Financial Statements with
Independent Auditor's Report
June 30, 2019 and 2018

Municipal Pooling Authority

MUNICIPAL POOLING AUTHORITY
ANNUAL REPORT

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JUNE 30, 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Municipal Pooling Authority of Northern California
Walnut Creek, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Municipal Pooling Authority of Northern California (Authority) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 audit in accordance with auditing standards generally accepted in the United States of America. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2019, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

The 2018 financial statements of the Authority were audited by other auditors whose report dated November 19, 2018, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of the authority's proportionate share of the net pension liability, the schedule of pension contributions, schedule of changes in net other post-employment benefits liability and related ratios, the reconciliation of claims liabilities by program, and claims development information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of 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.

The combining statement of net position, and the combining statement of revenues, expenses and changes in net position is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of net position, and the combining statement of revenues, expenses and changes in net position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The graphical summary of claims has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Eide Bailly LLP

Palo Alto, California
December 20, 2019

MANAGEMENT’S DISCUSSION AND ANALYSIS

INTRODUCTION

This section of the Municipal Pooling Authority (MPA)'s annual financial report presents management's discussion and analysis of its financial performance during the fiscal year ended June 30, 2019. We encourage readers to evaluate the information presented here along with the additional information included in the financial statements.

The Municipal Pooling Authority is a public agency created on July 1, 1977, by municipalities under a Joint Powers Agreement, and provides pooled risk programs to our twenty members. Utilizing various forms of self-insurance, pooled excess programs and group purchase agreements, the MPA provides multiple lines of coverage and claims administrative services.

EXECUTIVE SUMMARY

Over the past two fiscal periods, there has been an increase of $15,747,553 in net position. This 153% increase over the past 24 months was a result of:

- Assets have increased $15.5M to $71.2M over the past two years. Of that amount, MPA's Workers' Compensation and General Liabilities Programs represent $69.2M with all of the other MPA programs making up the remaining $2.0M of assets.
- Total claims liabilities have decreased from $45.1M to $44.5M over the past two years. This represents a decrease of $0.5M or 1.2%.
- MPA's cash holdings have increased $16.2M over the past two years. The June 30, 2019 cash holdings totaled $68.8M with 32% held in governmental investment pools and checking and 68% managed by PFM.
- MPA's General Liability Program rates were funded at the 80%, 80%, and 80% Confidence Levels in 2019, 2018 and 2017, respectively. Workers' Compensation Program rates at the 80%, 80%, and 80% Confidence Levels in 2019, 2018, and 2017, respectively. Rates for these programs are based upon annual actuarial valuation reports.
- The General Liability and Workers' Compensation programs did not issue any dividends to its members in the current year which helped boost net position.
- In 2016, MPA provided its members an opportunity to apply for grants as part of the General Liability Program. In 2015, MPA rebated is members in the form of a subsidy to the 2016 General Liability Program rates. There were no grant or rebate programs for 2017, 2018 and 2019.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS AND FINANCIAL REPORTING

All of the activities of MPA are classified as "business-type activities." These activities include the development and operation of public entity risk pools and the purchase of insurance-related services for members. These financial statements consist of three parts – management's discussion and analysis, the basic financial statements and supplementary information.

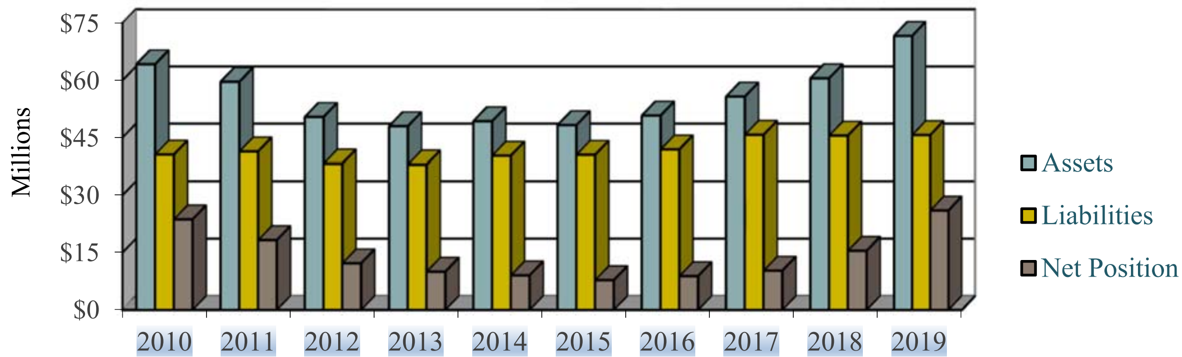
The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide an indication of the MPA's financial health as well as an indication of the net position available for various future purposes. The Statement of Net Position includes all of MPA's assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting.

The Statement of Revenues, Expenses and Changes in Net Position reports the revenues and expenses during the fiscal years indicated. The Statement of Cash Flows reports the cash provided and used by operating activities, as well as other cash sources. The basic financial statements also include the notes to the financial statements section, which provides more detailed data for selected information in the financial statements.

This report contains other required supplementary information and supplementary information in addition to the basic financial statements. As a public entity risk pool, under government accounting standards, a reconciliation of claims liabilities by type of contract and claims development information are required elements of supplemental information.

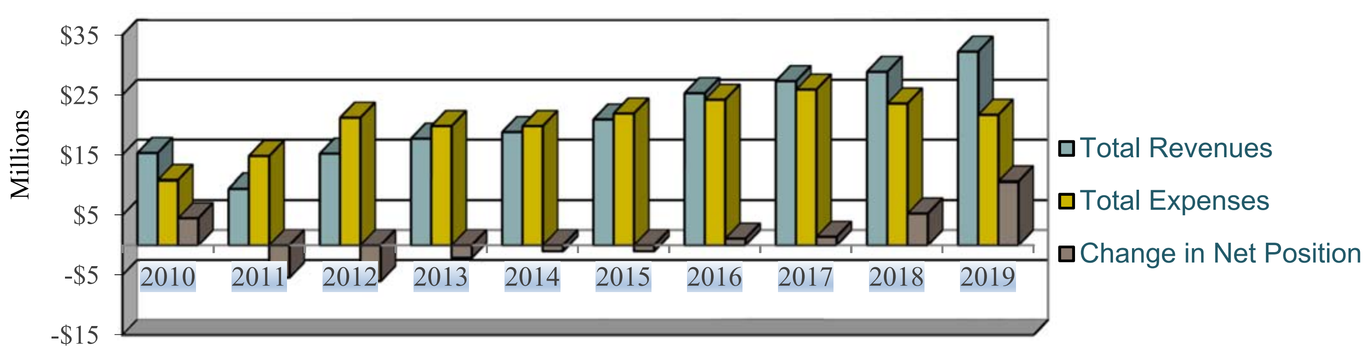
CONSOLIDATED STATEMENT OF NET POSITION

	2019	2018	2017
ASSETS			
Cash and investments	$ 68,814,734	$ 57,502,554	$ 52,613,756
Receivables	1,521,834	2,084,516	2,168,956
Prepaid Expenses	52,373	53,944	42,282
Capital Assets	834,156	906,786	923,904
Total assets	71,223,097	60,547,800	55,748,898
DEFERRED OUTFLOWS OF RESOURCES	452,032	494,408	383,824
LIABILITIES			
Current Liabilities:			
Unearned Premiums	9,920	10,428	9,930
Payables	258,293	184,729	203,061
Compensated absences	27,730	17,967	21,045
Unpaid Claims	11,000,000	12,000,000	10,000,000
Total current liabilities	11,295,943	12,213,124	10,234,036
Noncurrent Liabilities:			
Compensated absences	145,501	109,237	100,000
Unpaid Claims	33,565,000	32,583,765	35,115,223
Net Pension Liability	368,247	382,481	278,739
OPEB liability	229,680	215,572	-
Total noncurrent liabilities	34,308,428	33,291,055	35,493,962
Total liabilities	45,604,371	45,504,179	45,727,998
DEFERRED INFLOWS OF RESOURCES	57,584	82,144	139,106
NET POSITION	$ 26,013,174	$ 15,455,885	$ 10,265,618



CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

	2019	2018	2017
REVENUES			
Premiums Earned	$ 29,084,185	$ 27,322,613	$ 25,922,635
Interest Income	2,585,514	397,030	180,587
Other Income	571,960	1,142,813	1,255,715
Total Income	32,241,659	28,862,456	27,358,937
EXPENSES			
Net Claims Paid	8,612,686	11,923,713	11,288,435
Increase/Decrease in Reserves	(18,765)	(531,458)	3,830,948
Claims Admin./Auditing/Actuarial	516,703	394,324	169,026
Excess Insurance	8,937,253	8,378,674	7,763,199
Direct Operating Costs	1,774,897	1,642,624	1,551,820
General and Administrative Costs	1,861,596	1,767,094	1,325,555
Total Expenses	21,684,370	23,574,971	25,928,983
CHANGE IN NET POSITION	$ 10,557,289	$ 5,287,485	$ 1,429,954



2018-2019 FINANCIAL HIGHLIGHTS

- MPA's assets of $71,223,097 exceeded its liabilities of $45,604,374, plus net deferred pensions/OPEB of $394,448, resulting in total net position of $26,013,171 on June 30, 2019. This is an increase of $10,557,286 from the previous year.

- Total operating revenues were $29,091,046, which compares to $27,380,488 from the previous year's operations, representing an increase of $1,710,558 or 6.2%. This is as a result of premium increases in various programs and also increases in members' payroll of which those premiums are calculated upon. For MPA's General Liability and Workers' Compensation Programs, rates were funded at a confidence level of 80% for both 2019 and 2018. Rates for these programs are based upon annual actuarial valuation reports.

- Total operating expenses were $21,684,373, which compares to $23,574,971 from the previous year's operations, representing a decrease of $1,890,598 or 8.0%. This is primarily as a result of decrease in claims reserves, offset by increased insurance premiums, claims admin., direct operating costs, including state fees, and general and administration costs.

- The total net operating income equaled $7,406,673. This combined with the non-operating income of $3,150,613 resulted in a net gain of $10,557,286. The comparative figure for the prior year's gain of $5,287,485 equates to a net difference of $5,269,801.

- Total non-operating revenues/(expenses) were $3,150,613, which compares to $1,481,968 from the previous year's operation, representing an increase of $1,668,645 or 112.6%. Refunds from excess carriers and others decreased by $519,839 in the current year over the prior year. Refunds were received in 2019 from excess carriers as follows: ERMA - $565,094 and in 2018 as follows: ERMA - $540,955 and CARMA - $512,765. Investment income (excluding market value adjustments) was $1,481,705, which compares to $840,938 from the previous year, representing an increase of $640,767 or 76% due to an additional $11M in investments and higher rates of return. Market value adjustments in 2019 were $1,103,808 which compares to $(443,909) from the previous year, representing an increase of $1,547,715 or 349%.

- The provision for unpaid claims decreased $550,223 from $44,583,765 to $44,565,000. There was an increase of $26,185 in Reported claims and a net decrease of $71,950 in Incurred but not reported (IBNR).

- Estimated liability for unallocated loss adjustment expense (ULAE) increased $27,000 from $2,359,000 to $2,386,000. The method used for the current year is based on actuarial estimates using open claims as a factor.

2017-2018 FINANCIAL HIGHLIGHTS

- MPA's assets of $60,547,800 exceeded its liabilities of $45,504,179, plus net deferred pensions/OPEB of $412,264, resulting in total net position of $15,455,885 on June 30, 2018. This is an increase of $5,287,485 from the previous year less the prior period adjustment of $97,218.

- Total operating revenues were $27,380,488, which compares to $25,930,241 from the previous year's operations, representing an increase of $1,450,247 or 5.6%. This is as a result of premium increases in various programs and also increases in members' payroll of which those premiums are calculated upon. For MPA's General Liability and Workers' Compensation Programs, rates were funded at a confidence level of 80% for both 2018 and 2017. Rates for these programs are based upon annual actuarial valuation reports.

- Total operating expenses were $23,574,971, which compares to $25,928,983 from the previous year's operations, representing a decrease of $2,354,012 or 9.1%. This is primarily as a result of decrease in claims reserves, offset by increased insurance premiums, direct operating costs, state fees, and general and administration costs.

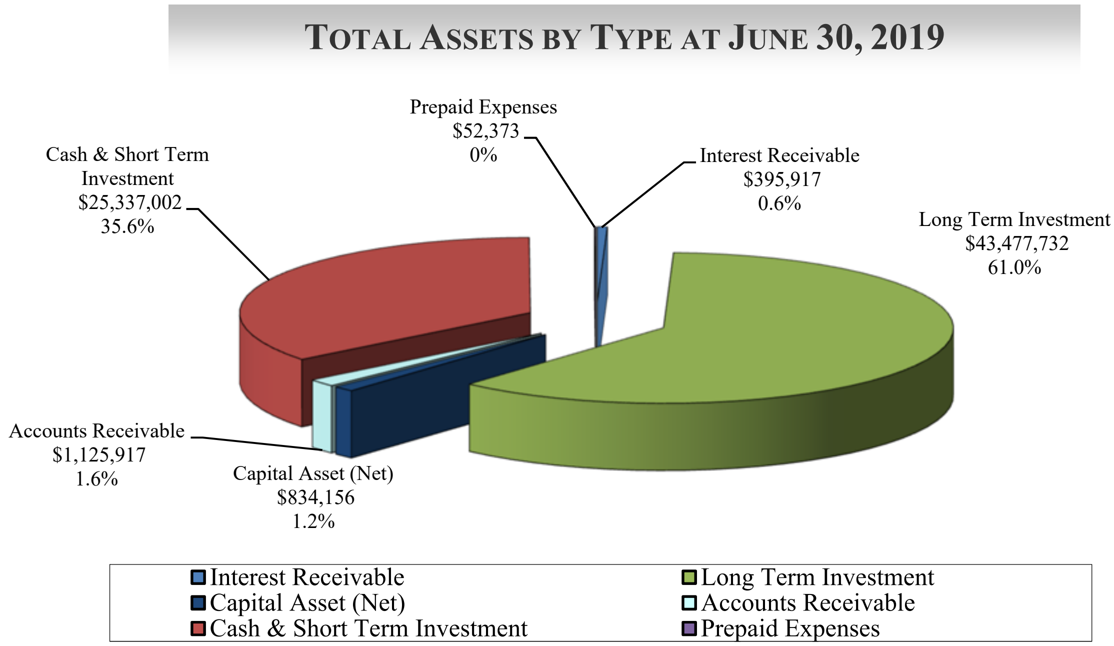
- The total net operating income equaled $3,805,517. This combined with the non-operating income of $1,481,968 resulted in a net gain of $5,287,485. The comparative figure for the prior year's gain of $1,429,954 equates to a net difference of $3,857,531.

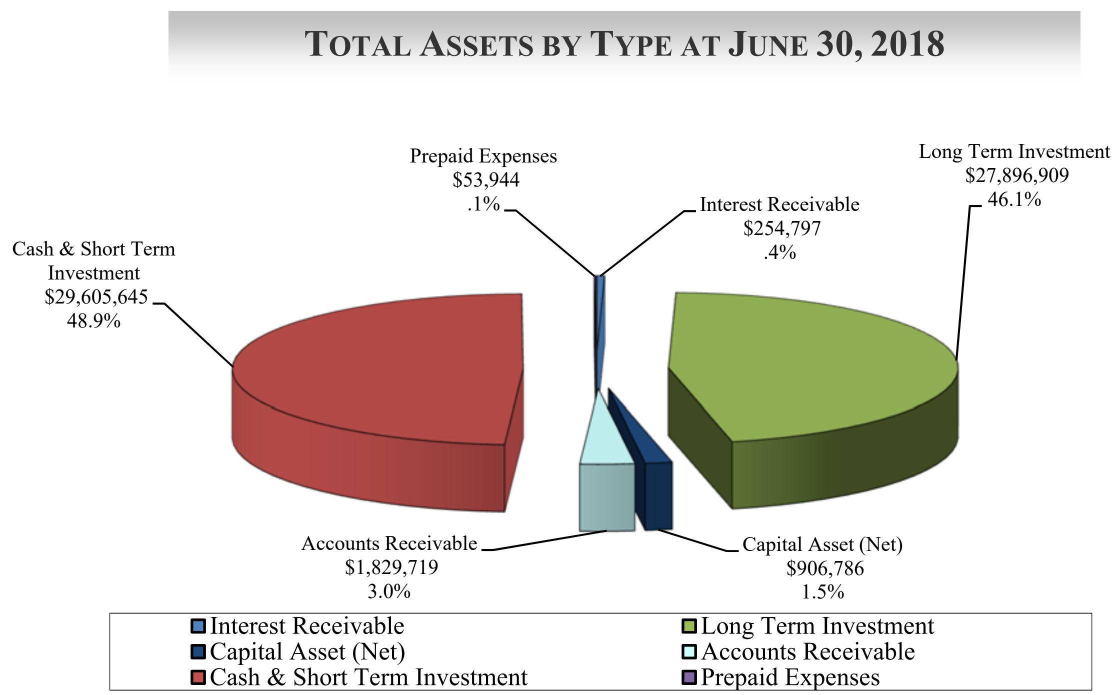
- Total non-operating revenues/(expenses) were $1,481,968, which compares to $1,428,696 from the previous year's operation, representing a decrease of $53,272 or 3.7%. Refunds from excess carriers and others decreased by $163,171 in the current year over the prior year. Refunds received in 2018 from excess carriers as follows: ERMA - $540,955 and CARMA - $512,765. Investment income (including market value adjustments) was $397,030, which compares to $180,587 from the previous year, representing an increase of $216,443 or 119.9%.

- The provision for unpaid claims decreased $531,458 from $45,115,223 to $44,583,765. There was a decrease of $3,228,382 in Reported claims and a net increase of $2,703,924 in incurred but not reported (IBNR).

- Estimated liability for unallocated loss adjustment expense (ULAE) decreased $7,000 from $2,366,000 to $2,359,000. The method used for the current year is based on actuarial estimates using open claims as a factor.

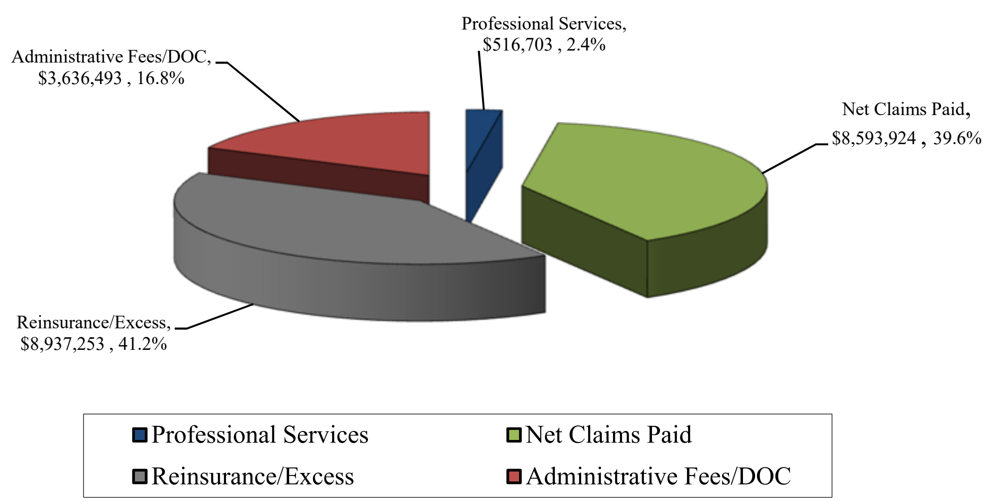
The following charts depict the make-up of MPA's assets. Cash and investments at June 30, 2019 and 2018 are $68,814,734 and $57,502,554 respectively. The total increase was $11,312,180. The Local Agency Investment Fund (LAIF) balance decreased $3.0M, while California Asset Management Program (CAMP) pool increased by $8.0M and managed investments increased by $6.9M.



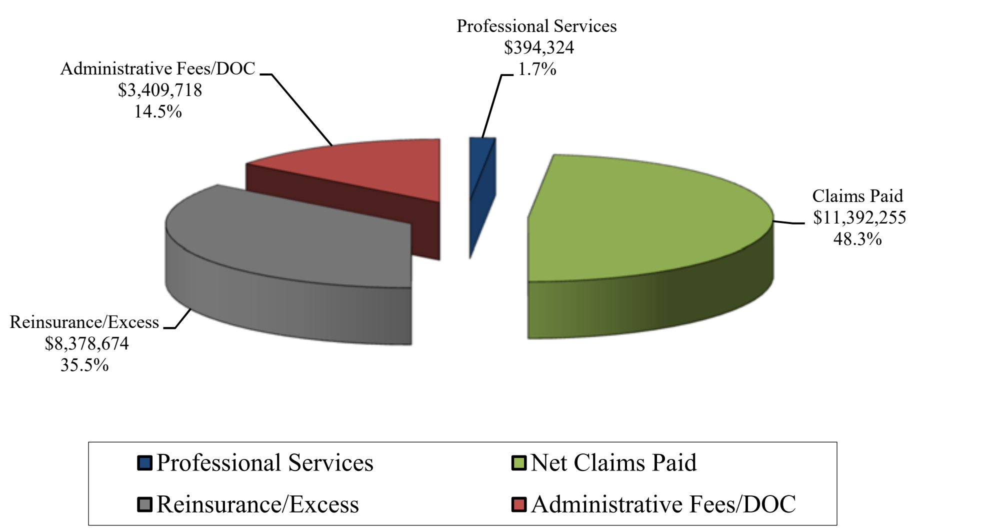


The following charts depict MPA's comparative expenses for June 30, 2019 and 2018. Total expenses for 2019 are $21,684,373 compared to $23,574,971 in 2018, which is a decrease of $1,890,598 or 8%. The decrease is primarily a result of a decrease in claims reserves, offset by increased insurance premiums, direct operating costs, including State fees, outsourced risk control services, and general and administration costs.

EXPENSES FOR THE YEAR ENDED JUNE 30, 2019



EXPENSES FOR THE YEAR ENDED JUNE 30, 2018



DESCRIPTION OF MPA'S PROGRAMS

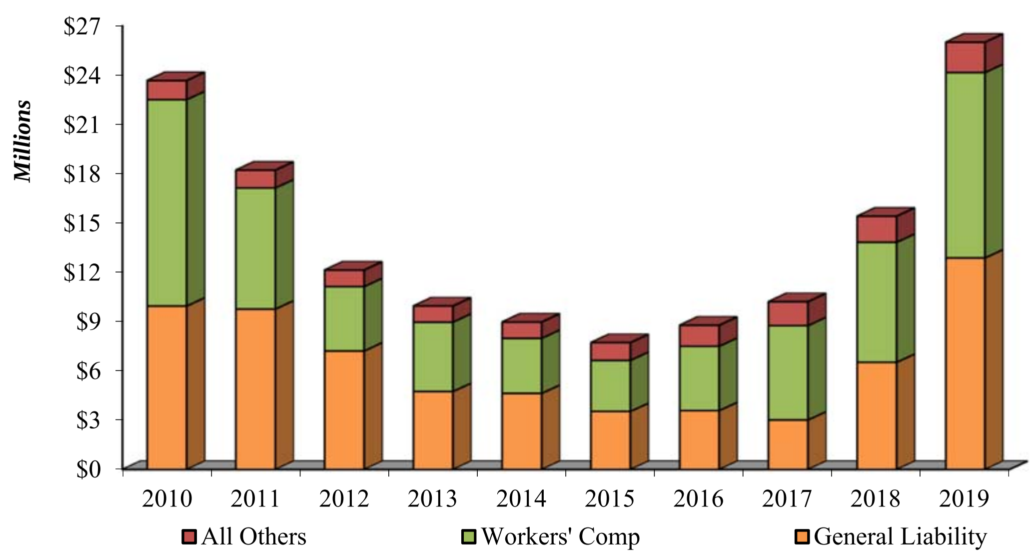
MPA's general objectives are to formulate, develop and administer, on behalf of its members, a program of insurance; to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Twenty towns and cities around the Bay Area participate in MPA's programs.

As of June 30, 2019, MPA had membership in the following insurance programs:

- General Liability
- Workers' Compensation
- Vehicle
- Short/Long Term Disability
- Property
- Wellness
- Life

The MPA Risk Control is funded through premium contributions and is part of the General Liability and Workers' Compensation programs. In February 2018, MPA outsourced the majority of these services.

NET POSITION ANALYSIS BY PROGRAM



FINANCIAL HIGHLIGHTS BY PROGRAM:

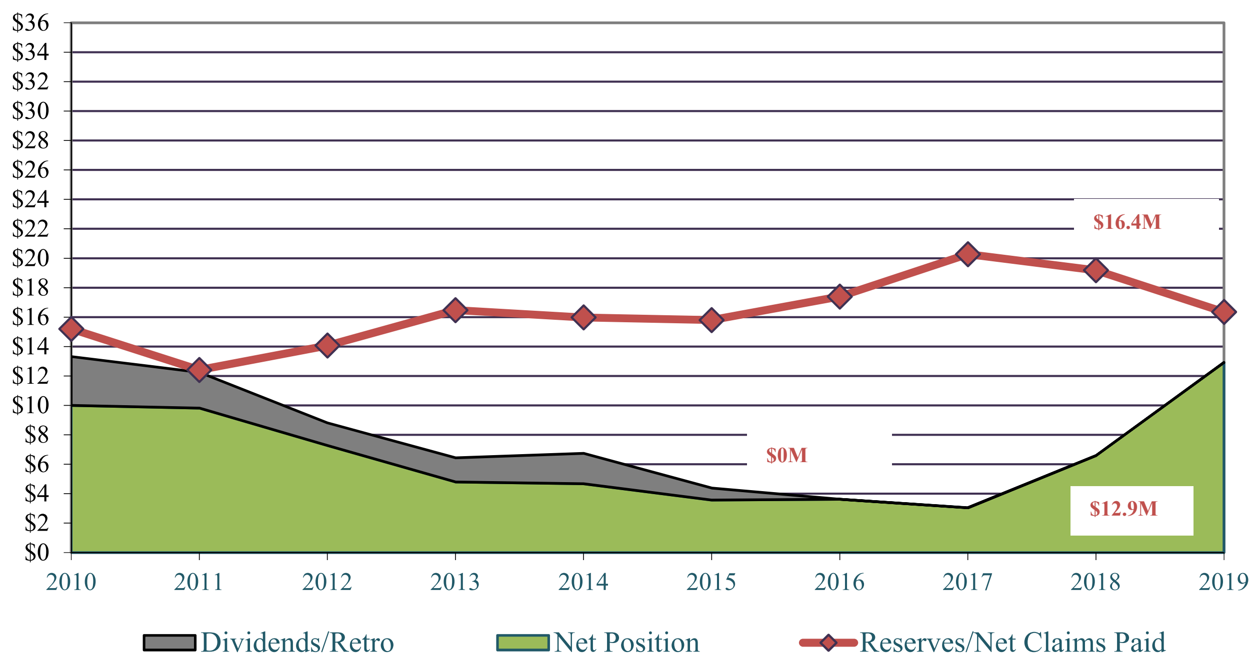
General Liability Program

For the year ending June 30, 2019, the General Liability Program had a year-end gain of $6.3M bringing the total net position to $12.9M. The General Liability Program rates were set at the 80% confidence level. Revenues were higher because of premium increases and also increases in members' payroll of which those premiums are calculated upon. In addition, rebates were received from ERMA in the amount of $565K. For the current year, net claims paid, and reserves decreased by over $2.8M. Dividends were not declared during this fiscal year. With assets at June 30, 2019 of $27.3M, the confidence level is above 90%.

For the year ending June 30, 2018, the General Liability Program had a year-end gain of $3.5M bringing the total net position to $6.6M. The General Liability Program rates were set at the 80% confidence level. Revenues were higher because of premium increases and also increases in members' payroll of which those premiums are calculated upon. In addition, rebates were received from ERMA in the amount of $541K and CARMA in the amount of $513K, respectively. For the current year, net claims paid and reserves decreased by over $1.1M. Dividends were not declared during this fiscal year. With assets at June 30, 2018 of $22.2M, the confidence level is above 90%.

Claims frequencies have increased over the prior year but are below 2017 amounts (see page 64 for more details). The graph below depicts a historical, ten-year fund recap.

NET POSTION/RESERVES BY PROGRAM YEAR



Workers' Compensation Program

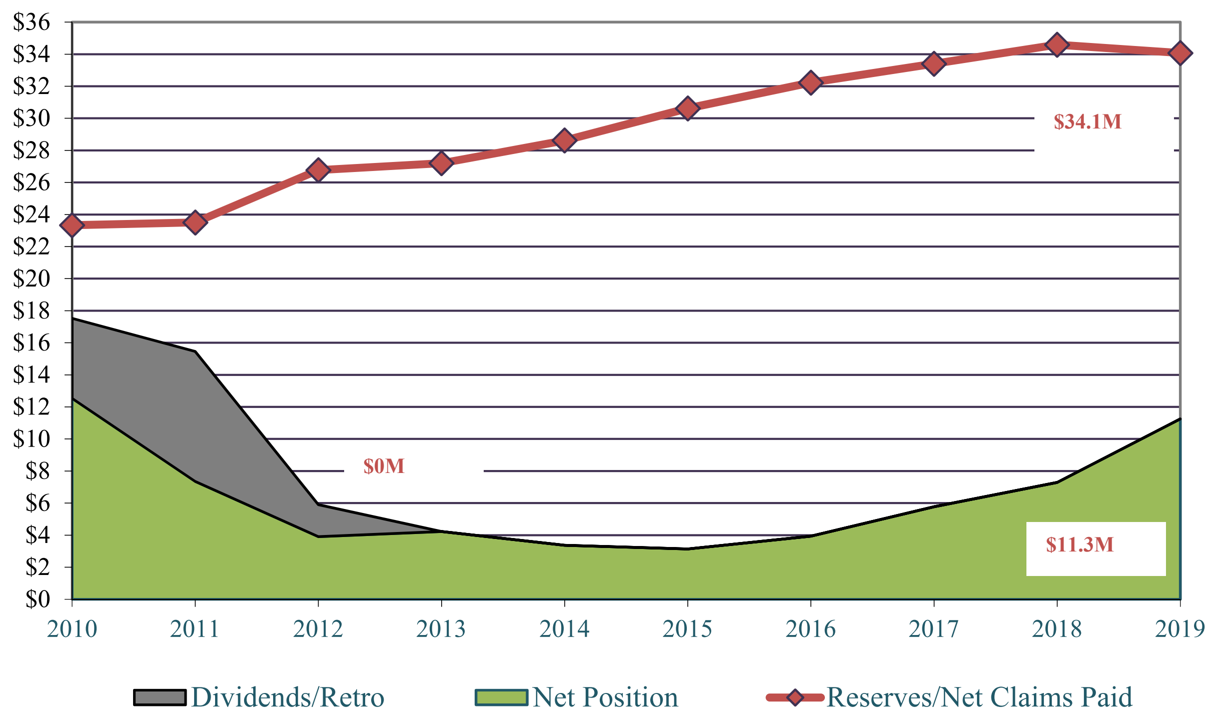
For the year ending June 30, 2019, the Workers' Compensation Program had a year-end gain of $3.97M, bringing the total net position to $11.3M. For the current year, the Workers' Compensation Program rates were set at the 80% confidence level. Revenues were higher because of premium increases and also increases in members' payroll of which those premiums are calculated upon. For the current year, net claims paid and reserves decreased by over $0.5M. Dividends were not declared during this fiscal year. With assets at June 30, 2019 of $41.9M, the confidence level is above 90%.

For the year ending June 30, 2018, the Workers' Compensation Program had a year-end gain of $15.6M, bringing the total net position to $7.3M. For the current year, the Workers' Compensation Program rates were set at the 80% confidence level. Revenues were higher because of premium increases and also increases in members' payroll of which those premiums are calculated upon. For the current year, net claims paid and reserves increased by over $1.2M. Dividends were not declared during this fiscal year. With assets at June 30, 2018 of $36.9M, the confidence level is between 85 and 90%.

While claims frequencies have been relatively constant between 2011 through 2019, 2017 saw the highest level in over 10 years; while 2019 shows a slight increase over the prior year (see page 64 for more details).

The graph below depicts a historical, ten-year fund recap.

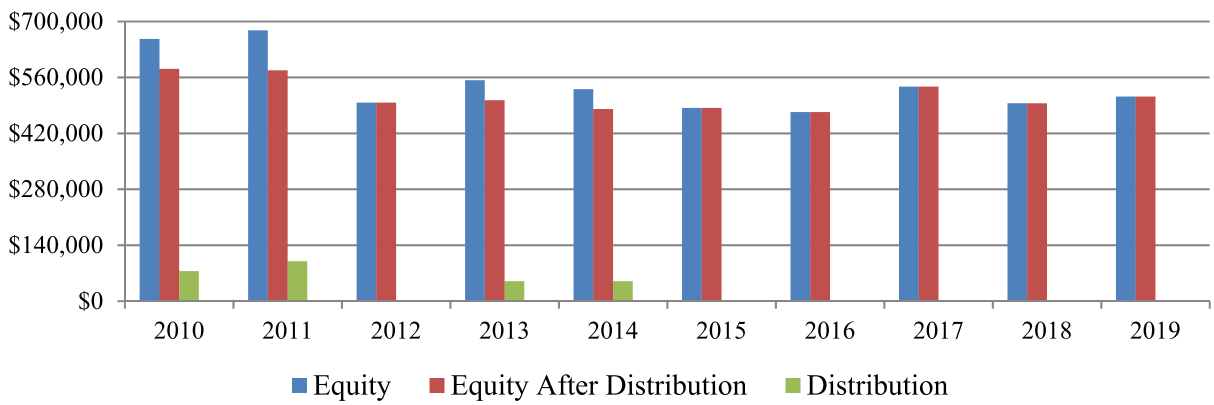
NET POSTION/RESERVES BY PROGRAM YEAR



Vehicle Physical Damage Program

For the year ending June 30, 2019, the Vehicle Program had $221,416 in net losses paid (net of subrogation) compared to $214,627 in 2018, which is an increase of $6,789 or 3.2%. There was no dividend awarded this year. The program had a gain of $16.6K for 2019. The 2019 year-end net position totals $511,849. This exceeds the targeted net position of $475,000.

For the year ending June 30, 2018, the Vehicle Program had $214,627 in net losses paid (net of subrogation) compared to $104,151 in 2017, which is an increase of $110,476 or 106.1%. There was no dividend awarded this year. The program had a loss of $42K for 2018. The 2018 year-end net position totals $495,277. This exceeds the targeted net position of $475,000.



Short Term Disability/Long Term Disability

The Short Term Liability (STD) Program is self-funded to 90 days with claims administered by The Standard. After 90 days, if the STD claim is still open, the claim is transferred to LTD coverage and is fully insured with The Standard. Members have benefitted from the improved claims administration provided by The Standard.

For the year ending June 30, 2019, the Authority continues to see volatility in the STD claims. The June 30, 2019 claim levels of $96,669 was less than the $124,238 reported in the previous year. Prior to that, the previous peak claim level of $109,176 was seen in 2015. Total claims remain relatively high with the claim incidence and duration higher than what underwriting would normally expect to see. As a result of rate increases over the last few years, the program's net position has begun to grow. The year-end balance has increased from $433,695 in 2018 to $575,527 in 2019.

For the year ending June 30, 2018, the Authority continues to see volatility in the STD claims. The claim levels of $124,238 were slightly higher than the $124,057 reported in the previous year. Prior to that, the previous peak claim level of $109,176 was seen in 2015. Total claims remain relatively high with the claim incidence and duration higher than what underwriting would normally expect to see. As a result of rate increases over the last few years, the program's net position has begun to grow. The year-end balance has increased from $374,596 in 2017 to $433,695 in 2018.

Property Program

For the year ending June 30, 2019, the Property Program continues to be insured through Alliant Insurance Services Public Entity Property Insurance Program (PEPIP). All-Risk rates increased 10.78% or .00487 per $100 of Total Insured Value (TIV). The rate for Flood increased 13% or .0018 per $100 of Total Insured Value (TIV). The rate for Boiler and Machinery remained the same. In 2019, MPA added fine arts coverage. All-risk rates are adjusted to collect for MPA's G&A allocation, direct operating expense and MPA's property insurance charges. Overall, the Property Program rates and changes in TIV resulted in $284K more in premium revenue in the current year over the prior year. The PEPIP program continues to provide members with the best coverage at competitive rates. The 2019 year-end net position totals $151,490.

For the year ending June 30, 2018, the Property Program continues to be insured through PEPIP. All-Risk rates increased 6.4% or .00027 per $100 of Total Insured Value (TIV). The rate for Flood decreased .3% or .00004 per $100 of Total Insured Value (TIV). The rate for Boiler and Machinery decreased 18.7% or .00022 per TIV. All-risk rates are adjusted to collect for MPA's G&A allocation, direct operating expense and MPA's property insurance charges. Overall, the Property Program rates and changes in TIV resulted in $2K less in premium revenue in the current year over the prior year. The PEPIP program continues to provide members with the best coverage at competitive rates. The 2018 year-end net position totals $125,491.

Wellness Program

MPA offers its members a comprehensive wellness program and partners with vendors to promote health, fitness and safety. There was a rate increase in 2019 generating an additional $20K of revenue over the prior year, as MPA enhanced its Wellness Program. The program net position totals for the fiscal year end 2019 and 2018 were $23,524 and 34,515, respectively.

Life and other Employee Benefit Programs

The Authority continues to provide other benefit programs through group purchase arrangements.

The Basic Life and AD&D Program continues to be insured by The Standard. There were no rate changes in the three years ended 2019. MPA continued to adjust the base Standard rates to cover G&A allocation as follows: $.02 added to Basic Life rates and $.01 added to AD&D rates. The program net position totals for fiscal year end 2019 and 2018 were $118,473 and $101,469, respectively.

The Dental program renewed on January 1, 2019 and January 1, 2018 with no rate changes for the program year.

The Employee Assistance Program renewed with no rate increase on July 1, 2015, with the rate guaranteed through June 30, 2019.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in MPA's finances. If you have questions about this report or need additional financial information, contact Finance Manager Frank Williamson at:

Municipal Pooling Authority
PO Box 67
Walnut Creek, CA, 94597

BASIC FINANCIAL STATEMENTS

MUNICIPAL POOLING AUTHORITY

STATEMENT OF NET POSITION
JUNE 30, 2019 AND COMPARATIVE 2018

	2019	2018
ASSETS		
Current Assets		
Cash and deposits	$ 1,406,770	$ 2,115,694
Investments	23,930,232	27,489,951
Receivables		
Member agencies	399,714	224,960
Interest	395,917	254,797
Dividends/Excess	726,203	1,604,759
Prepaid expense	52,373	53,944
Total Current Assets	26,911,209	31,744,105
Noncurrent Assets		
Investments	43,477,732	27,896,909
Capital assets, net of accumulated depreciation	834,156	906,786
Total Noncurrent Assets	44,311,888	28,803,695
Total Assets	71,223,097	60,547,800
DEFFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions	381,450	444,926
Deferred outflows from OPEB	70,582	49,482
Total Deferred Outflows of Resources	452,032	494,408
LIABILITIES		
Current Liabilities		
Payables	258,293	184,729
Compensated absences	27,730	17,967
Unearned premiums	9,920	10,428
Unpaid claims	11,000,000	12,000,000
Total Current Liabilities	11,295,943	12,213,124
Noncurrent Liabilities		
Compensated absences	145,501	109,237
Unpaid claims	33,565,000	32,583,765
Net pension liability	368,247	382,481
Net OPEB liability	229,680	215,572
Total Noncurrent Liabilities	34,308,428	33,291,055
Total Liabilities	45,604,371	45,504,179
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	25,396	46,626
Deferred inflows from OPEB	32,188	35,518
Total Deferred Inflows of Resources	57,584	82,144
NET POSITION		
Investment in capital assets	834,156	906,786
Unrestricted	25,179,018	14,549,099
Total Net Position	$ 26,013,174	$ 15,455,885

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

MUNICIPAL POOLING AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2019 AND COMPARATIVE 2018

	2019	2018
Operating Revenues		
Premiums earned	$ 29,084,185	$ 27,322,613
Other operating revenue	6,861	57,875
Total Operating Revenues	29,091,046	27,380,488
Operating Expenses		
Claims expense	8,593,921	11,392,255
Claims administration	516,703	394,324
Insurance	8,937,253	8,378,674
General and administration	3,636,493	3,409,718
Total Operating Expenses	21,684,370	23,574,971
Net Operating Income	7,406,676	3,805,517
Non-operating Revenues		
Refund from excess carrier/other	565,099	1,084,938
Investment income	2,585,514	397,030
Total Non-operating Revenues	3,150,613	1,481,968
Change in Net Position	10,557,289	5,287,485
Net Position - Beginning of Year	15,455,885	10,265,618
Prior Period Adjustment	-	(97,218)
Net Position - Beginning of Year, as restated	15,455,885	10,168,400
Net Position - End of Year	$ 26,013,174	$ 15,455,885

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

MUNICIPAL POOLING AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND COMPARATIVE 2018

	2019	2018
Cash Flows From Operating Activities		
Contributions received	$ 29,789,050	$ 27,559,517
Claims expenses paid	(8,612,686)	(11,923,713)
Insurance premiums paid	(8,937,253)	(8,378,674)
Vendors paid	(1,450,217)	(1,447,167)
Salaries paid	(2,461,663)	(2,144,561)
Net Cash Flows Provided by Operating Activities	8,327,231	3,665,402
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets	(24,544)	(80,453)
Refund from excess carrier	565,099	1,084,938
Net Cash Flows Provided by Financing Activities	540,555	1,004,485
Cash Flows From Investing Activates		
Investment income received	2,444,394	709,803
Purchase of investment securities	(104,054,539)	(66,556,876)
Proceeds from sales and maturities of investments	92,033,435	58,423,842
Net Cash Flows Used for Investing Activities	(9,576,710)	(7,423,231)
Net Decrease in Cash	(708,924)	(2,753,344)
Cash at beginning of year	2,115,694	4,869,038
Cash at end of year	$ 1,406,770	$ 2,115,694
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	7,406,676	3,805,517
Adjustments to reconcile operating income to net cash provided by Operating activities		
Depreciation	97,174	97,571
Change in assets, liabilities, deferred inflows, and deferred outflows:		
Receivables from member Agencies	(174,754)	118,846
Other receivable	878,556	46,495
Prepaid expenses	1,571	(11,662)
Deferred outflows - pension	63,476	(61,102)
Deferred outflows - OPEB	(21,100)	(49,482)
Accounts Payable	73,564	(18,332)
Compensated absences	46,027	6,159
Unearned revenue	(508)	498
Unpaid claim and claim adjustment expenses	(18,765)	(531,458)
Deferred inflows - pension	(21,230)	(92,480)
Deferred inflows - OPEB	(3,330)	35,518
Net pension liability	(14,234)	103,742
Net OPEB liability	14,108	215,572
Net Cash Provided by Operating Activities	$ 8,327,231	$ 3,665,402
Supplemental Disclosures		
Noncash Investing and Financing Activities		
Increase (Decrease) in Fair Market Value of Investments	$ 1,103,808	$ (443,907)

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

NOTE 1. DESCRIPTION OF ENTITY

A. **ORGANIZATION AND OPERATIONS –** The Municipal Pooling Authority (Authority) was organized in July 1977 to provides workers' compensation, general liability, property, vehicle, short and long term disability, and employee benefits insurance coverage for its member organizations. The Authority was formed according to a Joint Exercise of Powers Agreement and Section 6500 of the California State Government Code. The Authority's general objectives are to formulate, develop, and administer, on behalf of the member cities, a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

Underwriting and rate-setting policies have been established after consultation with actuaries. Members may be subject to a supplemental assessment in the event of deficiencies. Annual premium increases are not limited in percentage over the prior year's premium. If the assets of the Authority were to be exhausted, members would be responsible for the Authority's liabilities.

Admission of members - Cities in Contra Costa County, San Joaquin County, San Mateo County, or any City in the general geographic area reasonably serviceable from Contra Costa County may become a member of the Authority upon the approval of two-thirds of all members of the Board. Prospective members must apply, including underwriting information, as prescribed in the bylaws. Cities joining the Authority currently have no minimum membership period.

Withdrawal of members - A member may withdraw from the Authority at the end of any fiscal year upon giving six months prior written notice of its intent to withdraw. Upon withdrawal, a member is entitled only to its pro-rata share of the net position balance of the amount paid for the fiscal year in which withdrawal takes place.

The following table illustrates Authority members and programs as of June 30, 2019:

Members	Workers' Compensation	Liability	Property	Vehicle	Short/Long-Term Disability	Life	Wellness	Revenue Concentration
City of Antioch	x	x	x	x		x	x	12%
City of Brentwood	x	x	x	x	x	x	x	9%
City of Clayton	x	x	x	x	x	x	x	1%
City of El Cerrito	x	x	x	x	x	x	x	5%
City of Gilroy		x	x	x				4%
City of Hercules	x	x	x	x	x	x	x	2%
City of Lafayette	x	x	x	x	x	x	x	1%
City of Manteca	x	x	x	x	x	x		10%
City of Martinez	x	x	x	x	x	x	x	4%
City of Oakley	x	x	x	x			x	3%
City of Orinda	x	x	x	x	x	x	x	2%
City of Pacifica	x							3%
City of Pinole	x	x	x	x	x	x		3%
City of Pittsburg	x	x	x	x			x	12%
City of Pleasant Hill	x	x	x	x	x	x	x	5%
City of San Pablo	x	x	x	x	x	x	x	4%
City of San Ramon	x	x	x	x			x	9%
City of Walnut Creek	*	x	x	x				6%
Town of Danville	x	x	x	x	x	x	x	4%
Town of Moraga	x	x	x	x			x	1%
Municipal Pooling Authority	x	x	x		x	x	x	

*Participates in Excess only

NOTE 1. DESCRIPTION OF ENTITY, CONTINUED

B. **PROGRAMS**

1. **Workers' Compensation Program -** The Workers' Compensation Fund was established on July 1, 1977 to account for the payment of workers' compensation and employer's liability claims and administrative costs. Funding is based upon rates established by the Authority's Board. Claims are administered in-house.

   The Authority provides the following insurance coverage, deductibles, and self-insured retention (SIR):

Member Deductible:	$ -
Authority's SIR	$ 500,000
Excess Insurance:	Workers' Compensation through CSAC-EIA
Policy Year:	July 1 to June 30

The SIR's for this program by year are as follows:

Dates	Self-Insured Exposure	Per Occurrence Limit of the Excess Insurance
7/1/08- 6/30/19	$500,000 per occurrence	Statutory Limits
7/1/03- 6/30/08	$500,000 per occurrence	$300 million
7/1/02- 6/30/03	$400,000 per occurrence	Statutory Limits
7/1/94- 6/30/02	$350,000 per occurrence	Statutory Limits
7/1/93- 6/30/94	$350,000 per occurrence	$6.5 million
7/1/90- 6/30/93	$350,000 per occurrence	$5 million
7/1/88- 6/30/90	$300,000 per occurrence	$5 million
7/1/86- 6/30/88	$250,000 per occurrence	$5 million
7/1/78- 6/30/86	$200,000 per occurrence	$5 million

2. **Liability -** The Liability Fund was established July 1, 1977 to account for payment of liability claims and administrative costs. Funding is based upon rates established by the Board. Claims are administered in-house.

Member Deductible:	$5,000, $10,000, $25,000, $50,000 or $100,000
Authority's SIR:	$1,000,000
Excess Insurance:	Excess of $1,000,000 to $29,000,000 with California Affiliated Risk Management Authorities (CARMA)
Policy Year:	July 1 to June 30

NOTE 1. DESCRIPTION OF ENTITY, CONTINUED

3. **Vehicles –** The Vehicle Fund was established July 1, 1991 to account for payment of vehicle claims and administrative costs. MPA is self-insured up to $250,000 limit of liability.

Member Deductible:	$2,000 or $3,000
Excess Insurance:	None
Policy Year:	July 1 to June 30

4. **Short/Long-Term Disability –** The Long-Term Disability Fund was established in 2003 and was created to account for self - insured Short-Term and fully-insured Long-Term Disability. Funding is based on rates established by the Board. The Board contracted with a third-party administrator, Sun Life Financial, to pay claims on behalf of participating members through March 31, 2011. Effective April 1, 2011, Standard Insurance took over the claims administration.

   Effective September 1, 2005, the STD program was self-insured to 90 days. The long-term coverage was fully insured with Sun Life Financial through March 31, 2011 and was insured with Standard Insurance for the remainder of the year. Sun Life administered the STD program and insured the LTD program through March 31, 2011. Standard Insurance administered the STD program and insured the LTD program beginning April 1, 2011.

5. **Property –** The Property Fund was established in 1977 to account for payment of claims and administrative costs within the Authority's SIR. Coverage's include:

   All-Risk

Member Deductible:	$25,000 All-Risk and Copper Theft Claims $150,000 Water Intrusion Claims
Authority's SIR:	$0
Excess Insurance:	Excess of $25,000 or $150,000 to $1 billion through various insurers in Alliant Insurance Service's PEPIP Program
Policy Year:	July 1 to June 30

   Boiler and Machinery:

Member Deductible:	$5,000
Authority's SIR:	$0
Excess Insurance:	Excess of $5,000 to $100 million through Lexington, CAN and RKH-Lloyds of London
Policy Year:	July 1 to June 30

   Difference in Conditions

   The Difference in Conditions policy covers all parties for flood. Flood coverage is subject to a minimum $100,000 deductible per occurrence except for Zone A and Zone V which is at a $250,000 deductible per occurrence. The maximum limit for floods is $25 million.

NOTE 1. DESCRIPTION OF ENTITY, CONTINUED

Members purchase earthquake insurance directly through Alliant. Members check their policies for coverage information, including deductibles, insured locations and coverage limits.

6. **Life –** The Life Fund was established to purchase group insurance for this coverage.

7. **Wellness –** The Wellness program provides education to the members' employees on health-related issues and annual screenings for various health related risks.

8. **Facilities Management –** The Facilities Management program records all the activity related to the administration building.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **REPORTING ENTITY –** The reporting entity includes all activities (operations of its administrative staff, officers, executive committee, and board of directors) as they relate to the Authority. This includes financial activity relating to all of the membership years.

The Authority has developed criteria to determine whether other entities with activities that benefit the Authority 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 relationships.

The Authority 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, the Authority is not aware of any entity that would exercise such oversight responsibility that would result in the Authority being considered a component unit of that entity.

In determining its reporting entity, the Authority considered all governmental units that were members of the Authority since inception. The criteria did not require that inclusion of these entities in their financial statements principally because the Authority does not exercise oversight responsibility over any members.

B. **BASIS OF ACCOUNTING –** These statements are prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses and related liabilities are recognized when incurred. Liabilities for reserves for open claims and claims incurred but not reported have been recorded in the Authority's financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. **Net Position –** The Authority's net position is required to be classified for accounting and reporting purposes into the following categories:

1. **Investment in Capital Assets –** This component of net position, includes capital assets, net of accumulated depreciation.

2. **Unrestricted –** This component of net position consists of assets that do not meet the definition of “restricted” or “net investment in capital assets.”

D. **CASH AND CASH EQUIVALENTS –** For purposes of the statement of cash flows, cash and cash equivalents include cash in bank, money market accounts, and highly liquid debt instruments purchased with original maturity of three months or less.

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

F. **INVESTMENTS** – The Authority records its investments and cash in Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP) at fair market value. Changes in fair market value are reported as revenue in the Statements of Revenues, Expenses, and Changes in Net Position. The effect of recording investments, CAMP and LAIF at fair market value is reflected as a net increase in the fair value of investments on the Statement of Revenues, Expenses, and Changes in Net Position. Fair market values of investments, CAMP and LAIF have been determined by the sponsoring government based on quoted market prices. The Authority’s investments in LAIF and CAMP have been valued based on the relative fair value of the entire external pool to the external pool’s respective amortized cost.

G. **CAPITAL ASSETS** – Capital assets are carried at cost net of accumulated depreciation. Depreciation and amortization are provided for over the estimated useful lives of the assets using the straight-line method. The estimate useful life used for building and improvements ranges from fifteen to thirty years. The estimated useful lives used for furniture and equipment range from three to ten years. The software and hardware are depreciated over three years. Land is carried at cost and is not depreciated.

H. **PENSIONS** - For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by California Public Employees’ Retirement System (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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

I. **DEFERRED OUTFLOWS/INFLOWS OF RESOURCES –** In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense) until then.

   In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time.

J. **OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) –** For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the Authority Retiree Benefits Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. **REVENUES –** Revenues and Expenses - Revenue is recognized when earned. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of premiums received from member agencies. Premiums are recorded on an accrual basis. Operating expenses consist primarily of claims payments, premiums paid for excess insurance, and general administrative expenses. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions.

L. **MEMBER PREMIUMS –** Premium development is performed by actuaries and the Board of Directors based on the particular characteristics of the members. Premium income consists of payments from members that are planned to match the expense of insurance premiums for coverage in excess of self-insured amounts, estimated payments resulting from self-insurance programs, and operating expenses. Premiums are recognized as revenues in the period for which insurance protection is provided. If the Authority's Board of Directors determines that the insurance funds for a program, including any anticipated investment income, are insufficient to pay losses, the Authority may impose a supplemental assessment on all participating members. Supplemental assessments are recognized as income in the period assessed. The activities of the Authority consist solely of risk management programs and claims management activities related to the coverages described earlier.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

M. **EXCESS INSURANCE –** The Authority uses reinsurance agreements to reduce its exposure to large losses on workers' compensation, general liability and property liability of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Authority as direct insurer of the risks reinsured. The Authority does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers.

N. **UNPAID CLAIM LIABILITIES (CLAIMS PAYABLE, CLAIMS INCURRED BUT NOT REPORTED, AND LIABILITY FOR UNALLOCATED LOSS ADJUSTMENT EXPENSES) –** Each program establishes claims liabilities 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. Claims liabilities are recomputed annually 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. The current portion of unpaid claims is based on current year payments and known claim information at the end of the period.

O. **COMPENSATED ABSENCES –** In accordance with the Authority's employee handbook, compensated absences for vacation are accrued at various numbers of days per year depending on each employee's years of service. The Authority's sick leave policy also provides for accumulation of sick leave. The liability for compensated absences at June 30, 2019 and 2018 was $173,231 and $127,204, respectively.

P. **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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Q. **New Accounting Principles from the Governmental Accounting Standards Board (GASB)**

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's ARO, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, or the FY 2018/2019. This statement did not have an impact on the Authority's financial statements.

GASB Statement No. 88 – GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve note disclosures related to debt. This Statement requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. This Statement is effective for reporting periods beginning after June 15, 2018 or FY 2018/2019. This statement did not have an impact on the Authority's financial statements.

R. **New Accounting Pronouncements – Effective in Future Fiscal Years**

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance related to fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, or FY 2019/2020. The Authority is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. 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. The Statement is effective for the reporting periods beginning after December 15, 2019, or FY 2020/2021. The Authority is evaluating the impact of this Statement on the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are to (a)enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. 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 the financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 or FY 2020/2021. The Authority is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of GASB statement No. 14 and No. 61*. The objectives of this Statement is to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 or FY 2019/2020. The Authority is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations.* The objectives of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures 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. The Authority is evaluating the impact of this Statement on the financial statements.

NOTE 3. CASH AND INVESTMENTS

Cash and investments are classified in the financial statements as follows:

	2019	2018
Cash on hand and deposits	$ 1,406,770	$ 2,115,694
Investments	67,407,964	55,386,860
	$ 68,814,734	$ 57,502,554

NOTE 3. CASH AND INVESTMENTS, CONTINUED

Investments consisted of the following at June 30:

	2019	2018
U.S. Government Treasuries	$ 21,845,166	$ 6,928,530
Supra-National Agencies	2,280,170	2,518,448
Municipal Bonds	76,347	73,202
Federal Agency Bond/Note	8,942,598	8,160,860
Federal Agency Discount Note	-	2,409,302
Agency Mortgage-Backed Securities	584,625	377,497
Asset-Backed Securities	2,169,449	1,816,307
Certificates of Deposit	3,841,299	6,538,088
Commercial Paper	-	6,415,182
Corporate Notes	7,137,788	4,768,074
Governmental external investment pools	20,530,522	15,381,370
	$ 67,407,964	$ 55,386,860

The Authority has cash and investment policies including policies for exposure to credit risk (including custodial credit risk and concentration of credit risk) and interest rate risk.

NOTE 3. CASH AND INVESTMENTS, CONTINUED

The Authority is authorized under California Government Code to make direct investments in the following:

Investment Type	Maximum Remaining Maturity	Maximum Specified % Of Portfolio	Minimum Quality Requirements
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State Obligations: CA and Others	5 Years	None	None
CA Local Agency Obligations	5 Years	None	None
U.S. Agency Obligations	5 Years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper: Non-pooled Funds	270 days or less	25% of the agency's money	(1)
Commercial Paper: Pooled Funds	270 days or less	40% of the agency's money	(1)
Negotiable Certificates of Deposit	5 Years	30%	None
Non-negotiable Certificates of Deposit	5 Years	None	None
Placement Service Deposits	5 Years	30%	None
Placement Service Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days L	20% of the base value of the portfolio	None
Medium-term Notes	5 years or less	30%	(2)
Mutual Funds and Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass–through and Asset Backed Securities	5 years or less	20%	(2)
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years or less	30%	(2)

(1) Highest letter and number rating by a NRSRO
(2) "A" rating category or its equivalent or better

NOTE 3. CASH AND INVESTMENTS, CONTINUED

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The following is a summary of the credit quality of the Authority's investment portfolio at June 30, 2019.

Investment Type	Total Amount	Credit Ratings as of June 30, 2019 AAA	AA+	AA	AA-	A+
U.S. Government Treasuries	$ 21,845,166	$ -	$ 21,845,166	$ -	$ -	$ -
Supra-National Agencies	2,280,170	2,280,170	-	-	-	-
Municipal Bonds	76,347	-	-	-	76,347	-
Federal Agency Bond/Note	8,942,598	-	8,942,598	-	-	-
Agency Mortgage-Backed Securities	584,625	-	584,625	-	-	-
Asset-Backed Securities	2,169,449	1,323,403	-	-	-	-
Certificates of Deposit	3,841,299	-	-	-	1,322,270	659,092
Corporate Notes	7,137,788	-	354,206	702,087	1,087,090	1,092,554
Local Agency Investment Fund (LAIF)	12,416,083	-	-	-	-	-
California Asset Management Program (CAMP)	8,114,439	-	-	-	-	-
	$ 67,407,964	$ 3,603,573	$ 31,726,595	$ 702,087	$ 2,485,707	$ 1,751,646

Investment Type	Credit Ratings as of June 30, 2019 A	A-	A-1+	A-1	BBB+	Unrated
U.S. Government Treasuries	$ -	$ -	$ -	$ -	$ -	$ -
Supra-National Agencies	-	-	-	-	-	-
Municipal Bonds	-	-	-	-	-	-
Federal Agency Bond/Note	-	-	-	-	-	-
Agency Mortgage-Backed Securities	-	-	-	-	-	-
Asset-Backed Securities	-	-	-	-	-	846,046
Certificates of Deposit	599,096	-	356,276	904,565	-	-
Corporate Notes	1,979,046	1,419,303	-	-	503,502	-
Local Agency Investment Fund (LAIF)	-	-	-	-	-	12,416,083
California Asset Management Program (CAMP)	-	-	-	-	-	8,114,439
	$ 2,578,142	$ 1,419,303	$ 356,276	$ 904,565	$ 503,502	$ 21,376,568

Custodial Credit Risk – Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

NOTE 3. CASH AND INVESTMENTS, CONTINUED

As of June 30, 2019 and 2018, $69,216,340 and $57,628,160, respectively, of cash and investment balances were exposed to custodial credit risk by not being insured or collateralized.

Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP) – The Authority is a voluntary participant in LAIF and CAMP. Investments in LAIF and CAMP are governed by state statutes and overseen by a five-member Local Investment Advisory Board and a seven-member Board of Trustees, respectively. The CAMP Pool participates in the Federally Insured Cash Account program (FICA) which is governed by state and federal statutes and overseen by a seven-member Board of Directors.

The California State Treasurer's Office operates the LAIF. LAIF is available for investment of funds administered by California local governments and special districts and is not registered with the SEC as an investment company. The enabling legislation for LAIF is Section 16429.1 et seq. of the California Government Code. The Local Investment Advisory Board (LIAB) provides oversight for LAIF.

CAMP is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p).

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from changes in interest rates, the Authority's investment policy limits its investment portfolio maturities to no more than five years from purchase date to maturity date.

		Investment Maturities		
Investment Type	**Fair Value**	**<1yr**	**1-3yrs**	**3-5yrs**
U.S. Government Treasuries	$ 21,845,166	$ -	$ 14,754,497	$ 7,090,669
Supra-National Agencies	2,280,170	249,822	2,030,348	-
Municipal Bonds	76,347	-	-	76,347
Federal Agency Bond/Note	8,942,598	-	6,890,656	2,051,942
Agency Mortgage-Backed Securities	584,625	1,118	583,507	-
Asset-Backed Securities	2,169,449	-	1,095,674	1,073,775
Certificates of Deposit	3,841,299	1,260,840	2,580,459	-
Corporate Notes	7,137,788	1,887,930	4,535,096	714,762
Local Agency Investment Fund (LAIF)	12,416,083	12,416,083	-	-
California Asset Management Program (CAMP)	8,114,439	8,114,439	-	-
Total Investments	$ 67,407,964	$ 23,930,232	$ 32,470,237	$ 11,007,495

Concentration of Credit Risk – The Authority limits the amount of medium-term corporate notes that can be invested to no more than 30% of the Authority's investment portfolio. Commercial paper cannot represent more than 10% of the outstanding paper issued of an issuing corporation. Purchases of commercial notes may not exceed 30% of the Authority's investment portfolio.

NOTE 3. CASH AND INVESTMENTS, CONTINUED

Investments in securities of any one issuer consisting of 5% or more of total investments are as follows:

	Fair Value	% of Portfolio
Federal Home Loan Banks Notes	4,494,059	6.67%

Fair Value Measurements

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data.

The Authority's fair value measurements are as follows at June 30, 2019:

		Fair Value Measurements Using			
Investments	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
Debt Securities					
U.S. Government Treasuries	$ 21,845,166	$ 21,845,166	$ -	$ -	$ -
Supra-National Agencies	2,280,170	2,280,170	-	-	-
Municipal Bonds	76,347	76,347	-	-	-
Federal Agency Bond/Note	8,942,598	8,942,598	-	-	-
Agency Mortgage-Backed Securities	584,625	584,625	-	-	-
Asset-Backed Securities	2,169,449	-	2,169,449	-	-
Certificates of Deposit	3,841,299	-	3,841,299	-	-
Corporate Notes	7,137,788	-	7,137,788	-	-
Local Agency Investment Fund (LAIF)	12,416,083	-	-	-	12,416,083
California Asset Management Program (CAMP)	8,114,439	-	-	-	8,114,439
Total Debt Securities	$ 67,407,964	$ 33,728,906	$ 13,148,536	$ -	$ 20,530,522

NOTE 3. CASH AND INVESTMENTS, CONTINUED

The fair value of the District's investment in Local Agency Investment Fund and California Asset Management Program is reported in the accompanying financial statements at amounts based upon the District'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).

Deposits and withdrawals in the Local Agency Investment Fund and California Asset Management Program are made on the basis of $1 and not fair value. Accordingly, the District's proportionate share of investments in those funds at June 30, 2019 and June 30, 2018 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

NOTE 4. CAPITAL ASSETS

Capital assets at June 30, 2019 consist of the following:

Capital assets not being depreciated	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 400,000	$ -	$ -	$ 400,000
Capital assets being depreciated				
Building	1,000,000	-	-	1,000,000
Building improvements	533,022	24,544	-	557,566
Equipment	346,092	-	-	346,092
Software	288,563	-	-	288,563
Furniture and fixtures	115,020	-	-	115,020
Total capital assets being depreciated	2,282,697	24,544	-	2,307,241
Less accumulated depreciation for:				
Building	(805,000)	(30,000)	-	(835,000)
Building improvements	(332,080)	(18,160)	-	(350,240)
Equipment	(255,346)	(38,800)	-	(294,146)
Software	(272,383)	(7,824)	-	(280,207)
Furniture and fixtures	(111,102)	(2,390)	-	(113,492)
Total accumulated depreciation	(1,775,911)	(97,174)	-	(1,873,085)
Total capital assets being depreciated, net	506,786	(72,630)	-	434,156
Total capital assets, net	$ 906,786	$ (72,630)	$ -	$ 834,156

NOTE 4. CAPITAL ASSETS, CONTINUED

Capital assets at June 30, 2018 consist of the following:

Capital assets not being depreciated	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 400,000	$ -	$ -	$ 400,000
Capital assets being depreciated				
Building	1,000,000	-	-	1,000,000
Building improvements	533,022	-	-	533,022
Equipment	294,630	64,652	(13,190)	346,092
Software	272,762	15,801	-	288,563
Furniture and fixtures	117,420	-	(2,400)	115,020
Total capital assets being depreciated	2,217,834	80,453	(15,590)	2,282,697
Less accumulated depreciation for:				
Building	(775,000)	(30,000)	-	(805,000)
Building improvements	(314,125)	(17,955)	-	(332,080)
Equipment	(231,266)	(37,270)	13,190	(255,346)
Software	(262,761)	(9,622)	-	(272,383)
Furniture and fixtures	(110,778)	(2,724)	2,400	(111,102)
Total accumulated depreciation	(1,693,930)	(97,571)	15,590	(1,775,911)
Total capital assets being depreciated, net	523,904	(17,118)	-	506,786
Total capital assets, net	$ 923,904	$ (17,118)	$ -	$ 906,786

Depreciation expense for the fiscal years ended June 30, 2019 and 2018 was $97,174 and $97,571, respectively.

NOTE 5. PAYABLES AND ACCRUED EXPENSES

Payables consist of the following at June 30:

	2019	2018
Trade payable	$ 161,850	$ 101,028
Accrued payroll	96,443	83,701
Total	$ 258,293	$ 184,729

Compensated absences comprise unpaid vacation and the vested portion of sick leave, which are accrued as earned. The changes of the compensated absences were as follows:

	Balance 2018	Additions	Reductions	Balance 2019	Due Within One Year
Compensated Absences	$ 127,204	$ 73,758	$ 27,731	$ 173,231	$ 27,730

NOTE 6. UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

The Authority establishes a liability for both reported and unreported insured events. As of June 30, 2019 and 2018, the claim liabilities are reflected on a discounted basis at 2.0%, in accordance with actuarially determined discount formulas. The following represents changes in the unpaid losses and loss adjustment expenses for the Authority the years ended June 30:

	2019	2018
Unpaid Claims and Claims Adjustment Expense at Beginning of Year	$ 44,583,765	$ 45,115,873
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Year	13,596,925	13,393,428
Increase (Decrease) in Provision for Insured Events of Prior Fiscal Years	(5,003,004)	(2,001,173)
Total Incurred Claims and Claim Adjustment Expenses	8,593,921	11,392,255
Payments:		
Claim and Claim Adjustment Expenses Attributable to Insured Events of the Current Year	1,279,305	1,244,592
Claim and Claim Adjustment Expenses Attributable to Insured Events of the Prior Years	7,333,381	10,679,771
Total Payments	8,612,686	11,924,363
Total Unpaid Claims and Claims Adjustment Expenses	$ 44,565,000	$ 44,583,765

The components of unpaid claims and claim adjustment expenses as of June 30, 2019 and 2018 were as Follows:

Report Claims	$ 20,059,000	$ 20,032,815
Claims Incurred But Not Reported	22,120,000	22,191,950
Unallocated Loss Adjustment Expense Payable	2,386,000	2,359,000
Total Claims Liabilities	44,565,000	44,583,765
Current Portion	(11,000,000)	(12,000,000)
Long-Term Portion	$ 33,565,000	$ 32,583,765

As of June 30, 2019 and 2018, the undiscounted unpaid claims and claim adjustment expenses were $50,289,000 and $49,585,424, respectively.

NOTE 7. REINSURANCE

The Municipal Pooling Authority participated in a Joint Powers Agreement (JPA) with California Affiliated Risk Management Authorities (CARMA), Employment Risk Management Authority (ERMA), and California State Association of Counties Excess Insurance Authority (CSAC-EIA). The relationship is such between these entities that they are not a component unit of the Authority for financial reporting purposes.

Premiums ceded to reinsurers during fiscal year end June 30, 2019 and 2018 were $6,084,978 and $5,826,648, respectively.

A. Entity	CARMA	ERMA	CSAC-EIA
B. Purpose	Provides Excess Insurance Coverage for the Liability Program	Provides Employment Liability coverage for MPA members	Provides excess insurance coverage for Worker's Compensation and Liability
C. Purpose	Statewide Entities	Statewide Entities	Statewide Entities
D. Governing Board	Consists of elected representatives of members by region	Consists of elected representatives of members by region	Consists of elected representatives of members by region

Separate complete audited financial statements are available from CARMA and ERMA at 1750 Creekside Oak Drive, Suite 200, Sacramento, CA 95833 and CSAC-EIA at 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

NOTE 8. EMPLOYEE RETIREMENT PLAN

General Information about the Pension Plans

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Authority's Employee Pension Plan, (the Plan) a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Authority resolution. CalPERS acts as a common investment and administrative agent for its participating member employers. 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. Copies of the CalPERS annual financial reports may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California 95814.

NOTE 8. EMPLOYEE RETIREMENT PLAN, CONTINUED

Benefits Provided – CalPERS provides 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 each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by State statue and may be amended by the Authority's contract with the employees.

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. In additional to creating new retirement formulas for newly hired members PEPRA also effectively closed all existing active risk pools to new employees.

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

Hire Date	**Prior To January 1, 2013**	**On or after January 1, 2013**
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	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	9.40%	6.842%
Required unfunded liability contribution	$ 14,815	$ 1,268

Contributions **–** Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for both Plans are determined annual 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 rates of employees.

For the years ended June 30, 2019 and 2018, the contributions to the plan were $158,820 and $135,693, respectively.

NOTE 8. EMPLOYEE RETIREMENT PLAN, CONTINUED

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

As of June 30, 2019 and 2018, the Authority reported net pension liabilities for its proportionate share of the collective net pension liability of $368,247 and $382,481, respectively.

The Authority's net pension liability at June 30, 2019 and 2018, for the plan was measured as the proportionate share of the collective plan's net pension liability. The net pension liability of the Plan was measured as of June 30, 2018 and 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 and 2016 rolled forward to June 30, 2018 and 2017 using standard update procedures. The Authority's proportion of the net pension liability was based on Authority's share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2018 measurement date, the Authority's proportionate share of the net pension liability was 0.0098 percent, which was an increase of 0.0001 percent from its proportion of 0.0097 percent measured as of June 30, 2017.

At June 30, 2017 measurement date, the Authority's proportionate share of the net pension liability was 0.0097 percent, which was an increase of 0.0017 percent from its proportion of 0.0080 percent measured as of June 30, 2016.

At the year ended June 30, 2019 and 2018, the Authority recognized pension expense of $186,832 and $200,349, respectively. At June 30, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 158,820	$ -
Net differences between projected and actual earnings on plan investments	1,819	-
Adjustments due to differences in proportions	123,435	10,300
Adjustment due to differences between actual and proportionate share of contributions	41,266	-
Changes in assumptions	41,981	10,289
Difference between expected and actual experience	14,129	4,807
Total	$ 381,450	$ 25,396

NOTE 8. EMPLOYEE RETIREMENT PLAN, CONTINUED

The amount of $158,820 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 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
2020	$ 100,825
2021	83,546
2022	16,176
2023	(3,313)
Total	$ 197,234

June 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 135,693	$ -
Net differences between projected and actual earnings on plan investments	25,497	-
Adjustments due to differences in proportions	121,594	25,012
Adjustment due to differences between actual and proportionate share of contributions	48,485	-
Changes in assumptions	112,749	8,596
Difference between expected and actual experience	908	13,018
Total	$ 444,926	$ 46,626

The amount of $135,693 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
2020	$ 113,074
2021	96,509
2022	68,164
2023	(15,140)
Total	$ 262,607

NOTE 8. EMPLOYEE RETIREMENT PLAN, CONTINUED

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

	Miscellaneous
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Costs
Actuarial Assumptions	
Discount Rate	7.15%
Payroll Growth	3.00%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.375% Net of Pension Plan Investment Expenses, include inflation
Mortality (1)	Derived using CalPERS' Membership Data for all Funds

(1) The probabilities of mortality are based on the Jan 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Discount Rate – The discount rate used to measure the total pension liability remained unchanged at 7.15 percent similar to last year. This discount rate is not adjusted for administrative expenses. 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. The tests revealed the assets would not run out. 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 cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at 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.

NOTE 8. EMPLOYEE RETIREMENT PLAN, CONTINUED

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 (Public Employees' Retirement Fund) cash flows. Using historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 PERF fund.

The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class (1)	Target Allocation	Real Return Years 1-10 (2)	Expected Real Rate of Return (3)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100.00%		

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(2) An expected inflation of 2.00% used for this period.
(3) An expected inflation of 2.92% used for this period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Authority Miscellaneous Plan, calculated using the current discount rate for the Plan, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher (+100 basis points) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Authority's Net Pension Liability	$ 772,901	$ 368,247	$ 34,213

NOTE 8. EMPLOYEE RETIREMENT PLAN, CONTINUED

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

NOTE 9. POSTEMPLOYMENT BENEFIT OTHER THAN PENSION PLAN (OPEB)

General Information about the OPEB Plan

Plan Description – Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if a miscellaneous PEPRA employee) with 5 years of State or public agency service or (b) an approved disability retirement. The employee must begin his or her pension benefit within 120 days of terminating employment with MPA to be eligible to continue medical coverage through MPA and be entitled to the benefits described below.

If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement, during any future open enrollment period or with a qualifying life event. It is the timing of initiating pension benefits and not timing of enrollment in the medical program which determines whether or not the retiree qualifies for lifetime medical coverage and any benefits defined in the PEMHCA resolution. Once eligible, coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

Benefits provided: There are two components to MPA's subsidy toward retiree medical coverage. The current PEMHCA resolution on file with CalPERS provides MPA to pay the minimum employer contribution (MEC) for both active and retired employees. The MEC is $133 per month for 2018 and increases to $136 per month in 2019. A surviving spouse eligible for survivor pension benefits will also receive the MEC if he or she continues coverage after the retiree's death.

Employees hired prior to February 1, 2011 who retire on or after age 55 with 10 or more years of service with MPA receive the greater of (a) the PEMHCA minimum benefit described above and (b) up to $400 per month toward the cost of their medical coverage (and that of their spouse, to the extent possible). This benefit is payable for the retiree's lifetime or the date coverage ceases. This benefit continues to a surviving spouse so long as he/she continues medical coverage through CalPERS.

Employees covered by benefit terms. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive employees entitles to but not yet receiving benefit payments	-
Active employees	17
	23

NOTE 9. POSTEMPLOYMENT BENEFIT OTHER THAN PENSION PLAN (OPEB), CONTINUED

Contributions – The OPEB plan and its contribution requirements are established by Memoranda of Understanding with the applicable employees and may be amended by agreements between the Authority and the employees. The Authority contributes an annual contribution determined on an actuarial basis as of June 30. The Authority pays the portion of the employer related health insurance premiums for current retirees and their spouses/dependents on a pay-as-you-go basis. For the fiscal year ended June 30, 2019, the Authority contributed $43,754 in current premiums. The retiree premiums contain an implied rate subsidy of $20,356 for the pay-as-you-go costs since retiree premium rates are the same as active employee medical premium rates rather than the actual medical cost. For the fiscal year ended June 30, 2019, the district also contributed $1,175 to the CERBT Fund. Employees are not required to contribute to the plan. Contributions recognized by the OPEB plan from the employer for the year ended June 30, 2019 are $43,754.

Net OPEB Liability – The Authority's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.25% per year; used only to allocate the cost of benefits between service years
Investment rate of return	6.75% per annum
Healthcare cost trend rates	7.50% for 2019, decreasing 0.5% per year to an ultimate rate of 5% for 2024 and later

Discount rate. The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that MPA's contributions will be made at rates equal to the actuarially determined contribution rates. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 9. POSTEMPLOYMENT BENEFIT OTHER THAN PENSION PLAN (OPEB), CONTINUED

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2018	$ 646,679	$ 431,107	$ 215,572
Changes for the year:			
Service cost	30,921	-	30,921
Interest cost	45,901	-	45,901
Expected investment income	-	-	-
Administrative Expenses	-	(230)	230
Contributions - employer	-	43,754	(43,754)
Net investment income	-	34,301	(34,301)
Benefit payments	(43,754)	(43,754)	-
Other expenses	-	(570)	570
Changes of assumptions	14,541	-	14,541
Net changes	47,609	33,501	14,108
Balances at June 30, 2019	$ 694,288	$ 464,608	$ 229,680

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	$ 294,141	$ 229,680	$ 174,880

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1- percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates (Current Trend)	1% Increase
Net OPEB liability	$ 195,313	$ 229,680	$ 288,534

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB Plan's fiduciary net position is available in the separate CalPERS financial report.

NOTE 9. POSTEMPLOYMENT BENEFIT OTHER THAN PENSION PLAN (OPEB), CONTINUED

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

For the year ended June 30, 2019 and 2018, MPA recognized OPEB expense of $42,944 and $33,907, respectively. At June 30, 2019 and 2018, MPA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 53,266	$ -
Changes of assumptions	17,316	-
Differences between expected and actual experience	-	21,187
Net difference between projected and actual earnings on OPEB plan investments	-	11,001
Total	$ 70,582	$ 32,188

The amount of $53,266 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	Deferred Outflows/(Inflows) of Resources
2020	$ (4,529)
2021	(4,529)
2022	(4,528)
2023	(1,971)
2024	(1,139)
Thereafter	1,824
Total	$ (14,872)

NOTE 9. POSTEMPLOYMENT BENEFIT OTHER THAN PENSION PLAN (OPEB), CONTINUED

June 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 43,754	$ -
Changes of assumptions	5,728	-
Differences between expected and actual experience	-	25,279
Net difference between projected and actual earnings on	-	10,239
Total	$ 49,482	$ 35,518

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

Year ended June 30	Deferred Outflows/(Inflows) of Resources
2019	$ (5,725)
2020	(5,725)
2021	(5,725)
2022	(5,724)
2023	(3,165)
Thereafter	(3,726)
Total	$ (29,790)

NOTE 10. CONCENTRATION IN MEMBERS' PREMIUMS

In 2019, the Authority's three largest members accounted for approximately 12%, 12% and 10% of the insurance premiums. In 2018, the largest members accounted for 13%, 11% and 9% of the insurance premiums.

NOTE 11. SUBSEQUENT EVENTS

In 2017, CalPERS discovered that the City of Pleasant Hill (City) inadvertently allowed the Authority's employees to be members of the City's CalPERS retirement plan, even though the employees were not common law employees of the City. This practice has been in place since the MPA's formation in June of 1977, where MPA would reimburse the City for the administration and cost of the benefits provided to its employees.

NOTE 11. SUBSEQUENT EVENTS, CONTINUED

To rectify this situation and avoid any interruption in benefits of MPA employees, MPA worked with CalPERS and the City to amend its retirement contract to include 100% prior service; and execute a Reallocation Agreement with the City to transfer the assets and liabilities from the City's account to the Authority's account with CalPERS. On September 16, 2019, the City Council of City of Pleasant Hill adopted a resolution to reallocate the assets and liabilities of the Authority's plan to the Authority's CalPERS account. After the amendment, the MPA net pension liability is anticipated to increase to approximately $2,000,000 as of the June 30, 2020 pension measurement date.

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPAL POOLING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS – Last Ten Fiscal Years*

Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Proportion of the collective net pension liability	0.008105%	0.006402%	0.008024%	0.009703%	0.009800%
Proportionate share of the collective net pension liability	$ 200,320	$ 175,646	$ 278,739	$ 382,481	$ 368,247
Covered payroll	$ 1,359,105	$ 1,517,506	$ 1,272,750	$ 1,304,016	$ 1,601,386
Proportionate Share of the net pension liability as percentage of its covered payroll	14.74%	11.57%	21.90%	29.33%	23.00%
Plans fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%	75.26%
Discount Rate	7.50%	7.65%	7.65%	7.15%	7.15%

*Historical information is required only for measurement periods for which GASB 68 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

MUNICIPAL POOLING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS – Last Ten Fiscal Years*

	Fiscal Year 2014-15*	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
Contractually required contributions (Actuarially determined)	$ 143,574	$ 94,554	$ 102,831	$ 135,693	$ 158,820
Contributions in relation to the actuarially determined contributions	(143,574)	(94,554)	(102,831)	(135,693)	(158,820)
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,517,506	$ 1,272,750	$ 1,304,016	$ 1,601,386	$ 1,762,714
Contributions as a percentage of covered payroll	9.46%	7.43%	7.89%	8.47%	9.01%

*Historical information is required only for measurement periods for which GASB 68 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

MUNICIPAL POOLING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS – Last Ten Fiscal Years*

	2018	2019
Total OPEB liability		
Service cost	$ 21,074	$ 30,921
Interest	46,742	45,901
Differences between expected and actual experience	(29,371)	-
Changes of assumptions	6,655	14,541
Benefit payments, including refunds of member contributions	(38,812)	(43,754)
Net change in total OPEB liability	6,288	47,609
Total OPEB liability - beginning	640,391	646,679
Total OPEB liability - ending (a)	$ 646,679	$ 694,288
Plan fiduciary net position		
Contributions - employer	$ 38,812	$ 43,754
Net investment income	41,192	34,301
Benefit payments, including refunds of member contributions	(38,812)	(43,754)
Administrative expense	(209)	(230)
Other expenses	-	(570)
Net change in plan fiduciary net position	40,983	33,501
Plan fiduciary net position - beginning	390,124	431,107
Plan fiduciary net position - ending (b)	$ 431,107	$ 464,608
District's net OPEB liability - ending (a) - (b)	$ 215,572	$ 229,680
Plan fiduciary net position as a percentage of the total OPEB liability	66.66%	66.92%
Covered payroll	$ 1,601,386	$ 1,762,714
District's net OPEB liability as a percentage of covered payroll	13.46%	13.03%

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

MUNICIPAL POOLING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB PLAN CONTRIBUTIONS – Last Ten Fiscal Years*

	2018	2019
Actuarially determined contribution	$ 40,645	$ 50,381
Contributions in relation to the actuarially determined contribution	(43,754)	(53,266)
Contribution deficiency (excess)	**$ (3,109)**	**$ (2,885)**
Covered payroll	$ 1,601,386	$ 1,762,714
Contributions as a percentage of covered payroll	**2.73%**	**3.02%**

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

MUNICIPAL POOLING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
RECONCILIATION OF CLAIMS LIABILITY BY PROGRAM
JUNE 30, 2019

	Liability	Workers' Compensation	Vehicle	Short/Long Term Disability	Wellness	Total
Unpaid Claims and Claim Adjustment Expense at Beginning of Year	$ 15,160,282	$ 29,423,483	$ -	$ -	$ -	$ 44,583,765
Incurred Claims and Claim Adjustment Expenses:						
Provision for Insured Events of the Current Year	4,977,000	8,245,000	221,416	96,669	56,840	13,596,925
Increase (Decrease) in Provision for Insured Events of Prior Fiscal Years	(3,170,883)	(1,832,121)	-	-	-	(5,003,004)
Total Incurred Claims and Claim Adjustment Expenses	1,806,117	6,412,879	221,416	96,669	56,840	8,593,921
Payments:						
Claim and Claim Adjustment Expenses Attributable to Insured Events of the Current Year	34,940	869,440	221,416	96,669	56,840	1,279,305
Claim and Claim Adjustment Expenses Attributable to Insured Events of the Prior Years	2,780,459	4,552,922	-	-	-	7,333,381
Total Payments	2,815,399	5,422,362	221,416	96,669	56,840	8,612,686
Total Unpaid Claims and Claims Adjustment Expenses	$ 14,151,000	$ 30,414,000	$ -	$ -	$ -	$ 44,565,000
Reported Claims	$ 7,178,000	$ 12,881,000	$ -	$ -	$ -	$ 20,059,000
Claims Incurred But Not Reported	6,353,000	15,767,000	-	-	-	22,120,000
Unallocated Loss Adjustment Expense Payable	620,000	1,766,000	-	-	-	2,386,000
Total Claim Liabilities	$ 14,151,000	$ 30,414,000	$ -	$ -	$ -	$ 44,565,000

MUNICIPAL POOLING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
RECONCILIATION OF CLAIMS LIABILITY BY PROGRAM
JUNE 30, 2018

	Liability	Workers' Compensation	Vehicle	Short/Long Term Disability	Wellness	Total
Unpaid Claims and Claim Adjustment Expense at Beginning of Year	$ 16,310,169	$ 28,805,054	$ 650	$ -	$ -	$ 45,115,873
Incurred Claims and Claim Adjustment Expenses:						
Provision for Insured Events of the Current Year	4,757,000	8,261,000	214,627	124,238	36,563	13,393,428
Increase (Decrease) in Provision for Insured Events of Prior Fiscal Years	(1,239,254)	(761,919)	-	-	-	(2,001,173)
Total Incurred Claims and Claim Adjustment Expenses	3,517,746	7,499,081	214,627	124,238	36,563	11,392,255
Payments:						
Claim and Claim Adjustment Expenses Attributable to Insured Events of the Current Year	24,391	844,123	215,277	124,238	36,563	1,244,592
Claim and Claim Adjustment Expenses Attributable to Insured Events of the prior Year	4,643,242	6,036,529	-	-	-	10,679,771
Total Payments	4,667,633	6,880,652	215,277	124,238	36,563	11,924,363
Total Unpaid Claims and Claims Adjustment Expenses	$ 15,160,282	$ 29,423,483	$ -	$ -	$ -	$ 44,583,765
Reported Claims	$ 7,944,365	$ 12,088,450	$ -	$ -	$ -	$ 20,032,815
Claims Incurred But Not Reported	6,568,917	15,623,033	-	-	-	22,191,950
Unallocated Loss Adjustment Expense Payable	647,000	1,712,000	-	-	-	2,359,000
Total Claim Liabilities	$ 15,160,282	$ 29,423,483	$ -	$ -	$ -	$ 44,583,765

MUNICIPAL POOLING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
CLAIMS DEVELOPMENT INFORMATION – GENERAL LIABILITY

	Fiscal and Policy Year Ended June 30, (In Thousands)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Required Contributions and										
Investment Revenue	$ 9,265	$ 8,323	$ 7,901	$ 7,813	$ 7,594	$ 8,167	$ 9,301	$ 10,742	$ 12,800	$ 14,162
Assessments/(dividends)	(3,500)	-	-	-	-	-	-	-	-	-
Ceded	(3,130)	(3,292)	(3,002)	(3,043)	(2,997)	(3,072)	(3,685)	(3,941)	(4,141)	(4,373)
(1) Net Earned Required Contribution										
and Investment Revenues	2,635	5,031	4,899	4,770	4,597	5,095	5,616	6,801	8,659	9,789
(2) Unallocated Expenses	1,218	1,356	1,136	1,125	1,155	1,939	1,243	1,249	1,548	1,650
(3) Estimated Incurred Claims and Expense										
End of Year	3,527	3,189	3,321	3,320	3,033	3,104	3,449	5,313	4,757	4,977
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	3,527	3,189	3,321	3,320	3,033	3,104	3,449	5,313	4,757	4,977
(4) Paid (Cumulative as of):										
End of Policy Year	103	8	26		61	35	49	333	18	35
One Year Later	1,064	106	231	21	702	48	376	1,352	143	
Two Years Later	1,671	1,358	813	193	1,052	1,567	1,906	2,402	-	
Three Years Later	3,001	2,756	2,827	1,866	2,159	2,526	2,407	-	-	
Four Years Late	3,489	3,113	4,213	2,305	2,562	3,480	-	-	-	
Five Years Later	4,206	3,395	4,336	2,431	2,562	-	-	-	-	
Six Years Later	5,040	3,408	4,709	2,431	-	-	-	-	-	
Seven Years Later	5,814	3,412	4,786	-	-	-	-	-	-	
Eight Years Later	5,814	3,420	-	-	-	-	-	-	-	
Nine Years Later	5,814	-	-	-	-	-	-	-	-	
(5) Reestimated Ceded Claims and Expense:	-	-	-	-	-	-	-	-	-	-
(6) Reestimated Incurred Claims and Expense:										
End of Policy Year	3,527	3,189	3,321	3,320	3,033	3,104	3,449	5,313	4,757	4,977
One Year Later	3,180	3,202	2,619	1,972	3,141	3,218	4,917	6,008	4,005	-
Two Years Later	3,926	3,510	3,714	2,139	3,437	4,411	4,682	5,851	-	-
Three Years Later	4,566	4,294	4,857	3,228	3,301	3,850	4,593	-	-	-
Four Years Later	4,722	4,197	5,151	6,199	3,052	4,483	-	-	-	-
Five Years Later	4,822	4,150	5,187	2,644	2,772	-	-	-	-	-
Six Years Later	6,036	3,675	4,865	2,478	-	-	-	-	-	-
Seven Years Later	5,942	3,596	4,799	-	-	-	-	-	-	-
Eight Years Later	5,912	3,455	-	-	-	-	-	-	-	-
Nine Years Later	5,816	-	-	-	-	-	-	-	-	-
(7) Increase (Decrease) in										
Estimated Incurred Claims and Expenses										
from the End of Program Year	$ 2,289	$ 266	$ 1,478	$ (842)	$ (261)	$ 1,379	$ 1,144	$ 538	$ (752)	$ -

MUNICIPAL POOLING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
CLAIMS DEVELOPMENT INFORMATION – WORKERS' COMPENSATION

	Fiscal and Policy Year Ended June 30, (In Thousands)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Required Contributions and										
Investment Revenue	$ 11,364	$ 9,190	$ 8,467	$ 8,594	$ 8,667	$ 10,224	$ 11,068	$ 12,247	$ 12,783	$ 14,312
Assessments/(dividends)	(3,500)	-	-	-	-	-	-	-	-	-
Ceded	(702)	(722)	(869)	(926)	(1,120)	(1,355)	(1,539)	(1,552)	(1,686)	(1,712)
(1) Net Earned Required Contribution										
and Investment Revenues	7,162	8,468	7,598	7,668	7,547	8,869	9,529	10,695	11,097	12,600
(2) Unallocated Expenses	1,087	1,213	1,216	1,424	1,490	1,596	1,590	1,555	1,669	1,732
(3) Estimated Incurred Claims and Expense										
End of Year	5,942	5,284	5,672	5,073	6,280	7,191	7,194	7,673	8,261	8,245
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	5,942	5,284	5,672	5,073	6,280	7,191	7,194	7,673	8,261	8,245
(4) Paid (Cumulative as of):										
End of Policy Year	735	718	792	798	679	793	701	1,083	844	869
One Year Later	2,097	1,851	2,131	2,397	2,414	2,077	1,697	2,896	2,161	
Two Years Later	3,714	2,979	3,324	3,311	3,572	3,436	4,722	4,723	-	
Three Years Later	4,523	3,536	4,076	4,413	4,765	4,354	5,055	-	-	
Four Years Later	5,183	3,879	4,503	4,635	5,223	4,945	-	-	-	
Five Years Later	5,929	4,463	4,669	4,794	5,528	-	-	-	-	
Six Years Later	6,355	5,361	4,778	4,895	-	-	-	-	-	
Seven Years Later	8,069	5,422	4,784	-	-	-	-	-	-	
Eight Years Later	6,265	5,762	-	-	-	-	-	-	-	
Nine Years Later	8,266	-	-	-	-	-	-	-	-	
(5) Reestimated Ceded Claims and Expense:	133	-	-	-	-	-	-	-	-	-
(6) Reestimated Incurred Claims and Expense:										
End of Policy Year	5,942	5,284	5,672	5,073	6,280	7,191	7,194	7,673	8,261	8,245
One Year Later	6,105	5,569	5,956	6,536	6,971	6,798	6,906	8,840	8,007	-
Two Years Later	7,455	5,944	6,256	7,136	6,728	6,705	6,860	9,234	-	-
Three Years Later	7,491	5,990	6,990	6,994	7,108	7,261	6,759	-	-	-
Four Years Later	7,638	6,072	6,572	6,749	7,544	7,505	-	-	-	-
Five Years Later	7,948	5,937	6,154	6,291	7,517	-	-	-	-	-
Six Years Later	7,582	6,428	6,105	5,944	-	-	-	-	-	-
Seven Years Later	7,508	6,770	5,930	-	-	-	-	-	-	-
Eight Years Later	7,533	6,773	-	-	-	-	-	-	-	-
Nine Years Later	7,525	-	-	-	-	-	-	-	-	-
(7) Increase (Decrease) in										
Estimated Incurred Claims and Expenses										
from the End of Program Year	$ 1,583	$ 1,489	$ 258	$ 871	$ 1,237	$ 314	$ (435)	$ 1,561	$ (254)	$ -

1. RECONCILIATION OF CLAIMS LIABILITIES BY PROGRAM

The schedules represent the changes in claims liabilities for the current and past year for all of the Authority's programs.

2. CLAIMS DEVELOPMENT INFORMATION

(1) This line shows the total of each fiscal year's gross earned deposit premiums and cumulative investment income less ceded (excess insurance cost) and any dividends or assessments to arrive at net earned contribution and investment revenues.

(2) This line shows other operating costs of the Authority for each fiscal year including overhead and claims administration expenses.

(3) This line shows the Authority's gross estimated ultimate losses, losses assumed by reinsurers and net incurred losses as originally reported at the end of the policy years.

(4) This line shows the cumulative amounts paid as of the end of successive years for each program year.

(5) This line shows the latest re-estimated amount of losses assumed by reinsurers for each policy year.

(6) This line shows the re-estimated net incurred claims and allocated loss adjustment expenses as calculated by the actuary.

(7) This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater than or less than originally projected.

The original and re-estimated cost of claims is presented on a net present value basis, the effect of which decreases over time and may cause the appearance of adverse loss development when compared to original estimates. As data for individual accident years mature, the correlation between original estimates and the re-estimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature accident years. The columns of the table show data for successive accident years.

OTHER SUPPLEMENTARY INFORMATION

MUNICIPAL POOLING AUTHORITY

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Liability	Workers' Compensation	Vehicle	Short/Long Term Disability	Property	Wellness	Life	Facilities Management	Eliminating Entries	Total
ASSETS										
Current Assets										
Cash and cash equivalents	$ 605,010	$ 697,306	$ 37,523	$ 34,475	$ 9,778	$ 2,036	$ 6,957	$ 13,685	$ -	$ 1,406,770
Investments	5,122,989	17,346,176	541,028	506,335	146,708	31,154	102,852	132,990	-	23,930,232
Receivables										
Member agencies	350,129	2,415	4,956	29,381	-	1,450	11,383	-	-	399,714
Interest	167,761	192,958	17,050	11,364	3,184	822	2,778	-	-	395,917
Dividend/Excess	565,147	152,490	7,955	-	5	603	-	3	-	726,203
Prepaid expenses	36,527	13,252	519	389	519	389	389	389	-	52,373
Total Current Assets	6,847,563	18,404,597	609,031	581,944	160,194	36,454	124,359	147,067	-	26,911,209
Noncurrent assets:										
Interprogram receivables	449,320	-	-	-	-	-	-	-	(449,320)	-
Investments	20,000,000	23,477,732	-	-	-	-	-	-	-	43,477,732
Capital assets, net	22,863	27,016	2,235	1,770	2,485	1,882	1,856	774,049	-	834,156
Total Noncurrent Assets	20,472,183	23,504,748	2,235	1,770	2,485	1,882	1,856	774,049	(449,320)	44,311,888
Total Assets	27,319,746	41,909,345	611,266	583,714	162,679	38,336	126,215	921,116	(449,320)	71,223,097
DEFFERRED OUTFLOWS OF RESOURCES										
Deferred outflows on pensions	189,258	192,192	-	-	-	-	-	-	-	381,450
Deferred outflows on OPEB	35,291	35,291	-	-	-	-	-	-	-	70,582
Total Deferred Outflows of Resources	224,549	227,483	-	-	-	-	-	-	-	452,032
LIABILITIES										
Current Liabilities										
Payables	68,457	66,013	91,622	2,993	3,395	9,610	2,546	13,657	-	258,293
Compensated absences	11,375	11,364	1,247	832	1,247	832	833	-	-	27,730
Unearned premiums	9,920	-	-	-	-	-	-	-	-	9,920
Unpaid claims	4,500,000	6,500,000	-	-	-	-	-	-	-	11,000,000
Total Current Liabilities	4,589,752	6,577,377	92,869	3,825	4,642	10,442	3,379	13,657	-	11,295,943
Noncurrent Liabilities										
Interprogram payables	-	-	-	-	-	-	-	449,320	(449,320)	-
Compensated absences	59,651	59,660	6,548	4,362	6,547	4,370	4,363	-	-	145,501
Unpaid claims	9,651,000	23,914,000	-	-	-	-	-	-	-	33,565,000
Net pension liability	182,120	186,127	-	-	-	-	-	-	-	368,247
OPEB liability	114,840	114,840	-	-	-	-	-	-	-	229,680
Total Noncurrent Liabilities	10,007,611	24,274,627	6,548	4,362	6,547	4,370	4,363	449,320	(449,320)	34,308,428
Total Liabilities	14,597,363	30,852,004	99,417	8,187	11,189	14,812	7,742	462,977	(449,320)	45,604,371
DEFERRED INFLOWS OF RESOURCES										
Deferred inflows on pensions	11,320	14,076	-	-	-	-	-	-	-	25,396
Deferred inflows on OPEB	16,094	16,094	-	-	-	-	-	-	-	32,188
Total Deferred Inflows	27,414	30,170	-	-	-	-	-	-	-	57,584
NET POSITION										
Invested in capital assets	22,863	27,016	2,235	1,770	2,485	1,882	1,856	774,049	-	834,156
Unrestricted	12,896,655	11,227,638	509,614	573,757	149,005	21,642	116,617	(315,910)	-	25,179,018
Total Net Position	$ 12,919,518	$ 11,254,654	$ 511,849	$ 575,527	$ 151,490	$ 23,524	$ 118,473	$ 458,139	$ -	$ 26,013,174

MUNICIPAL POOLING AUTHORITY

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSIION
JUNE 30, 2019

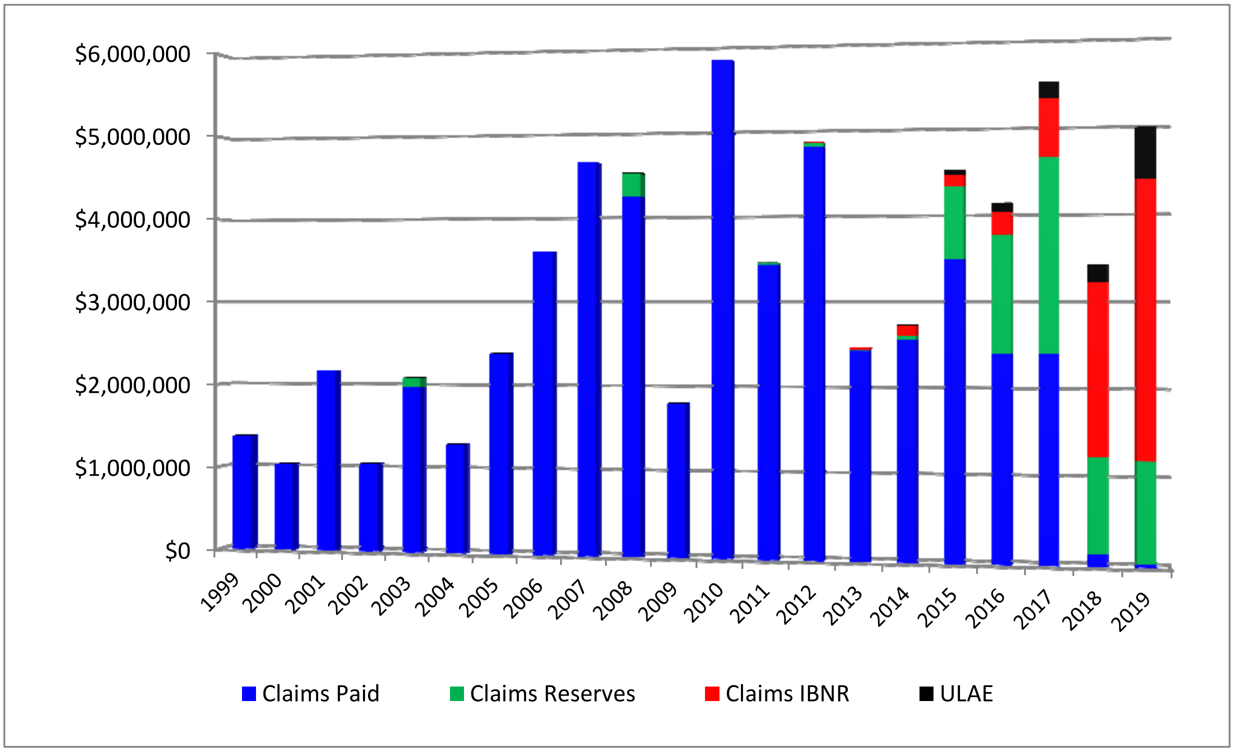
	Liability	Workers' Compensation	Vehicle	Short/ Long Term Disability	Property	Wellness	Life	Facilities Management	Eliminating Entries	Total
OPERATING REVENUES										
Premiums earned	$ 12,470,954	$ 13,039,428	$ 240,781	$ 1,137,041	$ 1,765,721	$ 95,442	$ 334,818	$ -	$ -	$ 29,084,185
Other operating revenue	-	6,861	-	-	-	-	-	-	-	6,861
Total Operating Revenue	12,470,954	13,046,289	240,781	1,137,041	1,765,721	95,442	334,818	-	-	29,091,046
OPERATING EXPENSES										
Claims expense	1,806,121	6,412,875	221,416	96,669	-	56,840	-	-	-	8,593,921
Claims administration	-	484,695	5,042	26,966	-	-	-	-	-	516,703
Insurance	4,372,764	1,712,214	-	886,135	1,686,804	-	279,336	-	-	8,937,253
General and administration	1,650,377	1,732,430	84,273	59,761	74,347	55,765	55,761	192,339	(268,560)	3,636,493
Total Operating Expenses	7,829,262	10,342,214	310,731	1,069,531	1,761,151	112,605	335,097	192,339	(268,560)	21,684,370
Net Operating Income (Loss)	4,641,692	2,704,075	(69,950)	67,510	4,570	(17,163)	(279)	(192,339)	268,560	7,406,676
NON-OPERATING REVENUES (EXPENSES)										
Refund from excess carrier	565,099	-	-	-	-	-	-	-	-	565,099
Rental income	-	-	-	-	-	-	-	268,560	(268,560)	-
Investment income	1,125,736	1,265,540	86,522	74,322	21,429	6,172	17,283	(11,490)	-	2,585,514
Total Non-Operating Revenue	1,690,835	1,265,540	86,522	74,322	21,429	6,172	17,283	257,070	(268,560)	3,150,613
Change in Net Position	6,332,527	3,969,615	16,572	141,832	25,999	(10,991)	17,004	64,731	-	10,557,289
Net Position - Beginning of Year	6,586,991	7,285,039	495,277	433,695	125,491	34,515	101,469	393,408	-	15,455,885
Net Position - End of Year	12,919,518	11,254,654	511,849	575,527	151,490	23,524	118,473	458,139	-	26,013,174

OTHER INFORMATION

MUNICIPAL POOLING AUTHORITY

GRAPHICAL SUMMARY OF CLAIMS
JUNE 30, 2019

General Liability Program



Workers' Compensation Program