Date

Discount Rates	Changed from a rate of 2.18% on June 30, 2021, to a rate of 4.09% on June 30, 2022, based on the published change in return for the applicable municipal bond index.
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The actuarial assumptions above were taken directly from the Authority's June 30, 2023 actuarial valuation report.

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate: Given the YCPARMIA's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.09% and 2.18% at June 30, 2023 and 2022 measurement date, respectively. The discount rate used in the actuarial valuation is based on the S&P Municipal Bond 20 Year High Grade Index.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance June 30, 2021	\$ 591,831
Changes for the year:	
Service cost	26,137
Interest	16,010
Differences between expected and actual experience	(91,519)
Changes in assumptions	12,004
Benefit payments	<u>(32,191)</u>
Net change	<u>(69,559)</u>
Balance June 30, 2022	522,272
Changes for the year:	
Service cost	21,955
Interest	11,541
Differences between expected and actual experience	-
Changes in assumptions	(93,253)
Benefit payments	<u>(29,658)</u>
Net change	<u>(89,415)</u>
Balance June 30, 2023	<u><u>\$ 432,857</u></u>

There were no changes in benefits since the prior measurement date or between the current measurement date and the year ended June 30, 2023, that had a significant effect on the Authority's total OPEB liability.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the Total OPEB Liability of the Authority, as well as what the Authority's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	2023		
	Discount Rate 1% Lower (3.09%)	Valuation Discount Rate (4.09%)	Discount Rate 1% Higher (5.09%)
Total OPEB Liability	<u>\$ 477,562</u>	<u>\$ 432,857</u>	<u>\$ 395,654</u>
	2022		
	Discount Rate 1% Lower (1.18%)	Valuation Discount Rate (1.18%)	Discount Rate 1% Higher (1.18%)
Total OPEB Liability	<u>\$ 585,942</u>	<u>\$ 522,272</u>	<u>\$ 469,507</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

Healthcare Cost Trend Rate was assumed to start at 5.8% and then fluctuate to an ultimate increase rate of 3.9% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

	2023		
	<u>Current Trend -1%</u>	<u>Current Trend</u>	<u>Current Trend +1%</u>
Total OPEB Liability	<u>\$ 415,953</u>	<u>\$ 432,857</u>	<u>\$ 460,719</u>
	2022		
	<u>Current Trend -1%</u>	<u>Current Trend</u>	<u>Current Trend +1%</u>
Total OPEB Liability	<u>\$ 501,876</u>	<u>\$ 522,272</u>	<u>\$ 555,889</u>

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2023 and 2022, the Authority recognized OPEB expense of \$160,691 and \$65,071, respectively. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 118,419
Change of assumptions	10,530	132,989
Contributions made subsequent to measurement date	<u>96,056</u>	<u>-</u>
Total	<u>\$ 106,586</u>	<u>\$ 251,408</u>

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 171,876
Change of assumptions	18,339	91,740
Contributions made subsequent to measurement date	<u>29,179</u>	<u>-</u>
Total	<u>\$ 47,518</u>	<u>\$ 263,616</u>

\$96,056 and \$29,179 are reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the years ended June 30, 2023 and 2022, respectively.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended June 30,		
2024	\$	(97,558)
2025	\$	(87,038)
2026	\$	(57,333)
2027	\$	1,051
2028	\$	-
Thereafter	\$	-

See required supplementary information following the notes to the financial statements, which presents multi-year trend information on whether assets are increasing or decreasing over time relative to the plan liabilities.

NOTE 6 - UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

The schedule below presents the changes in claims liabilities for the past three years of the Authority:

Liability and Workers' Compensation Programs

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ 22,901,977	\$ 19,711,279	\$ 18,040,728
Incurred claims and claim adjustment expenses:			
Provision for covered events of current fiscal year	8,389,583	7,283,101	5,904,782
Change in provision for covered events of prior fiscal years	<u>2,743,800</u>	<u>3,768,590</u>	<u>2,958,824</u>
Total incurred claims and claim adjustment expenses	<u>11,133,383</u>	<u>11,051,691</u>	<u>8,863,606</u>
Payments:			
Claims and claim adjustment expenses attributable to covered events of current fiscal year	1,248,166	750,714	817,198
Claims and claim adjustment expenses attributable to covered events of prior fiscal years	<u>7,795,529</u>	<u>7,110,279</u>	<u>6,375,857</u>
Total payments	<u>9,043,695</u>	<u>7,860,993</u>	<u>7,193,055</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 24,991,665</u>	<u>\$ 22,901,977</u>	<u>\$ 19,711,279</u>

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 6 - UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES (Continued)

The components of the unpaid claims and claim adjustment expenses for the Liability and Workers' Compensation Programs as of June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Reported claims, incurred but not reported claims and unallocated loss adjustment expenses	\$ 25,326,528	\$ 24,674,812
Anticipated deductible recoveries	<u>(334,863)</u>	<u>(1,772,835)</u>
Net of anticipated deductible recoveries	24,991,665	22,901,977
Current portion	<u>(6,289,708)</u>	<u>(5,465,096)</u>
Non-current portion	<u>\$ 18,701,957</u>	<u>\$ 17,436,881</u>

These liabilities are presented at undiscounted value for June 30, 2023 and 2022, respectively.

NOTE 7 - NET POSITION

By Board policy, the Authority creates two funds in its equity designed to add to the economic stability and flexibility of the Authority. The "confidence margin" is designed to increase program reserves above expected, while the "catastrophic fund" is intended to protect the Authority against unanticipated and/or unbudgeted expenses caused by large losses or sudden shifts in claims frequency or severity.

Confidence Margin: The confidence margins for the Workers' Compensation and Liability Programs are set at an actuarially determined level in excess of 50%, of the ultimate losses. The Fidelity and Property/Boiler and Machinery Programs designated amounts are determined by Board policy.

	June 30, <u>2023</u>	June 30, <u>2022</u>	Funding <u>Level</u>
Liability Program	\$ 1,782,241	\$ 1,717,056	Fully funded
Workers Compensation Program	\$ 2,682,987	\$ 2,447,344	Deficit
Fidelity Program	\$ 25,000	\$ 25,000	Fully funded
Property/Boiler and Machinery Program	\$ 115,000	\$ 115,000	Deficit

Catastrophic Fund: The catastrophic funds for all programs are set by Board policy.

	June 30, <u>2023</u>	June 30, <u>2022</u>	Funding <u>Level</u>
Liability Program	\$ 3,000,000	\$ 3,000,000	Deficit
Workers Compensation Program	\$ 3,000,000	\$ 3,000,000	Deficit
Fidelity Program	\$ 25,000	\$ 25,000	Fully funded
Property/Boiler and Machinery Program	\$ 100,000	\$ 100,000	Deficit

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 8 - REINSURANCE PREMIUMS

The Authority enters into reinsurance agreements, whereby it cedes various amounts of risk to other insurance companies. The Authority had the following self-insured retention levels for each of its programs as follows:

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Property</u>
Prior to July 1, 1986	\$ 350,000	\$ 200,000	\$ 25,000
July 1, 1986 to June 30, 1989	\$ 350,000	\$ 250,000	\$ 25,000
July 1, 1989 to June 30, 1990	\$ 500,000	\$ 250,000	\$ 25,000
July 1, 1990 to December 31, 2003	\$ 500,000	\$ 300,000	\$ 25,000
January 1, 2004 to June 30, 2020	\$ 500,000	\$ 500,000	\$ 25,000
July 1, 2020 to June 30, 2021	\$ 500,000	\$ 1,000,000	\$ 25,000
July 1, 2021 to June 30, 2022	\$ 1,000,000	\$ 1,000,000	\$ 25,000
July 1, 2022 to June 30, 2023	\$ 1,000,000	\$ 1,000,000	\$ 25,000

Excess coverage for workers' compensation is provided up to statutory limits. Excess liability coverage is provided up to \$40 million per occurrence. Excess property coverage is provided up to \$600 million per occurrence. All coverages are subject to the self-insured retention levels and a deductible for each member.

Reinsurance premiums incurred for the years ended June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Property and other	\$ 1,246,765	\$ 892,859
Liability	5,695,305	4,583,192
Workers' compensation	<u>928,317</u>	<u>836,878</u>
	<u>\$ 7,870,387</u>	<u>\$ 6,312,929</u>

NOTE 9 - DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all Authority employees, permits them to defer a portion of their salaries until future years. Participants can elect to contribute up to 25% of their annual compensation, not to exceed \$19,500. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death. The plan assets are held in trust for the exclusive benefit of plan participants and their beneficiaries and, therefore, are excluded from the accompanying financial statements. There were no contributions made by the Authority for the years ended June 30, 2023 and 2022.

(Continued)

NOTE 10 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND

General Information about the Public Employer's Retirement Fund

Plan Description: The Authority contributes to the Miscellaneous 2% at 62 Risk Pool and the Miscellaneous 2.5% at 55 Risk Pool under the California Public Employees' Retirement System (CalPERS) California Employer's Retirement Fund C (PERF C), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues a separate comprehensive annual financial report. CalPERS issues a publicly available financial report that can be obtained at <https://www.calpers.ca.gov>.

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from plan members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the Pool, are credited with a market value adjustment in determining contribution rates.

Required contribution rates for active plan members and employers as a percentage of payroll for the years ended June 30, 2023 and 2022 were as follows:

Members - Under the Miscellaneous 2.5% at 55 plan, the member contribution rate was 8.0 percent of applicable member earnings. The same rate applied for fiscal years 2021-22, 2020-21 and 2019-20. Under the Miscellaneous 2% at 62 plan, the member contribution rate was 6.75 percent of applicable member earnings. The same rate applied in fiscal years 2021-22, 2020-21 and 2019-20.

Employers - At June 30, 2023 and 2022, the effective employer contribution rate was 12.200 percent, of applicable member earnings.

For the years ended June 30, 2023, 2022 and 2021, the Authority's annual pension cost of \$173,501, \$149,102 and \$31,963, respectively and the Authority contributed to CalPERS for the fiscal years ending June 30, 2023, 2022 and 2021 were \$173,501, \$149,102 and \$31,963, respectively.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE 10 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the JPA reported a liability of \$1,443,114 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022 using standard update procedures. The JPA's proportion of the net pension liability was based on a projection of the JPA's long-term share of contributions to the pension plan relative to the projected contributions of all participating school JPAs, actuarially determined.

At June 30, 2022, the JPA reported a liability of \$805,261 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The JPA's proportion of the net pension liability was based on a projection of the JPA's long-term share of contributions to the pension plan relative to the projected contributions of all participating school JPAs, actuarially determined.

At June 30, 2023, the JPA's proportion was .012 percent, which was a .03 decrease from its proportion measured as of June 30, 2022. At June 30, 2022, the JPA's proportion was .015 percent, which was a .01 increase from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023 and 2022, the JPA recognized pension expense of \$173,501 and \$312,681, respectively. At June 30, 2023, the JPA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 28,981	\$ 19,410
Changes of assumptions	147,877	-
Net differences between projected and actual earnings on investments	264,340	-
Changes in proportion and differences between JPA contributions and proportionate share of contributions	3,789	205,162
Contributions made subsequent to measurement date	173,501	-
Total	\$ 618,488	\$ 224,572

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE 10 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND (Continued)

At June 30, 2022, the JPA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 90,301	\$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	702,951
Changes in proportion and differences between JPA contributions and proportionate share of contributions	10,454	190,792
Contributions made subsequent to measurement date	<u>149,102</u>	<u>-</u>
Total	<u>\$ 249,857</u>	<u>\$ 893,743</u>

\$0 and \$149,102, respectively, are reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the years ended June 30, 2023 and 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended <u>June 30,</u>	
2024	\$ (27,848)
2025	\$ (25,210)
2026	\$ (161,680)
2027	\$ -
2028	\$ -

There were no changes between the measurement date and the year ended June 30, 2023 which had a significant effect on the Authority's total net pension liability.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE 10 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	1998 to 2016
Salary Increases	Varies by entry age and service
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Post-retirement Benefit Increases	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power

The probabilities of mortality are based on the 2018 CalPERS Experience Study for the period from 1998 to 2016. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. For more details on this table, please refer to the 2018 experience study report.

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 1998 to 2016, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

The table below reflects 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.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Rate of Return Years 1-10**</u>
Global Equity - cap-weighted	30.00%	4.45%
Global Equity - non-cap-weighted	12.00%	3.84%
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed securities	5.00	0.50
Investment grade corporates	10.00	1.56
High yield	5.00	2.27
Emerging market debt	5.00	2.48
Private debt	5.00	3.57
Real Assets	10.00	2.62

** An expected inflation of 2.30% used for this period.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE 10 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND (Continued)

Discount Rate: At June 30, 2023 and 2022, the discount rate used to measure the total pension liability was 6.90% and 7.15%, respectively. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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 cash flows of the Plan. 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 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. 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.

Sensitivity of the JPA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: For the year ended June 30, 2023 and 2022, the following presents the JPA's proportionate share of the net pension liability calculated using the discount rate of 7.15, as well as what the JPA'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:

	<u>For the Year Ended June 30, 2023</u>		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
JPA's proportionate share of the net pension liability	<u>\$ 2,100,724</u>	<u>\$ 1,443,114</u>	<u>\$ 902,065</u>
	<u>For the Year Ended June 30, 2022</u>		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
JPA's proportionate share of the net pension liability	<u>\$ 1,416,537</u>	<u>\$ 805,261</u>	<u>\$ 299,929</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 11 - JOINT POWERS AGREEMENT

The Authority participates in two joint powers agreements with California Joint Powers Risk Management Authority (CJPRMA) and Public Risk Innovation, Solutions and Management (PRISM). The relationship between the Authority and the JPAs is such that the JPAs are not component units of the Authority for financial reporting purposes.

CJPRMA arranges for and provides excess liability coverage up to \$40 million less the Authority's self-insured retention. PRISM arranges for and provides excess property coverage up to \$600 million less the Authority's self-insured retention. PRISM also arranges for and provides excess workers' compensation coverage for losses up to statutory limits less the Authority's self-insured retention. The joint powers agreements are governed by boards of directors consisting of representatives of the member agencies. The boards control the operations of the JPAs, 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 agency pays a premium commensurate with the amount of coverage requested. As a member of the JPAs, the Authority is entitled to retrospective premium adjustments for those claim years where costs were less than expected. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage in the prior year.

Condensed financial information for the fiscal year ended June 30, 2023 (the most current information available) is as follows:

	<u>CJPRMA</u>	<u>PRISM</u>
Total assets	\$ 58,401,422	\$ 1,184,851,570
Deferred outflows of resources	786,775	4,727,766
Total liabilities	115,889,876	921,552,389
Deferred inflows of resources	<u>1,381,136</u>	<u>4,229,528</u>
 Net position	 <u>\$ (58,082,815)</u>	 <u>\$ 263,797,419</u>
 Revenues	 \$ 54,525,764	 \$ 1,588,167,387
Expenses	<u>79,602,748</u>	<u>1,491,011,440</u>
 Change in net position	 <u>\$ (25,076,984)</u>	 <u>\$ 97,155,947</u>

Failure of CJPRMA and PRISM to fulfill their obligations could have a significant negative impact on the Authority.

REQUIRED SUPPLEMENTARY INFORMATION

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
June 30, 2023

	Last 10 Fiscal Years					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB Liability:						
Service cost	\$ 41,413	\$ 38,796	\$ 42,186	\$ 24,730	\$ 26,137	\$ 21,955
Interest	23,658	27,105	27,388	16,405	16,010	11,541
Differences between expected and actual experience	-	-	(188,432)	-	(91,519)	-
Change in assumptions	(49,975)	16,902	(157,940)	8,047	12,004	(93,253)
Benefit payments	<u>(24,820)</u>	<u>(33,709)</u>	<u>(32,482)</u>	<u>(41,201)</u>	<u>(32,191)</u>	<u>(29,658)</u>
Net Change in total OPEB liability	(9,724)	49,094	(309,280)	7,981	(69,559)	(89,415)
Total OPEB liability - beginning of year	<u>853,760</u>	<u>844,036</u>	<u>893,130</u>	<u>583,850</u>	<u>591,831</u>	<u>522,272</u>
Total OPEB liability - end of year	<u>\$ 844,036</u>	<u>\$ 893,130</u>	<u>\$ 583,850</u>	<u>\$ 591,831</u>	<u>\$ 522,272</u>	<u>\$ 432,857</u>
Covered payroll	\$ 624,000	\$ 613,000	\$ 552,000	\$ 636,000	\$ 354,000	\$ 534,000
Total OPEB liability as a percentage of covered payroll	135.26%	145.70%	105.77%	93.06%	147.53%	81.06%

This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior. All years prior to 2018 are not available.

See accompanying notes to required supplementary information.

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 June 30, 2023

	Public Employer's Retirement Fund C Last 10 Fiscal Years									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>
Authority's proportion of the net pension liability	0.010%	0.029%	0.030%	0.029%	0.029%	0.029%	0.030%	0.400%	0.400%	0.400%
Authority's proportionate share of the net pension liability	\$ 631,635	\$ 858,293	\$ 1,028,615	\$ 1,129,568	\$ 1,101,214	\$ 1,181,557	\$ 1,264,911	\$ 805,261	\$ 1,443,115	\$ 1,443,115
Authority's covered payroll	\$ 584,000	\$ 570,000	\$ 574,000	\$ 583,000	\$ 611,000	\$ 542,000	\$ 568,000	\$ 354,000	\$ 534,000	\$ 534,000
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	115.00%	150.58%	179.20%	193.75%	180.23%	217.99%	222.70%	227.47%	270.25%	270.25%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	79.9%	75.9%	75.4%	77.7%	75.3%	76.0%	76.0%	76.0%	76.0%

The amounts presented for each fiscal year were determined as of year-end that occurred one year prior.

All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
June 30, 2023

Public Employer's Retirement Fund C
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 92,026	\$ 51,023	\$ 53,461	\$ 52,990	\$ 43,052	\$ 40,893	\$ 31,963	\$ 12,247	\$ 68,687
Contributions in relation to the contractually required contribution	<u>(92,026)</u>	<u>(51,023)</u>	<u>(53,461)</u>	<u>(52,990)</u>	<u>(43,052)</u>	<u>(40,893)</u>	<u>(31,963)</u>	<u>(12,247)</u>	<u>(68,687)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 570,000	\$ 574,000	\$ 583,000	\$ 611,000	\$ 542,000	\$ 568,000	\$ 354,000	\$ 421,000	\$ 534,000
Contributions as a percentage of covered payroll	16.16%	8.88%	9.17%	8.67%	7.94%	7.20%	9.03%	2.91%	12.86%

All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability

The schedule is presented to illustrate the elements of the Authority's Total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available. The Authority has not accumulated assets in qualified trust for the purpose of paying the benefits related to the Authority's Total OPEB liability.

B - Schedule of the Authority's Proportionate Share of the Net Pension Liability

The Schedule of the Authority's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the Authority's Net Pension Liability. There is a requirement to show information for 10 years. However, until a 10-year trend is compiled, governments should present information for those years for which information is available.

C - Schedule of the Authority's Contributions

The Schedule of Authority's Contributions is presented to illustrate the Authority's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a 10-year trend is compiled, governments should present information for those years for which information is available.

NOTE 2 - CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

A - Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

B - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund C was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15, 7.15, and 6.90 percent in the June 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2021 actuarial reports, respectively. The discount rate for OPEB was 2.68, 3.13, 2.98, 2.79, 2.66, 2.18, and 4.09 percent as of the June 30, 2016, 2017, 2018, 2019, 2020, and 2021 actuarial valuation reports, respectively.

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
LIABILITY PROGRAM
June 30, 2023 and 2022

The schedule below presents the changes in claims liabilities for the past two years of the Authority's Liability Program:

	<u>2023</u>	<u>2022</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ <u>7,470,977</u>	\$ <u>6,570,560</u>
Incurred claims and claim adjustment expenses:		
Provision for covered events of current fiscal year	2,449,024	2,197,896
Change in provision for covered events of prior fiscal years	<u>(173,388)</u>	<u>254,556</u>
Total incurred claims and claim adjustment expenses	<u>2,275,636</u>	<u>2,452,452</u>
Payments:		
Claims and claim adjustment expenses attributable to covered events of current fiscal year	116,186	31,189
Claims and claim adjustment expenses attributable to covered events of prior fiscal years	<u>1,948,354</u>	<u>1,520,846</u>
Total payments	<u>2,064,540</u>	<u>1,552,035</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 7,682,073</u>	<u>\$ 7,470,977</u>

The components of the unpaid claims and claim adjustment expenses for the Liability Program as of June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Reported claims, incurred but not reported claims and unallocated loss adjustment expenses	\$ 7,979,454	\$ 8,222,469
Anticipated deductible recoveries	<u>(297,381)</u>	<u>(751,492)</u>
Net of anticipated deductible recoveries	<u>\$ 7,682,073</u>	<u>\$ 7,470,977</u>

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
WORKERS' COMPENSATION PROGRAM
June 30, 2023 and 2022

The schedule below presents the changes in claims liabilities for the past two years of the Workers' Compensation Program:

	<u>2023</u>	<u>2022</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ <u>15,431,000</u>	\$ <u>13,140,719</u>
Incurred claims and claim adjustment expenses:		
Provision for covered events of current fiscal year	5,940,559	5,085,205
Change in provision for covered events of prior fiscal years	<u>2,917,188</u>	<u>3,514,034</u>
Total incurred claims and claim adjustment expenses	<u>8,857,747</u>	<u>8,599,239</u>
Payments:		
Claims and claim adjustment expenses attributable to covered events of current fiscal year	1,131,980	719,525
Claims and claim adjustment expenses attributable to covered events of prior fiscal years	<u>5,847,175</u>	<u>5,589,433</u>
Total payments	<u>6,979,155</u>	<u>6,308,958</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 17,309,592</u>	<u>\$ 15,431,000</u>

The components of the unpaid claims and claim adjustment expenses for the Workers' Compensation Program as of June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Reported claims, incurred but not reported claims and unallocated loss adjustment expenses	\$ 17,347,074	\$ 16,452,343
Anticipated deductible recoveries	<u>(37,482)</u>	<u>(1,021,343)</u>
Net of anticipated deductible recoveries	<u>\$ 17,309,592</u>	<u>\$ 15,431,000</u>

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
CLAIMS DEVELOPMENT INFORMATION
June 30, 2023 and 2022

The tables that follow illustrate how the Authority's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Authority as of the end of each of the previous ten years for the Liability and Workers' Compensation Programs. The rows of the tables are defined as follows:

1. Total of each fiscal year's gross earned premiums and reported investment revenue, amounts of premiums ceded, reported premiums (net of reinsurance), and reported investment revenue.
2. Total dividends/rebate credited, reported in year declared.
3. Total of each fiscal year's premium rebate received from reinsurance carriers (Liability Program only).
4. Each fiscal year's other operating costs of the Program including overhead and loss adjustment expenses not allocable to individual claims.
5. Program's gross incurred losses and allocated loss adjustment expense, losses assumed by reinsurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called policy year).
6. The cumulative net amounts paid as of the end of successive years for each policy year.
7. The latest reestimated amount of losses assumed by reinsurers for each policy year.
8. Policy year's incurred net claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
9. Compares the latest reestimated net incurred claims amount to the amount originally established (line 5) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
CLAIMS DEVELOPMENT INFORMATION - LIABILITY PROGRAM
June 30, 2023

	Fiscal and Policy Years Ended June 30,									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
1. Premiums and investment revenue										
Earned	\$ 2,679,266	\$ 2,747,237	\$ 2,732,636	\$ 3,271,336	\$ 3,521,624	\$ 4,022,142	\$ 4,688,196	\$ 6,419,741	\$ 8,144,612	\$ 10,603,648
Ceded	(1,111,821)	(1,118,678)	(1,209,678)	(1,444,881)	(1,662,543)	(1,633,495)	(2,150,213)	(2,976,709)	(4,583,192)	(5,695,305)
Net earned	<u>\$ 1,567,445</u>	<u>\$ 1,628,559</u>	<u>\$ 1,522,958</u>	<u>\$ 1,826,455</u>	<u>\$ 1,859,081</u>	<u>\$ 2,388,647</u>	<u>\$ 2,537,983</u>	<u>\$ 3,443,032</u>	<u>\$ 3,561,420</u>	<u>\$ 4,908,343</u>
2. Members dividends/rebates - fiscal year credited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 502,000	\$ -	\$ -
3. Reinsurance premium rebate - fiscal year paid	\$ 325,557	\$ 138,821	\$ 196,382	\$ 182,683	\$ 7,937	\$ -	\$ -	\$ -	\$ -	\$ -
4. Unallocated Expenses	\$ 395,640	\$ 450,040	\$ 434,299	\$ 446,681	\$ 503,682	\$ 374,146	\$ 422,275	\$ 399,991	\$ 385,100	\$ 530,978
5. Estimated losses and expenses, end of policy year										
Incurred	\$ 1,319,036	\$ 1,400,620	\$ 1,363,399	\$ 1,605,217	\$ 1,747,696	\$ 1,697,857	\$ 2,237,074	\$ 1,986,492	\$ 2,197,896	\$ 2,449,024
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	<u>\$ 1,319,036</u>	<u>\$ 1,400,620</u>	<u>\$ 1,363,399</u>	<u>\$ 1,605,217</u>	<u>\$ 1,747,696</u>	<u>\$ 1,697,857</u>	<u>\$ 2,237,074</u>	<u>\$ 1,986,492</u>	<u>\$ 2,197,896</u>	<u>\$ 2,449,024</u>
6. Net paid (cumulative) as of:										
End of policy year	\$ 9,168	\$ 57,702	\$ 172,801	\$ 81,124	\$ 149,492	\$ 69,632	\$ 131,519	\$ 91,543	\$ 31,189	\$ 116,186
One year later	\$ 542,900	\$ 518,545	\$ 352,825	\$ 484,545	\$ 751,046	\$ 167,712	\$ 591,953	\$ 880,381	\$ 266,534	
Two years later	\$ 910,313	\$ 979,174	\$ 773,910	\$ 757,244	\$ 990,257	\$ 394,500	\$ 1,028,109	\$ 1,133,072		
Three years later	\$ 1,283,884	\$ 1,702,980	\$ 853,517	\$ 993,243	\$ 1,577,133	\$ 637,599	\$ 1,211,941			
Four years later	\$ 1,394,715	\$ 1,737,501	\$ 1,040,454	\$ 1,158,260	\$ 1,638,634	\$ 1,366,233				
Five years later	\$ 1,296,502	\$ 1,950,690	\$ 1,073,148	\$ 1,405,500	\$ 1,655,764					
Six years later	\$ 1,390,204	\$ 1,952,814	\$ 1,088,263	\$ 1,471,666						
Seven years later	\$ 1,393,199	\$ 1,962,207	\$ 1,087,503							
Eight years later	\$ 1,393,199									
Nine years later	\$ 1,393,199									
7. Re-estimated ceded losses and expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8. Re-estimated Net Incurred Losses and Expenses										
End of policy year	\$ 1,319,036	\$ 1,400,620	\$ 1,363,399	\$ 1,605,217	\$ 1,747,696	\$ 1,697,857	\$ 2,237,074	\$ 1,986,492	\$ 2,197,896	\$ 2,449,024
One year later	\$ 1,286,026	\$ 1,397,626	\$ 1,089,104	\$ 1,489,396	\$ 1,938,142	\$ 1,408,546	\$ 2,240,178	\$ 1,946,959	\$ 2,181,813	
Two years later	\$ 1,250,510	\$ 1,584,011	\$ 1,124,165	\$ 1,087,025	\$ 2,280,911	\$ 850,378	\$ 2,356,154	\$ 1,912,589		
Three years later	\$ 1,191,216	\$ 2,044,264	\$ 1,129,807	\$ 1,630,340	\$ 2,030,283	\$ 906,421	\$ 1,851,493			
Four years later	\$ 1,320,327	\$ 1,911,664	\$ 1,262,013	\$ 1,542,547	\$ 2,050,647	\$ 1,259,984				
Five years later	\$ 1,388,602	\$ 1,971,475	\$ 1,159,095	\$ 1,598,059	\$ 1,709,911					
Six years later	\$ 1,623,630	\$ 1,979,815	\$ 1,163,634	\$ 1,594,710						
Seven years later	\$ 1,539,149	\$ 1,982,148	\$ 1,087,503							
Eight years later	\$ 1,541,828	\$ 1,962,249								
Nine years later	\$ 1,392,953									
9. Increase (decrease) in estimated net incurred losses and expenses from end of policy year	<u>\$ 222,792</u>	<u>\$ 581,528</u>	<u>\$ (199,765)</u>	<u>\$ (7,158)</u>	<u>\$ 302,951</u>	<u>\$ (791,436)</u>	<u>\$ 119,080</u>	<u>\$ (39,533)</u>	<u>\$ (16,083)</u>	<u>\$ -</u>

Note: Paid amounts and re-estimated incurred claims and expenses are shown as gross amounts without adjustments for members' deductibles.

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
CLAIMS DEVELOPMENT INFORMATION - WORKERS' COMPENSATION PROGRAM
 June 30, 2023

	Fiscal and Policy Years Ended June 30,									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
1. Premiums and investment revenue										
Earned	\$ 4,343,203	\$ 5,027,054	\$ 5,251,017	\$ 5,767,568	\$ 5,806,268	\$ 6,103,926	\$ 6,114,597	\$ 7,132,242	\$ 7,762,719	\$ 8,717,847
Ceded	(715,074)	(866,862)	(954,814)	(1,172,652)	(1,117,249)	(1,128,962)	(1,144,621)	(663,472)	(697,398)	(928,317)
Net earned	<u>\$ 3,628,129</u>	<u>\$ 4,160,192</u>	<u>\$ 4,296,203</u>	<u>\$ 4,594,916</u>	<u>\$ 4,689,019</u>	<u>\$ 4,974,964</u>	<u>\$ 4,969,976</u>	<u>\$ 6,468,770</u>	<u>\$ 7,065,321</u>	<u>\$ 7,789,530</u>
2. Members dividends/rebates - fiscal year credited	\$ -	\$ -	\$ 300,000	\$ 618,500	\$ 650,000	\$ -	\$ -	\$ -	\$ -	\$ -
3. Reinsurance premium rebate - fiscal year paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4. Unallocated expenses	\$ 1,317,284	\$ 1,234,927	\$ 1,240,113	\$ 1,330,537	\$ 1,282,613	\$ 682,266	\$ 770,031	\$ 729,395	\$ 702,300	\$ 1,452,473
5. Estimated Losses and Expenses, end of policy year										
Incurred	\$ 2,509,375	\$ 2,627,009	\$ 2,712,888	\$ 2,992,620	\$ 2,995,809	\$ 3,037,791	\$ 3,408,855	\$ 3,918,290	\$ 5,085,205	\$ 5,940,559
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	<u>\$ 2,509,375</u>	<u>\$ 2,627,009</u>	<u>\$ 2,712,888</u>	<u>\$ 2,992,620</u>	<u>\$ 2,995,809</u>	<u>\$ 3,037,791</u>	<u>\$ 3,408,855</u>	<u>\$ 3,918,290</u>	<u>\$ 5,085,205</u>	<u>\$ 5,940,559</u>
6. Net paid (cumulative) as of:										
End of policy year	\$ 456,288	\$ 241,641	\$ 405,147	\$ 409,129	\$ 318,651	\$ 507,025	\$ 554,324	\$ 725,655	\$ 719,525	\$ 1,131,980
One year later	\$ 1,073,517	\$ 813,210	\$ 1,308,258	\$ 1,001,098	\$ 767,427	\$ 1,449,417	\$ 1,907,358	\$ 2,480,544	\$ 2,773,260	
Two years later	\$ 1,476,398	\$ 1,053,256	\$ 2,148,510	\$ 1,516,176	\$ 1,075,210	\$ 2,226,365	\$ 2,930,266	\$ 3,974,279		
Three years later	\$ 1,738,878	\$ 1,284,359	\$ 2,576,315	\$ 1,796,116	\$ 1,102,498	\$ 3,367,136	\$ 3,387,862			
Four years later	\$ 1,901,019	\$ 1,496,093	\$ 2,749,662	\$ 2,047,458	\$ 1,156,290	\$ 3,921,060				
Five years later	\$ 2,195,113	\$ 1,723,831	\$ 3,436,753	\$ 2,490,053	\$ 1,244,964					
Six years later	\$ 2,305,038	\$ 1,772,032	\$ 3,704,245	\$ 2,548,485						
Seven years later	\$ 2,342,664	\$ 1,807,191	\$ 3,717,258							
Eight years later	\$ 2,369,992	\$ 1,803,332								
Nine years later	\$ 2,405,742									
7. Re-estimated ceded losses and expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8. Re-estimated net incurred losses and expenses										
End of policy year	\$ 2,509,375	\$ 2,627,009	\$ 2,712,888	\$ 2,992,620	\$ 2,995,809	\$ 3,037,791	\$ 3,408,855	\$ 3,918,290	\$ 5,085,205	\$ 594,059
One year later	\$ 2,471,332	\$ 2,251,344	\$ 2,627,469	\$ 2,369,519	\$ 2,073,102	\$ 3,494,290	\$ 3,693,200	\$ 4,703,730	\$ 6,300,736	
Two years later	\$ 2,547,681	\$ 2,050,784	\$ 3,297,571	\$ 2,374,666	\$ 1,834,438	\$ 4,010,078	\$ 4,460,663	\$ 5,762,000		
Three years later	\$ 2,680,598	\$ 1,797,784	\$ 3,482,469	\$ 2,470,624	\$ 1,490,206	\$ 4,527,093	\$ 4,481,207			
Four years later	\$ 2,717,503	\$ 1,908,692	\$ 3,364,038	\$ 3,057,784	\$ 1,551,826	\$ 4,616,882				
Five years later	\$ 2,775,550	\$ 2,065,427	\$ 3,852,345	\$ 2,971,303	\$ 1,508,983					
Six years later	\$ 2,704,233	\$ 2,069,793	\$ 3,926,334	\$ 2,970,948						
Seven years later	\$ 2,617,375	\$ 1,960,298	\$ 3,898,230							
Eight years later	\$ 2,618,794	\$ 1,947,203								
Nine years later	\$ 2,597,221									
9. Increase (decrease) in estimated net incurred losses and expenses from end of policy year	<u>\$ 109,419</u>	<u>\$ (666,711)</u>	<u>\$ 1,213,446</u>	<u>\$ (21,317)</u>	<u>\$ (1,443,983)</u>	<u>\$ 1,489,302</u>	<u>\$ 1,051,808</u>	<u>\$ 785,440</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Paid amounts and re-estimated incurred claims and expenses are shown as gross amounts without adjustments for members' deductibles.

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

To the Board of Directors and Members of
Yolo County Public Agency Risk Management
Insurance Authority
Woodland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Yolo County Public Agency Risk Management Insurance Authority as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Yolo County Public Agency Risk Management Insurance Authority's basic financial statements, and have issued our report thereon dated June 28, 2024.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We consider the following deficiency to be a significant deficiency. Crowe identified through auditing procedures that management did not perform a precise loss reconciliation between the claims system to the general ledger. Furthermore, management did not maintain the appropriate property loss information to disclose within the financial statements. Crowe determines this to be a deficiency in the reconciliation process.

(Continued)

Management's Response: YCPARMIA will be performing precise loss reconciliations between the claims system and the general ledger going forward. YCPARMIA had identified frequent irregularities in loss runs produced for the liability and property programs by the claims system which previously inhibited that process. YCPARMIA has been working with the claims system developer to create reliable reports, which will allow precise reconciliations going forward.

Management's written response to the significant deficiency identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Crowe LLP

Crowe LLP

Fort Lauderdale, Florida
June 28, 2024