YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

FINANCIAL STATEMENTS

June 30, 2022 and 2021

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
Woodland, California

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Yolo County Public Agency Risk Management Insurance Authority, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Yolo County Public Agency Risk Management Insurance Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Yolo County Public Agency Risk Management Insurance Authority, as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-7, the Schedule of Changes in Other Postemployment Benefits (OPEB) Liability on page 36, the Schedule of the Authority's Proportionate Share of the Net Pension Liability on page 37, the Schedule of the Authority's Contributions on page 38, the Notes to Required Supplementary Information on page 39, the Reconciliation of Claims Liability by Type of Contract on pages 40 and 41, and the Claims Development Information on pages 42 through 44, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 30, 2023, on our consideration of Yolo County Public Agency Risk Management Insurance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Yolo County Public Agency Risk Management Insurance Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yolo County Public Agency Risk Management Insurance Authority's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Fort Lauderdale, Florida
June 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022 and 2021

This section of Yolo County Public Agency Risk Management Insurance Authority's (YCPARMIA or "the Authority") annual financial report presents management's discussion and analysis of its financial performance during the fiscal year that ended June 30, 2022 and 2021. Please read this document in conjunction with the accompanying basic financial statements.

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

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

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

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

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

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

The Financial Statements can be found on pages 8 through 10 of this report.

Notes to the Financial Statements provide additional information that are essential to a full understanding of the data provided in the financial statements and can be found beginning on page 11 of this report.

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

DESCRIPTION OF BASIC FINANCIAL STATEMENTS AND FINANCIAL REPORTING

Financial Highlights

	Fiscal Year Ended		
	June 30, 2022	June 30, 2021	June 30, 2020
Current Assets	$12,784,546	$11,870,564	$9,743,315
Non-current Assets			
Deposits	63,996	14,135	127,670
Investments	13,950,450	13,618,607	13,843,119
Capital Assets	158,581	126,676	116,666
Total Non-current Assets	14,173,027	14,087,455	14,087,455
Total Assets	26,957,573	25,629,982	23,830,770
Deferred Outflows of Resources	297,375	198,662	244,686
Current Liabilities	5,741,481	5,329,425	4,900,795
Non-current Liabilities	18,764,414	15,876,190	14,622,285
Other Post-Employment Benefits	522,272	591,831	583,850
Total Liabilities	24,505,895	21,797,446	20,106,930
Deferred Inflows of Resources	1,157,359	430,929	484,830
Net Position			
Investment in Capital Assets	158,581	126,676	116,666
Unrestricted	1,433,116	3,473,593	3,367,030
Total Net Position	$1,591,697	$3,600,269	$3,483,696
Revenues			
Member Contributions	$17,178,424	$14,484,511	$11,482,752
Investments & Other Revenues	(707,179)	(40,039)	1,064,949
Total Revenues	16,471,245	14,444,472	12,547,701
Total Expenses	19,186,996	14,327,899	13,429,777
Change in Net Position	(2,008,572)	116,573	(882,076)
Net Position, beginning of year	3,600,269	3,483,696	4,365,772
Net Position, end of year	$ 1,591,697	$3,600,269	$3,483,696

Net Position
Net position is defined as the difference between Total Assets plus Deferred Outflows and Total Liabilities plus Deferred Inflows. YCPARMIA started fiscal year 2021/22 with a net position of $3.6M. Our ending balance in net position at June 30, 2022 was $1.6M, which is a decrease of $2.0M from the prior year's end. The decrease resulted from a net operating loss of $1.3M and net negative investment returns of $707k, due to unrealized losses on our long-term investments. The operating loss was due primarily to a $2.5 M increase in the provision for workers compensation claims from years prior to FY 2022, and a $310k increase in the cost to administer claims to closure, These increases were partially offset by a decrease in expenditures compared to budget in other program areas, including liability and fidelity claim payments, excess insurance premiums, and lower administrative costs due to vacant positions.

Overview of program funding
Member contributions are calculated to fully fund YCPARMIA's operations for each program and include an administrative cost, a charge for retained risk, and the cost of transferred risk and any program-specific loss control programs. Changes in premium payments to the pool are driven by member loss experience, legislative changes, increases in environmental risk factors, and economic factors that impact the global insurance market. Assuming these factors have been accurately reflected in our actuarial valuations of the pooled layer, members' risk costs are expected to be capped at the premium/cash payments that they make

to YCPARMIA plus any applicable claim deductibles. This allows them to budget for their risk exposure and to receive premium rebate credits in “good years.”

Savings in program specific expenditures flow directly to that program’s equity. Savings in administrative cost are allocated to each program based on the same percentage of cost originally budgeted for that program.

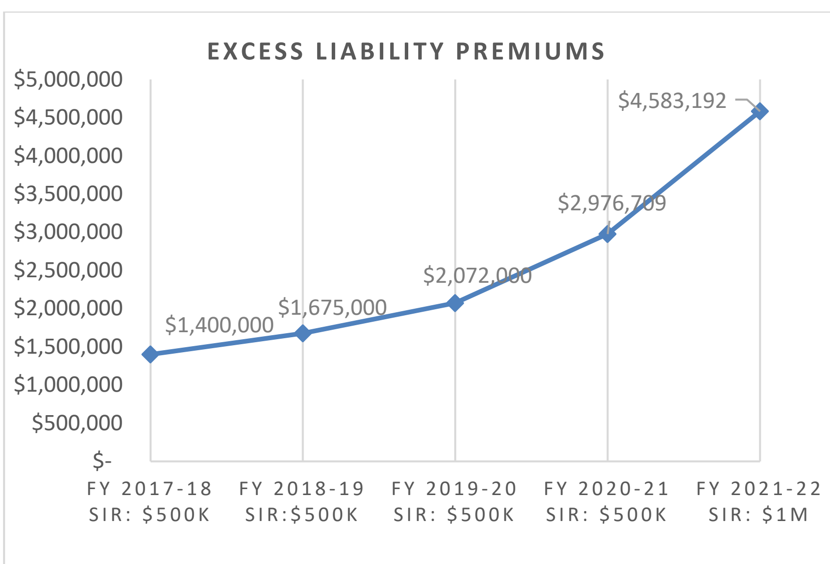
Accounting standards call for the Authority to book actuarially determined program reserves at the expected level. Due to inherent volatility in claim outcomes, the Board policy requires that an additional amount to bring funding to the actuarially determined 80% confidence level, be included in the rate calculation for the liability and workers; compensation programs. The Board also strives to maintain additional funding equal to three times the SIR for the liability and workers’ compensation program, and set targeted dollar amounts for the Fidelity and Property programs. As of June 30, 2022, the financial position of the individual YCPARMIA programs is as follows:

- Liability Program is funded at the 70% confidence level.
- Workers’ Compensation Program is funded at the expected level.
- Property Program is below its target funding of $100,000.
- Fidelity Program is funded above its targeted level of $25,000.

Liability Program: Funded at 85% confidence level
For FY 2021-22, the retained limit for the liability program increased from $500,000 to $1,000,000. Excess coverage, up to $40 million per occurrence, is provided through membership in the California Joint Powers Risk Management Authority (CJPRMA). Members are subject to a $1,000-$5,000 deductible per claim.

The pooled layer of the program (retained risk) experienced overall favorable loss experience during FY 2021-22, with incurred losses across all program years decreasing $561,000. YCPARMIA’s claim volume has been relatively steady, with claim counts oscillating between 140 and 175 per year. This contrasts with an average annual increase of 11% for the past decade nationwide.

Excess premium costs continued to skyrocket for the pool and globally. The chart below shows that the pool’s excess liability insurance premium more than tripled over the past 5 years. Increases in the cost of transferred risk is due largely to forces in the global market. Over the past decade, the number of liability claims filed in the US has increased an average of 11% per year. Very high jury verdicts, an increase in civil rights claims, social inflation, and the rise of third-party litigation funding are all adding to the cost of excess insurance.



Workers’ Compensation Program: Funded at 50% confidence level
YCPARMIA pools losses up to $1,000,000 per occurrence, subject to a $1,000 per claim member deductible. Excess coverage to statutory limits is provided through membership in PRISM.

This program continues to face cost increases due to the expansion of benefits by the California legislature and increases to the medical fee schedule. Losses for the past three fiscal years have developed adversely over the past year. The recent COVID-19 pandemic delayed treatment for many medical conditions during the previous fiscal year, resulting in a higher level of utilization of major medical services, such as surgeries, during FY 2021-22.

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

Property Program: Below targeted funding of $100,000
The Property Program includes Boiler and Machinery and Vehicle Physical Damage coverages. This program, due to the small number of claims and low retention level, is not part of the annual actuarial study. The retention level for most real property losses is $25,000. Excess coverage is provided through membership in PRISM. The all-risk property program has a deductible of $1,000. There is a $10,000 deductible for auto physical damage for vehicles under $250,000 and $50,000 for vehicles over $250,000. Flood and earthquake coverage are also provided, with slightly different limits and deductibles.

The frequency and severity of losses for YCPARMIA have remained relatively constant over the past five years, with only one large loss for a vehicle over $250,000. Property premiums have increased faster than the total insured values of the program due to supply chain issues and an increase in wildfire, vandalism, and catastrophic storm losses worldwide that impact premiums for all policyholders.

Fidelity Program: Fully funded above targeted level of $25,000
The Fidelity Program covers the dishonest acts of all employees and elected officials. YCPARMIA retains the first $25,000 per occurrence, inclusive of the $1,000 member deductible. Coverage for losses between $25,000 and $2,000,000 is provided by a commercial insurance policy through the Fidelity and Deposit Company of Maryland. FY 2021-22 was the second year of a three-year policy, and a flat rate was negotiated for the three-year period.

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

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

Capital Assets
Capital Assets increased by $31, 905, net of depreciation. Building improvements included the replacement of carpet and fencing and installation of ethernet cable and switches. Equipment increases included computer monitors, laptops, and peripherals.

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

Barbara Lubben June 30, 2023
Executive Director

FINANCIAL STATEMENTS

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
STATEMENTS OF NET POSITION
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	$ 10,263,318	$ 9,892,489
Receivables:		
Member agencies	1,752,265	75,051
Interest	47,247	53,832
Other	118,287	247,026
Investments maturing within one year (Note 3)	354,191	1,448,671
Prepaid insurance	249,238	153,495
Total current assets	12,784,546	11,870,564
Deposits	63,996	14,135
Investments, less portion maturing within one year (Note 3)	13,950,450	13,618,607
Non-depreciable capital assets (Note 4)	93,005	93,005
Depreciable capital assets, net of accumulated depreciation (Note 4)	65,576	33,671
Total non-current assets	14,173,027	13,759,418
Total assets	26,957,573	25,629,982
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources – OPEB (Note 5)	47,518	46,335
Deferred outflows of resources – pensions (Note 10)	249,857	152,327
Total deferred outflows of resources	297,375	198,662
LIABILITIES		
Current liabilities:		
Accounts payable	226,323	180,876
Payroll payable	20,615	19,563
Current portion of unpaid claims and claim adjustment expenses, net of deductible recoveries:		
Liability and workers' compensation (Note 6)	5,465,096	5,100,000
Property and other	29,447	28,986
Total current liabilities	5,741,481	5,329,425
Other postemployment benefits (Note 5)	522,272	591,831
Net pension liability (Note 10)	805,261	1,264,911
Unpaid claims and claim adjustment expenses net of deductible recoveries and current portion:		
Liability and workers' compensation (Note 6)	17,436,881	14,611,279
Total non-current liabilities	18,764,414	16,468,021
Total liabilities	24,505,895	21,797,446
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources – OPEB (Note 5)	263,616	257,945
Deferred inflows of resources – pensions (Note 10)	893,743	172,984
Total deferred inflows of resources	1,157,359	430,929
NET POSITION		
Net position (Note 7):		
Net invested in capital assets	158,581	126,676
Unrestricted	1,433,116	3,473,593
Total net position	$ 1,591,697	$ 3,600,269

See accompanying notes to financial statements.

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenues:		
Member contributions	$ 17,178,424	$ 14,484,511
Other expense	-	(119,618)
Total operating revenues	17,178,424	14,364,893
Operating expenses:		
Provision for claims and claim adjustment:		
Liability and workers' compensation (Note 6)	11,051,691	8,863,606
Property and other	(56,175)	106,084
Other postemployment benefits (Note 5)	(65,071)	(46,377)
Reinsurance premiums (Note 8)	6,312,929	4,237,647
General and administrative	1,236,443	1,166,939
Total operating expenses	18,479,817	14,327,899
Operating income	(1,301,393)	36,994
Non-operating (expenses) revenues:		
Investment income	229,028	324,481
Net change in fair value of investments	(936,207)	(244,902)
Total non-operating (expenses) revenues	(707,179)	79,579
Change in net position	(2,008,572)	116,573
Net position, beginning of year	3,600,269	3,483,696
Net position, end of year	$ 1,591,697	$ 3,600,269

See accompanying notes to financial statements.

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows provided by operating activities:		
Cash received from members and others	$ 15,050,879	$ 15,269,506
Cash paid for claims and settlements	(7,804,357)	(7,299,139)
Cash paid for reinsurance	(6,408,672)	(4,391,142)
Cash paid to suppliers and employees	(489,114)	(1,313,849)
Net cash provided by operating activities	348,736	2,265,376
Cash used in capital and related financing activities:		
Purchase of capital assets	(39,947)	(15,588)
Net cash used in financing activities	(39,947)	(15,588)
Cash flows provided by investing activities:		
Investments purchased	(4,216,921)	(5,519,001)
Investments sold and matured	4,043,348	5,363,573
Interest received	235,613	343,385
Net cash provided by investing activities	62,040	187,957
Net change in cash and cash equivalents	370,829	2,437,745
Cash and cash equivalents, beginning of year	9,892,489	7,454,744
Cash and cash equivalents, end of year	$ 10,263,318	$ 9,892,489
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ (1,301,393)	$ 36,994
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	8,042	5,578
(Increase) decrease in assets:		
Receivables - member agencies	(1,677,214)	52,270
Receivables – other	128,739	527,855
Prepaid insurance	(95,743)	(153,495)
Deposits	(49,861)	113,535
Deferred outflows of resources	(98,713)	46,024
Increase (decrease) in liabilities:		
Accounts payable and payroll payable	46,499	(71,370)
Other postemployment benefits	(69,559)	7,981
Net pension liability	(459,650)	83,354
Unpaid claims and claim adjustment expenses	3,191,159	1,670,551
Deferred inflows of resources	726,430	(53,901)
Total adjustments	1,650,129	2,228,382
Net cash provided by operating activities	$ 348,736	$ 2,265,376

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Coverage Limits: The Authority provides coverage for Liability claims up to $1,000,000 and for Workers' Compensation claims up to $1,000,000. Excess insurance is through third-parties, see Note 8.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events: The Authority has reviewed all events occurring from June 30, 2022 through June 30, 2023, the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2022 and 2021 consisted of the following:

	2022	2021
Cash and cash equivalents:		
Cash in bank	$ 551,512	$ 357,509
Money market	170,386	136,999
Cash in Local Agency Investment Fund	9,541,420	9,397,981
Total cash and cash equivalents	$ 10,263,318	$ 9,892,489

Custodial Credit Risk - Cash in Bank: The Authority limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Interest-bearing cash balances held in banks are insured up to $250,000 and non-interest bearing cash balances held in banks are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2022, the carrying amount of the Authority's accounts was $551,512, and the bank balances were $1,258,567, of which $1,008,567 was uninsured but collateralized. At June 30, 2021, the carrying amount of the Authority's accounts was $357,509, and the bank balances were $601,395, of which $351,395 was uninsured but collateralized.

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

Local Agency Investment Fund (LAIF): The Authority places certain funds with LAIF. The Authority is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferrable to the master account with twenty-four hours' notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. LAIF is currently unrated and has an average life of 191 days.

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

The monies held in the pooled investment funds are not subject to categorization by risk category. LAIF is administered by the State Treasurer and is audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office located at 915 Capitol Mall, Sacramento, CA 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain their goal of safety, liquidity, and yield are not jeopardized.

NOTE 3 - INVESTMENTS

Investments: Investments at June 30, 2022 and 2021 are reported at fair value and consisted of the following:

	Rating	2022	2021
Investments:			
US Government sponsored entities and agencies	AA+	$ 3,948,281	$ 5,157,845
Mortgages	AAA	1,210,929	808,922
Mortgages - Not Rated	*	1,328,304	1,313,824
Supranational	AAA	569,665	692,834
Supranational - Not Rated	*	-	247,606
US Corporate Notes	AAA	-	110,026
US Corporate Notes	AA+	84,847	134,873
US Corporate Notes	AA	250,323	362,306
US Corporate Notes	A+	1,012,607	460,651
US Corporate Notes	A	1,233,452	1,103,140
US Corporate Notes	A-	1,203,552	955,831
US Treasury	TSY	3,462,681	3,719,420
Total investments		$ 14,304,641	$ 15,067,278

Investment security ratings reported as of June 30, 2022 and 2021 are defined by Standard & Poors. Securities of the United States Treasury (TSY) are not rated for credit worthiness as they are fully backed by the United States Government.

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

The following presents information about the Authority's assets and liabilities measured at fair value on a recurring basis as of June 30, 2022 and 2021, and indicates the fair value hierarchy of the valuation techniques utilized by the Authority to determine such fair value based on the hierarchy:

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

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

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

(Continued)

NOTE 3 - INVESTMENTS (Continued)

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

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

		2021		
Description	Fair Value	Level 1	Level 2	Level 3
US Government sponsored entities and agencies	$ 5,157,845	$ -	$ 5,157,845	$ -
Mortgages	2,122,746	-	2,122,746	-
Supranational	940,440	-	940,440	-
US Corporate notes	3,126,827	-	3,126,827	-
Treasury	3,719,420	-	3,719,420	-
	$ 15,067,278	$ -	$ 15,067,278	$ -

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

The Authority had no non-recurring assets and no liabilities at June 30, 2022 and 2021 which were required to be disclosed using the fair value hierarchy.

(Continued)

NOTE 3 - INVESTMENTS (Continued)

Investment Interest Rate Risk: The Authority does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2022 and 2021, the Authority had no investments with maturity dates beyond five years as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at June 30, 2022 and 2021 consist of the following:

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

		2021	
		Maturity	
	Fair Value	Less than One Year	Greater than One Year
Investments maturities:			
US Government sponsored entities			
and agencies	$ 5,157,845	$ 554,319	$ 4,603,526
Mortgages	2,122,746	113,256	2,009,490
Supranational	940,440	247,606	692,834
US Corporate notes	3,126,827	358,025	2,768,802
Treasury	3,719,420	175,465	3,543,955
	$ 15,067,278	$ 1,448,671	$ 13,618,607

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

NOTE 3 - INVESTMENTS (Continued)

Concentration of Investment Credit Risk: The Authority does not place limits on the amount it may invest in any one issuer. At June 30, 2022 and 2021, the Authority had the following investments that represent more than five percent of the Authority's net investments:

	2022	2021
United States Treasury Notes	24%	24%
Federal Home Loan Mortgage Co.	15%	17%
Federal National Mortgage Associate	11%	13%
Federal Home Loan Bank	7%	11%

NOTE 4 - CAPITAL ASSETS

Capital assets at June 30, 2022 and 2021, consisted of the following:

	2022	2021
Non-Depreciable:		
Land	$ 93,005	$ 93,005
Depreciable:		
Furniture and equipment	114,541	107,645
Building	356,631	356,631
Building improvements	44,724	11,673
	608,901	568,954
Accumulated depreciation:		
Furniture and equipment	(90,277)	(85,259)
Building	(360,043)	(357,019)
	(450,320)	(442,278)
Total capital assets	$ 158,581	$ 126,676

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS

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

(Continued)

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Authority's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The Authority's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2022, the Authority has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the Authority's Total OPEB Liability. There is no separate report issued for the defined benefit healthcare plan.

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

Dental benefits provided: YCPARMIA also pays 100% of the retiree dental premium which is $88 per month in 2022 and 2021.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2022:

	Number of Participants
Inactive plan members currently receiving benefits	5
Active plan members	3
	8

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

YCPARMIA contributions to the Plan occur as benefits are paid to or on behalf of retirees. Benefit payments may occur in the form of direct payments for premiums and taxes ("explicit subsidies") and/or indirect payments to retirees in the form of higher premiums for active employees ("implicit subsidies"). Contributions to the Plan from the Authority were $29,179 and $32,191 for the years ended June 30, 2022 and 2021, respectively. Employees are not required to contribute to the OPEB plan.

(Continued)

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions: The total OPEB liability in the June 30, 2022 actuarial valuation, measurement date of June 30, 2021, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Important Dates	
Valuation Date	June 30, 2021
Fiscal Year End	June 30, 2022
GASB 75 Measurement Date	June 30, 2021 (last day of the prior fiscal year)
Valuation Methods	
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Participants Valued	Only current active employees, retired participants and covered dependents are valued. No future entrants are included.
Development of Age-related Medical Premiums	Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, “Health Care Costs – From Birth to Death”, sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts’s Age Rating Methodology provided in Addendum 2 to this report. Pre-Medicare retiree premiums are blended with premiums for active members. Medicare-eligible retirees are covered by plans which are rated solely on the experience of Medicare retirees with no subsidy by active employee premiums. Monthly baseline premium costs were set equal to the active single premiums shown in the chart at the bottom of Section 2. Representative claims costs derived from the dataset provided by CalPERS for pre-Medicare retirees are shown in the chart on the following page. Age-based claims were applied (a) for all retirees not yet eligible for Medicare and (b) for Medicare retirees receiving benefits in excess of the PEMHCA minimum *and* covered by Medicare Supplement plans.

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Development of Age-related
Medical Premiums (concluded)

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

Economic Assumptions

Municipal Bond Index — S&P General Obligation 20-Year High Grade Municipal Bond Index

Discount Rates — 2.18% for all plan liabilities as of June 30, 2021
2.66% for all plan liabilities as of June 30, 2020

General Inflation Rate — 2.5% per year

Salary Increase — 3.0% per year. Since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.

Healthcare Trend — Medical plan premiums and claims costs by age are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the dates shown below.

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

(Continued)

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

	The healthcare trend shown above was developed using the Getzen Model 2022_b published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth 1.0%; Expected Health Share of GDP in 2030 20.3%; Resistance Point 20%; Year after which medical growth is limited to growth in GDP 2075. The required PEMHCA minimum employer contribution (MEC) is assumed to increase annually by 4.0%.
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.
Employer Benefit Cap	It is assumed that there will be no future increases in the employer monthly benefit cap.

Participant Election Assumptions

Participation rate	*Eligible active employees*: 100% are assumed to continue their current medical plan election in retirement; if currently waiving medical coverage, the employee is assumed to elect coverage in the Kaiser Region 1 plan in retirement. All eligible active employees are also assumed to elect YCPARMIA's dental plan coverage in retirement.
Spouse Coverage	*Active employees and retired participants:* Existing elections for spouse coverage are assumed to continue until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Demographic Assumptions

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

Mortality Improvement	MacLeod Watts Scale 2022 applied generationally from 2015
Mortality Before Retirement (before improvement applied)	None assumed, due to the small size of the employee group and low likelihood of occurrence.

(Continued)

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Mortality After Retirement
(before improvement applied)

Healthy Lives

CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality		
Age	Male	Female
40	0.00070	0.00040
50	0.00431	0.00390
60	0.00758	0.00524
70	0.01490	0.01044
80	0.04577	0.03459
90	0.14801	0.11315
100	0.35053	0.30412
110	1.00000	1.00000

Disabled Miscellaneous

CalPERS Public Agency Disabled Miscellaneous Post-Retirement Mortality		
Age	Male	Female
20	0.00027	0.00008
30	0.00044	0.00018
40	0.00070	0.00040
50	0.01371	0.01221
60	0.02447	0.01545
70	0.03737	0.02462
80	0.07218	0.05338
90	0.16585	0.14826

Termination Rates

These rates reflect the assumed probability that an employee will leave YCPARMIA in the next 12 months for reasons other than a service or disability retirement or death.

Miscellaneous Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued December 2017						
Attained	Years of Service					
Age	0	3	5	10	15	20
15	0.1812	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1742	0.1193	0.0654	0.0000	0.0000	0.0000
25	0.1674	0.1125	0.0634	0.0433	0.0000	0.0000
30	0.1606	0.1055	0.0615	0.0416	0.0262	0.0000
35	0.1537	0.0987	0.0567	0.0399	0.0252	0.0184
40	0.1468	0.0919	0.0519	0.0375	0.0243	0.0176
45	0.1400	0.0849	0.0480	0.0351	0.0216	0.0168

Service Retirement Rates

The following miscellaneous retirement formulas apply:

Classic: 2.5% @ 55

Miscellaneous "PEPRA" Employees: 2% at 62 formula From CalPERS Experience Study Report Issued December 2017						
Current	Years of Service					
Age	5	10	15	20	25	30
50	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
55	0.0100	0.0190	0.0280	0.0360	0.0610	0.0960
60	0.0310	0.0510	0.0710	0.0910	0.1110	0.1380
65	0.1080	0.1410	0.1730	0.2060	0.2390	0.3000
70	0.1200	0.1560	0.1930	0.2290	0.2650	0.3330
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

(Continued)

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

PEPRA: 2% @ 62

Miscellaneous "PEPRA" Employees: 2% at 62 formula From CalPERS Experience Study Report Issued December 2017						
Current	Years of Service					
Age	5	10	15	20	25	30
50	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
55	0.0100	0.0190	0.0280	0.0360	0.0610	0.0960
60	0.0310	0.0510	0.0710	0.0910	0.1110	0.1380
65	0.1080	0.1410	0.1730	0.2060	0.2390	0.3000
70	0.1200	0.1560	0.1930	0.2290	0.2650	0.3330
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Disability Retirement Rates	None assumed, due to the small size of the employee group and low likelihood of occurrence.

Software and Models Used in the Valuation

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

Age-based premiums model – developed internally and reviewed by an external consultant at the time it was developed. See discussion on Development of Age-Related Medical Premiums and Addendum 3.

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

Changes recognized during the current Measurement Date

Discount Rate	Changed from 2.66% as of June 30, 2020, to 2.18% as of June 30, 2021, based on the published change in return for the applicable municipal bond index.
Mortality Improvement	The mortality improvement scale was updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022 (see Addendum 3), reflecting continued updates in available information.
Medical Trend	Updated to Getzen 2022_b healthcare trend model sponsored by the Society of Actuaries
Pool Subsidy for Medicare retirees	We applied age-based premiums and developed a liability for the projected pool subsidy for retirees enrolled in Medicare plans, under guidance provided by a new actuarial practice note.

The actuarial assumptions above were taken directly from the Authority's June 30, 2022 actuarial valuation report.

(Continued)

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate: Given the YCPARMIA's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 2.18% and 2.66% at June 30, 2022 and 2021 measurement date, respectively. The discount rate used in the actuarial valuation is based on the S&P Municipal Bond 20 Year High Grade Index.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	$ 583,850
Changes for the year:	
Service cost	24,730
Interest	16,405
Changes in assumptions	8,047
Benefit payments	(41,201)
Net change	7,981
Balance June 30, 2021	591,831
Changes for the year:	
Service cost	26,137
Interest	16,010
Differences between expected and actual experience	(91,519)
Changes in assumptions	12,004
Benefit payments	(32,191)
Net change	(69,559)
Balance June 30, 2022	$ 522,272

There were no changes in benefits since the prior measurement date or between the current measurement date and the year ended June 30, 2021, that had a significant effect on the Authority's total OPEB liability.

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

	2022		
	Discount Rate 1% Lower (1.18%)	Valuation Discount Rate (2.18%)	Discount Rate 1% Higher (3.18%)
Total OPEB Liability	$ 585,942	$ 522,272	$ 469,507

	2021		
	Discount Rate 1% Lower (1.66%)	Valuation Discount Rate (2.66%)	Discount Rate 1% Higher (3.66%)
Total OPEB Liability	$ 660,580	$ 591,831	$ 534,548

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

Healthcare Cost Trend Rate was assumed to start at 5.7% and then fluctuate to an ultimate increase rate of 4.0% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

	2022		
	Current Trend -1%	Current Trend	Current Trend +1%
Total OPEB Liability	$ 501,876	$ 522,272	$ 555,889

	2021		
	Current Trend -1%	Current Trend	Current Trend +1%
Total OPEB Liability	$ 571,918	$ 591,831	$ 623,222

(Continued)

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

For the years ended June 30, 2022 and 2021, the Authority recognized OPEB expense of $65,071 and $46,377, respectively. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 133,814
Change of assumptions	14,144	124,131
Contributions made subsequent to measurement date	32,191	-
Total	$ 46,335	$ 257,945

$29,179 and $32,191 are reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the years ended June 30, 2022 and 2021, respectively.

(Continued)

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Years Ended June 30,		
2023	$	(71,008)
2024	$	(70,914)
2025	$	(60,394)
2026	$	(44,012)
2027	$	1,051
Thereafter	$	-

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

NOTE 6 - UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

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

Liability and Workers' Compensation Programs

	2022	2021	2020
Unpaid claims and claim adjustment expenses at beginning of fiscal year	$ 19,711,279	$ 18,040,728	$ 14,203,308
Incurred claims and claim adjustment expenses:			
Provision for covered events of current fiscal year	7,283,101	5,904,782	5,645,929
Change in provision for covered events of prior fiscal years	3,768,590	2,958,824	2,626,524
Total incurred claims and claim adjustment expenses	11,051,691	8,863,606	8,272,453
Payments:			
Claims and claim adjustment expenses attributable to covered events of current fiscal year	750,714	817,198	685,981
Claims and claim adjustment expenses attributable to covered events of prior fiscal years	7,110,279	6,375,857	3,749,052
Total payments	7,860,993	7,193,055	4,435,033
Unpaid claims and claim adjustment expenses at end of fiscal year	$ 22,901,977	$ 19,711,279	$ 18,040,728

(Continued)

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

The components of the unpaid claims and claim adjustment expenses for the Liability and Workers' Compensation Programs as of June 30, 2022 and 2021 were as follows:

	2022	2021
Reported claims, incurred but not reported claims and unallocated loss adjustment expenses	$ 24,674,812	$ 21,450,512
Anticipated deductible recoveries	(1,772,835)	(1,739,233)
Net of anticipated deductible recoveries	22,901,977	19,711,279
Current portion	(5,465,096)	(5,100,000)
Non-current portion	$ 17,436,881	$ 14,611,279

These liabilities are reported at their present value using an expected future investment yield assumption of one percent for June 30, 2022 and 2021, respectively. The undiscounted liabilities are $19,894,786 and $19,758,055 at June 30, 2022 and 2021, respectively.

NOTE 7 - NET POSITION

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

Confidence Margin: The confidence margins for the Workers' Compensation and Liability Programs are set at an actuarially determined level in excess of 50% and 80%, respectively, of the ultimate losses. The Fidelity and Property/Boiler and Machinery Programs designated amounts are determined by Board policy.

	June 30, 2022	June 30, 2021	Funding Level
Liability Program	$ 1,717,056	$ 976,622	Fully funded
Workers Compensation Program	$ 2,447,344	$ 1,007,595	Deficit
Fidelity Program	$ 25,000	$ 25,000	Fully funded
Property/Boiler and Machinery Program	$ 115,000	$ 115,000	Deficit

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

	June 30, 2022	June 30, 2021	Funding Level
Liability Program	$ 3,000,000	$ 1,650,000	Deficit
Workers Compensation Program	$ 3,000,000	$ 1,800,000	Deficit
Fidelity Program	$ 25,000	$ 25,000	Fully funded
Property/Boiler and Machinery Program	$ 100,000	$ 100,000	Deficit

(Continued)

NOTE 8 - REINSURANCE PREMIUMS

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

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

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

Reinsurance premiums incurred for the years ended June 30, 2022 and 2021 were as follows:

	2022	2021
Property and other	$ 892,859	$ 594,566
Liability	4,583,192	2,976,709
Workers' compensation	836,878	666,372
	$ 6,312,929	$ 4,237,647

NOTE 9 - DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all Authority employees, permits them to defer a portion of their salaries until future years. Participants can elect to contribute up to 25% of their annual compensation, not to exceed $19,500. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death. The plan assets are held in trust for the exclusive benefit of plan participants and their beneficiaries and, therefore, are excluded from the accompanying financial statements. There were no contributions made by the Authority for the years ended June 30, 2022 and 2021.

(Continued)

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

General Information about the Public Employer's Retirement Fund

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

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

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

Required contribution rates for active plan members and employers as a percentage of payroll for the years ended June 30, 2022 and 2021 were as follows:

Members – Under Miscellaneous 2.5% at 55, the member contribution rate was 8.00 percent of applicable member earnings for fiscal year 2020-21 and 2019-20. Under Miscellaneous 2% at 62, the member contribution rate was 6.75 percent of applicable member earnings for fiscal year 2021-22 and 2020-21, respectively.

Employers – At June 30, 2022 and 2021, the effective employer contribution rate was 12.200 percent, of applicable member earnings.

For the years ended June 30, 2022 and 2021 and 2020, the Authority's annual pension cost of $149,102, $31,963 and $40,893, respectively and the Authority contributed to CalPERS for the fiscal years ending June 30, 2022 and 2021 and 2020 were $149,102, $31,963, and $40,893, respectively.

(Continued)

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

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

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

At June 30, 2021, the JPA reported a liability of $1,264,911 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The JPA's proportion of the net pension liability was based on a projection of the JPA's long-term share of contributions to the pension plan relative to the projected contributions of all participating school JPAs, actuarially determined.

At June 30, 2022, the JPA's proportion was .015 percent, which was a .01 increase from its proportion measured as of June 30, 2021. At June 30, 2021, the JPA's proportion was 0.030 percent, which was a 0.01 increase from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022 and 2021, the JPA recognized pension expense of $312,681 and $129,835, respectively. At June 30, 2022, the JPA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

(Continued)

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

At June 30, 2021, the JPA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resouces	Deferred Inflows of Resouces
Difference between expected and actual experience	$ 65,185	$ -
Changes of assumptions	-	9,022
Net differences between projected and actual earnings on investments	37,576	-
Changes in proportion and differences between JPA contributions and proportionate share of contributions	17,603	163,962
Contributions made subsequent to measurement date	31,963	-
Total	$ 152,327	$ 172,984

$149,102 and $31,963, respectively, are reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the years ended June 30, 2022 and 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended June 30,	
2023	$ (88,917)
2024	$ (53,603)
2025	$ -
2026	$ -
2027	$ -

There were no changes between the measurement date and the year ended June 30, 2021 which had a significant effect on the Authority's total net pension liability.

(Continued)

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

Actuarial methods and assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	1997 to 2015
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Post-retirement Benefit Increases	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power

The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement mortality rates include 15 years of projected mortality improvement using Scale AA published by the Society of Actuaries. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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

Asset Class	Long-Term % Assumed Asset Allocation	Expected Real Rate of Return Years 1-10**	Expected Real Rate of Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate	13	3.75	4.93
Liquidity	1	-	(0.92)

** An expected inflation of 2.00% used for this period.
*** An expected inflation of 2.92% used for this period.

(Continued)

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

Discount rate: At June 30, 2022 and 2021, the discount rate used to measure the total pension liability was 7.15%. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Sensitivity of the JPA's proportionate share of the net pension liability to changes in the discount rate. For the year ended June 30, 2022 and 2021, the following presents the JPA's proportionate share of the net pension liability calculated using the discount rate of 7.15, as well as what the JPA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	For the year ended June 30, 2022		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increasae (8.15%)
JPA's proportionate share of the net pension liability	$ 1,416,537	$ 805,261	$ 299,929

	For the year ended June 30, 2021		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increasae (8.15%)
JPA's proportionate share of the net pension liability	$ 1,946,241	$ 1,264,911	$ 701,950

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

(Continued)

NOTE 11 - JOINT POWERS AGREEMENT

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

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

Condensed financial information for the fiscal year ended June 30, 2022 (the most current information available) is as follows:

	CJPRMA	PRISM
Total assets	$ 56,652,147	$ 1,053,760,735
Deferred outflows of resources	511,885	2,000,236
Total liabilities	89,854,717	908,008,660
Deferred inflows of resources	660,795	3,713,839
Net position	$ (33,351,480)	$ 144,038,472
Revenues	$ 43,069,763	$ 1,438,389,862
Expenses	53,106,148	1,480,706,024
Change in net position	$ (10,036,385)	$ (42,316,162)

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

REQUIRED SUPPLEMENTARY INFORMATION

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
June 30, 2022

Last 10 Fiscal Years

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

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

See accompanying notes to required supplementary information.

Public Employer's Retirement Fund C
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Authority's proportion of the net pension liability	0.010%	0.029%	0.030%	0.029%	0.029%	0.029%	0.030%	0.4%
Authority's proporionate share of the net pension liability	$ 631,635	$ 858,293	$ 1,028,615	$ 1,129,568	$ 1,101,214	$ 1,181,557	$ 1,264,911	$ 805,261
Authority's covered payroll	$ 584,000	$ 570,000	$ 574,000	$ 583,000	$ 611,000	$ 542,000	$ 568,000	$ 354,000
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	115.00%	150.58%	179.20%	193.75%	180.23%	217.99%	222.70%	227.47%
Plan fiduciary net postion as a percentage of the total pension liability	81.2%	79.9%	75.9%	75.4%	77.7%	75.3%	76.0%	76.0%

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

All years prior to 2015 are not available.

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
June 30, 2022

Public Employer's Retirement Fund C
Last 10 Fiscal Years

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

All years prior to 2015 are not available.

See accompanying notes to required supplementary information

NOTE 1 - PURPOSE OF SCHEDULES

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

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

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

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

C - Schedule of the Authority's Contributions

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

NOTE 2 - CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

A - Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

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

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

	2022	2021
Unpaid claims and claim adjustment expenses at beginning of fiscal year	$ 6,570,560	$ 6,732,317
Incurred claims and claim adjustment expenses:		
Provision for covered events of current fiscal year	2,197,896	1,986,492
Change in provision for covered events of prior fiscal years	254,556	(332,614)
Total incurred claims and claim adjustment expenses	2,452,452	1,653,878
Payments:		
Claims and claim adjustment expenses attributable to covered events of current fiscal year	31,189	91,543
Claims and claim adjustment expenses attributable to covered events of prior fiscal years	1,520,846	1,724,092
Total payments	1,552,035	1,815,635
Unpaid claims and claim adjustment expenses at end of fiscal year	$ 7,470,977	$ 6,570,560

The components of the unpaid claims and claim adjustment expenses for the Liability Program as of June 30, 2022 and 2021 were as follows:

	2022	2021
Reported claims, incurred but not reported claims and unallocated loss adjustment expenses	$ 8,222,469	$ 7,222,175
Anticipated deductible recoveries	(751,492)	(651,615)
Net of anticipated deductible recoveries	$ 7,470,977	$ 6,570,560

(Continued)

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

	2022	2021
Unpaid claims and claim adjustment expenses at beginning of fiscal year	$ 13,140,719	$ 11,308,411
Incurred claims and claim adjustment expenses:		
Provision for covered events of current fiscal year	5,085,205	3,918,290
Change in provision for covered events of prior fiscal years	3,514,034	3,291,438
Total incurred claims and claim adjustment expenses	8,599,239	7,209,728
Payments:		
Claims and claim adjustment expenses attributable to covered events of current fiscal year	719,525	725,655
Claims and claim adjustment expenses attributable to covered events of prior fiscal years	5,589,433	4,651,765
Total payments	6,308,958	5,377,420
Unpaid claims and claim adjustment expenses at end of fiscal year	$ 15,431,000	$ 13,140,719

The components of the unpaid claims and claim adjustment expenses for the Workers' Compensation Program as of June 30, 2022 and 2021 were as follows:

	2022	2021
Reported claims, incurred but not reported claims and unallocated loss adjustment expenses	$ 16,452,343	$ 14,228,337
Anticipated deductible recoveries	(1,021,343)	(1,087,618)
Net of anticipated deductible recoveries	$ 15,431,000	$ 13,140,719

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

1. Total of each fiscal year's gross earned premiums and reported investment revenue, amounts of premiums ceded, reported premiums (net of reinsurance) and reported investment revenue.

2. Total dividends/rebate credited, reported in year declared.

3. Total of each fiscal year's premium rebate received from reinsurance carriers (Liability Program only).

4. Each fiscal year's other operating costs of the Program including overhead and loss adjustment expenses not allocable to individual claims.

5. Program's gross incurred losses and allocated loss adjustment expense, losses assumed by reinsurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called policy year).

6. The cumulative net amounts paid as of the end of successive years for each policy year.

7. The latest reestimated amount of losses assumed by reinsurers for each policy year.

8. Policy year's incurred net claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

9. Compares the latest reestimated net incurred claims amount to the amount originally established (line 5) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

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

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
CLAIMS DEVELOPMENT INFORMATION – LIABILITY PROGRAM
June 30, 2022

	Fiscal and Policy Years Ended June 30,									
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
1. Premiums and investment revenue										
Earned	$ 2,630,164	$ 2,679,266	$ 2,747,237	$ 2,732,636	$ 3,271,336	$ 3,521,624	$ 4,022,142	$ 4,688,196	$ 6,419,741	$ 8,144,612
Ceded	(953,186)	(1,111,821)	(1,118,678)	(1,209,678)	(1,444,881)	(1,662,543)	(1,633,495)	(2,150,213)	(2,976,709)	(4,583,192)
Net earned	$ 1,676,978	$ 1,567,445	$ 1,628,559	$ 1,522,958	$ 1,826,455	$ 1,859,081	$ 2,388,647	$ 2,537,983	$ 3,443,032	$ 3,561,420
2. Members dividends/rebates - fiscal year credited	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 502,000	$ -
3. Reinsurance premium rebate - fiscal year paid	$ 456,770	$ 325,557	$ 138,821	$ 196,382	$ 182,683	$ 7,937	$ -	$ -	$ -	$ -
4. Unallocated Expenses	$ 369,612	$ 395,640	$ 450,040	$ 434,299	$ 446,681	$ 503,682	$ 374,146	$ 422,275	$ 399,991	$ 385,100
5. Estimated losses and expenses, end of policy year										
Incurred	$ 1,287,409	$ 1,319,036	$ 1,400,620	$ 1,363,399	$ 1,605,217	$ 1,747,696	$ 1,697,857	$ 2,237,074	$ 1,986,492	$ 2,197,896
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	$ 1,287,409	$ 1,319,036	$ 1,400,620	$ 1,363,399	$ 1,605,217	$ 1,747,696	$ 1,697,857	$ 2,237,074	$ 1,986,492	$ 2,197,896
6. Net paid (cumulative) as of:										
End of policy year	$ 127,708	$ 9,168	$ 57,702	$ 172,801	$ 81,124	$ 149,492	$ 69,632	$ 131,519	$ 91,543	$ 31,189
One year later	$ 258,358	$ 542,900	$ 518,545	$ 352,825	$ 484,545	$ 751,046	$ 167,712	$ 591,953	$ 880,381	
Two years later	$ 1,008,183	$ 910,313	$ 979,174	$ 773,910	$ 757,244	$ 990,257	$ 394,500	$ 1,028,109		
Three years later	$ 1,644,667	$ 1,283,884	$ 1,702,980	$ 853,517	$ 993,243	$ 1,577,133	$ 637,599			
Four years later	$ 1,687,249	$ 1,394,715	$ 1,737,501	$ 1,040,454	$ 1,158,260	$ 1,638,634				
Five years later	$ 1,780,762	$ 1,296,502	$ 1,950,690	$ 1,073,148	$ 1,405,500					
Six years later	$ 1,864,621	$ 1,390,204	$ 1,952,814	$ 1,088,263						
Seven years later	$ 1,796,050	$ 1,393,199	$ 1,962,207							
Eight years later	$ 2,029,116	$ 1,393,199								
Nine years later	$ 2,028,968									
7. Re-estimated ceded losses and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8. Re-estimated Net Incurred Losses and Expenses										
End of policy year	$ 1,287,409	$ 1,319,036	$ 1,400,620	$ 1,363,399	$ 1,605,217	$ 1,747,696	$ 1,697,857	$ 2,237,074	$ 1,986,492	$ 2,197,896
One year later	$ 1,671,553	$ 1,286,026	$ 1,397,626	$ 1,089,104	$ 1,489,396	$ 1,938,142	$ 1,408,546	$ 2,240,178	$ 1,946,959	
Two years later	$ 2,197,049	$ 1,250,510	$ 1,584,011	$ 1,124,165	$ 1,087,025	$ 2,280,911	$ 850,378	$ 2,356,154		
Three years later	$ 2,031,697	$ 1,191,216	$ 2,044,264	$ 1,129,807	$ 1,630,340	$ 2,030,283	$ 906,421			
Four years later	$ 2,012,661	$ 1,320,327	$ 1,911,664	$ 1,262,013	$ 1,542,547	$ 2,050,647				
Five years later	$ 1,962,793	$ 1,388,602	$ 1,971,475	$ 1,159,095	$ 1,598,059					
Six years later	$ 2,025,674	$ 1,623,630	$ 1,979,815	$ 1,163,634						
Seven years later	$ 2,047,579	$ 1,539,149	$ 1,982,148							
Eight years later	$ 2,049,357	$ 1,541,828								
Nine years later	$ 2,049,700									
9. Increase (decrease) in estimated net incurred losses and expenses from end of policy year	$ 762,291	$ 222,792	$ 581,528	$ (199,765)	$ (7,158)	$ 302,951	$ (791,436)	$ 119,080	$ (39,533)	$ -

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

(Continued)

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY
CLAIMS DEVELOPMENT INFORMATION – WORKERS' COMPENSATION PROGRAM
June 30, 2022

	Fiscal and Policy Years Ended June 30,									
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
1. Premiums and investment revenue										
Earned	$ 4,252,078	$ 4,343,203	$ 5,027,054	$ 5,251,017	$ 5,767,568	$ 5,806,268	$ 6,103,926	$ 6,114,597	$ 7,132,242	$ 7,762,719
Ceded	(573,762)	(715,074)	(866,862)	(954,814)	(1,172,652)	(1,117,249)	(1,128,962)	(1,144,621)	(663,472)	(697,398)
Net earned	$ 3,678,316	$ 3,628,129	$ 4,160,192	$ 4,296,203	$ 4,594,916	$ 4,689,019	$ 4,974,964	$ 4,969,976	$ 6,468,770	$ 7,065,321
2. Members dividends/rebates - fiscal year credited	$ -	$ -	$ -	$ 300,000	$ 618,500	$ 650,000	$ -	$ -	$ -	$ -
3. Reinsurance premium rebate - fiscal year paid	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4. Unallocated expenses	$ 1,220,085	$ 1,317,284	$ 1,234,927	$ 1,240,113	$ 1,330,537	$ 1,282,613	$ 682,266	$ 770,031	$ 729,395	$ 702,300
5. Estimated Losses and Expenses, end of policy year										
Incurred	$ 2,263,824	$ 2,509,375	$ 2,627,009	$ 2,712,888	$ 2,992,620	$ 2,995,809	$ 3,037,791	$ 3,408,855	$ 3,918,290	$ 5,085,205
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	$ 2,263,824	$ 2,509,375	$ 2,627,009	$ 2,712,888	$ 2,992,620	$ 2,995,809	$ 3,037,791	$ 3,408,855	$ 3,918,290	$ 5,085,205
6. Net paid (cumulative) as of:										
End of policy year	$ 475,789	$ 456,288	$ 241,641	$ 405,147	$ 409,129	$ 318,651	$ 507,025	$ 554,324	$ 725,655	$ 719,525
One year later	$ 996,663	$ 1,073,517	$ 813,210	$ 1,308,258	$ 1,001,098	$ 767,427	$ 1,449,417	$ 1,907,358	$ 2,480,544	
Two years later	$ 1,467,633	$ 1,476,398	$ 1,053,256	$ 2,148,510	$ 1,516,176	$ 1,075,210	$ 2,226,365	$ 2,930,266		
Three years later	$ 1,615,906	$ 1,738,878	$ 1,284,359	$ 2,576,315	$ 1,796,116	$ 1,102,498	$ 3,367,136			
Four years later	$ 1,791,130	$ 1,901,019	$ 1,496,093	$ 2,749,662	$ 2,047,458	$ 1,156,290				
Five years later	$ 2,002,867	$ 2,195,113	$ 1,723,831	$ 3,436,753	$ 2,490,053					
Six years later	$ 2,032,790	$ 2,305,038	$ 1,772,032	$ 3,704,245						
Seven years later	$ 2,037,815	$ 2,342,664	$ 1,807,191							
Eight years later	$ 2,049,798	$ 2,369,992								
Nine years later	$ 2,065,390									
7. Re-estimated ceded losses and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8. Re-estimated net incurred losses and expenses										
End of policy year	$ 2,263,824	$ 2,509,375	$ 2,627,009	$ 2,712,888	$ 2,992,620	$ 2,995,809	$ 3,037,791	$ 3,408,855	$ 3,918,290	$ 5,085,205
One year later	$ 2,620,184	$ 2,471,332	$ 2,251,344	$ 2,627,469	$ 2,369,519	$ 2,073,102	$ 3,494,290	$ 3,693,200	$ 4,703,730	
Two years later	$ 2,245,699	$ 2,547,681	$ 2,050,784	$ 3,297,571	$ 2,374,666	$ 1,834,438	$ 4,010,078	$ 4,460,663		
Three years later	$ 2,160,808	$ 2,680,598	$ 1,797,784	$ 3,482,469	$ 2,470,624	$ 1,490,206	$ 4,527,093			
Four years later	$ 2,113,631	$ 2,717,503	$ 1,908,692	$ 3,364,038	$ 3,057,784	$ 1,551,826				
Five years later	$ 2,312,342	$ 2,775,550	$ 2,065,427	$ 3,852,345	$ 2,971,303					
Six years later	$ 2,241,756	$ 2,704,233	$ 2,069,793	$ 3,926,334						
Seven years later	$ 2,177,648	$ 2,617,375	$ 1,960,298							
Eight years later	$ 2,202,318	$ 2,618,794								
Nine years later	$ 2,218,115									
9. Increase (decrease) in estimated net incurred losses and expenses from end of policy year	$ (45,709)	$ 109,419	$ (666,711)	$ 1,213,446	$ (21,317)	$(1,443,983)	$ 1,489,302	$ 1,051,808	$ 785,440	$ -

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Yolo County Public Agency Risk Management Insurance Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Yolo County Public Agency Risk Management Insurance Authority's basic financial statements, and have issued our report thereon dated June 30, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described below that we consider to be material weaknesses.

- The review controls around unpaid claims, claims adjustment expenses, and unallocated loss adjustment expenses relating to the worker's compensation line of business did not identify that the amounts recorded in the general ledger did not tie to the actuarial provided amounts.

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe LLP

Crowe LLP

Fort Lauderdale, Florida
June 30, 2023