

California Association for Park and Recreation Indemnity

Board of Directors

President, Dean Wetter
Vice President, Larry Mazzuca
Secretary, Colin Miller

Directors

Ms. Lorena Cervantes
Mr. Jim Friedl
Mr. Mathew Fuzie
Mr. Lindsay Woods

REGULAR MEETING OF THE BOARD OF DIRECTORS

10:00 a.m. – Wednesday, May 27, 2020

In accordance with Governor Newsom's Executive Order N-29-20, California Association for Park and Recreation Indemnity and Staff will be participating in the meetings via teleconference. In the interest of maintaining appropriate social distancing, any member of the public has an opportunity to address the Board from a teleconference location in the same manner as if that person attended the regular meeting location. The Board will control the conduct of the meeting and determine the appropriate order and time limitations on public comments from teleconference locations.

Zoom Webinar:

<https://us02web.zoom.us/j/86309921540?pwd=SnNJSjJIWHZWaEt0am5xZFpUMnVtQT09>

Password: 829679

(from a PC, iPad, iPhone, or Android device)

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

Agenda
Regular Meeting of the Board of Directors
May 27, 2020

1. CALL TO ORDER

2. INTRODUCTIONS

3. PUBLIC COMMENTS

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

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

4. CLOSED SESSION

Pursuant to Government Code Section 54957.1, the Board must report in open session any action taken, or lack thereof, taken in closed session.

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

- Kreuzer v. Strawberry Recreation & Park District
- Shenson v. Pleasant Hill Recreation & Park District
- Williams v. Hayward Area Recreation & Park District
- Wolff v. Rancho Simi Recreation & Park District
- CAPRI \$5K Summary

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

- Brigham v. Rancho Simi Recreation & Park District
- Contreras v. Livermore Area Recreation & Park District
- Dodson v. Rancho Simi Recreation & Park District
- Emhoff v. North of the River Recreation & Park District
- Walker-Maddox v. Cordova Recreation & Park District
- CAPRI Settlements 2020
- CAPRI Closed Claims 2020

4.3 Conference with Real Property Negotiators - Pursuant to Government Code section § 54954.5(b)

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One Property

- Property: 6341 Auburn Blvd., Suite A, Citrus Heights, CA 95621
- Agency Negotiator: Kidder Matthews
- Under Negotiation: Terms of Purchase Agreement

5. REPORT FROM CLOSED SESSION

Pursuant to Government Code Section 54957.1, the Board must report in open session any action taken, or lack thereof, taken in closed session.

6. CONSENT ITEMS

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

6.1 Approval of CAPRI Board Minutes

- April 22, 2020

6.2 LAIF Regular Monthly Statement – April 2020

6.3 Warrant Listings for the months January 2020 – December 2020

6.4 Statement of Net Position

6.5 Statement of Revenue and Expenses Budget to Actual

6.6 Statement of Revenue, Expenses, and Change in Net Position

7. PULLED CONSENT ITEMS

8. SPECIAL REPORTS

CAPRI consultants will report on the following topics:

8.1 Financial Audit Update 2018/2019 – James Marta & Company

8.2 Workers' Compensation Actuarial Analysis 2020/2021 - Bickmore

8.3 Liability/Property Actuarial Analysis 2020/2021 - Bickmore

8.4 Insurance Market Update – Alliant Insurance Services

9. DISCUSSION/ACTION ITEMS

The CAPRI Board of Directors will review and discuss taking appropriate action or inaction with respect to the following matters:

9.1 WC PREMIUM ALLOCATION FORMULA 2020-2021

- The Board shall review and discuss the 2019-2020 WC Premium Allocation Formula and provide staff direction to investigate insurance options including funding levels and whether to install additional internal controls to limit volatility in premiums.

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- 9.2 **LIABILITY/PROPERTY PREMIUM ALLOCATION FORMULA 2020-2021**
 - The Board shall review and discuss the 2019-2020 GL & Property Premium Allocation Formula and provide staff direction to investigate insurance options including funding levels and self-insured retention levels.
- 9.3 **CAPRI BUDGET 2020-2021**
 - The Board shall review and discuss the proposed CAPRI Budget for the 2020-2021 fiscal year and provide direction as needed.
- 10. **EXECUTIVE DIRECTOR/STAFF REPORTS**

The Executive Director and Staff will report on the following topics:

 - 10.1 **District Visits Update**
 - 10.2 **CARPD Conference Update**
 - 10.3 **News of Note**
- 11. **BOARD MEMBER REPORTS**
 - 11.1. **Board Member Comments**
- 12. **FUTURE AGENDA ITEMS**

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

FUTURE ITEMS

 - 12.1 **New CAPRI Board Member Orientation Packet**
 - 12.2 **2020-2021 Budget Review**
 - 12.3 **Board Manual Review**
 - 12.4 **CAPRI Bylaws Revisions**
 - 12.4 **WC Claims Audit**
 - 12.6 **New Member Review - Cazadero**
- 13. **ANNOUNCEMENTS**

The next CAPRI Board of Directors meeting will be held on a date of convenience for the CAPRI Board Members on June 24, 2020 at 10:00 a.m. via Zoom teleconference.
- 14. **ADJOURNMENT**

BOARD OF DIRECTORS REGULAR MEETING

Via Zoom Webinar

April 22, 2020

MINUTES

1. CALL TO ORDER:

Due to the stay-at-home order by the Governor of California the regular meeting of the Board of Directors was held on April 22, 2020 via Zoom Webinar at 10:06 a.m.

Members Present via Zoom: President Dean Wetter, Vice President Larry Mazzuca, Secretary Colin Miller, Director Lorena Cervantes, Director Mathew Fuzie, Director Jim Friedl, and Director Lindsay Woods.

Members Absent: None.

CAPRI Staff Present via Zoom: Executive Director Mr. Matthew Duarte, Safety Analyst Mr. Kirk Andre, Administrative Analyst Bebe Pearson, and Jordan Coyle.

Others Present via Zoom: Mr. Byrne Conley (Gibbons & Conley), Mr. Doug Wozniak (Alliant Insurance), Ms. Dori Zumwalt (York Risk Services), Ms. Allison Kaune (PFM) and Mr. Chuck Torretta (George Hills).

2. INTRODUCTIONS:

None.

3. PUBLIC COMMENTS:

None.

4. CLOSED SESSION:

The Board convened to Closed Session at 10:06 a.m. regarding the following matters:

Workers' Compensation – Existing Litigation Pursuant to Government Code § 54956.9(d)(1)

- Jones v. Hayward Area Recreation & Park District
- Maroney v. Pleasant Valley Recreation & Park District
- Mesqueda vs. Ambrose Recreation & Park District
- CAPRI Settlements 2020
- CAPRI Closed Claims 2020

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

- Heredia v. North Highlands Recreation & Park District
- Velez v. Isla Vista Recreation & Park District
- Paradise Recreation & Park District- Property Loss Claim
- Conejo Recreation & Park District- Property Loss Claim
- Pleasant Valley Recreation & Park District- Property Loss Claim
- Rancho Simi Recreation & Park District- Property Loss Claim
- Monte Rio Recreation & Park District- Property Loss Claim
- Russian River Recreation & Park District- Property Loss Claim
- CAPRI \$5K Summary

Conference with Real Property Negotiators - Pursuant to Government Code section § 54954.5(b)

Two (2) properties

- Property: 6341 Auburn Blvd., Suite A, Citrus Heights, CA 95621
 - Agency Negotiator: Kidder Matthews
 - Under Negotiation: Terms of Purchase Agreement
- Property: 1075 Creekside Ridge, Suite 240, Roseville, CA 95678
 - Agency Negotiator: Kidder Matthews
 - Under Negotiation: Prospective Lease Agreement

5. **REPORT FROM CLOSED SESSION:**

The Board reconvened to Open Session at 11:38 a.m. Pursuant to Government Code Section 54957.1, the Board must report in open session any action taken, or lack thereof, taken in closed session.

No reportable action.

6. **CONSENT AGENDA:**

6.1 Approval of CAPRI Board Minutes

- February 25, 2020

6.2 LAIF Regular Monthly Statement – March 2020

MOTION:

Director, Lindsay Woods, made a motion to approve consent items #6.1 – #6.2. Vice President, Larry Mazzuca, seconded the motion.

Ayes: *Wetter, Mazzuca, Miller, Cervantes, Friedl, Fuzie, and Woods.*

Nays: *None*

Abstain: *None*

7. PULLED CONSENT ITEMS:

None.

8. SPECIAL REPORTS:

8.1 Investment Status Report- Allison Kaune - PFM

Ms. Allison Kaune of PFM provided an in-depth report as to the status of CAPRI's investments.

8.2 Insurance Market Update- Doug Wozniak- Alliant Insurance Services

Mr. Doug Wozniak gave a brief report regarding the current insurance market.

9. DISCUSSION/ACTION ITEMS:

The CAPRI Board of Directors reviewed and discussed taking appropriate action or inaction with respect to the following matters:

9.1 Review of Status of Membership during COVID-19 Pandemic

The Board reviewed the status of the membership during the COVID-19 Pandemic including the impact on recreation offerings, park operations, and staffing and discussed what, if any, responsive measures may be appropriate for CAPRI. No action was taken.

9.2 Proposed Contract for Services with Disability Access Consultants

The Board reviewed and considered the terms of a proposed agreement with Disability Access Consultants and agreed with staff recommendation to enter into a contract with the terms outlined in DAC's proposal.

MOTION:

Director, Lindsay Woods, made a motion to approve staff recommendation Director, Jim Friedl, seconded the motion.

Ayes: *Wetter, Mazzuca, Miller, Cervantes, Friedl, Fuzie, and Woods.*

Nays: *None*

Abstain: *Miller*

9.3 WC Loss to Premium Comparison (2015-2020)

The Board reviewed and discussed the Workers' Compensation paid losses compared to premiums collected during the years 2015-2020. This was information only and no recommendations and no action was taken.

9.4 CAPRI Liability Claims Audit

The Board reviewed and discussed the recent audit of CAPRI's General Liability Claims handling. This was information only and no recommendations or action was taken.

9.5 CAPRI Budget 2020-2021

The Board reviewed and discussed the proposed CAPRI Budget for the 2020-2021 fiscal year. No action was required of the Board.

10. EXECUTIVE DIRECTOR/STAFF REPORTS:

10.1 District Visits Update

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

10.2 CAPRI Conference Update

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

10.3 CAPRI Staff Update

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

10.4 News of Note

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

11. BOARD MEMBER REPORTS:

11.1 Board Member Comments

No comments.

12. FUTURE AGENDA ITEMS:

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

13. ANNOUNCEMENTS:

The next CAPRI Board of Directors meeting will be held May 27, 2020 via Zoom.

14. ADJOURNMENT:

MOTION:

1:30 p.m. Secretary, Colin Miller, made a motion to adjourn the meeting. Director, Lorena Cervantes seconded the motion.

Ayes: *Wetter, Mazzuca, Miller, Cervantes, Friedl, Fuzie, and Woods.*
Nays: *None*
Abstain: *None*

The Board adjourned the meeting at 1:30 p.m.

Colin Miller,
Secretary for the CAPRI Board of Directors

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

May 19, 2020

[LAIF Home](#)
[PMIA Average](#)
[Monthly Yields](#)

CALIFORNIA ASSOCIATION FOR PARK AND
 RECREATION INDEMNITY
 ADMINISTRATOR
 6341 AUBURN BOULEVARD, SUITE A
 CITRUS HEIGHTS, CA 95621-5203

[Tran Type](#)
[Definitions](#)

Account Number: 35-34-007

April 2020 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
4/15/2020	4/14/2020	QRD	1636464	N/A	SYSTEM	7,616.15

Account Summary.

Total Deposit:	7,616.15	Beginning Balance:	2,593,448.20
Total Withdrawal:	0.00	Ending Balance:	2,601,064.35

California Association for Park and Recreation Indemnity
Transactions by Account
As of March 31, 2020

Date	Transaction Type	Num	Name	Memo/Description	Split	Amount	Balance
Bank of West - Master Register							
Beginning Balance							2,385,648.30
01/01/2020	Journal Entry	3.30.20	Paradise Recreation and Park District	Void check from prior period and reissued on 2/11/20	Final Adjustment for WC FY 2018-2019	11,515.00	2,397,163.30
01/03/2020	Deposit			Deposit	Accounts Receivable	160,938.75	2,558,102.05
01/06/2020	Check	10271	California Computer Services (Corp)	Invoice#161284 - Phone service and fees (Jan 2020)	Telephone	-197.17	2,557,904.88
01/06/2020	Check	10270	Jim Friedl	Reimburse - Board Mtg 11/22 - 11/23/19	Board Meeting/Travel	-185.60	2,557,719.28
01/06/2020	Check	10274	James Marta & Company	Audit for 7/1/18 -6/30/19 - Inv#636	Financial Audit	-2,000.00	2,555,719.28
01/06/2020	Check	10275	Coverall North America	Inv# 1100290189 (January 2019)	Building Services/Repairs	-199.00	2,555,520.28
01/06/2020	Check	10276	Purchase Power	Statement Date: 12/22/19 (Meter Postage refill)	Postage and Delivery	-470.99	2,555,049.29
01/06/2020	Check	10277	California American Water	Billing Period: Nov 22 - Dec 19, 2019	Utilities	-107.57	2,554,941.72
01/06/2020	Check	10269	George Hills Company	Inv#1016761 & 1016518 - Admin Billing	Claims Management	-796.90	2,554,144.82
01/06/2020	Check	10279	Foothill Fire & Wire	Inv# 43573 - Billing (Jan-Feb-Mar)	Building Services/Repairs	-174.00	2,553,970.82
01/06/2020	Check	10280	River City Fire Equipment Co., Inc.	Inv#121489 Fire Extinguisher	Building Services/Repairs	-61.50	2,553,909.32
01/06/2020	Check	10281	Reliance Standard Life Insurance	Bill Period: Jan 2019 Case#9-06015-0001	Employee Benefits:Life Insurance	-62.50	2,553,846.82
01/06/2020	Check	10282	SMUD	Acct. 1209585 Billing 11/15/19 - 12/17/19	Utilities	-405.12	2,553,441.70
01/06/2020	Check	10283	Smile Business Products	Inv#813921 - Billing 12/14/19 - 01/13/20	Copier Service/Repair	-194.13	2,553,247.57
01/06/2020	Check	10284	Pitney Bowes Global Financial Services	Inv# 3103600145 01/10/20-04/09/20 (Lease)	Postage and Delivery	-209.64	2,553,037.93
01/06/2020	Check	10272	Arcade Creek Office Park Owners' Assn	CAMS & Dep to Reserves - January 2019	CAM & Progect Reserves	-713.71	2,552,324.22
01/06/2020	Check	10273	Gibbons & Conley	Inv #19 Nov 597 - Legal Services	Legal Fees	-924.06	2,551,400.16
01/06/2020	Check	10278	PFM Asset Management, LLC	Inv#M1119-13888 November 2019	Investment Advisors	-2,599.16	2,548,801.00
01/06/2020	Check	ACH	George Hills Company	Liability Funding Request - 1/3/20 CK #3312-3333	California Bank & Trust	-34,561.54	2,514,239.46
01/07/2020	Check	ACH	York Risk Services Group, Inc	WC Funding Request:12/01/19 - 12/31/19	Umqua Bank - Workers' Comp 5432	-80,268.79	2,433,970.67
01/07/2020	Check	ACH	York Risk Services Group, Inc	Prefunding: Dickerson DOL 05/11/06 (Medical - Nursing home)	Umqua Bank - Workers' Comp 5432	-15,208.00	2,418,762.67
01/13/2020	Check	10290	Tuolumne Park and Recreation District	Refund - WC Final PR Adjustment 2018-19	Revenue:Member Contributions	-1,419.00	2,417,343.67
01/13/2020	Check	10289	Gilbert Associates, Inc.	22430 Eng Inv#328525 (Dec 2019)	Financial Accounting	-1,698.85	2,415,644.82
01/13/2020	Check	10288	Golden State Risk Management Authority	Inv#EB011520-04 Group Dental Plan (Jan 2020)	Employee Benefits:Medical	-468.54	2,415,176.28
01/13/2020	Check	10287	Golden State Risk Management Authority	Inv#EB011520-05 Group Health Plan (Jan 2020)	Employee Benefits:Medical	-3,768.00	2,411,408.28
01/13/2020	Check	10286	City of Monterey	Room Rental - BOD Mtg 02/25/2020	Board Meeting/Travel	-156.25	2,411,252.03
01/13/2020	Check	10285	Matthew B Duarte	Reimburse - Travel & Supplies	Reimburse - Travel & Supplies	-694.88	2,410,557.15
01/13/2020	Check	10291	Kirk T Andre	Mileaage - Cazadero visits & Cell phone	Mileaage - Cazadero visits & Cell phone	-211.00	2,410,346.15
01/13/2020	Deposit			Deposit	Accounts Receivable	386,347.62	2,796,693.77
01/15/2020	Journal Entry	ADP 1.15.20		Paychecks	Salaries	-10,762.61	2,785,931.16
01/15/2020	Journal Entry	ADP 1.15.20		Payroll Taxes	Payroll Taxes	-2,728.82	2,783,202.34
01/15/2020	Journal Entry	ADP 1.15.20		Pers Payment	Pers Payment	-2,153.12	2,781,049.22
01/16/2020	Deposit			Deposit	Accounts Receivable	136,627.50	2,917,676.72
01/17/2020	Check	ACH	George Hills Company	Liability Funding Request - 1/15/20 Special Funding Request	California Bank & Trust	-55,873.47	2,861,803.25
01/22/2020	Check	ACH	York Risk Services Group, Inc	Prefunding: Audrey Zeph DOL 12/28/17 (Medical - C.R. Medical)	Umqua Bank - Workers' Comp 5432	-17,650.00	2,844,153.25
01/22/2020	Check	ACH	York Risk Services Group, Inc	Prefunding: Jennifer West DOL 01/9/19 (Medical - C.R. Medical)	Umqua Bank - Workers' Comp 5432	-16,520.00	2,827,633.25
01/24/2020	Check	10296	Kirk T Andre	Mileaage - Airport travel for Nick	CARPD Expenses	-23.24	2,827,610.01
01/24/2020	Check	10295	Bank of the West / MasterCard	K. Andre - Statement 12/05/19 - 01/04/20	Bank of the West CC - Kirk	-1,693.09	2,825,916.92
01/24/2020	Check	10294	Comcast	Billing services: 01/15/20 - 02/14/20	Telephone	-131.17	2,825,785.75
01/24/2020	Check	10293	Bank of the West / MasterCard	M. Duarte - Statement 12/15/19 - 01/14/20	Bank of the West CC - Matt	-914.60	2,824,871.15
01/24/2020	Deposit		Silverado-Modjeska Recreation & Park Dist	Deposit	Accounts Receivable	4,857.50	2,829,728.65

01/24/2020	Check	10292	Mathew Fuzie	Reimburse travel - BOD Mtg 11/22/19	Board Meeting/Travel	-637.18	2,829,091.47
01/29/2020	Expense		ADP Payroll Fees		Payroll Fees	-90.20	2,829,001.27
01/29/2020	Deposit			Deposit	Accounts Receivable	47,951.25	2,876,952.52
01/30/2020	Check	eft	CalPERS	Unfunded Liability	PERS Unfunded Liability	-4,908.00	2,872,044.52
01/30/2020	Deposit			Deposit	Accounts Receivable	336,906.00	3,208,950.52
01/30/2020	Check	eft	CalPERS	Unfunded Liability Payment	PERS Unfunded Liability	-109.97	3,208,840.55
01/31/2020	Deposit		Hayward Area Recreation and Park District	Deposit	Accounts Receivable	231,404.75	3,440,245.30
01/31/2020	Journal Entry	ADP 1.31.20		Payroll Taxes	Payroll Taxes	-2,799.73	3,437,445.57
01/31/2020	Journal Entry	ADP 1.31.20		Pers Payment	Pers Payment	-2,201.02	3,435,244.55
01/31/2020	Journal Entry	ADP 1.31.20		Paychecks	Salaries	-11,022.00	3,424,222.55
02/03/2020	Deposit			Deposit	Accounts Receivable	69,830.79	3,494,053.34
02/04/2020	Check	10298	Streamline	Service Fee - January 2020 (Inv#103247)	IT Services	-100.00	3,493,953.34
02/04/2020	Check	10299	Target Solutions Learning, LLC.	Law Enforcement & Standard Catalogs	Loss Prevention Services	-448.00	3,493,505.34
02/04/2020	Check	10300	MUFG Union Bank, N.A.	Acct# 6736304980 - December 2019	Bank Service Charges	-897.00	3,492,608.34
02/04/2020	Check	10301	Sacramento County Utilities	Acct#50002368932 Bill Cycle: 12/15/19-2/14/19	Utilities	-113.70	3,492,494.64
02/04/2020	Check	10302	PFM Asset Management, LLC	Inv#M1219-14444 December 2019	Investment Advisors	-2,691.99	3,489,802.65
02/04/2020	Check	10303	Matthew Duarte	Reimburse - CAJPA conference Mileage	Travel/Meeting	-123.17	3,489,679.48
02/04/2020	Check	10304	California American Water	Billing Period: Dec 20-Jan 31	Utilities	-120.30	3,489,559.18
02/04/2020	Check	10305	SMUD	Acct. 1209585 Billing 12/18/19-1/17/20	Utilities	-487.25	3,489,071.93
02/04/2020	Check	10306	Smile Business Products	Inv#823448 - Billing 1/14/20-2/13/20	Copier Service/Repair	-194.13	3,488,877.80
02/04/2020	Check	10307	SearchPros	Billing - 1/19/20-1/25/20 (Coyle)	Part-Time Services	-593.78	3,488,284.02
02/04/2020	Check	10308	George Hills Company	Inv#1017040 - Property & Liability Billing (Dec 2019)	Claims Management	-7,311.00	3,480,973.02
02/04/2020	Check	10309	Office Depot	Inv#432090891001	Office Supplies	-94.93	3,480,878.09
02/04/2020	Check	10310	Kirk T Andre	Mileage	District Visitations	-16.33	3,480,861.76
02/04/2020	Check	10311	Arcade Creek Office Park Owners' Assn	CAMS & Dep to Reserves - February 2020	CAM & Progect Reserves	-713.71	3,480,148.05
02/04/2020	Check	10312	California Computer Services (Corp)	Invoice#166633 - Phone service and fees (Feb 2020)	Telephone	-197.17	3,479,950.88
02/04/2020	Check	10313	Coverall North America	Inv# 1100291117(Feb 2020)	Building Services/Repairs	-199.00	3,479,751.88
02/04/2020	Check	10314	Pitney Bowes Global Financial Services	Inv# 3103702708 (Lease Prop Tax)	Postage and Delivery	-24.65	3,479,727.23
02/04/2020	Check	10297	York Risk Services Group, Inc	WC Claims Administration - 1/1/20-1/31/20	Claims Management	-18,160.00	3,461,567.23
02/04/2020	Deposit		Lexington Insurance Company		Property Claims Recovery	281,566.67	3,743,133.90
02/04/2020	Check	ACH	York Risk Services Group, Inc	WC Funding Request:1/1/20-1/31/20	Umqua Bank - Workers' Comp 5432	-126,372.21	3,616,761.69
02/05/2020	Check	ACH	George Hills Company		California Bank & Trust	-78,425.09	3,538,336.60
02/05/2020	Check	ACH	George Hills Company		California Bank & Trust	-281,566.67	3,256,769.93
02/07/2020	Expense		ADP Payroll Fees		Payroll Fees	-63.32	3,256,706.61
02/11/2020	Check	10317	Bertha Pearson	Reimburse - gift cards & bday cards	Office Supplies	-112.87	3,256,593.74
02/11/2020	Check	10315	Paradise Recreation and Park District	Final Adjustment for WC FY 2018-2019	Accounts Receivable	-11,515.00	3,245,078.74
02/11/2020	Check	10316	CARPD	2020 Conference Sponsor - Plantinum	Other	-2,000.00	3,243,078.74
02/11/2020	Transfer				LAIF	-2,400,000.00	843,078.74
02/12/2020	Check	ACH	York Risk Services Group, Inc		Umqua Bank - Workers' Comp 5432	-25,000.00	818,078.74
02/12/2020	Check	10318	Kirk T Andre	February Cell phone reimburse	Telephone	-50.00	818,028.74
02/14/2020	Journal Entry	ADP 2.15.20		Pers Payment	Pers Payment	-1,994.35	816,034.39
02/14/2020	Journal Entry	ADP 2.15.20		Payroll Taxes	Payroll Taxes	-2,546.12	813,488.27
02/14/2020	Journal Entry	ADP 2.15.20		Paychecks	Salaries	-9,850.65	803,637.62
02/19/2020	Deposit				Accounts Receivable	4,524.04	808,161.66
02/21/2020	Expense		ADP Payroll Fees		Payroll Fees	-63.32	808,098.34
02/21/2020	Deposit		Bear River Recreation and Park District		Accounts Receivable	41.00	808,139.34
02/24/2020	Deposit		McLarens, Inc.		Property Claims Recovery	30,322.22	838,461.56
02/24/2020	Bill Payment (Check)		Gilbert Associates, Inc.	Inv #328692 - bill.com Check Number: 41228657	Accounts Payable	-2,322.71	836,138.85

02/24/2020	Bill Payment (Check)	Gibbons & Conley	Inv #19 Dec. 643 - bill.com Check Number: 41229757	Accounts Payable	-853.31	835,285.54
02/24/2020	Bill Payment (Check)	York Risk Services Group, Inc	Inv #500019758 - bill.com Check Number: 41270646	Accounts Payable	-18,160.00	817,125.54
02/24/2020	Bill Payment (Check)	Reliance Standard Life Insurance	Inv #N/A - bill.com Check Number: 41224638	Accounts Payable	-62.50	817,063.04
02/25/2020	Bill Payment (Check)	Bank of the West	Inv #02/04/20 - bill.com Check Number: 41278969	Accounts Payable	-394.41	816,668.63
02/28/2020	Journal Entry	ADP 2.28.20	Payroll Taxes	Payroll Taxes	-2,505.39	814,163.24
02/28/2020	Journal Entry	ADP 2.28.20	Pers Payment	Pers Payment	-1,934.13	812,229.11
02/28/2020	Check	eft CalPERS	Unfunded Liability	PERS Unfunded Liability	-4,908.00	807,321.11
02/28/2020	Journal Entry	ADP 2.28.20	Paychecks	Salaries	-9,476.14	797,844.97
02/28/2020	Check	eft CalPERS	Unfunded Liability Payment	PERS Unfunded Liability	-109.97	797,735.00
03/02/2020	Deposit	Brandon Ritchie		Subrogation Recovery	250.00	797,985.00
03/03/2020	Check	George Hills Company		California Bank & Trust	-83,157.47	714,827.53
03/03/2020	Check	George Hills Company		California Bank & Trust	-76,765.09	638,062.44
03/04/2020	Check	York Risk Services Group, Inc		Umqua Bank - Workers' Comp 5432	-100,487.42	537,575.02
03/05/2020	Bill Payment (Check)	Kirk Andre	Inv #03022020	Accounts Payable	-338.23	537,236.79
03/05/2020	Bill Payment (Check)	Matthew Duarte	Inv #02/20/20	Accounts Payable	-326.38	536,910.41
03/05/2020	Bill Payment (Check)	Bank of the West	Inv #Account #5118 - bill.com Check Number: 41562483	Accounts Payable	-752.82	536,157.59
03/05/2020	Bill Payment (Check)	California American Water	Inv #02282020 - bill.com Check Number: 41555234	Accounts Payable	-112.98	536,044.61
03/05/2020	Bill Payment (Check)	Purchase Power	Inv #02232020 - bill.com Check Number: 41551141	Accounts Payable	-78.99	535,965.62
03/05/2020	Bill Payment (Check)	SMUD	Inv #822 - bill.com Check Number: 41546371	Accounts Payable	-409.23	535,556.39
03/05/2020	Bill Payment (Check)	Reliance Standard Life Insurance	Inv #9-06015-0001 - - bill.com Check Number: 41559639	Accounts Payable	-106.00	535,450.39
03/05/2020	Bill Payment (Check)	Smile Business Products	Inv #832765 - bill.com Check Number: 41556442	Accounts Payable	-194.13	535,256.26
03/05/2020	Bill Payment (Check)	MUFG Union Bank, N.A.	Inv #1194340 - bill.com Check Number: 41560661	Accounts Payable	-1,749.00	533,507.26
03/05/2020	Bill Payment (Check)	Coverall North America	Inv #1100292026 - bill.com Check Number: 41543367	Accounts Payable	-199.00	533,308.26
03/05/2020	Bill Payment (Check)	Lorena Cervantes	Inv #02252020 - bill.com Check Number: 41552526	Accounts Payable	-422.83	532,885.43
03/05/2020	Bill Payment (Check)	George Hills Company	Inv #1017197 - bill.com Check Number: 41601210	Accounts Payable	-10,068.00	522,817.43
03/05/2020	Bill Payment (Check)	Larry Mazzuca	Inv #02252020 - bill.com Check Number: 41554152	Accounts Payable	-279.56	522,537.87
03/05/2020	Bill Payment (Check)	Streamline	Inv #103688 - bill.com Check Number: 41546646	Accounts Payable	-100.00	522,437.87
03/05/2020	Bill Payment (Check)	CAJPA	Inv #100000019 - bill.com Check Number: 41543555	Accounts Payable	-5,000.00	517,437.87
03/05/2020	Bill Payment (Check)	Arcade Creek Office Park Owners' Assn	Inv #02032020 - bill.com Check Number: 41554630	Accounts Payable	-713.71	516,724.16
03/05/2020	Bill Payment (Check)	PFM Asset Management, LLC	Inv #SMA-M0120-14999 - bill.com Check Number: 41546543	Accounts Payable	-2,685.90	514,038.26
03/05/2020	Bill Payment (Check)	California Computer Services (Corp)	Multiple inv. (details on stub) - bill.com Check Number: 41553900	Accounts Payable	-307.17	513,731.09
03/05/2020	Bill Payment (Check)	Office Depot	Multiple invoices (details on stub) - bill.com Check Number: 41542578	Accounts Payable	-14.54	513,716.55
03/05/2020	Bill Payment (Check)	Gilbert Associates, Inc.	Inv #328845 - bill.com Check Number: 41543397	Accounts Payable	-855.31	512,861.24
03/06/2020	Expense	ADP Payroll Fees		Payroll Fees	-63.32	512,797.92
03/09/2020	Bill Payment (Check)	Gibbons & Conley	Inv #20 Feb. 679 - bill.com Check Number: 41648562	Accounts Payable	-4,432.50	508,365.42

03/09/2020	Bill Payment (Check)	SearchPros	Multiple invoices (details on stub) - bill.com Check Number: 41636789	Accounts Payable	-1,281.81	507,083.61
03/09/2020	Bill Payment (Check)	SearchPros	Inv #30721 - bill.com Check Number: 41649385	Accounts Payable	-301.60	506,782.01
03/10/2020	Deposit	C.A.R.P.D.		Accounts Receivable	17,001.25	523,783.26
03/12/2020	Check	York Risk Services Group, Inc		Umqua Bank - Workers' Comp 5432	-33,790.00	489,993.26
03/12/2020	Bill Payment (Check)	Bank of the West	Inv #Acct # 0299 - bill.com Check Number: 41763377	Accounts Payable	-1,295.57	488,697.69
03/12/2020	Bill Payment (Check)	Gilbert Associates, Inc.	Multiple invoices (details on stub) - bill.com Check Number: 41743835	Accounts Payable	-4,219.63	484,478.06
03/12/2020	Bill Payment (Check)	Golden State Risk Management Authority	Multiple inv. (details on stub) - bill.com Check Number: 41787538	Accounts Payable	-6,595.54	477,882.52
03/13/2020	Deposit			Accounts Receivable	56,619.75	534,502.27
03/13/2020	Journal Entry	ADP 3.15.20	Pers Payment	Pers Payment	-1,934.13	532,568.14
03/13/2020	Journal Entry	ADP 3.15.20	Paychecks	Salaries	-9,476.15	523,091.99
03/13/2020	Journal Entry	ADP 3.15.20	Payroll Taxes	Payroll Taxes	-2,505.38	520,586.61
03/17/2020	Deposit			Accounts Receivable	220,546.50	741,133.11
03/18/2020	Check	George Hills Company		California Bank & Trust	-157,620.57	583,512.54
03/18/2020	Check	EFT Bank of the West / MasterCard	K. Andre - Statement 12/05/19 - 01/04/20	Bank of the West CC - Matt	-209.00	583,303.54
03/18/2020	Check	EFT Bank of the West / MasterCard	K. Andre - Statement 12/05/19 - 01/04/20	Bank of the West CC - Kirk	-105.00	583,198.54
03/19/2020	Deposit			Accounts Receivable	23,344.00	606,542.54
03/23/2020	Check	York Risk Services Group, Inc		Umqua Bank - Workers' Comp 5432	-84,505.10	522,037.44
03/23/2020	Bill Payment (Check)	George Hills Company	Inv #1017382 - bill.com Check Number: 42043263	Accounts Payable	-11,383.95	510,653.49
03/23/2020	Bill Payment (Check)	Colin Miller	Inv #03/13/20 - bill.com Check Number: 42000273	Accounts Payable	-170.20	510,483.29
03/23/2020	Bill Payment (Check)	Streamline	Inv #104145 - bill.com Check Number: 42016467	Accounts Payable	-100.00	510,383.29
03/23/2020	Bill Payment (Check)	York Risk Services Group, Inc	Inv #500019921 - bill.com Check Number: 42042374	Accounts Payable	-18,160.00	492,223.29
03/23/2020	Bill Payment (Check)	SearchPros	Multiple invoices (details on stub) - bill.com Check Number: 42000167	Accounts Payable	-1,244.10	490,979.19
03/24/2020	Deposit			Accounts Receivable	223,900.75	714,879.94
03/24/2020	Bill Payment (Check)	Lindsay Woods	Inv #03232020 - bill.com Check Number: 42042364	Accounts Payable	-1,089.66	713,790.28
03/26/2020	Deposit			Accounts Receivable	196,293.75	910,084.03
03/27/2020	Expense	ADP Payroll Fees		Payroll Fees	-63.32	910,020.71
03/31/2020	Check	CalPERS	Unfunded Liability Payment	PERS Unfunded Liability	-109.97	909,910.74
03/31/2020	Journal Entry	ADP 3.31.20	Paychecks	Salaries	-9,571.76	900,338.98
03/31/2020	Journal Entry	ADP 3.31.20	Payroll Taxes	Payroll Taxes	-2,409.77	897,929.21
03/31/2020	Check	CalPERS	Unfunded Liability	PERS Unfunded Liability	-4,908.00	893,021.21
03/31/2020	Journal Entry	ADP 3.31.20	Pers Payment	Pers Payment	-1,934.13	891,087.08
Total for Bank of West - Master Register					-1,494,561.22	
TOTAL					-1,494,561.22	

California Association for Park and Recreation Indemnity

Statement of Net Position

As of March 31, 2020 and March 31, 2019

	<u>Mar 31, 20</u>	<u>Mar 31, 19</u>
ASSETS		
Current Assets		
Checking/Savings		
Bank of West - Master Register	\$ 891,087.08	\$ 2,414,836.90
Bank of the West - MM	560,789.88	310,450.59
Claims Trust Accounts		
Umpqua Bank - Workers' Comp	79,286.42	118,982.62
California Bank & Trust - Liability	57,088.42	66,767.92
LAIF	2,593,448.20	585,193.50
Total Checking/Savings	<u>4,181,700.00</u>	<u>3,496,231.53</u>
Investment Account		
PFM Investment Account	21,548,299.87	20,029,857.91
Union Bank	302,814.76	669,024.36
Total PFM - Investment Account	<u>21,851,114.63</u>	<u>20,698,882.27</u>
Due from Employee	-	168.10
Due from CARPD	976.59	-
Accounts Receivable	5,029.99	251,800.49
Interest Receivable	128,849.50	128,110.66
Recovery Receivable	207,803.33	304,711.29
Prepaid Insurance	956,315.30	669,711.97
Total Other Current Assets	<u>23,150,089.34</u>	<u>22,053,384.78</u>
Total Current Assets	<u>\$ 27,331,789.34</u>	<u>\$ 25,549,616.31</u>
Capital Assets		
Capital Assets		
Suite B	13,815.33	13,815.33
Building Improvements	78,617.32	78,617.32
Building	99,955.00	99,955.00
Land	140,000.00	140,000.00
Computer Hardware/Software	34,901.30	34,901.30
Furniture & Equipment	51,092.10	51,092.10
Accumulated Depreciation	(266,818.51)	(263,073.96)
Total Capital Assets	<u>151,562.54</u>	<u>155,307.09</u>
Total Fixed Assets	<u>151,562.54</u>	<u>155,307.09</u>
Other Assets		
DEFERRED OUTFLOWS - PENSION	\$ 208,102.00	\$ 212,538.00
TOTAL ASSETS	<u>\$ 27,691,453.88</u>	<u>\$ 25,917,461.40</u>

California Association for Park and Recreation Indemnity
Statement of Net Position
As of March 31, 2020 and March 31, 2019

	Mar 31, 20	Mar 31, 19
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Credit Cards		
Bank of the West / MC - Richards	\$ -	\$ (536.19)
Bank of the West / MC - Kirk	\$ (105.00)	\$ -
Bank of the West / MC - Matt	\$ 4,205.65	\$ 2,130.01
Total Credit Cards	4,100.65	1,593.82
Other Current Liabilities		
Member Contributions Paid in Advance	772,148.50	43,965.50
Claims Payable		
Liability Claim Reserves	\$ 2,339,148.00	\$ 3,778,653.00
Property Claims Reserves	1,955,827.00	402,516.00
W/C Claim Reserves	5,403,212.00	5,510,311.00
Total Claims Payable	9,698,187.00	9,691,480.00
Accrued Expenses	12,970.93	7,049.70
Accounts Payable	17,501.76	172.00
Payroll Tax liability	-	-
Total Other Current Liabilities	10,500,808.19	9,742,667.20
Total Current Liabilities	10,504,908.84	9,744,261.02
Long Term Liabilities		
Deferred Inflows - Pension	60,730.00	49,737.00
Net Pension Liability	\$ 676,906.00	\$ 700,126.00
IBNR		
IBNR Reserves - Liability	1,792,961.00	1,855,293.00
IBNR Reserves - Property	782,300.00	52,578.00
IBNR Reserves - Workers Comp	7,389,649.00	5,810,726.00
Total IBNR	9,964,910.00	7,718,597.00
ULAE		
ULAE - Liability	200,000.00	200,000.00
ULAE - Property	41,000.00	41,000.00
ULAE - Workers' Compensation	557,000.00	557,000.00
Total ULAE	798,000.00	798,000.00
Total Long Term Liabilities	11,500,546.00	9,266,460.00
Total Liabilities	22,005,454.84	19,010,721.02
NET POSITION		
Invested in Capital Assets	151,562.54	157,107.03
Unrestricted Net Assets	4,723,716.85	6,313,563.61
Net Income	810,719.65	436,069.74
Total Net Position	\$ 5,685,999.04	\$ 6,906,740.38
TOTAL LIABILITIES AND EQUITY	\$ 27,691,453.88	\$ 25,917,461.40

California Association for Park and Recreation Indemnity
Statement of Revenue and Expenses Budget to Actual
July through March 2020

	<u>Jul - Mar 20</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
Revenue				
Member Contributions	9,507,356.10	10,964,202.00	-1,456,845.90	86.71%
Bank/LAIF Interest	10,150.39	2,500.00	7,650.39	406.02%
Managed Portfolio	401,670.17	350,000.00	51,670.17	114.76%
CARPD Administration	51,003.75	68,005.00	-17,001.25	75.0%
Total Revenue	<u>9,970,180.41</u>	<u>11,384,707.00</u>	<u>-1,414,526.59</u>	<u>87.58%</u>
Total Income	<u>9,970,180.41</u>	<u>11,384,707.00</u>	<u>-1,414,526.59</u>	<u>87.58%</u>
Expense				
Operating Expenditures				
Administration-CAPRI Office				
Bank Service Charges	8,605.81	14,000.00	-5,394.19	61.47%
Building Services/Repairs	4,742.01	9,750.00	-5,007.99	48.64%
Capital Assets	0.00	5,000.00	-5,000.00	0.0%
Common Area Maintenance	4,488.03	5,990.00	-1,501.97	74.93%
Copier Service/Repair	2,169.86	4,500.00	-2,330.14	48.22%
Depreciation Expense	1,793.33	10,000.00	-8,206.67	17.93%
District Visitations	5,461.57	7,000.00	-1,538.43	78.02%
General Contingency	5,000.00	0.00	5,000.00	100.0%
Insurance - CAPRI	0.00	2,200.00	-2,200.00	0.0%
Miscellaneous	1,633.45	3,000.00	-1,366.55	54.45%
Office Supplies	4,945.04	10,000.00	-5,054.96	49.45%
Part-Time Services	4,929.29	3,000.00	1,929.29	164.31%
Postage and Delivery	1,999.30	4,000.00	-2,000.70	49.98%
Printing and Reproduction	673.44	4,000.00	-3,326.56	16.84%
Professional Dues	2,471.00	2,750.00	-279.00	89.86%
Project Reserve	1,935.36	2,580.00	-644.64	75.01%
Publications	136.00	175.00	-39.00	77.71%
Other	2,124.50	0.00	2,124.50	100.0%
Salaries & Benefits				
Salaries				
Executive Director	128,562.50	165,000.00	-36,437.50	77.92%
Administrative Analyst	44,564.66	60,000.00	-15,435.34	74.27%
Administrative Assistant	24,439.19	41,500.00	-17,060.81	58.89%
Safety Analyst	50,208.25	65,000.00	-14,791.75	77.24%
Contingency	0.00	16,228.00	-16,228.00	0.0%
Total Salaries	<u>247,774.60</u>	<u>347,728.00</u>	<u>-83,725.40</u>	<u>71.26%</u>
Employee Benefits				
Medical	34,111.49	44,300.00	-10,188.51	77.0%
Life Insurance	533.50	700.00	-166.50	76.21%
PERS Contributions	18,037.96	28,230.00	-10,192.04	63.9%
Payroll Tax Expense	3,569.18	5,450.00	-1,880.82	65.49%
Total Employee Benefits	<u>56,252.13</u>	<u>78,680.00</u>	<u>-22,427.87</u>	<u>71.5%</u>
Payroll Fees	820.40	0.00	820.40	100.0%
Accrued Vacation	3,375.79	0.00	3,375.79	100.0%
PERS Unfunded Liability	45,161.73	60,215.00	-15,053.27	75.0%
Total Salaries & Benefits	<u>353,384.65</u>	<u>486,623.00</u>	<u>-117,010.35</u>	<u>72.62%</u>
Safety Meetings/Workshops	2,543.17	7,000.00	-4,456.83	36.33%
Telephone	3,987.88	6,000.00	-2,012.12	66.47%
Travel/Meeting	10,260.01	11,000.00	-739.99	93.27%
Utilities	4,620.44	6,600.00	-1,979.56	70.01%
Total Administration-CAPRI Office	<u>427,904.14</u>	<u>605,168.00</u>	<u>-177,263.86</u>	<u>70.71%</u>

California Association for Park and Recreation Indemnity
Statement of Revenue and Expenses Budget to Actual
July through March 2020

	<u>Jul - Mar 20</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Board Meeting/Travel	15,848.07	24,750.00	-8,901.93	64.03%
CARPD Expense	59.52	0.00	59.52	100.0%
Consulting Services				
Actuarial Services	2,750.00	10,000.00	-7,250.00	27.5%
Claims Management	227,966.29	358,920.00	-130,953.71	63.52%
Financial Accounting	28,689.45	40,000.00	-11,310.55	71.72%
Financial Audit	6,000.00	22,000.00	-1,578.63	92.82%
Investment Advisors	20,421.37	32,000.00	-29,918.99	6.5%
IT Services	2,081.01	3,000.00	22,230.18	841.01%
Legal Fees	25,230.18	20,000.00	-19,552.00	126.15%
Loss Prevention Services	448.00	0.00	448.00	100.0%
Total Consulting Services	313,586.30	485,920.00	-172,333.70	64.54%
Total Operating Expenditures	757,398.03	1,115,838.00	-358,439.97	67.88%
Insurance Expenditures				
Crime Policy	17,832.65	25,000.00	-7,167.35	71.33%
Workers' Compensation	721,103.25	961,471.00	-240,367.75	75.0%
Other Premiums (W/C)	59,913.42	60,000.00	-86.58	99.86%
Combined GL/AL Excess	626,467.50	835,290.00	-208,822.50	75.0%
Property Coverage	1,424,792.47	1,896,045.00	-471,252.53	75.15%
Broker Fees	78,750.00	110,000.00	-31,250.00	71.59%
Total Insurance Expenditures	2,928,859.29	3,887,806.00	-958,946.71	75.34%
Claims Expenditures				
Workers' Compensation Claims	1,966,813.88	3,928,915.00	-1,962,101.12	50.06%
Property Claims	417,046.43	661,000.00	-243,953.57	63.09%
Liability Claim Payments	2,386,461.53	1,611,000.00	775,461.53	148.14%
Recovery from Prior Years	0.00	0.00	0.00	0.0%
Subrogation Recovery	-202,646.42	0.00	-202,646.42	100.0%
Change in IBNR	1,111,885.00	0.00	1,111,885.00	100.0%
Change in ULAE	0.00	0.00	0.00	0.0%
Change in Reserves	219,754.07	0.00	219,754.07	100.0%
Total Claims Expenditures	5,899,314.49	6,200,915.00	-301,600.51	95.14%
Dividends	3,000.00	0.00	3,000.00	100.0%
Contingency				
General	0.00	50,000.00	-50,000.00	0.0%
Building Repair	785.00	16,000.00	-15,215.00	4.91%
Total Contingency	785.00	66,000.00	-65,215.00	1.19%
Total Expense	9,589,356.81	11,270,559.00	-1,681,202.19	85.08%
Net Ordinary Income	380,823.60	114,148.00	266,675.60	333.62%
Other Income/Expense				
Other Income				
Investment Gain/Loss	429,896.05	0.00	429,896.05	100.0%
Total Other Income	429,896.05	0.00	429,896.05	100.0%
Net Other Income	429,896.05	0.00	429,896.05	100.0%
Net Income	810,719.65	114,148.00	696,571.65	710.24%

California Association for Park and Recreation Indemnity
Statement of Revenue, Expenses, and Change in Net Position
For the Quarter and Year to Date March 31, 2020 and March 31, 2019

	<u>Jan '20 - Mar '20</u>	<u>Jul '19 - Mar '20</u>	<u>Jul '18 - Mar '19</u>
Ordinary Revenue			
Revenue			
Member Contributions	\$ 4,049,317.26	\$ 9,507,356.10	\$ 8,278,020.00
Bank/LAIF Interest	7,675.53	10,150.39	7,606.87
Managed Portfolio	117,378.30	401,670.17	328,413.82
Revenue - Other	-	-	631.37
CARPD - Quarterly Services	17,001.25	51,003.75	50,250.00
Total Operating Revenue	<u>4,191,372.34</u>	<u>9,970,180.41</u>	<u>8,664,922.06</u>
Operating Expenses			
General and Administrative Expenses			
CARPD Expenses	(378.25)	59.52	108.76
Administration-CAPRI Office			
Bank Service Charges	3,163.88	8,605.81	7,253.53
Building Services/Repairs	1,018.50	4,742.01	4,646.65
Common Area Maintenance	1,496.01	5,133.15	4,538.03
Copier Service / Repair	776.52	2,169.86	1,952.87
Depreciation Expense	-	1,793.33	5,853.45
District Visitations	219.92	5,461.57	5,374.09
General Contingency	5,000.00	5,000.00	-
Miscellaneous	51.59	1,633.45	9,845.81
Office Expense	1,109.87	4,945.04	7,378.53
Other	2,000.00	2,124.50	131.25
Part-Time Services	4,929.29	4,929.29	735.15
Postage and Delivery	993.91	1,999.30	2,251.28
Printing and Reproduction	-	673.44	575.40
Professional Dues	-	2,471.00	2,195.00
Project Reserve	645.12	1,290.24	1,935.36
Publications	40.00	136.00	-
Safety Meetings/Workshops	278.10	2,543.17	891.02
Salaries & Benefits	117,827.14	353,384.65	359,850.55
Telephone	1,331.68	3,987.88	4,154.17
Travel/Meeting	3,425.70	10,260.01	10,783.20
Utilities	2,155.40	4,620.44	4,440.10
Total Administration-CAPRI Office	<u>146,462.63</u>	<u>427,904.14</u>	<u>434,785.44</u>
Board Meeting/Travel	5,594.83	15,848.07	29,562.06
Consulting Services			
Actuarial Services	-	2,750.00	-
Claims Management	54,777.00	135,249.33	240,610.95
Claims Management - Liability	28,659.43	67,948.21	-
Claims Management - Property	10,579.65	24,768.75	-
Financial Accounting	11,237.44	28,689.45	35,197.29
Financial Audit	2,000.00	6,000.00	15,500.00
Investment Advisors	10,478.12	20,421.37	20,396.27
IT Services	300.00	2,081.01	4,129.40
Legal Fees	6,209.87	25,230.18	32,874.10
Loss Prevention Services	448.00	448.00	-
Total Consulting Services	<u>124,689.51</u>	<u>313,586.30</u>	<u>348,708.01</u>
Total General and Administrative Expenses	<u>276,368.72</u>	<u>757,398.03</u>	<u>813,164.27</u>

California Association for Park and Recreation Indemnity
Statement of Revenue, Expenses, and Change in Net Position
For the Quarter and Year to Date March 31, 2020 and March 31, 2019

	<u>Jan '20 - Mar '20</u>	<u>Jul '19 - Mar '20</u>	<u>Jul '18 - Mar '19</u>
Insurance Expenses			
Crime Policy	5,944.21	17,832.65	13,241.25
Workers' Compensation	240,367.75	721,103.25	587,284.25
Combined GL/AL Excess	208,822.50	626,467.50	412,041.00
Other Premiums -WC	-	59,913.42	71,010.12
Property Coverage	474,930.83	1,424,792.47	930,442.43
Broker Fees	26,250.00	78,750.00	78,750.00
Total Insurance Expenses	<u>956,315.29</u>	<u>2,928,859.29</u>	<u>2,092,769.05</u>
Claims Expenses			
Workers' Compensation Claims	548,769.33	1,966,813.88	2,220,283.46
Liability Claim Payments	221,544.90	2,386,461.53	693,349.60
Property Claims	146,748.90	417,046.43	789,287.77
Subrogation Recovery	(201,821.42)	(202,646.42)	(15,818.15)
Change in Reserves	3,115,159.00	219,754.07	1,158,801.00
Changes in IBNR	(193,514.00)	1,111,885.00	499,709.00
Change in ULAE	-	-	37,000.00
Total Claims Expenses	<u>3,636,886.71</u>	<u>5,899,314.49</u>	<u>5,382,612.68</u>
Dividends	-	3,000.00	247,000.00
Contingency - Building Repairs			
Building Repairs	-	785.00	535.00
Total Contingency	<u>-</u>	<u>785.00</u>	<u>535.00</u>
Total Expenses	<u>4,869,570.72</u>	<u>9,589,356.81</u>	<u>8,536,081.00</u>
Net Operating Revenue	(678,198.38)	380,823.60	128,841.06
Other Revenue (Expense)			
Investment Gain/Loss	401,079.23	429,896.05	307,228.68
Net Revenue Over (Under) Expenses	\$ (277,119.15)	\$ 810,719.65	\$ 436,069.74
Beginning Net Position		4,875,279.39	6,470,670.64
Ending Net Position		<u>\$ 5,685,999.04</u>	<u>\$ 6,906,740.38</u>

Agenda Item 8.1**SPECIAL REPORTS****SUBJECT: Financial Audit Report 2018/2019**

BACKGROUND AND STATUS:

Attached is the audit for fiscal year ("FY") ending June 30, 2019, which consists of CAPRI's Financial Statements and Independent Audit Report (Attachment 1), Internal Control Letter (Attachment 2), and the Auditor's Communication Letter (Attachment 3). The auditor's role in preparing this Report concerns forming and expressing an opinion(s) about whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State's Controller's Office and state regulations governing special districts.

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

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

RECOMMENDATION:

Accept the audit for the FY 18-19 as prepared by the accounting firm, James Marta & Company LLP, Certified Public Accountants.

REFERENCES MATERIAL ATTACHED:

- CAPRI's Financial Statements with Independent Audit Report dated April 30, 2020
- Internal Control Letter
- Auditor's Communication with CAPRI Board



**CALIFORNIA ASSOCIATION FOR PARK AND
RECREATION INDEMNITY**

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

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018**

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

BOARD OF DIRECTORS

JUNE 30, 2019

Lindsay Woods

President

Hesperia Recreation and Park District

Dean Wetter

Vice President

Valley-Wide Recreation and Park District

Colin Miller

Secretary

Arden Park Recreation and Park District

Lorena Cervantes

Bear Mountain Recreation and Park District

Larry Mazzuca

North Highlands Recreation and Park District

Jim Friedl

Conejo Recreation and Park District

Mathew Fuzie

Livermore Area Recreation and Park District

Matthew Duarte

Administrator

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying Statement of Net Position of California Association for Park and Recreation Indemnity (CAPRI), as of June 30, 2019 and 2018, and the related Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows as of and for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Association for Park and Recreation Indemnity as of June 30, 2019 and 2018, and the changes of its net operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

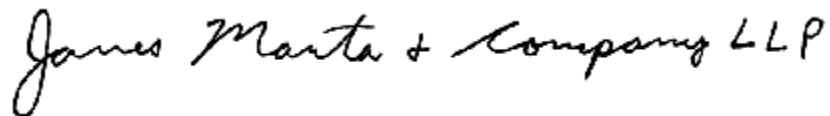
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Reconciliation of Claims Liabilities by Type of Program, Claims Development Information, Schedule of Proportionate Share of the Net pension Liability, and Schedule of Contribution,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

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financials statements of the Authority. The Combining Statement of Net Position, Combining Statement of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Net Position, Combining Statement of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2020 on our consideration of the CAPRI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CAPRI's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

The following report reflects on the financial condition of California Association for Park and Recreation Indemnity (CAPRI) as of and for the fiscal year ended June 30, 2019. It is provided in order to enhance the information in the audited financial statements, footnotes and supplemental schedules, and should be reviewed in conjunction with that report.

Financial Highlights for the fiscal year ended June 30, 2019

- Total Assets were \$24.5 million, which was an increase of ~\$795,000 over the prior year. This was mainly due to increases in Investment Income during the 2018-19 year.
- Total Liabilities were \$19.8 million, an increase of ~\$2.4 million from the prior year. The change is due mainly to an increase in claims liabilities resulting from increases in the actuarial provision for insured events from prior years.
- Total equity was \$4.9 million, a decrease of ~\$1.6 million from the prior year. The decrease in Net Position was primarily driven by an increase in Claims Expense of \$3.2 million.
- Total member contributions were \$9.6 million, an increase of approximately \$407,000 from last year. This increase in contributions is largely due to an increase in covered payroll for the Workers' Compensation and Liability programs, as well as excess insurance premium increases in the Liability program due to recent member losses.
- Total operating expenses were \$12.2 million, an increase of \$3.6 million from last year. This is mainly due to a \$3.2 million increase in claim expense and a \$272,000 increase in excess insurance expense. The change in claim expense was caused mainly by an increase in the actuary's revised ultimate loss estimates for the prior program years' liability coverage.

Description of the Basic Financial Statements

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

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

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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

Condensed Statement of Net Position

	June 30, 2019	June 30, 2018	Change		June 30, 2017	Change	
			\$	%		\$	%
<u>Assets</u>							
Total Other Assets	\$ 24,363,291	\$ 23,560,865	\$ 802,426	3%	\$ 22,678,973	\$ 881,892	4%
Total Capital Assets	153,355	161,159	(7,804)	-5%	169,993	(8,834)	-5%
Total Assets	<u>24,516,646</u>	<u>23,722,024</u>	<u>794,622</u>	3%	<u>22,848,966</u>	<u>873,058</u>	4%
<u>Deferred Outflows of Resources</u>	208,102	212,538	(4,436)	100%	193,749	18,789	0%
<u>Liabilities</u>							
Total Other Liabilities	5,207,598	4,197,272	1,010,326	24%	4,172,273	24,999	1%
Total Long-Term Liabilities	<u>14,581,072</u>	<u>13,216,881</u>	<u>1,364,191</u>	10%	<u>12,951,838</u>	<u>265,043</u>	2%
Total Liabilities	<u>19,788,670</u>	<u>17,414,153</u>	<u>2,374,517</u>	14%	<u>17,124,111</u>	<u>290,042</u>	2%
<u>Deferred Inflows of Resources</u>	60,730	49,737	10,993	100%	84,305	(34,568)	0%
<u>Net Assets</u>							
Invested in Capital Assets	153,355	161,159	(7,804)	-5%	169,993	(8,834)	-5%
Unrestricted Net Position	<u>4,721,993</u>	<u>6,309,513</u>	<u>(1,587,520)</u>	-25%	<u>5,664,306</u>	<u>645,207</u>	11%
Total Net Position	<u>\$ 4,875,348</u>	<u>\$ 6,470,672</u>	<u>\$(1,595,324)</u>	-25%	<u>\$ 5,834,299</u>	<u>\$ 636,373</u>	11%

Condensed Statement of Revenues, Expenses and Change in Net Position

	June 30, 2019	June 30, 2018	Change		June 30, 2017	Change	
			\$	%		\$	%
<u>Revenues</u>							
Member Contribution	\$ 9,619,865	\$ 9,212,949	\$ 406,916	4%	\$ 8,576,459	\$ 636,490	7%
Other Income	<u>1,030,760</u>	<u>87,923</u>	<u>942,837</u>	1072%	<u>83,416</u>	<u>4,507</u>	5%
Total Revenues	<u>10,650,625</u>	<u>9,300,872</u>	<u>1,349,753</u>	15%	<u>8,659,875</u>	<u>640,997</u>	7%
<u>Expense</u>							
Claims Expense	8,452,837	5,205,491	3,247,346	62%	4,631,796	573,695	12%
Insurance Expense	2,762,481	2,490,240	272,241	11%	2,346,889	143,351	6%
Dividend Expense	247,000	255,352	(8,352)	-3%	300,000	(44,648)	-100%
Other Expenses	<u>783,631</u>	<u>713,416</u>	<u>70,215</u>	10%	<u>689,163</u>	<u>24,253</u>	4%
Total Expenses	<u>12,245,949</u>	<u>8,664,499</u>	<u>3,581,450</u>	41%	<u>7,967,848</u>	<u>696,651</u>	9%
Change in Net Position	(1,595,324)	636,373	(2,231,697)	-351%	692,027	(55,654)	-8%
Beginning Net Position	<u>6,470,672</u>	<u>5,834,299</u>	<u>636,373</u>	11%	<u>5,142,272</u>	<u>692,027</u>	13%
Ending Net Position	<u>\$ 4,875,348</u>	<u>\$ 6,470,672</u>	<u>\$(1,595,324)</u>	-25%	<u>\$ 5,834,299</u>	<u>\$ 636,373</u>	11%

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Analysis of Overall Financial Position and Results of Operations 2018-19

For the fiscal year ended June 30, 2019, total assets increased by approximately \$795,000. This change was primarily reflected in cash and investments balances, which collectively increased by approximately \$868,000. Total liabilities increased by approximately \$2.4 million during the fiscal year due primarily to mainly to an increase in claims liabilities resulting from increases in the actuarial provision for insured events from prior years. Overall, net position decreased \$1.6 million in the current fiscal year due primarily to the increase in claims expense, which was offset somewhat by increases in Member Contributions and Investment Income.

During the year ended June 30, 2019, total member contributions increased by approximately \$407,000 over the prior year. The changes in actuarial estimates resulted in an increase in claims expense of approximately \$3.2 million. General operating expenses increased by approximately \$3.6 million or 41% from the prior year. On an individual program basis, Property/Liability claims expense increased by approximately \$1.8 million in comparison to the prior year and Workers' Compensation claims expense increased by approximately \$1.4 million. These changes are primarily a result of actuarial adjustments in the estimated ultimate losses of prior fiscal years. Actual claim payments during the current fiscal year were \$1.1 million higher than the prior year as well.

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

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

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

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

For the fiscal year 2019-2020, there is uncertainty about how the COVID-19 pandemic will impact CAPRI's liability/property program, if at all. With respect to the Workers Compensation program, CAPRI expects a reduction in payroll for the 4th quarter and, thus, a corresponding reduction in exposure.

BASIC FINANCIAL STATEMENTS

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

STATEMENT OF NET POSITION

JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 3,455,230	\$ 2,902,298
Investments Maturing Within One Year	1,811,670	2,741,850
Interest Receivable	84,367	104,040
Receivable from Members	348,690	420,545
Reinsurance Receivable	<u>254,889</u>	<u>229,174</u>
Total Current Assets	<u>5,954,846</u>	<u>6,397,907</u>
Noncurrent Assets		
Investments	18,408,445	17,162,958
Capital Assets (net)	<u>153,355</u>	<u>161,159</u>
Total Noncurrent Assets	<u>18,561,800</u>	<u>17,324,117</u>
Total Assets	<u>24,516,646</u>	<u>23,722,024</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows on Pensions	<u>208,102</u>	<u>212,538</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	40,253	29,097
Premium Adjustments Payable	217,345	172,363
Claims Liabilities	<u>4,950,000</u>	<u>3,995,812</u>
Total Current Liabilities	<u>5,207,598</u>	<u>4,197,272</u>
Noncurrent Liabilities		
Net Pension Liability	676,906	700,126
Claims Liabilities	<u>13,904,166</u>	<u>12,516,755</u>
Total Noncurrent Liabilities	<u>14,581,072</u>	<u>13,216,881</u>
Total Liabilities	<u>19,788,670</u>	<u>17,414,153</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows on Pensions	<u>60,730</u>	<u>49,737</u>
NET POSITION		
Net Investment in Capital Assets	153,355	161,159
Unrestricted	<u>4,721,993</u>	<u>6,309,513</u>
Total Net Position	<u>\$ 4,875,348</u>	<u>\$ 6,470,672</u>

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Member Contributions	\$ 9,619,865	\$ 9,212,949
Miscellaneous Revenues	67,671	66,695
Total Operating Revenues	9,687,536	9,279,644
OPERATING EXPENSES		
Claims Expense	8,452,837	5,205,491
Insurance Expense	2,762,481	2,490,240
Office Administration Expense	543,866	521,702
Consultants and Professional Services Expense	175,320	130,955
Travel, Conferences and Other Expense	56,639	51,926
Depreciation Expense	7,806	8,833
Dividends Expense	247,000	255,352
Total Operating Expenses	12,245,949	8,664,499
Operating Income (Loss)	(2,558,413)	615,145
NONOPERATING INCOME		
Investment Income	963,089	7,928
Rental Income	-	13,300
Total Nonoperating Income	963,089	21,228
Change in Net Position	(1,595,324)	636,373
Beginning Net Position	6,470,672	5,834,299
Ending Net Position	\$ 4,875,348	\$ 6,470,672

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Contributions Received	\$ 9,736,701	\$ 9,173,578
Miscellaneous Revenue Received	67,671	66,695
Reinsurance Recoveries Received (Paid)	(25,715)	(164,589)
Claims Expenses Paid	(6,111,238)	(5,015,870)
Premiums Paid	(2,762,481)	(2,489,042)
Salaries and Benefits Paid	(126,709)	(363,734)
Dividends Paid	(247,000)	(255,352)
General/Administrative Cost Paid	<u>(619,221)</u>	<u>(317,829)</u>
Net Cash Provided (Used) by Operating Activities	<u>(87,992)</u>	<u>633,857</u>
Cash Flows From Investing Activities		
Investment Income Received	419,315	372,292
Purchase of Investments	(15,792,922)	(11,269,747)
Proceeds from Sales and Maturities of Investments	16,014,532	10,391,694
Rents Collected	-	13,300
Net Cash Provided (Used) by Investing Activities	<u>640,925</u>	<u>(492,461)</u>
Net Increase (Decrease) in Cash	552,932	141,396
Beginning Cash and Cash Equivalents	<u>2,902,298</u>	<u>2,760,902</u>
Ending Cash and Cash Equivalents	<u>\$ 3,455,230</u>	<u>\$ 2,902,298</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (2,558,413)	\$ 615,145
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operations:		
Depreciation	7,806	8,833
(Increase) Decrease in:		
Receivable from Members	71,854	(67,880)
Reinsurance Receivable	(25,715)	(164,589)
Prepaid Expenses	-	1,198
Deferred Outflow on Pensions	(148,043)	(152,479)
Increase (Decrease) in:		
Accounts Payable	11,156	(3,511)
Premium Adjustments Payable	44,982	29,910
Unearned Revenues	-	(1,400)
Claims Liabilities	2,341,599	189,621
Pension Liability, Net	148,871	172,091
Deferred Inflow on Pensions	17,911	6,918
Net Cash Provided (Used) by Operating Activities	<u>\$ (87,992)</u>	<u>\$ 633,857</u>
Supplemental Information: Noncash Investing Activities		
Change in Fair Value of Investments	<u>\$ 563,447</u>	<u>\$ (370,376)</u>

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

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

B. Admission and Withdrawal of Members

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

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

C. Description of Programs

Property/Liability Program

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

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

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

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C. Description of Programs (continued)

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

b. General Liability and Public Officials and Employment Practices Liability

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

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

Workers' Compensation Program

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

D. Reporting Entity

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

CAPRI has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in these financial statements. In addition, CAPRI is not aware of any entity that would exercise such oversight responsibility that would result in the CAPRI being considered a component unit of that entity. In determining its reporting entity, the CAPRI considered all governmental units that were members of the CAPRI since inception.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

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

E. Summary of Significant Accounting Policies

Basis of Accounting

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

Fund Accounting

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

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

Cash and Cash Equivalents

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

Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2019 and 2018, the total accounts receivable portfolio was considered collectible. Earnings on investments are recorded in the year the interest is earned.

Investments

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

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

Capital Assets

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

Unearned Revenue/Prepaid Expenses

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

Unpaid Claims Liabilities

CAPRI establishes claims liabilities (claim reserve and incurred but not reported) based on estimates of the ultimate cost of claims, including future allocated claim adjustment expense, that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability and workers' compensation.

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

Liability for Unallocated Loss Adjustment Expense (ULAE)

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

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Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Member Contributions

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

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

Member Assessments

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

Operating and Nonoperating Revenues

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating revenues are defined as revenues earned in connection with normal operating activities. All other revenues are classified as nonoperating.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

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Dividends

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

Income Taxes

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

Deferred Inflow/Outflow of Resources

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

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

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

Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the net position of the California Association for Park and Recreation Indemnity’s California Public Employees’ Retirement System (CalPERS) plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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Allocation of Indirect Expenses

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

Statement of Cash Flows

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

2. CASH AND CASH EQUIVALENTS

A. Cash and Cash Equivalents

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

	<u>2019</u>	<u>2018</u>
Bank Balance Per Books	\$ 2,117,067	\$ 1,505,269
Money Market Funds	1,149,297	692,058
Undeposited funds	-	26,321
Cash in Local Agency Investment Fund	<u>188,866</u>	<u>678,650</u>
Total Cash and Cash Equivalents	<u>\$ 3,455,230</u>	<u>\$ 2,902,298</u>

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

Local Agency Investment Fund

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

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Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by Federal Agencies, government-sponsored enterprises and corporations. This fund currently yields approximately 2.4% interest annually and has an average life of 173 days. The monies held in the LAIF are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization.

B. Investments

Investments as of June 30 consisted of the following:

<u>Investment Type</u>	<u>2019</u>	<u>2018</u>
US Treasuries	\$ 9,856,495	\$ 6,904,615
Supranationals	807,801	1,309,524
Municipal Bonds	204,750	200,839
Federal Agencies	1,134,133	1,864,275
Corporate Notes	4,662,116	5,187,280
Certificates of Deposit	2,529,033	4,438,275
Asset-Backed Security	1,025,787	-
Total	<u>\$ 20,220,115</u>	<u>\$ 19,904,808</u>

Investment Policy

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

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Interest Rate Risk

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

As of June 30, 2019, the carrying values and maturities of CAPRI's investments held in a managed portfolio were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>< 1yr</u>	<u>1-3 yrs</u>	<u>>3 yrs</u>
US Treasuries	9,856,495	\$ -	\$ 9,856,495	\$ -
Municipal Bonds	204,750	204,750	-	-
Federal Agencies	1,134,133	353	1,043,800	89,980
Supranationals	807,801	-	807,801	-
Corporate Notes	4,662,116	953,237	3,498,255	210,624
Certificate of Deposit	2,529,033	653,330	1,875,703	-
Asset-Backed Security	1,025,787	-	647,692	378,095
Total	<u>\$ 20,220,115</u>	<u>\$ 1,811,670</u>	<u>\$17,729,746</u>	<u>\$ 678,699</u>

Credit Risk

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

Investments in US treasuries comprise 49% of the total portfolio and carry the explicit guarantee of the US Government, while investments in Federal Agency Bonds were rated AA+ by Standard & Poor as of June 30, 2019. The Municipal Bond was rated A. While the rest of the portfolio is rated BBB+ or better by Standard & Poor.

Concentration of Credit Risk

CAPRI places no limit on the amount it may invest in Federal Government Agencies but restricts investments in California municipal obligations to a maximum of 30% of their portfolio. As of June 30, 2019, no portion of CAPRI's portfolio, excluding U.S. Government guaranteed obligations exceeds 5% of the total portfolio.

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Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements at June 30, 2019 are as shown below:

Investments:	Level 1	Level 2	Level 3	Total
US Agency Notes	\$ 1,134,133	\$ -	\$ -	\$ 1,134,133
US Treasury Notes	9,856,495	-	-	9,856,495
Municipal Notes	204,750	-	-	204,750
Supranationals	-	807,801	-	807,801
Corporate Bonds	-	4,662,116	-	4,662,116
Certificates of Deposit	-	2,529,033	-	2,529,033
Asset Backed Securities	-	1,025,787	-	1,025,787
Total	\$ 11,195,378	\$ 9,024,737	\$ -	\$ 20,220,115

3. CAPITAL ASSETS

Capital assets at June 30, 2019 and 2018 consisted of the following:

	2018	Additions	Retirements	2019
Non-depreciable assets				
Land	\$ 140,000	\$ -	\$ -	\$ 140,000
Depreciable assets				
Building	99,955	-	-	99,955
Building Improvements	92,432	-	-	92,432
Furniture, Fixtures, Equipment	51,093	-	-	51,093
Computer Hardware, Software	34,900	-	-	34,900
Total depreciable assets	278,380	-	-	278,380
Less Accumulated Depreciation	257,221	7,804	-	265,025
Depreciable assets, net	21,159	(7,804)	-	13,355
Capital Assets, net	\$ 161,159	\$ (7,804)	\$ -	\$ 153,355

Depreciation expense was \$7,804 and \$8,833 for the fiscal years ended June 30, 2019 and 2018, respectively.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

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4. UNPAID CLAIMS LIABILITIES

CAPRI establishes an undiscounted liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses. The following schedule represents changes in liabilities for CAPRI during the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Unpaid Claims and allocated claims adjustment beginning of the fiscal year	<u>\$ 16,512,567</u>	<u>\$ 16,322,946</u>
Incurred claims and claims adjustment expenses:		
Provision for insured events of the current fiscal year	6,524,821	5,480,175
Increases (decreases) in provision for insured events of prior years	<u>1,928,016</u>	<u>(274,684)</u>
Total incurred claims and claim adjustment expenses	<u>8,452,837</u>	<u>5,205,491</u>
Payments		
Claims and allocated claims adjustment expenses attributable to insured events of the current year	1,779,209	806,689
Claims and claims adjustment expenses attributable to insured events of prior years	<u>4,332,029</u>	<u>4,209,181</u>
Total Payments	<u>6,111,238</u>	<u>5,015,870</u>
Total unpaid claims and claims adjustment expenses at the end of the year	<u>\$ 18,854,166</u>	<u>\$ 16,512,567</u>
Components of unpaid claims and claims adjustment expense:		
Claims reserve	\$ 9,416,608	\$ 8,532,679
Claims incurred but not reported	8,639,558	7,218,888
Liability for unallocated loss adjustment expenses	798,000	761,000
Total claims liabilities	<u>\$ 18,854,166</u>	<u>\$ 16,512,567</u>
Current portion	\$ 4,950,000	\$ 3,995,812
Noncurrent portion	<u>13,904,166</u>	<u>12,516,755</u>
Total claims liabilities	<u>\$ 18,854,166</u>	<u>\$ 16,512,567</u>

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

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5. PENSION PLAN

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

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

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

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

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

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

For the year ended June 30, 2019 and 2018, the contributions recognized as part of pension expense for the Plan were \$86,103 and \$76,250 respectively.

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

As of June 30, 2019 and 2018, the California Association for Park and Recreation Indemnity reported net pension liabilities for its proportionate share of the net pension liability of \$676,906 and \$700,126, respectively.

California Association for Park and Recreation Indemnity's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2018 using standard update procedures. California Association for Park and Recreation Indemnity's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2017 was as follows:

Proportion - June 30, 2018	0.01796%
Proportion - June 30, 2017	<u>0.01776%</u>
Change - Increase (Decrease)	<u><u>0.00020%</u></u>

For the year ended June 30, 2019 and 2018, the Group recognized pension expense of \$78,313 and \$98,315. At June 30, 2019, the Group reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2019

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 86,103	\$ -
Net differences between projected and actual earnings on plan investments	3,346	-
Changes in proportion and differences between contributions and the proportionate share of contributions	15,512	-
Changes in assumptions	77,169	18,913
Changes in proportions	-	32,979
Differences between expected and actual experience	25,972	8,838
Total	<u>\$ 208,102</u>	<u>\$ 60,730</u>

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\$86,103 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ 52,786
2021	39,262
2022	(24,691)
2023	(6,088)
Total	\$ 61,269

June 30, 2018

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

\$76,250 reported as deferred outflows of resources related to contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the current year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

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Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	3.00%
Payroll Growth Rate	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return (1)	7.38%
Mortality	Derived using CalERS' Membership Data for all Funds

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Asset Class	CalPERS		
	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
	<u>100.0%</u>		

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

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

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

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	\$ 1,004,560	\$ 676,906	\$ 406,435

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

Payable to the Pension Plan

At June 30, 2019, the Group had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

6. JOINT VENTURE

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

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

F. Condensed Financial Information

	<u>June 30, 2019</u>
Total Assets	<u>\$ 965,769,045</u>
Deferred Outflows	<u>1,227,362</u>
Total Liabilities	<u>766,369,209</u>
Deferred Inflows	<u>595,345</u>
Total Net Position	<u>\$ 200,031,853</u>
Total Revenues	<u>\$ 1,027,441,641</u>
Total Expenses	<u>(949,980,382)</u>
Change in Net Position	<u>\$ 77,461,259</u>

June 30, 2018: latest available audited financials

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

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

7. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2019 through April 30, 2020, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF PROGRAM

AS OF JUNE 30, 2019

	<u>Liability</u>		<u>Property</u>		<u>Workers' Compensation</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Unpaid Claims and allocated claims adjustment beginning of the fiscal year	\$ 3,977,733	\$ 3,594,377	\$ 413,829	\$ 45,812	\$ 12,121,005	\$ 12,682,757	\$ 16,512,567	\$ 16,322,946
Incurred claims and claims adjustment expenses:								
Provision for insured events of the current fiscal year	1,389,000	1,366,178	1,691,821	451,567	3,444,000	3,662,430	6,524,821	5,480,175
Increases (decreases) in provision for insured events of prior years	2,192,901	469,103	(410,394)	759,362	145,509	(1,503,149)	1,928,016	(274,684)
Total incurred claims and claim adjustment expenses	3,581,901	1,835,281	1,281,427	1,210,929	3,589,509	2,159,281	8,452,837	5,205,491
Payments								
Claims and allocated claims adjustment expenses attributable to insured events of the current year	67,824	91,951	1,132,505	235,370	578,880	479,368	1,779,209	806,689
Claims and claims adjustment expenses attributable to insured events of prior years	2,044,912	1,359,974	(180,481)	607,542	2,467,598	2,241,665	4,332,029	4,209,181
Total Payments	2,112,736	1,451,925	952,024	842,912	3,046,478	2,721,033	6,111,238	5,015,870
Total unpaid claims and claims adjustment expenses at the end of the year	\$ 5,446,898	\$ 3,977,733	\$ 743,232	\$ 413,829	\$ 12,664,036	\$ 12,121,005	\$ 18,854,166	\$ 16,512,567
Components of unpaid claims and claims adjustment expense:								
Claims reserve	\$ 3,279,588	\$ 2,203,908	\$ 559,317	\$ 175,157	\$ 5,577,703	\$ 6,153,614	\$ 9,416,608	\$ 8,532,679
Claims incurred but not reported	1,967,310	1,609,825	142,915	195,672	6,529,333	5,413,391	8,639,558	7,218,888
Liability for unallocated loss adjustment expenses	200,000	164,000	41,000	43,000	557,000	554,000	798,000	761,000
Total claims liabilities	\$ 5,446,898	\$ 3,977,733	\$ 743,232	\$ 413,829	\$ 12,664,036	\$ 12,121,005	\$ 18,854,166	\$ 16,512,567
Current portion	\$ 1,100,000	\$ 1,100,000	\$ 1,000,000	\$ 45,812	\$ 2,850,000	\$ 2,850,000	\$ 4,950,000	\$ 3,995,812
Noncurrent portion	4,346,898	2,877,733	(256,768)	368,017	9,814,036	9,271,005	13,904,166	12,516,755
Total claims liabilities	\$ 5,446,898	\$ 3,977,733	\$ 743,232	\$ 413,829	\$ 12,664,036	\$ 12,121,005	\$ 18,854,166	\$ 16,512,567

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

AS OF JUNE 30, 2019

	Fiscal and Policy Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Required contribution and investment revenue:										
Earned	\$ 2,886,903	\$ 2,912,017	\$ 2,880,470	\$ 3,125,474	\$ 2,987,685	\$ 2,926,623	\$ 2,877,549	\$ 3,144,885	\$ 3,642,530	\$ 4,759,311
Ceded	(1,032,720)	(1,001,837)	(1,111,645)	(1,207,888)	(1,332,074)	(1,394,160)	(1,451,228)	(1,146,597)	(1,494,144)	(1,657,489)
Net earned	1,854,183	1,910,180	1,768,825	1,917,586	1,655,611	1,532,463	1,426,321	1,998,288	2,148,386	3,101,822
2. Unallocated expenses	389,210	395,976	1,123,877	927,561	389,430	399,054	390,746	411,511	431,583	473,301
3. Estimated incurred claims and expense, end of policy year										
Incurred	1,155,698	2,887,972	1,675,224	1,530,000	1,564,000	1,610,000	1,244,000	1,943,992	1,817,745	3,080,821
Ceded**	-	-	-	-	-	-	-	-	-	-
Net Incurred	1,155,698	2,887,972	1,675,224	1,530,000	1,564,000	1,610,000	1,244,000	1,943,992	1,817,745	3,080,821
4. Paid (cumulative) as of:										
End of policy year	199,672	164,981	322,537	352,474	301,414	466,272	242,316	722,351	327,321	1,200,329
One year later	744,374	1,129,548	675,019	806,503	466,967	873,089	664,715	1,327,931	875,344	
Two years later	927,539	1,441,318	976,897	1,018,127	1,076,715	1,542,925	917,844	1,633,370		
Three years later	1,070,089	1,711,774	1,026,728	1,082,759	1,464,020	1,522,372	1,311,141			
Four years later	1,054,581	1,795,701	1,117,912	1,164,500	2,051,630	2,336,736				
Five years later	1,054,581	1,795,869	1,252,249	1,154,000	2,051,664					
Six years later	1,054,581	1,795,869	1,253,868	1,154,000						
Seven Years Later	1,054,581	1,795,869	1,254,080							
Eight Years Later	1,054,581	1,795,870								
Nine Years Later	1,054,581									
5. Reestimated ceded claims and expenses:	-	50	62,546	-	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of policy year	1,155,698	2,887,972	1,675,224	1,530,000	1,564,000	1,610,000	1,244,000	1,943,992	1,817,745	3,080,821
One year later	1,319,909	1,900,522	1,511,000	1,452,361	1,021,000	1,579,526	1,262,011	2,381,048	2,448,284	
Two years later	1,170,963	1,576,000	1,208,137	1,258,000	1,616,851	2,357,380	1,225,258	3,073,015		
Three years later	1,116,461	2,256,457	1,086,600	1,206,396	2,091,614	2,453,917	1,723,803			
Four years later	1,102,473	1,847,053	1,134,541	1,318,078	2,077,681	2,957,945				
Five years later	1,056,764	1,795,869	1,282,861	1,154,000	2,051,664					
Six years later	1,054,581	1,795,820	1,253,868	1,154,000						
Seven years later	1,054,581	1,795,870	1,254,079							
Eight Years Later	1,054,581	1,795,870								
Nine Years Later	1,076,764									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	\$ (78,934)	\$(1,092,102)	\$ (421,145)	\$ (376,000)	\$ 487,664	\$ 1,347,945	\$ 479,803	\$ 1,129,023	\$ 630,539	\$ -

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY
CLAIMS DEVELOPMENT INFORMATION – WORKERS COMPENSATION

AS OF JUNE 30, 2019

	Fiscal and Policy Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Required contribution and investment revenue:										
Earned	\$ 3,969,766	\$ 3,939,517	\$ 3,781,461	\$ 3,218,034	\$ 3,200,939	\$ 3,732,182	\$ 4,346,641	\$ 5,214,990	\$ 5,402,990	\$ 5,823,643
Ceded	(261,650)	(533,095)	(661,494)	(725,644)	(873,719)	(698,336)	(842,932)	(1,200,292)	(996,096)	(1,104,992)
Net earned	3,708,116	3,406,422	3,119,967	2,492,390	2,327,220	3,033,846	3,503,709	4,014,698	4,406,894	4,718,651
2. Unallocated expenses	276,222	280,736	266,000	268,457	266,537	234,955	260,347	277,652	281,833	281,833
3. Estimated incurred claims and expense, end of policy year										
Incurred	3,636,000	2,573,000	2,286,000	2,405,000	2,694,000	3,416,000	3,589,000	3,545,000	3,662,430	3,662,430
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	3,636,000	2,573,000	2,286,000	2,405,000	2,694,000	3,416,000	3,589,000	3,545,000	3,662,430	3,444,000
4. Paid (cumulative) as of:										
End of policy year	438,262	486,743	697,046	470,599	576,297	477,938	624,492	423,948	479,368	578,880
One year later	991,864	1,009,634	1,331,066	1,220,856	1,010,679	969,939	1,653,716	1,129,825	1,005,989	
Two years later	1,372,568	1,400,178	1,285,746	1,789,939	1,437,148	1,273,088	2,258,267	1,485,450		
Three years later	1,710,955	1,554,833	1,971,460	2,378,190	1,661,307	1,655,581	2,828,797			
Four years later	1,935,709	1,788,023	2,748,185	2,644,288	1,855,750	1,769,419				
Five years later	2,204,050	2,202,841	2,286,014	2,768,693	2,180,448					
Six years later	2,400,839	2,290,533	2,324,385	2,918,823						
Seven Years Later	2,437,710	2,313,780	2,372,302							
Eight Years Later	2,467,207	2,340,510								
Nine Years Later	2,499,497									
5. Reestimated ceded claims and expenses:	15,000	2,255	644,085	-	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of policy year	3,636,000	2,573,000	2,286,000	2,405,000	2,694,000	3,416,000	3,589,000	3,545,000	3,662,430	3,444,000
One year later	2,991,000	2,157,000	2,292,000	2,563,000	2,889,000	3,259,000	3,748,000	3,110,841	3,155,000	
Two years later	2,451,000	2,297,000	2,761,000	3,280,000	3,028,000	2,630,000	4,063,398	3,164,000		
Three years later	2,681,000	2,417,000	2,668,000	3,902,094	2,610,000	2,366,719	4,073,000			
Four years later	2,986,000	2,458,000	3,163,000	3,453,000	2,651,549	2,481,000				
Five years later	3,098,000	3,098,000	3,382,000	3,437,546	2,525,000					
Six years later	2,964,000	2,705,000	2,675,866	3,480,000						
Seven years later	2,878,000	2,708,853	3,304,000							
Eight Years Later	2,786,659	2,623,000								
Nine Years Later	2,786,000									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	\$ (850,000)	\$ 50,000	\$ 1,018,000	\$ 1,075,000	\$ (169,000)	\$ (935,000)	\$ 484,000	\$ (381,000)	\$ (507,430)	\$ -

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018 ⁽¹⁾
Proportion of the net pension liability	0.01806%	0.01925%	0.01798%	0.01776%	0.01796%
Proportionate share of the net pension liability	\$ 446,363	\$ 528,035	\$ 624,704	\$ 700,126	\$ 676,906
Covered-employee payroll ⁽²⁾	\$ 342,066	\$ 292,798	\$ 221,466	\$ 334,885	\$ 373,068
Proportionate Share of the net pension liability as percentage of covered-employee payroll	130.49%	180.34%	282.08%	209.06%	181.44%
Plans fiduciary net position as a percentage of the total pension liability	76.96%	78.40%	78.40%	73.31%	75.26%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 62,835	\$ 72,513	\$ 78,180	\$ 76,250	\$ 86,103

- ⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.
- ⁽²⁾ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.
- ⁽³⁾ The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

SCHEDULE OF CONTRIBUTIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Fiscal Year 2013-14</u>	<u>Fiscal Year 2014-15</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2016-17</u>	<u>Fiscal Year 2017-18</u> ⁽¹⁾
Actuarially Determined Contribution ⁽²⁾	\$ 62,835	\$ 72,513	\$ 78,180	\$ 76,250	\$ 86,103
Contributions in relation to the actuarially determined contributions ⁽²⁾	<u>(62,835)</u>	<u>(72,513)</u>	<u>(78,180)</u>	<u>(76,250)</u>	<u>(86,103)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll ⁽³⁾	\$ 342,066	\$ 292,798	\$ 221,466	\$ 334,885	\$ 373,068
Contributions as a percentage of covered-employee payroll ⁽³⁾	18.37%	24.77%	35.30%	22.77%	23.08%

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

⁽²⁾ Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

⁽³⁾ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

1. Reconciliation of Claims Liabilities by Type of Program

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

2. Claims Development Information

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

The rows of the table are defined as follows:

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

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

3. SCHEDULE OF PROPORTIONATE SHARE OF THE NET POSITION LIABILITY

Changes in assumptions, in 2019, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

Fiscal year 2019 was the 5th year of implementation, therefore only five years are shown.

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

4. SCHEDULE OF CONTRIBUTIONS

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

SUPPLEMENTARY INFORMATION

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2019

	<u>Property Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 950,432	\$ 2,504,798	\$ 3,455,230
Investments Maturing Within One Year	1,087,002	724,668	1,811,670
Interest Receivable	23,576	60,791	84,367
Receivable from Members	9,309	339,381	348,690
Reinsurance Receivable	144,587	110,302	254,889
Total Current Assets	<u>2,214,906</u>	<u>3,739,940</u>	<u>5,954,846</u>
Noncurrent Assets			
Investments	4,517,719	13,890,726	18,408,445
Capital Assets (net)	153,355	-	153,355
Total Noncurrent Assets	<u>4,671,074</u>	<u>13,890,726</u>	<u>18,561,800</u>
Total Assets	<u>6,885,980</u>	<u>17,630,666</u>	<u>24,516,646</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows on Pensions	<u>124,861</u>	<u>83,241</u>	<u>208,102</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	24,193	16,060	40,253
Premium Adjustments Payable	-	217,345	217,345
Claims Liabilities	2,100,000	2,850,000	4,950,000
Total Current Liabilities	<u>2,124,193</u>	<u>3,083,405</u>	<u>5,207,598</u>
Noncurrent Liabilities			
Net Pension Liability	406,144	270,762	676,906
Claims Liabilities	4,090,130	9,814,036	13,904,166
Total NonCurrent Liabilities	<u>4,496,274</u>	<u>10,084,798</u>	<u>14,581,072</u>
Total Liabilities	<u>6,620,467</u>	<u>13,168,203</u>	<u>19,788,670</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows on Pensions	<u>36,438</u>	<u>24,292</u>	<u>60,730</u>
NET POSITION			
Net Investment in Capital Assets	153,355	-	153,355
Unrestricted	200,581	4,521,412	4,721,993
Total Net Position	<u>\$ 353,936</u>	<u>\$ 4,521,412</u>	<u>\$ 4,875,348</u>

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

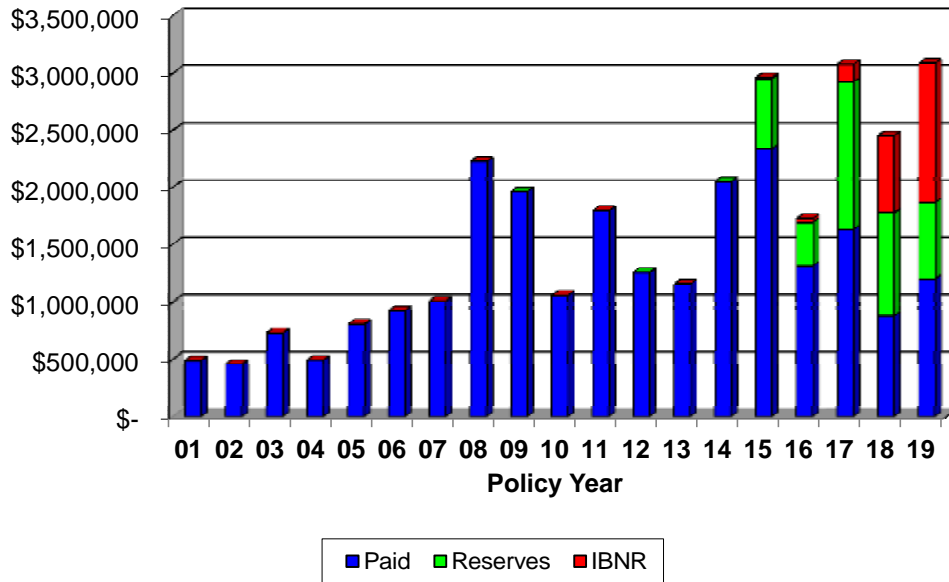
	<u>Property Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
OPERATING REVENUES			
Member Contributions	\$ 4,181,458	\$ 5,438,407	\$ 9,619,865
Miscellaneous	40,603	27,068	67,671
Total Operating Revenues	<u>4,222,061</u>	<u>5,465,475</u>	<u>9,687,536</u>
OPERATING EXPENSES			
Claims Expense	4,863,328	3,589,509	8,452,837
Insurance Expense	1,657,489	1,104,992	2,762,481
Office Administration Expense	326,320	217,546	543,866
Consultants and Professional Services Expense	105,192	70,128	175,320
Travel, Conferences and Other Expense	33,983	22,656	56,639
Depreciation Expense	7,806	-	7,806
Dividends Expense	247,000	-	247,000
Total Operating Expenses	<u>7,241,118</u>	<u>5,004,831</u>	<u>12,245,949</u>
Net Operating Income (Loss)	(3,019,057)	460,644	(2,558,413)
NONOPERATING INCOME			
Investment Income	<u>577,853</u>	<u>385,236</u>	<u>963,089</u>
Total Nonoperating Income	577,853	385,236	963,089
Change in Net Position	(2,441,204)	845,880	(1,595,324)
Beginning Net Position	<u>2,795,140</u>	<u>3,675,532</u>	<u>6,470,672</u>
Ending Net Position	<u>\$ 353,936</u>	<u>\$ 4,521,412</u>	<u>\$ 4,875,348</u>

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

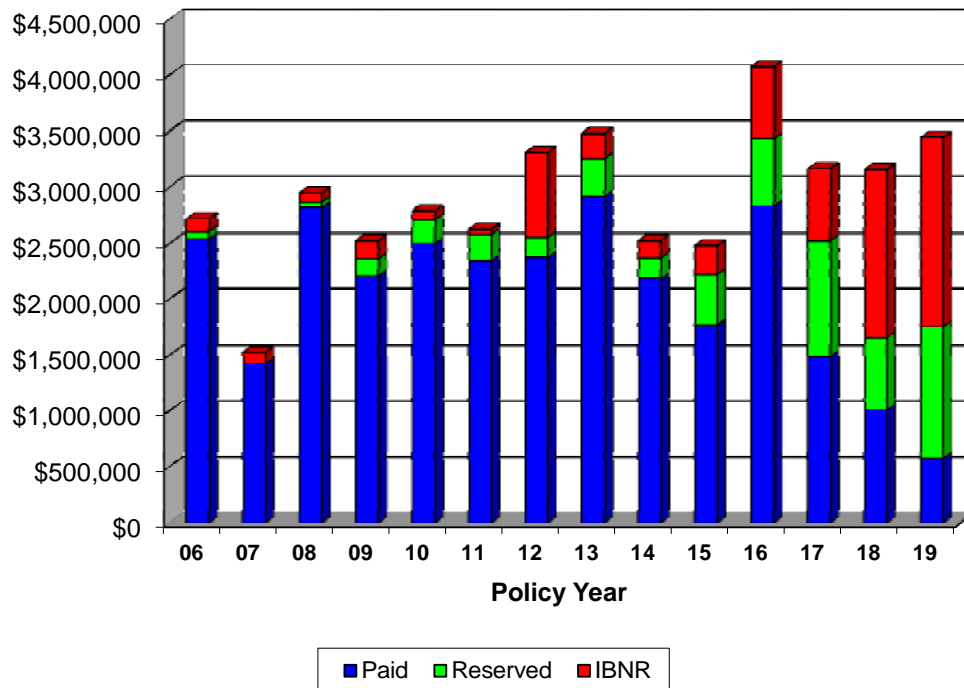
GRAPHICAL SUMMARY OF CLAIMS

AS OF JUNE 30, 2019

Property & Liability Claims



Workers' Compensation Claims





James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California Association for Park and Recreation Indemnity, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise California Association for Park and Recreation Indemnity's basic financial statements, and have issued our report thereon May 1, 2020.

Internal Control over Financial Reporting

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

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

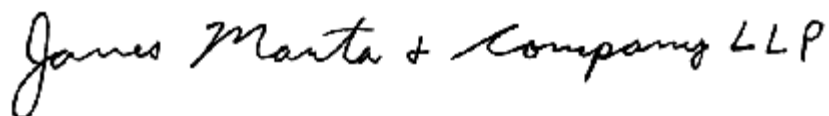
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
May 1, 2020



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of California Association for Park and Recreation Indemnity (CAPRI) as of and for the years ended June 30, 2019 and 2018, and have issued our report thereon dated May 1, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

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

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

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

We have provided our comments regarding significant control deficiencies over financial reporting and other matters noted during our audit in a separate letter to you dated May 1, 2020.

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by CAPRI is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2018-2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

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

Financial Statement Disclosures

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

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

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated May 1, 2020.

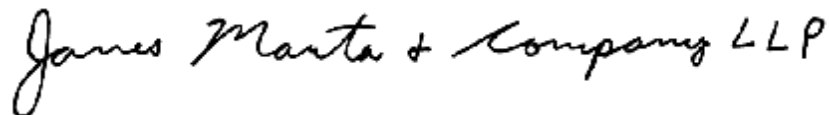
Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company, LLP
Certified Public Accountants
Sacramento, California
May 1, 2020

Attachment A – Upcoming Changes in Accounting Standards As of June 30, 2020

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

GASB Statement No. 84, Fiduciary Activities

Effective for the fiscal year ending June 30, 2020

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

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

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

GASB Statement No. 87, Leases

Effective for the fiscal year ending June 30, 2021

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

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period

Effective for the fiscal year beginning after December 15, 2019.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61

Effective for the fiscal year beginning after December 15, 2018.

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

GASB Statement No. 91, Conduit Debt Obligations

Effective for the fiscal year beginning after December 15, 2020.

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

Attachment B – Management Representation Letter



MANAGEMENT REPRESENTATION LETTER

May 1, 2020

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

This representation letter is provided in connection with your audit of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows of California Association for Park and Recreation Indemnity as of June 30, 2019 and 2018 and for the fiscal years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of California Association for Park and Recreation Indemnity in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

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

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of May 1, 2020:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 8, 2019 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We acknowledge that we are responsible for distributing the issued report as well as the communication with governance letter and internal control letter to all governing board members.
-

- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

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

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes,⁷ and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and

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

Supplementary Information in Relation to the Financial Statements as a Whole

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

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

Required Supplementary Information

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

Use of a Specialist

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

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


Matthew Duarte, Executive Director

Agenda Item 8.2

SPECIAL REPORTS

SUBJECT: Workers' Compensation Actuarial Analysis 2020/2021

BACKGROUND AND STATUS:

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

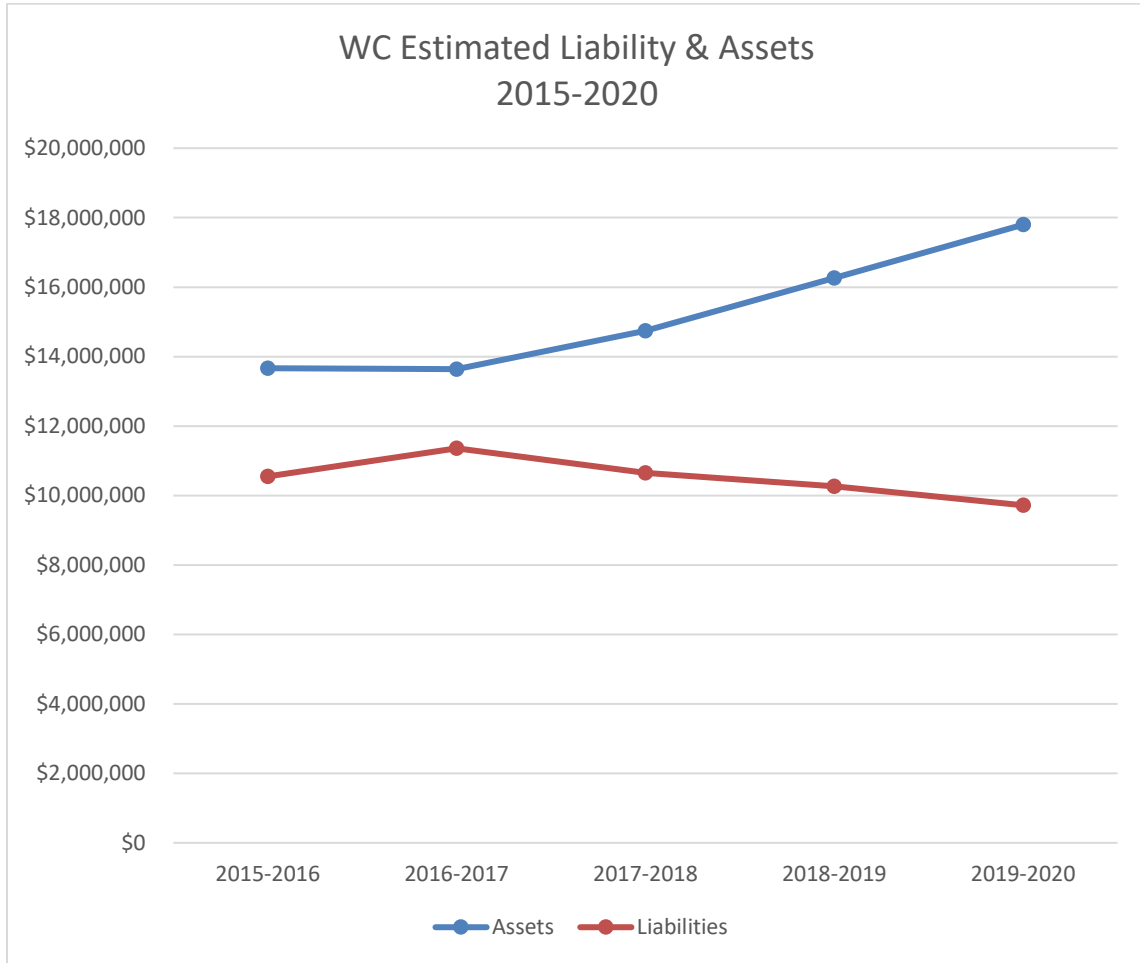
Overall, Bickmore estimates that the program's liability for outstanding claims has decreased approximately 5% to \$9,719,000 as of June 30, 2020 compared to \$10,263,000 at the close of the last fiscal year. This continues a downward liability trend and represents the lowest outstanding claims estimate since 2014.

	<u>Estimated Program Liability</u>
2015-2016	\$10,550,000
2016-2017	\$11,359,000
2017-2018	\$10,652,000
2018-2019	\$10,263,000
2019-2020	\$9,719,000

At the same time, with program assets projected to increase approximately 10% to \$17,799,000 as of June 30, 2020 compared to \$16,262,000 at the close of last fiscal year, the program is adequately funded.

	<u>Estimated Program Assets</u>
2015-2016	\$13,666,000
2016-2017	\$13,639,000
2017-2018	\$14,742,000
2018-2019	\$16,262,000
2019-2020	\$17,799,000

For reference, Staff has prepared a chart utilizing these estimated liability and asset data points. See below.



Finally, the study concluded that CAPRI will be funded at over the 90% confidence level. Notably, this exceeds Bickmore’s recommended 80-85% funding level.

Mr. Michael Harrington of Bickmore will be in attendance at the meeting to review the final report and answer any questions of the Board.

RECOMMENDATION:

Accept the Actuarial Review of the Workers’ Compensation Program for the FY 20-21 as prepared by the actuarial firm, Bickmore Actuarial.

REFERENCE MATERIALS ATTACHED:

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



Bickmore

Actuarial

Actuarial Review of the Self-Insured Workers' Compensation Program

Outstanding Liabilities as of June 30, 2020
Forecast for Program Year 2020-21

Presented to

CAPRI

April 23, 2020 - DRAFT

Thursday, April 23, 2020

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

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

Dear Mr. Duarte:

As you requested, we have completed our review of California Association for Park and Recreation Indemnity's (CAPRI) self-insured workers' compensation program. Assuming an SIR of \$250,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2020-21 program year to be \$3,385,000. This amount includes allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of CAPRI's claims, assuming a 3.0% return on investments per year. For budgeting purposes, the expected costs of 2020-21 claims translate to a rate of \$2.80 per \$100 of payroll.

In addition, we estimate the program's liability for outstanding claims to be \$9,719,000 as of June 30, 2020, again including ALAE and ULAE, and discounted for anticipated investment income. Given estimated program assets of \$17,799,000 as of June 30, 2020, the program will be funded above the 90% confidence level.

The \$9,719,000 estimate is the minimum liability to be booked by CAPRI at June 30, 2020 for its workers' compensation program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires CAPRI to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding CAPRI's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2020 are summarized in the table below.

California Association for Park and Recreation Indemnity
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2020

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$10,659,000	\$11,704,000	\$12,119,000	\$12,599,000	\$13,196,000	\$13,963,000
ULAE	592,000	650,000	673,000	700,000	733,000	776,000
Investment Income Offset	<u>(1,532,000)</u>	<u>(1,683,000)</u>	<u>(1,741,000)</u>	<u>(1,811,000)</u>	<u>(1,897,000)</u>	<u>(2,007,000)</u>
Discounted Loss and LAE	\$9,719,000	\$10,671,000	\$11,051,000	\$11,488,000	\$12,032,000	\$12,732,000
Assets	<u>17,799,000</u>	<u>17,799,000</u>	<u>17,799,000</u>	<u>17,799,000</u>	<u>17,799,000</u>	<u>17,799,000</u>
Surplus or (Deficit)	\$8,080,000	\$7,128,000	\$6,748,000	\$6,311,000	\$5,767,000	\$5,067,000

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

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

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

The table below shows results at various discount rates:

Discount Rate	Factor to Adjust Liabilities	Outstanding Liabilities	Program Surplus or (Deficit)
0.0%	1.158	\$11,251,000	\$6,548,000
0.5%	1.128	10,959,000	6,840,000
1.0%	1.099	10,683,000	7,116,000
1.5%	1.072	10,422,000	7,377,000
2.0%	1.047	10,175,000	7,624,000
2.5%	1.023	9,941,000	7,858,000
3.0%	1.000	9,719,000	8,080,000

The table below shows our funding recommendations for California Association for Park and Recreation Indemnity for the 2020-21 fiscal year.

California Association for Park and Recreation Indemnity
Self-Insured Workers' Compensation Program
Loss and LAE Funding Guidelines for 2020-21
Self-Insured Retention (SIR) of \$250,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$3,475,000	\$3,934,000	\$4,121,000	\$4,337,000	\$4,604,000	\$4,962,000
ULAE	339,000	384,000	402,000	423,000	449,000	484,000
Investment Income Offset	<u>(429,000)</u>	<u>(486,000)</u>	<u>(508,000)</u>	<u>(536,000)</u>	<u>(568,000)</u>	<u>(612,000)</u>
Discounted Loss and LAE	\$3,385,000	\$3,832,000	\$4,015,000	\$4,224,000	\$4,485,000	\$4,834,000
Rate per \$100 of 2020-21 Payroll	\$2.80	\$3.17	\$3.32	\$3.49	\$3.71	\$4.00

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2020. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The table below shows results at various discount rates:

Discount Rate	Factor to Adjust Loss and LAE	Discounted Loss and LAE	Rate Per \$100 of Payroll
0.0%	1.127	\$3,814,000	\$3.152
0.5%	1.102	3,731,000	3.084
1.0%	1.079	3,654,000	3.020
1.5%	1.058	3,581,000	2.960
2.0%	1.038	3,512,000	2.903
2.5%	1.018	3,446,000	2.848
3.0%	1.000	3,385,000	2.798

The table below shows our funding recommendations for California Association for Park and Recreation Indemnity for the 2020-21 fiscal year, **assuming an SIR of \$350,000.**

California Association for Park and Recreation Indemnity
Self-Insured Workers' Compensation Program
Loss and LAE Funding Guidelines for 2020-21
Self-Insured Retention (SIR) of \$350,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$3,775,000	\$4,273,000	\$4,473,000	\$4,711,000	\$4,998,000	\$5,387,000
ULAE	349,000	395,000	414,000	436,000	462,000	498,000
Investment Income Offset	<u>(502,000)</u>	<u>(568,000)</u>	<u>(595,000)</u>	<u>(627,000)</u>	<u>(664,000)</u>	<u>(716,000)</u>
Discounted Loss and LAE	\$3,622,000	\$4,100,000	\$4,292,000	\$4,520,000	\$4,796,000	\$5,169,000
Rate per \$100 of 2020-21 Payroll	\$2.99	\$3.39	\$3.55	\$3.74	\$3.96	\$4.27

The funding recommendations shown in the table above do not include any recognition of the existing funding margin at June 30, 2020. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The table below shows results at various discount rates:

Discount Rate	Factor to Adjust Loss and LAE	Discounted Loss and LAE	Rate Per \$100 of Payroll
0.0%	1.139	\$4,124,000	\$3.408
0.5%	1.112	4,027,000	3.328
1.0%	1.087	3,936,000	3.253
1.5%	1.063	3,850,000	3.182
2.0%	1.041	3,770,000	3.116
2.5%	1.020	3,694,000	3.053
3.0%	1.000	3,622,000	2.993

The table below shows our funding recommendations for California Association for Park and Recreation Indemnity for the 2020-21 fiscal year, **assuming an SIR of \$500,000.**

California Association for Park and Recreation Indemnity
Self-Insured Workers' Compensation Program
Loss and LAE Funding Guidelines for 2020-21
Self-Insured Retention (SIR) of \$500,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$4,062,000	\$4,594,000	\$4,813,000	\$5,069,000	\$5,386,000	\$5,809,000
ULAE	358,000	405,000	424,000	447,000	475,000	512,000
Investment Income Offset	<u>(571,000)</u>	<u>(646,000)</u>	<u>(676,000)</u>	<u>(712,000)</u>	<u>(757,000)</u>	<u>(817,000)</u>
Discounted Loss and LAE	\$3,849,000	\$4,353,000	\$4,561,000	\$4,804,000	\$5,104,000	\$5,504,000
Rate per \$100 of 2020-21 Payroll	\$3.18	\$3.60	\$3.77	\$3.97	\$4.22	\$4.55

The funding recommendations shown in the table above do not include any recognition of the existing funding margin at June 30, 2020. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The table below shows results at various discount rates:

Discount Rate	Factor to Adjust Loss and LAE	Discounted Loss and LAE	Rate Per \$100 of Payroll
0.0%	1.148	\$4,420,000	\$3.653
0.5%	1.120	4,309,000	3.561
1.0%	1.092	4,205,000	3.475
1.5%	1.067	4,107,000	3.394
2.0%	1.043	4,016,000	3.319
2.5%	1.021	3,930,000	3.248
3.0%	1.000	3,849,000	3.181

DRAFT

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

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

The estimates included in this report do not make any provision for the increased cost of workers' compensation claims as a result of the coronavirus (COVID-19) pandemic.

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

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

Sincerely,

Bickmore Actuarial

DRAFT

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

DRAFT

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

DRAFT

Daniel Shaw
Actuarial Analyst, Bickmore Actuarial

Agenda Item 8.3

SPECIAL REPORTS

SUBJECT: Liability/Property Actuarial Analysis 2020/2021

BACKGROUND AND STATUS:

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

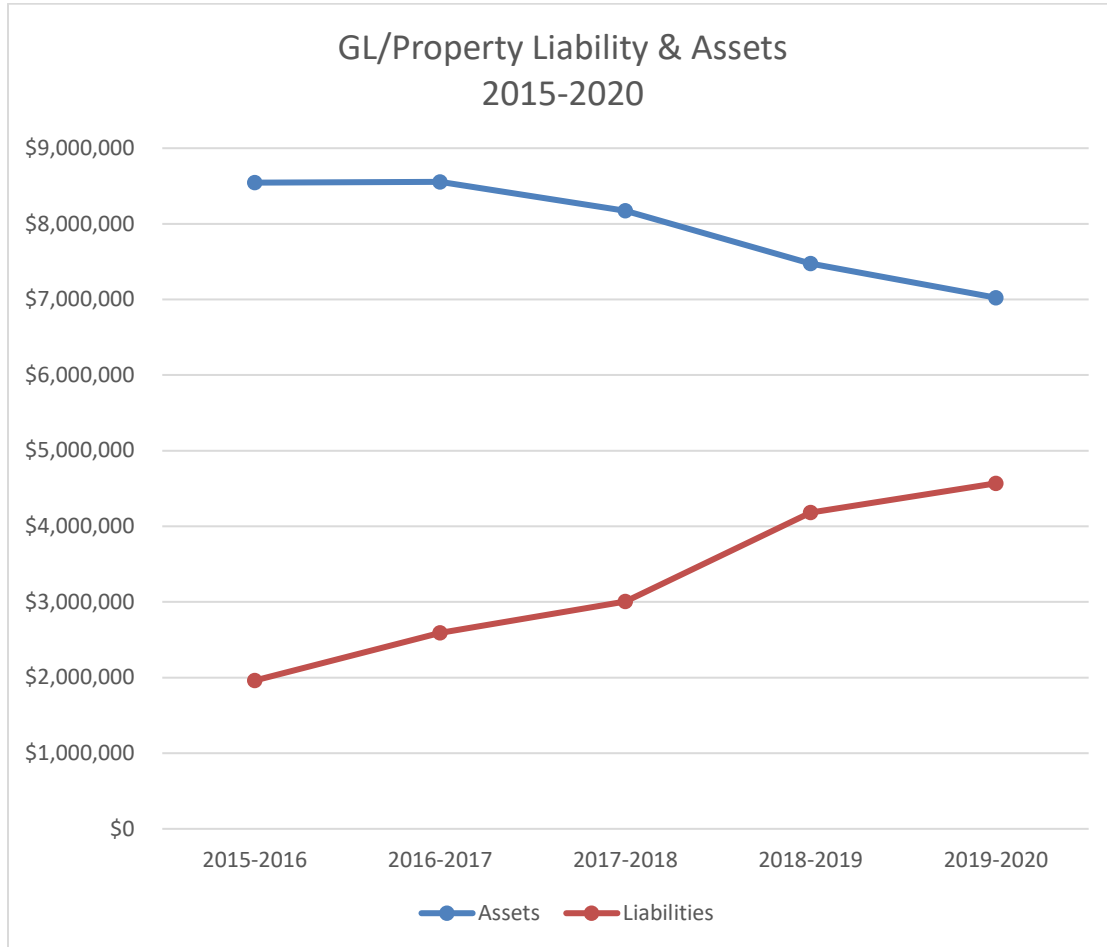
Overall, Bickmore estimates that the program’s liability for outstanding claims has increased approximately 9% to \$4,569,000 as of June 30, 2020 compared to \$4,184,000 at the close of the last fiscal year. This continues an upward liability trend, but represents a significant flattening of the curve from last year’s 39% jump between 17-18 and 18-19.

	<u>Estimated Program Liability</u>
2015-2016	\$1,962,000
2016-2017	\$2,591,000
2017-2018	\$3,008,000
2018-2019	\$4,184,000
2019-2020	\$4,569,000

At the same time, program assets are projected to decrease approximately 6% to \$7,023,000 as of June 30, 2020 compared to \$7,475,000 at the close of the last fiscal year. Nevertheless, the program remains adequately funded.

	<u>Estimated Program Assets</u>
2015-2016	\$8,546,000
2016-2017	\$8,555,000
2017-2018	\$8,171,000
2018-2019	\$7,475,000
2019-2020	\$7,023,000

For reference, Staff has prepared a chart utilizing these estimated liability and asset data points. See below.



Finally, the study concluded that CAPRI will be funded at over the 90% confidence level. Notably, this exceeds Bickmore’s recommended 80-85% funding level.

Mr. Michael Harrington of Bickmore will be in attendance at the meeting to review the final report and answer any questions of the Board.

RECOMMENDATION:

Accept the Actuarial Review of the General Liability & Property Program for the FY 20-21 as prepared by the actuarial firm, Bickmore Actuarial.

REFERENCE MATERIALS ATTACHED:

Draft Summary Letter of the General Liability & Property Program



Bickmore

Actuarial

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

*Outstanding Liabilities as of June 30, 2020
Forecast for Program Year 2020-21*

Presented to

CAPRI

April 23, 2020 - DRAFT

Thursday, April 23, 2020

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

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

Dear Mr. Duarte:

As you requested, we have completed our review of California Association for Park and Recreation Indemnity's (CAPRI) self-insured liability and property program. Assuming an SIR of \$750,000 per occurrence for liability and \$150,000 per occurrence (\$600,000 aggregate) for property, we estimate the ultimate cost of claims and expenses for claims incurred during the 2020-21 program year to be \$2,586,000. This amount includes allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of CAPRI's claims, assuming a 2.0% return on investments per year. For budgeting purposes, the expected cost of 2020-21 claims translates to a rate of \$2.14 per \$100 of payroll.

In addition, we estimate the program's liability for outstanding claims to be \$4,569,000 as of June 30, 2020, again including ALAE and ULAE, and discounted for anticipated investment income. Given estimated program assets of \$7,023,000 as of June 30, 2020, the program will be funded above the 90% confidence level.

The \$4,569,000 estimate is the minimum liability to be booked by CAPRI at June 30, 2020 for its liability and property program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires CAPRI to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding CAPRI's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2020 are summarized in the table below.

California Association for Park and Recreation Indemnity
Self-Insured Liability and Property Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2020

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$4,548,000					
ULAE	230,000					
Investment Income Offset	(209,000)					
Discounted Loss and LAE	\$4,569,000	\$5,184,000	\$5,467,000	\$5,796,000	\$6,204,000	\$6,748,000
Available Funding	7,023,000					
Surplus or (Deficit)	\$2,454,000	\$1,839,000	\$1,556,000	\$1,227,000	\$819,000	\$275,000

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

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

The two tables below show our funding recommendations for California Association for Park and Recreation Indemnity for liability and property, respectively, for the 2020-21 fiscal year.

California Association for Park and Recreation Indemnity
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2020-21
 Self-Insured Retention (SIR) of \$750,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,885,000					
ULAE	160,000					
Investment Income Offset	(112,000)					
Discounted Loss and LAE	\$1,933,000	\$2,296,000	\$2,478,000	\$2,695,000	\$2,967,000	\$3,332,000
Rate per \$100 of 2020-21 Payroll	\$1.598	\$1.898	\$2.048	\$2.227	\$2.452	\$2.754

California Association for Park and Recreation Indemnity
 Self-Insured Property Program
 Loss and LAE Funding Guidelines for 2020-21
 Self-Insured Retention (SIR) of \$150,000 (\$600,000 Aggregate)

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$600,000					
ULAE	63,000					
Investment Income Offset	(10,000)					
Discounted Loss and LAE	\$653,000	\$780,000	\$840,000	\$914,000	\$1,004,000	\$1,125,000
Rate per \$1,000 of 2020-21 TIV	\$0.586	\$0.701	\$0.754	\$0.821	\$0.902	\$1.010

The funding recommendations shown in the tables above do not include any recognition of the existing funding margin at June 30, 2020. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The tables below show the 2020-21 **liability** funding recommendations for CAPRI assuming alternative SIR's of \$1,000,000 and \$500,000:

California Association for Park and Recreation Indemnity
Self-Insured Liability Program
Loss and LAE Funding Guidelines for 2020-21
Self-Insured Retention (SIR) of \$1,000,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,965,000					
ULAE	160,000					
Investment Income Offset	(118,000)					
Discounted Loss and LAE	\$2,007,000	\$2,386,000	\$2,583,000	\$2,818,000	\$3,113,000	\$3,506,000
Rate per \$100 of 2020-21 Payroll	\$1.659	\$1.972	\$2.135	\$2.329	\$2.573	\$2.898

California Association for Park and Recreation Indemnity
Self-Insured Liability Program
Loss and LAE Funding Guidelines for 2020-21
Self-Insured Retention (SIR) of \$500,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,756,000					
ULAE	160,000					
Investment Income Offset	(101,000)					
Discounted Loss and LAE	\$1,815,000	\$2,149,000	\$2,312,000	\$2,507,000	\$2,748,000	\$3,073,000
Rate per \$100 of 2020-21 Payroll	\$1.500	\$1.776	\$1.911	\$2.072	\$2.271	\$2.540

DRAFT

The estimates included in this report do not make any provision for the increased cost of liability claims as a result of the coronavirus (COVID-19) pandemic.

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

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

Sincerely,

Bickmore Actuarial

DRAFT

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

DRAFT

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

DRAFT

Daniel Shaw
Actuarial Analyst, Bickmore Actuarial

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

BACKGROUND AND STATUS:

Doug Wozniak of Alliant Insurance Services will be at the Board of Directors meeting to update the Board on the current insurance market and our renewal for CAPRI for 2020-2021.

RECOMMENDATION:

Information only.

REFERENCE MATERIALS ATTACHED:

None

Agenda Item 9.1**DISCUSSION/ACTION ITEMS****SUBJECT: WC Premium Allocation Formula 2020 – 2021**

BACKGROUND AND STATUS:

Each year, the CAPRI Board of Directors reviews the CAPRI WC Premium Allocation Formula, considering all of the factors that contribute to the premium calculations for each District, and then provides Staff direction before excess coverage is bound.

As the Board knows, this fiscal year the Board has already devoted several meetings to an extensive review of the WC Premium Allocation formula itself. This started last July when the Board considered the presentation of Mr. Derek Burkhalter with Bickmore regarding changes to the Experience Modification Factors. Thereafter, the Board adopted the proposed revisions to the "Ex Mod" calculation at the February meeting, shifting to a weighted formula that considers a 3 year loss history with a \$50,000 cap per occurrence. The results of the new Experience Modification Factors tests are attached hereto.

Additionally, in November the Board considered and approved the introduction of a multi-program discount and safety discount that encourages member loyalty and safe risk management practices.

Having done that "heavy lifting" in meetings past, all that is left for the Board to consider are those final data points that ultimately factor in to calculating the actual member premiums. This includes, but is not limited to, a review of the program assets and liabilities, the estimated excess coverage costs, and any other extraneous factors impacting the membership.

Results of Actuarial Report

As noted in the Bickmore Actuarial Report, the WC program remains well funded at over the 90% confidence level. Program assets continue to rise at approximately \$17.8M with liabilities down to approximately \$9.7M. Furthermore, CAPRI's estimated ultimate cost of claims and expenses decreased approximately 3% compared to last fiscal year. Additionally, although CAPRI members' total payroll continues to climb, the payroll rate dropped to its lowest level since 2011.

For comparison, please note the expected ultimate costs and rate per \$100 for each of the past five fiscal years.

	Ultimate Costs (Expected – Discounted Loss and LAE)	Rate per \$100 of Payroll (Expected)
2016-2017	\$3,622,000	\$3.61
2017-2018	\$3,934,000	\$3.74
2018-2019	\$3,895,000	\$3.51
2019-2020	\$3,764,000	\$3.23
2020-2021	\$3,622,000	\$2.99

Excess Coverage Estimates

Similarly, estimates for excess for Workers’ Compensation are slightly lower than the past several years. This is despite CAPRI’s membership growth and the scheduled minimum wage increases that necessarily resulted in increased payrolls.

	CAPRI Payroll Estimates	Rate	Excess Premiums
2016-2017	\$98,389,464	.749060	\$737,000
2017-2018	\$101,341,148	.799047	\$809,764
2018-2019	\$111,977,943	.684255	\$766,215
2019-2020	\$123,690,780	.777319	\$961,472
2020-2021	\$119,584,896*	.599192	\$716,543*

*Current estimates

Payroll Estimates for 2020-2021

It should be noted that the 2020-2021 payroll estimate provided above is inclusive of those changes submitted by Districts following the COVID-19 Pandemic. All combined, between March and May there was approximately a \$5M decrease in the total payroll of the membership. At this time, it seems likely that further reductions will occur although they will not be accounted for until the true up period in the Fall of 2021.

Funding Level History and Informal Target

While no formal funding target policy has been adopted, for the past several years the CAPRI Board has communicated its intent to reach a 75% funding level for both CAPRI programs. In recognition of the financial implications this goal places on the membership, the Board has been deliberate in its funding increases.

The funding history is as follows:

	Funding Level (Per Board Direction)
2016-2017	62%
2017-2018	65%
2018-2019	70%
2019-2020	70%
2020-2021	TBD

Conclusion

All of these factors are important to the Board’s funding decisions. Although the actuarial funding recommendations and excess coverage costs have both decreased this year, Staff is recommending that the Board remain committed to its disciplined funding approach and fund at the 70% level again for FY20-21.

As in years past, the CAPRI Board of Directors is scheduled to meet in June to finalize the Budget, premium allocations, and to bind insurance coverage. Based upon direction provided to Staff at this Meeting, Staff will prepare a complete package for Board review and approval.

RECOMMENDATION:

Direct Staff to finalize the Workers’ Compensation premium allocation formula with a funding level at 70% for review and final approval at the June Board Meeting.

FISCAL IMPACT:

The fiscal impact is dependent upon direction provided to Staff.

REFERENCE MATERIALS ATTACHED:

- 2020-2021 Experience Modification Factors Calculation
- Summary of Experience Modification Factors 2016-2020

CAPRI EXPERIENCE MODIFICATIONS

DISTRICT MEMBER	2016	2017	2018	2019	2020
Ambrose Recreation	207%	137%	143%	79%	77%
Arcade Creek	286%	233%	218%	170%	125%
Arden Manor	82%	85%	85%	111%	94%
Arden Park	146%	147%	99%	83%	92%
Auburn Area	76%	74%	131%	122%	121%
Bear Mountain	84%	142%	108%	111%	98%
Bear River	81%	87%	86%	86%	99%
Beaumont-Cherry	81%	81%	80%	77%	88%
Belvedere-Tiburon	82%	83%	100%	97%	87%
Boulder Creek	81%	87%	86%	86%	95%
Buttonwillow				86%	97%
CAPRI	78%	84%	84%	86%	94%
Carmichael Recreation	85%	131%	133%	127%	78%
Central Plumas	82%	87%	86%	86%	96%
Coalinga-Huron	91%	88%	73%	67%	85%
Conejo Recreation					Do not qualify
Cordova Recreation	202%	128%	97%	84%	100%
Desert Recreation	164%	123%	115%	131%	105%
Dunsmuir	81%	87%	86%	86%	98%
Durham Recreation	84%	86%	86%	80%	122%
Fair Oaks Rec	199%	182%	232%	184%	111%
Fulton-El Camino	84%	120%	164%	246%	138%
Greater Vallejo	82%	128%	109%	80%	63%
Hayward Area Rec	81%	157%	141%	110%	83%
Hesperia Recreation	113%	117%	114%	108%	129%
Highland Recreation	99%	95%	80%	73%	77%
Isla Vista Rec	76%	79%	119%	97%	90%
Jurupa Area Rec	121%	158%	115%	112%	84%
La Selva Beach					Do not qualify
Ladera Recreation	82%	87%	90%	86%	93%
Lake Cuyamaca Rec	135%	143%	141%	77%	92%
Livermore Area Rec	190%	148%	146%	97%	83%
McFarland Rec	86%	86%	100%	173%	151%
Mendocino Coast Rec	171%	178%	174%	107%	88%
Mission Oaks Rec	72%	70%	70%	97%	93%
Monte Rio	81%	111%	111%	111%	94%
Mt. Shasta	177%	93%	90%	78%	95%
North Highlands	127%	91%	79%	72%	87%
North of the River	84%	136%	198%	174%	164%
Orangevale Rec	146%	113%	74%	85%	90%
Paradise Recreation	170%	153%	88%	168%	119%
Pleasant Hill Rec	115%	70%	78%	70%	66%
Pleasant Valley Rec	95%	111%	136%	145%	167%
Rancho Simi	196%	201%	162%	118%	129%
Rio Linda-Elverta	79%	105%	105%	102%	90%
Russian River Rec	94%	103%	111%	110%	124%

Shafter Recreation	101%	106%	99%	95%	94%
Soledad			86%	111%	95%
Southgate Rec	86%	88%	117%	115%	103%
Strawberry Recreation	162%	85%	82%	76%	87%
Sunrise	142%	123%	93%	66%	89%
Tehachapi Valley	109%	143%	140%	116%	90%
Truckee-Donner Rec	95%	109%	149%	120%	91%
Tuolumne Rec	106%	111%	96%	86%	96%
Valley Wide Rec	101%	106%	69%	85%	79%
Wasco Recreation	90%	103%	107%	93%	95%
Weed	106%	112%	111%	86%	97%
West Side	81%	99%	108%	98%	104%
Western Gateway				86%	98%

Alliant Insurance Services

Jack F. Chen, AVP

California Association for Park & Recreation Indemnity
Workers' Compensation
Experience Modification Factors (PAYROLL BASIS)
3 Year Experience Period, \$50,000 Loss Cap, 75% Maximum Experience Weight
Calculation of 2020-21 Experience Modification Factors

Member	2016-17 to 2018-19 Payroll	Weighting	2016-17 to 2018-19 Incurred Losses	2016-17 to 2018-19 Incurred Limited to \$50K	2016-17 to 2018-19 Inc \$50K Loss Ratio	2020-21 Experience Modification Factor
Ambrose Recreation & Park District	\$1,414,134	8.7%	\$0	\$0	0.000	0.907
Arcade Creek Recreation & Park District	938,384	5.9%	100,424	52,431	5.587	1.248
Arden Manor Recreation & Park District	830,684	5.3%	475	475	0.057	0.944
Arden Park Recreation & Park District	1,221,206	7.6%	0	0	0.000	0.918
Bear Mountain Recreation & Park District	755,685	4.8%	0	5,127	0.678	0.977
Bear River Recreation & Park	124,517	0.8%	0	0	0.000	0.985
Beaumont-Cherry Valley Recreation & Park District	2,232,999	13.0%	2,200	2,200	0.099	0.876
Belvedere-Tiburon	2,383,195	13.8%	2,386	2,386	0.100	0.870
Boulder Creek	755,136	4.8%	0	0	0.000	0.946
Buttonwillow	419,056	2.7%	0	0	0.000	0.966
CAPRI	939,140	5.9%	0	0	0.000	0.935
Carmichael Recreation & Park District	4,761,917	24.2%	4,832	4,832	0.101	0.776
Central Plumas Recreation and Park District	594,500	3.8%	0	0	0.000	0.955
Coalinga-Huron Recreation & Park District	2,500,242	14.4%	0	0	0.000	0.851
Cordova Recreation & Park District	11,417,047	43.4%	121,830	121,830	1.067	1.001
Desert Recreation District	15,069,110	50.3%	280,214	174,736	1.160	1.046
Dunsmuir Recreation & Park	163,432	1.1%	0	0	0.000	0.983
Durham Recreation & Park District	1,188,406	7.4%	71,050	50,284	4.231	1.216
Fair Oaks Recreation & Park District	3,484,084	18.9%	58,259	58,259	1.672	1.105
Fulton-El Camino Recreation & Park District	4,226,748	22.1%	121,235	121,000	2.863	1.373
Greater Vallejo Recreation & Park District	12,076,550	44.8%	23,803	23,803	0.197	0.632
Hayward Area Recreation & Park District	44,708,319	75.0%	395,260	368,157	0.823	0.833
Hesperia Recreation & Park District	6,211,359	29.4%	239,319	131,278	2.114	1.290
Highlands Recreation & Park District	4,508,832	23.2%	1,909	1,909	0.042	0.772
Isla Vista Recreation & Park District	2,483,526	14.3%	9,174	9,174	0.369	0.902
Jurupa Area Recreation & Park District	3,157,548	17.5%	4,589	4,589	0.145	0.844
Ladera Recreation District	965,060	6.1%	236	236	0.024	0.934
Lake Cuyamaca Recreation and Park District	1,195,240	7.4%	470	470	0.039	0.922
Livermore Area Recreation & Park District	30,594,598	67.2%	328,120	243,531	0.796	0.832
McFarland Recreation & Park District	1,609,870	9.7%	156,388	106,504	6.616	1.508
Mendocino Coast Recreation & Park District	3,982,621	21.1%	18,114	18,114	0.455	0.875
Mission Oaks Recreation & Park District	4,869,237	24.6%	36,991	36,991	0.760	0.926
Monte Rio	919,863	5.8%	0	0	0.000	0.936
Mt. Shasta Recreation & Parks District	643,488	4.1%	0	0	0.000	0.952
North Highlands Recreation & Park District	2,491,134	14.3%	3,116	3,116	0.125	0.868
North of the River Recreation and Park District	16,058,004	51.9%	555,540	379,610	2.364	1.640
Orangevale Recreation & Park District	2,683,366	15.3%	10,196	10,196	0.380	0.897
Paradise Recreation & Park District	2,685,010	15.3%	93,851	65,071	2.423	1.192
Pleasant Hill Recreation & Park District	11,959,572	44.5%	31,915	31,915	0.267	0.664
Pleasant Valley Recreation & Park District	7,974,351	34.9%	400,300	247,440	3.103	1.672
Rancho Simi Recreation & Park District	29,526,578	66.5%	569,096	448,454	1.519	1.289
Rio Linda/Elverta Recreation & Park District	1,544,269	9.4%	0	0	0.000	0.900
Russian River Recreation & Park District	347,785	2.3%	43,645	43,645	12.549	1.242
Shafter Recreation & Park District	955,061	6.0%	1,122	1,122	0.117	0.940
Soledad	745,529	4.8%	0	0	0.000	0.946
Southgate Recreation & Park District	11,492,706	43.5%	131,780	129,262	1.125	1.025
Strawberry Recreation & Park District	2,071,695	12.2%	0	0	0.000	0.872
Sunrise Recreation and Park District	11,697,145	44.0%	107,891	92,343	0.789	0.885
Tehachapi Valley Recreation & Park District	1,576,188	9.6%	574	574	0.036	0.902
Truckee-Donner Recreation & Park District	9,739,648	39.5%	80,415	80,415	0.826	0.910
Tuolumne Park & Recreation District	469,057	3.1%	0	0	0.000	0.963
Valley-Wide Recreation & Park District	10,348,114	41.0%	72,552	54,658	0.528	0.791
Wasco Recreation & Park District	716,174	4.6%	147	147	0.020	0.949
Weed Recreation & Park District	390,015	2.6%	0	0	0.000	0.968
West Side Recreation and Park District	3,963,870	21.0%	53,344	50,934	1.285	1.040
Western Gateway	150,333	1.0%	0	0	0.000	0.984
Total	\$302,931,337		\$4,132,760	\$3,177,215	1.049	1.000

Agenda Item 9.2

DISCUSSION/ACTION ITEMS

SUBJECT: Liability & Property Premium Allocation Formula 2020 – 2021

BACKGROUND AND STATUS:

Each year, the CAPRI Board of Directors reviews the CAPRI General Liability and Property Premium Allocation Formula, considering all of the factors that contribute to the premium calculations for each District, and then provides Staff direction before excess coverage is bound.

This review includes, but is not limited to, a review of the financial status of the program, the estimated liabilities, the proposed Program Funding Levels (based upon the Actuarial Report), the estimated excess coverage costs, and any other extraneous factors impacting the membership.

Results of Actuarial Report

As noted in the Bickmore Actuarial Report, the General Liability & Property program remains well funded at over the 90% confidence level. Program assets are currently at \$7,023,000 while liabilities sit at \$4,569,000. Furthermore, CAPRI’s estimated ultimate cost of claims and expenses increased approximately 14% compared to last fiscal year. Specifically, the recommended Liability funding level increased 20% while the Property funding level actually decreased approximately 1.5%.

	<u>TOTAL Ultimate Costs (Expected – Discounted Loss and LAE)</u>	<u>Rate per \$100 of Payroll (Expected)</u>
2016-2017	\$1,589,000	\$1.59
2017-2018	\$1,767,000	\$1.71
2018-2019	\$2,007,000	\$1.88
2019-2020	\$2,272,000	\$2.07
2020-2021	\$2,586,000	\$2.14

	<u>LIABILITY</u> Ultimate Costs (Expected – Discounted Loss and LAE)	<u>Rate per \$100 of</u> Payroll (Expected)
2016-2017	\$968,000	\$0.97
2017-2018	\$1,140,000	\$1.11
2018-2019	\$1,330,000	\$1.25
2019-2020	\$1,611,000	\$1.47
2020-2021	\$1,933,000	\$1.60

	<u>PROPERTY</u> Ultimate Costs (Expected – Discounted Loss and LAE)	<u>Rate per \$100 of</u> Payroll (Expected)
2016-2017	\$597,000	\$0.63
2017-2018	\$595,000	\$0.62
2018-2019	\$636,000	\$0.63
2019-2020	\$661,000	\$0.61
2020-2021	\$653,000	\$0.59

Excess Coverage Estimates

At this time, estimates for excess for both Liability and Property are again significantly higher than last year. As noted in the Draft Budget, this includes an anticipated increase of 42% in the Liability and 20% in Property. There are a number of factors that caused this increase including industry-wide losses, the program's loss history, and the membership's increased payrolls.

If current estimates hold, CAPRI's premiums in the PRISM (formerly CSAC-EIA) G1 program will have more than tripled since 2016.

	<u>Excess Premiums</u> (Liability)
2016-2017	\$362,497
2017-2018	\$409,709
2018-2019	\$549,388
2019-2020	\$835,290
2020-2021	\$1,192,000*

In the Alliant PEP program, CAPRI’s premiums have also been on the rise and this year will likely end up twice as much as in 2016.

	Excess Premiums (Property)
2016-2017	1,021,796
2017-2018	\$1,081,012
2018-2019	\$1,240,590
2019-2020	\$1,896,045
2020-2021	\$2,300,000*

*Current estimates

Funding Level History and Informal Target

While no formal funding target policy has been adopted by the Board, for the past several years the CAPRI Board has communicated its intent to reach a 75% funding level for both CAPRI programs. In recognition of the financial implications this goal places on the membership, the Board has been deliberate in its funding increases. The funding history is as follows:

	Funding Level (Per Board Direction)
2016-2017	60%
2017-2018	60%
2018-2019	70%
2019-2020	70%
2020-2021	TBD

Conclusion

The Board will have several different options for funding and may need to consider other alternative deductibles in order to control costs. These options will be discussed in greater detail at the Board Meeting with Doug Wozniak from Alliant Insurance. At this time, Staff is recommending that the Board remain committed to its disciplined funding approach and fund at the 70% level again for FY20-21.

As in years past, the CAPRI Board of Directors is scheduled to meet in June to finalize the Budget, premium allocations, and to bind insurance coverage. Based upon direction provided to Staff at this Meeting, Staff will prepare a complete package for Board review and approval.

RECOMMENDATION:

Direct Staff to finalize the General Liability & Property premium allocation formula with a funding level at 70% for review and final approval at the June Board Meeting.

FISCAL IMPACT:

The fiscal impact is dependent upon direction provided to Staff.

REFERENCE MATERIALS ATTACHED:

None.

DISCUSSION/ACTION ITEMS

SUBJECT: CAPRI Budget 2020-2021

BACKGROUND AND STATUS:

The second draft of the 2020-2021 CAPRI budget is attached hereto. This is the Board's second attempt to comment and provide direction to Staff. This second draft budget based on current usage and projections considering the insurance market and pending sale of the CAPRI office.

Staff believes the draft budget is an accurate estimate of CAPRI's revenues and expenditures as of this point in time. Ultimately, these numbers will change as firm insurance quotes are received, funding direction is received, and the Board determines the direction they want to take CAPRI in the next fiscal year. Staff will provide a more detailed budget for review and comment at the next Board of Directors meeting.

No action is required of the Board at this time.

RECOMMENDATION:

Provide Staff direction as needed.

FISCAL IMPACT:

The fiscal impact is dependent upon direction provided to Staff.

REFERENCE MATERIALS ATTACHED:

- Second Draft of CAPRI Budget 2020-2021

**California Association for Park and Recreation Indemnity
Revenues and Expenses Budget Overview
July 2020 through June 2021**

	Proposed Budget	Current Budget	YTD Actual	Change Between Current Year and Proposed Budget	% Increase
	Jul '20 - Jun '21	Jul '19 - Jun '20	Jul '19 - Mar '20		
Ordinary Revenue/Expense					
Revenue					
Member Contributions	\$ 12,223,025	\$ 11,274,202	\$ 9,507,356	\$ 948,824	8.42%
Less Safety Credits	\$ (350,000)	\$ (310,000)			
Bank/LAIF Interest	4,500	2,500	10,150	2,000	80.00%
CARPD Administration	68,005	68,005	51,004	-	0.00%
Misc. Income			-		
Rental Income	-	-	-	-	
Portfolio Income (PFM)	350,000	350,000	401,670	-	0.00%
Total Revenue	12,295,530	11,384,707	9,970,180	910,824	
Total Revenue	12,295,530	11,384,707	9,970,180	910,824	8.00%
Expense					
Operating Expenses					
Administration-CAPRI Office					
Salaries & Benefits					
Salaries					
Accrued Vacation					
Executive Director	176,550	165,000	128,563	11,550	7.00%
Safety Analyst /Risk Manager	70,000	65,000	50,208	5,000	7.69%
Admin Analyst	60,000	60,000	44,565	-	0.00%
Admin Asst	38,000	41,500	24,439	(3,500)	-8.43%
Contingency	16,000	16,228	-	(228)	
Total Salaries	360,550	347,728	247,775	12,822	3.69%
Employee Benefits					
Medical	48,000	44,300	34,111	3,700	8.35%
Life Insurance	700	700	534	-	0.00%
PERS Contributions	92,000	88,445	63,200	3,555	4.02%
Payroll Tax Expenses	6,000	5,450	3,569	550	10.09%
Payroll Fees	-	-	820		
Total Employee Benefits	146,700	138,895	102,234	7,805	5.62%
Total Salaries & Benefits	507,250	486,623	350,009	20,627	4.24%
Bank Service Charges	14,000	14,000	8,606	-	0.00%
Building Services/Repairs	-	9,750	4,742	(9,750)	-100.00%
Capital Assts	-	5,000	-	(5,000)	-100.00%
Common Area Maintenance	-	5,990	4,488	(5,990)	-100.00%
Copier Service/Repair	4,500	4,500	2,170	-	0.00%
Depreciation	-	10,000	1,793	(10,000)	-100.00%
District Visitations	8,500	7,000	5,462	1,500	21.43%
General Contingency	-	-	5,000	-	0.00%
Insurance - CAPRI	2,200	2,200	-	-	0.00%
Miscellaneous	3,000	3,000	3,758	-	0.00%
Office Supplies	10,000	10,000	4,945	-	0.00%
Part-Time Services	3,000	3,000	4,929	-	0.00%
Postage and Delivery	4,000	4,000	1,999	-	0.00%
Printing and Reproduction	2,000	4,000	673	(2,000)	-50.00%
Professional Dues	3,000	2,750	2,471	250	9.09%
Project Reserve	-	2,580	1,935	(2,580)	-100.00%
Publications	200	175	136	25	14.29%
Safety Meetings/Workshops	4,000	7,000	2,543	(3,000)	-42.86%
Telephone	6,000	6,000	3,988	-	0.00%
Travel/Meeting	11,000	11,000	10,260	-	0.00%
Utilities	3,500	6,600	4,620	(3,100)	-46.97%
Total Administration-CAPRI Office	586,150	605,168	424,528	(19,018)	-3.14%

**California Association for Park and Recreation Indemnity
Revenues and Expenses Budget Overview
July 2020 through June 2021**

	Jul '20 - Jun '21	Jul '19 - Jun '20	Jul '19 - Mar '20	Current Year and Proposed Budget	% Increase
Board Meeting/Travel	24,750	24,750	15,848	-	0.00%
Consulting Services					
Actuarial Services	10,000	10,000	2,750	-	0.00%
Claims Management	369,458	358,920	227,966	10,538	2.94%
Financial Accounting	40,000	40,000	28,689	-	0.00%
Financial Audit	23,000	22,000	6,000	1,000	4.55%
Investment Advisors	32,000	32,000	20,421	-	0.00%
IT Services	3,000	3,000	2,081	-	0.00%
Legal Fees	30,000	20,000	25,230	10,000	50.00%
Loss Prevention	-	-	448	-	0.00%
Total Consulting Services	507,458	485,920	313,586	21,538	4.43%
Total Operating Expenses	1,118,358	1,115,838	753,963	2,520	0.23%
Insurance Expenditures					
Workers' Compensation	716,543	961,471	721,103	(244,928)	-25.47%
Combined GL/AL Excess	1,192,000	835,290	626,468	356,710	42.70%
Property Coverage	2,300,000	1,896,045	1,424,792	403,955	21.31%
Crime Policy/Identity Theft	25,000	25,000	17,833	-	0.00%
Other Premiums (W/C)	60,000	60,000	59,913	-	0.00%
Broker Fees	110,000	110,000	78,750	-	0.00%
Total Insurance Expenses	4,403,543	3,887,806	2,928,859	515,737	13.27%
Claims Expenditures					
Claim Payments					
Claim Payments	6,647,481	6,200,915	5,899,314	446,567	7.20%
Total Claim Payments	6,647,481	6,200,915	5,899,314	446,567	7.20%
Contingency					
General	50,000	50,000	-	-	0.00%
Building Repair	-	16,000	785	(16,000)	-100.00%
Total Contingency	50,000	66,000	785	(16,000)	-24.24%
Total Expense	12,219,382	11,270,559	9,582,922	948,824	8.42%
Net Ordinary Revenue	76,148	114,148	387,259	(38,000)	-33.29%
	\$ 76,148	\$ 114,148	\$ 387,259	\$ (38,000)	-33.29%

Agenda Item 10.1**EXECUTIVE DIRECTOR/ STAFF REPORTS****SUBJECT: District Visits Update**

BACKGROUND AND STATUS:

The District Visit schedule has been interrupted by the COVID-19 Pandemic. Staff is closely monitoring public health guidance for information as to when site visits can resume. Cycle XVII, previously scheduled to take place between January 2020 and June 2021 may need to be revised in light of current circumstances.

RECOMMENDATION:

Information only.

Agenda Item 10.2

EXECUTIVE DIRECTOR/ STAFF REPORTS

SUBJECT: CARPD Conference Update

BACKGROUND AND STATUS:

The CARPD Conference was scheduled to take place on May 27th-May 30th in South Lake Tahoe, California. Unfortunately, the COVID-19 pandemic has forced CARPD to postpone the event indefinitely. In its place, CARPD will be hosting a virtual event on May 28th and May 29th that focuses on the parks and rec's industry's response to the coronavirus.

As of this writing, there are 134 attendees signed up to attend the two day event. Staff is looking forward to a successful event!

RECOMMENDATION:

Information only.

Agenda Item 10.3**EXECUTIVE DIRECTOR/ STAFF REPORTS****SUBJECT: News of Note**

BACKGROUND AND STATUS:

Staff regularly collects recent articles, academic papers, District reports, etc. that relate to the business of CAPRI and that may be of interest to the Board and/or the membership.

RECOMMENDATION:

Information only.

REFERENCE MATERIALS ATTACHED:

- "Evidence mounts that outside is safer when it comes to COVID-19" – TheHill.com; May 6, 2020
- "California Governor Announces Workers' Comp Presumption for COVID-19" – www.insurancejournal.com; May 6, 2020
- "Juror Walks Off to Take Phone Call as Texas Tests First Jury Trial Via Zoom" – Law.com, May 18, 2020
- "Parks matter more than ever during a time of sickness" – CNN; May 22, 2020

Evidence mounts that outside is safer when it comes to COVID-19

By Peter Sullivan

May 6, 2020

Health experts say people are significantly less likely to get the coronavirus while outside, a fact that could add momentum to calls to reopen beaches and parks closed during the COVID-19 pandemic.

Being outside shouldn't be seen as completely safe, health experts say. People should continue to avoid crowds and maintain six feet of distance from others to keep away from the virus.

But experts are increasingly confident in evidence showing that the coronavirus spreads much more readily indoors than outdoors, a finding that could help guide policymakers seeking to figure out ways to end lockdowns that have shuttered much of the nation's economy.

"Parks, beaches — as long as they're not cheek to jowl, cycling, walking, this is good," said Tom Frieden, the former director of the Centers for Disease Control and Prevention. "Enjoy nature. It's good for us, and it has very low risk of spreading the virus."

Maryland Gov. Larry Hogan (R) on Wednesday said coronavirus figures suggested the state might be able to begin reopening next week. If it does, he said it would include opening state parks and beaches and allowing outdoor gym classes and religious services.

"Studies suggest activities held outdoors as temperatures warm pose lower COVID risk than those done in confined indoor spaces," tweeted Scott Gottlieb, the former Food and Drug Administration commissioner. "As we re-open, states should look to ease rules to allow more recreational, religious, and business activities to occur outside."

Some cities are already considering options that might help local businesses while keeping people safe.

Hartford, Conn., is one of the cities exploring allowing restaurants to expand their outdoor seating options into parking lots or other outdoor spaces.

Vilnius, the capital of Lithuania, has gone further by opening its central square and other outdoor areas to restaurant seating.

"We need creative solutions, and I think things like closing down streets and having some dispersed [seating] from restaurants is a nice creative solution," said Eleanor Murray, a professor at Boston University School of Public Health.

"We can't continue this lockdown indefinitely," she said. "It's just not going to be psychologically or economically feasible."

Gottlieb pointed to a study, which has not yet been peer-reviewed, that examined outbreaks in 320 Chinese cities outside Hubei province, where the coronavirus is believed to have originated, between Jan. 4 and Feb. 11 and found only one outbreak that occurred outdoors.

Experts warned that people are not completely safe outdoors and that it is important to stay six feet away from people outside.

“You don’t want to be in a crowd, regardless of where that crowd is,” Murray said.

California Gov. Gavin Newsom (D) ordered beaches in Orange County to close last week after they became packed with people during a heat wave.

Murray said that even outside on the beach, people who do not live together should stay six feet apart and that activities such as beach volleyball should be avoided because multiple people touching the same equipment can spread the virus.

That means playgrounds also are a danger, she said.

“While it’s great to have parks and beaches, you probably don’t want playground equipment open,” Murray said.

The virus is harder to transmit outdoors because the droplets that spread it are more easily disturbed or dispersed outside in the elements than in a closed, confined, indoor setting.

“It definitely spreads more indoors than outdoors,” said Roger Shapiro, a professor at Harvard University's T.H. Chan School of Public Health. “The virus droplets disperse so rapidly in the wind that they become a nonfactor if you're not really very close to someone outdoors — let’s say within six feet.”

As people go outside for their daily exercise and pass by one another, experts offered reassurance that simply passing someone for a split second outdoors presents a low risk.

“The virus can’t magically teleport,” said Amesh Adalja, a senior scholar at the Johns Hopkins University Center for Health Security. “It needs a cough or sneeze or something, singing, talking, spitting. ... It’s not magnetism or something like that.”

Adalja said some of the decisions around activities such as sitting closer than six feet away from a friend outside on the grass have to do with how much risk someone is personally willing to accept.

“There’s not some kind of black or white answer to all of this stuff,” he said. “People are going to have to make a lot of decisions about what risk tolerance they have.”

Indoor spaces such as barbershops are certainly higher risk, though. There are more shared surfaces that could transmit the virus, such as the barber's chair. Another danger, especially in the summer, is air conditioning, which can circulate the virus through the air.

"If you're in an indoor space that has the air conditioning blasting ... that air conditioning might be blowing the droplets straight at you," said Murray, the Boston University professor.

Even outdoors, Adalja said people should be mindful of keeping their distance and washing their hands.

"You can go to the beach, you can go to the park, and it can be safe," he said. "It's just you have to be cognizant of the fact that the virus is there."

Source: <https://thehill.com/policy/healthcare/496483-evidence-mounds-that-outside-is-safer-when-it-comes-to-covid-19>

California Governor Announces Workers' Comp Presumption for COVID-19

May 6, 2020

California Gov. Gavin Newsom today announced that workers who contract COVID-19 while on the job may be eligible to receive workers' compensation.

The governor signed an [executive order that creates a time-limited rebuttable presumption](#) for accessing workers' comp benefits applicable to Californians who must work outside of their homes during the stay at home order.

"We are removing a burden for workers on the front lines, who risk their own health and safety to deliver critical services to our fellow Californians, so that they can access benefits, and be able to focus on their recovery," Newsom said in a statement. "Workers' compensation is a critical piece to reopening the state and it will help workers get the care they need to get healthy, and in turn, protect public health."

Those eligible will have the rebuttable presumption if they tested positive for COVID-19 or were diagnosed with COVID-19 and confirmed by a positive test within 14 days of performing a labor or service at a place of work after the stay at home order was issued on March 19. The presumption will stay in place for 60 days after issuance of the executive order.

California is not alone in [easing the path to workers' compensation](#) benefits. Eight other states have issued executive orders or amended rules to expand eligibility. Most of those actions concern only for healthcare workers and first responders.

The American Property Casualty Insurance Association, the primary national trade group for home, auto, and business insurers, called the California order "overly broad," and argues that it could force employers to cover COVID-19 cases not contracted in the workplace.

"APCIA believes this overly broad executive order jeopardizes the stability of the workers compensation system," David A. Sampson, president and CEO of the APCIA, said in a statement. "Maintaining proof of a causal connection that a covered injury or

disease was contracted in the workplace is essential for a stable no-fault workers compensation system for employers and employees alike.”

The Workers’ Compensation Action Network also expressed concern the order will make employers responsible for COVID-19 cases contracted outside of work.

“Even ‘rebuttable presumptions’ undermine the ability of employers to determine whether the illness is related to work,” a statement from the group reads. “The practical result is that employers will pay workers’ comp benefits for COVID-19 even where there is no evidence it was related to work.”

Source: <https://www.insurancejournal.com/news/west/2020/05/06/567757.htm>

Juror Walks Off to Take Phone Call as Texas Tests

First Jury Trial Via Zoom

In what may be a first across the United States since the coronavirus pandemic canceled jury trials, Texas judges on Monday invited a jury pool to a court proceeding over video teleconference. Monday's hearing in an insurance dispute was actually a "summary jury trial," which is an alternative dispute resolution process.

By **Angela Morris** | May 18, 2020 at 12:54 PM

Judges and lawyers in Texas picked a jury remotely over Zoom video conference, for a "summary jury trial," an alternative dispute resolution proceeding in which parties get a one-day jury trial, followed by mediation. Photo: YouTube

In what might be a first across the United States, Texas judges on Monday invited a jury pool to a court proceeding over video teleconference.

And they found jury selection unfolded pretty seamlessly over about an hour and a half, with only one hiccup: A juror wandered off screen during a break and couldn't hear the judges calling him back. Senior [Judge Keith Dean](#) said it was the digital version of at the courthouse, when court staff occasionally have to track down a juror in the hallway taking a phone call.

As the coronavirus pandemic shuttered courthouses across the nation this spring, Texas emerged as a leader in embracing Zoom video conferences for judges to continue holding court proceedings remotely. Texas judges have already been using the technology for bench trials—but a jury trial is another matter.

'Courthouse has come to you'

Monday's hearing in an insurance dispute was actually a "summary jury trial," which is an alternative dispute resolution process in which the parties participate in a one-day jury trial, followed the next day by a mediation session to attempt to settle the dispute. The jury selection was livestreamed on YouTube, and the rest of the proceeding was private.

"For centuries, if you had jury duty, you have to go to the courthouse. In this case, the courthouse has come to you," said Dean, a senior judge and mediator in the Dallas-Fort Worth region who previously served as judge of the 265th District Court and the Dallas County Criminal Court No. 5.

For the first 30 minutes of the proceeding, 470th District Judge Emily Miskel of Collin County welcomed all of the 26 prospective jurors—another three people failed to report to jury duty—and asked what type of device they were connecting with, and patiently walked them through how to set up their their audio and video correctly.

Miskel, who only participated in the proceeding to handle the technological aspects of the Zoom meeting, added that she appreciated those prospective jurors who had called her office to make sure their jury duty summons was not a scam.

Attorneys [Matthew Pearson](#), founder of Pearson Legal in San Antonio, and senior associate [Valerie Cantu](#), were representing the plaintiff.

"This is as strange for us as it is for you," Pearson told jurors.

Pearson explained that his client, Virtuwave Holdings, owns a building in McKinney that suffered hail damage in March 2017. The company is suing its insurance company, State Farm Lloyds, alleging that it did not pay the benefits that it should have paid. Virtuwave seeks money damages from State Farm, Pearson told jurors during voir dire.

Defense counsel [Amy Stewart](#), partner in Stewart Law Group in Dallas, and associate [John Stone](#) represent State Farm.

Stewart said, “How exciting is this that we all get to experience this together for the first time—we know in Texas—but maybe even in the country?”

Approaching the bench

During the jury selection process, the attorneys questioned only 12 prospective jurors at a time. Miskel created a Zoom “breakout room” for the other 14 prospective jurors.

For the first group, the lawyers on both sides went through lists of questions about prospective jurors’ views about insurance companies, their personal knowledge of the hail storm in question and more.

Dean then asked the attorneys to approach the bench. How? Miskel created a separate breakout room just for the judge and counsel.

When they came back, a hiccup: One of the prospective jurors had wandered off-screen and could be heard talking on the phone. No response when the judges told him to come back, since his computer audio was hooked into headphones he was not wearing.

Finally, the man returned, and Dean announced that the attorneys for both sides had picked that first group of 12 jurors, which meant the 14 people who had been in a separate breakout room all along were “free to go about your day,” Dean said.

Source: <https://www.law.com/texaslawyer/2020/05/18/juror-walks-off-to-take-phone-call-as-texas-tests-first-jury-trial-via-zoom/>

Parks matter more than ever during a time of sickness

Published 22nd May 2020

Written by Richard leBrasseur

Richard leBrasseur is an assistant professor of landscape architecture at Dalhousie University in Nova Scotia, Canada, and the director of its Green Infrastructure Performance Lab. The views expressed in this commentary are solely those of the writer. CNN is showcasing the work of [The Conversation](#), a collaboration between journalists and academics to provide news analysis and commentary.

The [Covid-19 pandemic](#) has altered humans' relationship with natural landscapes in ways that may be long-lasting. One of its most direct effects on people's daily lives is reduced access to public parks.

The US Centers for Disease Control and Prevention has issued [guidelines](#) urging Americans to stay at home whenever feasible, and to avoid discretionary travel and gatherings of more than 10 people. Emergency declarations and stay-at-home orders vary from state to state, but many jurisdictions have closed state and county parks, as well as smaller parks, playgrounds, beaches and other outdoor destinations.

There's good reason for these actions, especially in places where people have [spurned social distancing rules](#). But particularly in urban environments, parks are important to human health and well-being.

As a landscape architect, I believe that Frederick Law Olmsted, the founder of our field, took the right approach. Olmsted served as general secretary of the United States Sanitary Commission during the Civil War, and his knowledge of contagious diseases informed his visions for his great North American urban parks, including Central Park in New York, Mount Royal Park in Montreal and Boston's Emerald Necklace park system.

In my view, closing parks and public green spaces should be a temporary, last-resort measure for disease control, and reopening closed parks should be a priority as cities emerge from shutdowns.

Making healthy places

Olmsted was born in 1822 but became a landscape architect rather late in his career, at age 43. His ideas evolved from a diverse and unique set of experiences.

From the start, Olmsted recognized the positive effect of nature, noting how urban trees provided a "soothing and refreshing sanitary influence." His "sanitary style" of design offered more than mere decoration and ornamentation. "Service must precede art" was his cry.

Olmsted came of age in the mid-19th century, as the public health movement was rapidly developing in response to typhoid, cholera and typhus epidemics in European cities. As managing editor of Putnam's Monthly in New York City, he regularly walked the crowded tenement streets of Lower Manhattan.

At the US Sanitary Commission during the Civil War, Olmsted led efforts to improve sanitation in Union Army military camps and protect soldiers' health. He initiated policies for selecting proper camp locations, installing drainage and disposing of waste, ventilating tents and preparing food, all designed to reduce disease. And in 1866 he witnessed adoption of New York's Metropolitan Health Bill, the first city law to control unhealthy housing conditions.

Antidotes to urban stress

The insights Olmsted gained into connections between space, disease control and public health clearly influenced his landscape architectural career and the design of many urban park systems. For example, his design for the interlinked parks that forms Boston's Emerald Necklace foreshadowed the concept of green infrastructure.

This system centered on stagnant and deteriorated marshes that had become disconnected from the tidal flow of the Charles River as Boston grew. City residents were dumping trash and sewage in the marshes, creating fetid dumps that spread waterborne diseases. Olmsted's design reconnected these water systems to improve flow and flush out stagnant zones, while integrating a series of smaller parks along its trailways.

Olmsted also designed America's first bike lane, which originated in Brooklyn, New York's Prospect Park. Of the tree-lined boulevards in his design for Central Park, Olmsted said, "Air is disinfected by sunlight and foliage. Foliage also acts mechanically to purify the air by screening it."

In all of his urban parks, Olmsted sought to immerse visitors in restorative and therapeutic natural landscapes -- an experience he viewed as the most profound and effective antidote to the stress and ailments of urban life.

Parks in the time of Covid-19

Today researchers are documenting many health benefits associated with being outside. Spending time in parks and green spaces clearly benefits urban dwellers' psychological, emotional and overall well-being. It reduces stress, improves cognitive functioning and is associated with improved overall health.

In my view, government agencies should work to make these vital services as widely available as possible, especially during stressful periods like pandemic shutdowns. Certain types of public green spaces, such as botanical gardens, arboretums and wide trails, are well suited to maintaining social distancing rules. Other types where visitors may be likely to cluster, such as beaches and playgrounds, require stricter regulation.

There are many ways to make parks accessible with appropriate levels of control. One option is stationing agents at entry points to monitor and enforce capacity controls. Park managers can use timed entries and parking area restrictions to limit social crowding, as well as temperature screening and face mask provisions.

For example, in New Jersey, many public parks have reopened for walking, hiking, bicycling and fishing while keeping playgrounds, picnic and camping areas and restrooms closed. They also have limited parking capacity to 50% of capacity.

In Shanghai, China, the government recently reopened most parks and several major attractions, including the Chenshan Botanical Garden and the city zoo. Entry requires successful screening and online reservations, and visits are limited to a maximum of two hours.

Technologies such as GPS tracking and biometrics can set a precedent for future green space interaction. Residents could sign up for reserved time slots and log into apps that monitor their entry and distancing behavior. Some Americans might be put off by such technocentric means, but officials should be clear that making visitation easy and safe for all is the priority.

There will be challenges, especially when people flout social distancing rules. But urban parks and nature offer plenty of benefits that are especially important during a pandemic. I believe that finding ways to enjoy them now in a manner safe for all will be well worth the effort.