SDRMA

Special District Risk Management Authority

2020-21 Annual Financial Audit

Financial Statements with Independent Auditor's Report

800.537.7790
www.sdrma.org

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2021 AND 2020

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

BOARD OF DIRECTORS

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Mike Scheafer
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Timothy Unruh, SDA
Kern County Cemetery District #1

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Laura S. Gill, ICMA-CM, ARM, ARM-P, CSDM
Chief Executive Officer

C. Paul Frydendal, CPA
Chief Operating Officer

Jennifer Chilton, CPA, ARM
Finance Manager

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

TABLE OF CONTENTS

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Special District Risk Management Authority
Sacramento, California

Report on the Financial Statements

We have audited the accompanying Statements of Net Position of Special District Risk Management Authority (Authority) as of June 30, 2021 and 2020, and the related Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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e-mail: jmarta@jpmcpa.com www.jpmcpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Special District Risk Management Authority as of June 30, 2021 and 2020 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021, on our consideration of Special District Risk Management Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entities internal control over financial reporting and compliance.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Background

As management of Special District Risk Management Authority (SDRMA), we offer readers of SDRMA's financial statements this narrative overview and analysis of the financial activities of SDRMA for the fiscal years ended June 30, 2021 and 2020.

Overview of the Financial Statements

SDRMA operates as a government enterprise fund and utilizes an accrual basis of accounting. SDRMA management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

The *Statement of Net Position* provides information on SDRMA's assets, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference reported as net position.

The *Statement of Revenues, Expenses and Changes in Net Position* provides information showing total revenue and expense and how SDRMA's net position changed during the year.

The *Statement of Cash Flows* presents information about the cash receipts and cash payments during the year.

The *Notes to the Financial Statements* provide additional information that are essential to a full understanding of the financial statements.

Fund Financial Statements

SDRMA operates one enterprise fund to account for its three risk management programs and general administration and operation of SDRMA's building. Each program has its own set of accounts so that each program is kept independent from one another.

The following table shows the net position in each fund:

	2021	2020
Property/Liability	$ 5,580,004	$ 3,862,780
Workers' Compensation	59,161,760	55,721,834
Health Benefits	1,601,523	1,358,020
Total Net Position	$ 66,343,287	$ 60,942,634

Financial Highlights

SDRMA's assets and deferred outflows exceeded liabilities and deferred inflows at the end of fiscal year 2020-21 by $66,343,287. The following page shows SDRMA's Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2021, 2020 and 2019.

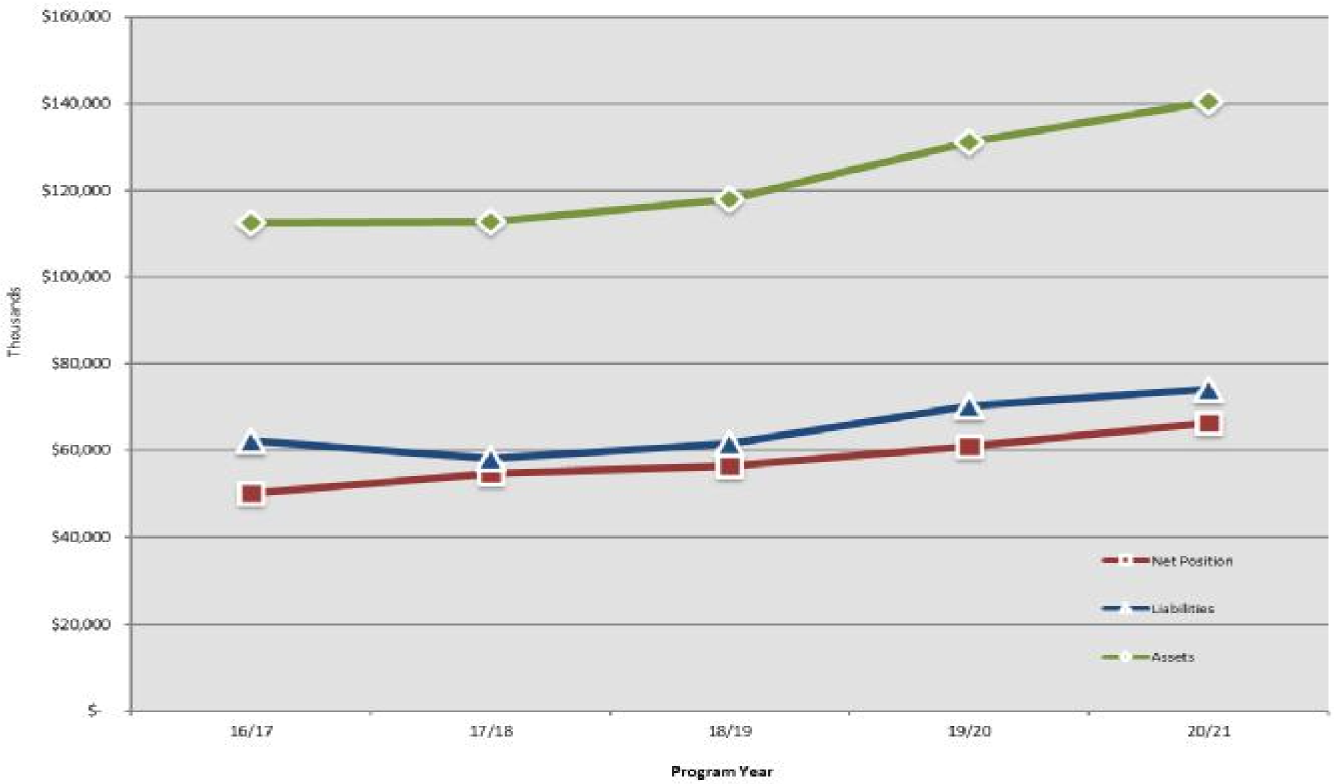
STATEMENT OF NET POSITION	June 30, 2021	June 30, 2020	Increase/ Decrease 2021 to 2020	June 30, 2019	Increase/ Decrease 2020 to 2019
Assets					
Current and Other Assets	$ 135,016,400	$ 125,214,568	7.8%	$ 111,418,451	12.4%
Capital Assets	4,844,514	5,462,303	-11.3%	5,939,213	-8.0%
Total Assets	139,860,914	130,676,871	7.0%	117,357,664	11.3%
Deferred Outflows of Resources					
Deferred outflows	606,052	595,599	1.8%	590,733	0.8%
Liabilities					
Accounts Payable & Other Liabilities	73,886,665	70,083,643	5.4%	61,466,303	14.0%
Total Liabilities	73,886,665	70,083,643	5.4%	61,466,303	14.0%
Deferred Inflows of Resources					
Deferred inflow	237,014	246,193	-3.7%	117,531	109.5%
Net Position					
Net Investment in Capital Assets	4,844,514	5,462,303	-11.3%	5,939,213	-8.0%
Unrestricted	61,498,773	55,480,331	10.8%	50,425,350	10.0%
Total Net Position	$ 66,343,287	$ 60,942,634	8.9%	$ 56,364,563	8.1%

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	June 30, 2021	June 30, 2020	Increase/ Decrease 2021 to 2020	June 30, 2019	Increase/ Decrease 2020 to 2019
Operating Revenues					
Member Contributions & Other Income	$ 45,575,916	$ 41,046,120	11.0%	$ 37,329,431	10.0%
Health Benefits Premiums & Refunds	37,509,933	35,144,043	6.7%	33,418,985	5.2%
Dividend Income	142,260	94,766	100.0%	-	
Total Operating Revenues	83,228,109	76,284,929	9.1%	70,748,416	7.8%
Operating Expenses					
Claims, Insurance, Admin Expense	41,716,570	43,147,516	-3.3%	41,318,680	4.4%
Health Insurance Expenses	36,589,764	34,452,195	6.2%	32,760,326	5.2%
Total Operating Expenses	78,306,334	77,599,711	0.9%	74,079,006	4.8%
Operating Income (Loss)	4,921,775	(1,314,782)	474.3%	(3,330,590)	60.5%
Other Nonoperating Income and Expenses					
Net Rental Income (Loss)	99,390	148,390	-33.0%	163,290	-9.1%
Investment Income & Capital Assets - Gain/(Loss)	379,488	5,744,463	-93.4%	4,947,130	16.1%
Total Nonoperating Income (Expense)	478,878	5,892,853	-91.9%	5,110,420	15.3%
Change in Net Position	5,400,653	4,578,071	18.0%	1,779,830	-157.2%
Beginning Net Position - As Originally Reported	60,942,634	56,364,563	8.1%	54,584,733	3.3%
Ending Net Position	$ 66,343,287	$ 60,942,634	8.9%	$ 56,364,563	8.1%

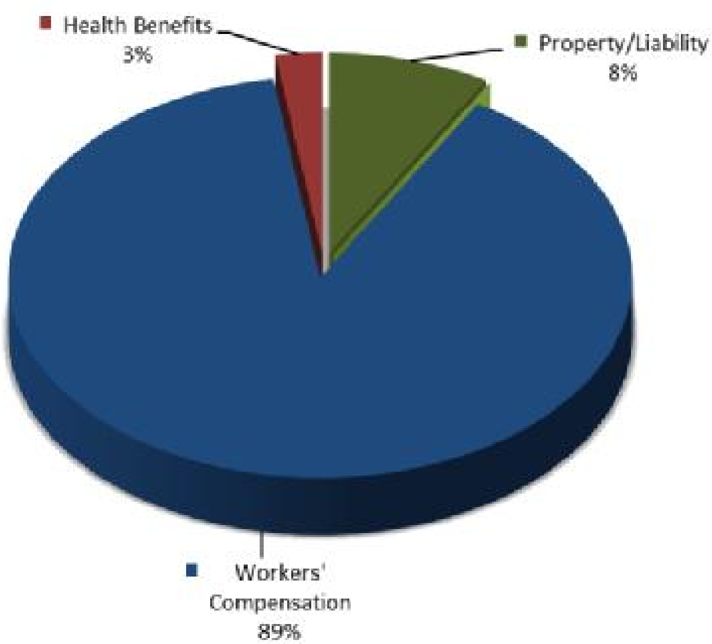
Net Position

Net position is the difference between Assets plus deferred outflows and liabilities plus deferred inflows. SDRMA started the fiscal year with a net position of $60.9 million and ended with a net position of $66.3 million. SDRMA's financial position over the last ten years is illustrated in the graph below:

Financial Growth Over Past Five Years



2020-21 NET POSITION BY PROGRAM



Each program's Net Position is allocated between various funds necessary to ensure confidence in our ability to meet financial obligations, funding for catastrophic losses, rate stabilization and other programs and commitments.

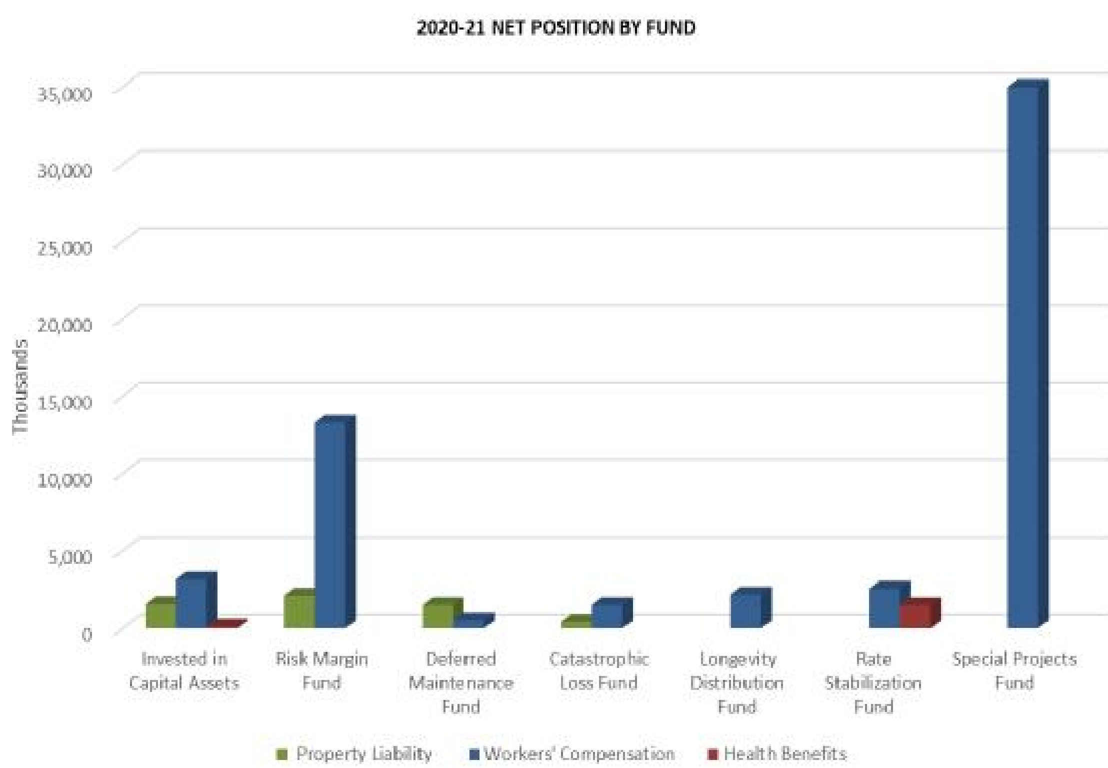
The Risk Margin Fund is used to reserve funds to maintain a 90% confidence level (undiscounted) in both the Property/Liability and Workers' Compensation programs, based on the most recent actuarial report dated September 10, 2021. SDRMA requires that both programs have at least annual reviews by an independent actuary to confirm the confidence levels of these programs.

The Deferred Maintenance Fund reserves funds necessary to replace capital assets. This fund was reduced in 2020-21 by $1.1M based on the needs of the programs.

The Catastrophic Loss Fund was reduced in 2020-21 by $1M in the Property/Liability program due to the requirements needed in the Risk Margin Fund.

The Rate Stabilization Fund is used during volatile market conditions to help ensure stable rates for members and to moderate the effects market trends and fluctuations have on program members. The fund allows for 15% of the programs net annual revenue, which can be used if approved by the Board of Directors. Currently, the Workers' Compensation Rate Stabilization Fund is fully funded while Property/Liability's fund has been fully depleted.

The Special Projects Fund are funds in excess of allocations in the other funds that may be used for specific identified projects or programs based on recommendations of the CEO and approved by the Board of Directors.



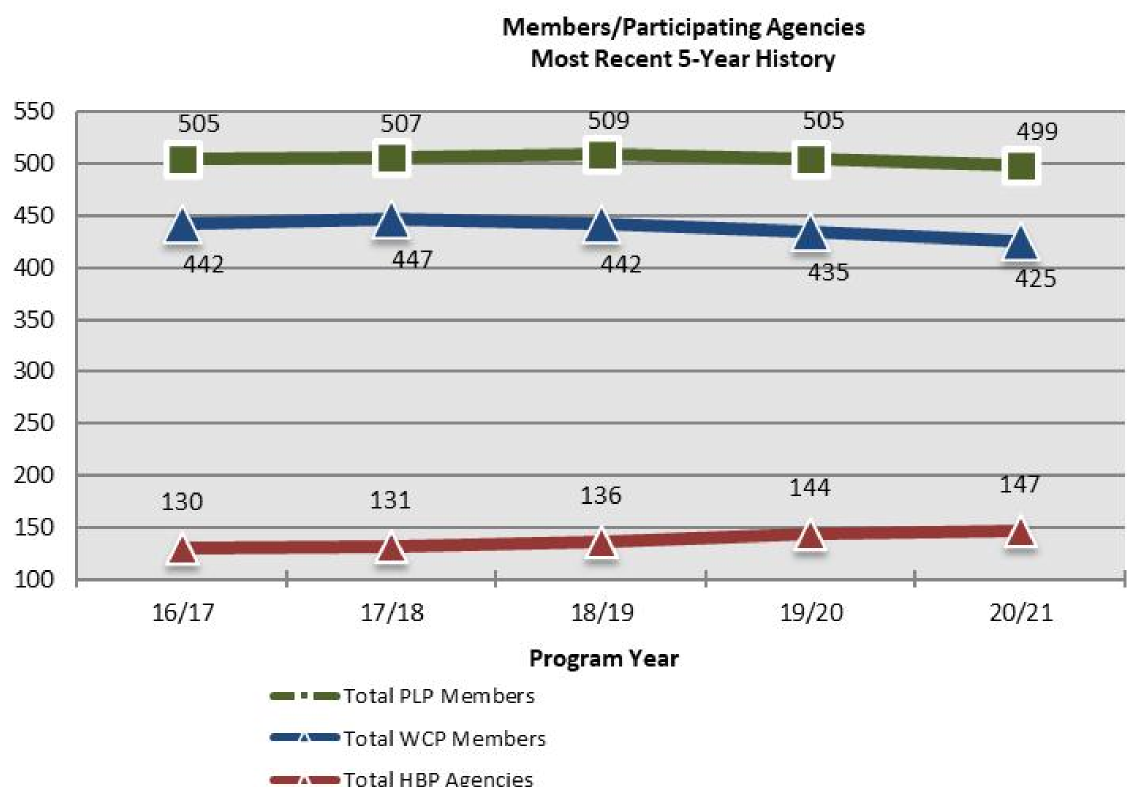
SDRMA has adopted a conservative investment policy according to state guidelines designed to ensure the safety of the funds, optimize the rate of return on available assets not required for current operations and make these assets readily available to pay claims or meet other needs. At June 30, 2021, approximately 1.5% of these funds were invested in the Local Agency Investment Fund (LAIF) in Sacramento, administered by the State Treasurer's Office, and California Asset Management Program (CAMP), administered by Public Financial Management, LLC (PFM). SDRMA has contracted with PFM as the investment advisor for both the Property/Liability Program and the Workers' Compensation Program.

Revenues, Expenses, and Changes in Net Position

In 2020-21, SDRMA welcomed seven new members to the Property/Liability Program, bringing nearly $1.3 million in contributions and five new members to the Workers' Compensation Program, bringing $25,000 in contributions. The Health Benefits Program welcomed five new participating agencies to the Medical Benefits program and six to the Ancillary Benefits program, bringing in $275,000 in contributions.

Membership

SDRMA has 609 members comprised of public agencies throughout California. As of June 30, 2021, there were 499 members in the Property/Liability program, 425 members in the Workers' Compensation program and 147 agencies participating in the Health Benefits program.



Revenues

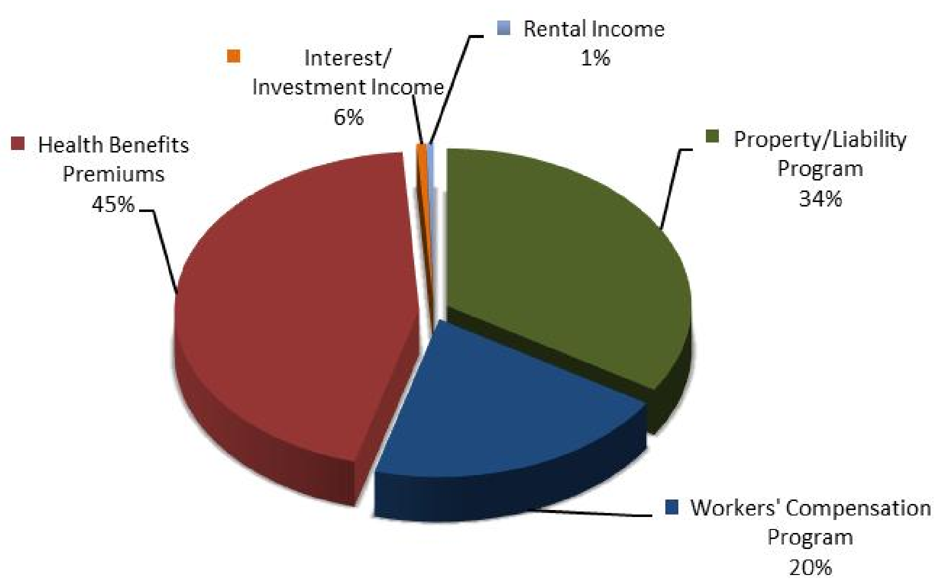
Total revenues were $83 million, an increase of 9%, in 2020-21. This is made up primarily of higher contributions in the Property/Liability program due to the rising cost of excess insurance.

The Property/Liability program member contributions increased $6.5 million, or 29%, as compared to 2019-20. The 2020-21 renewal was one of the toughest in the history of the pool, primarily due to the hard market, which has continued to harden. SDRMA works with several reinsurance brokers who negotiate with excess carriers on our behalf. Our brokers relayed the volatility of the reinsurance market early in the 2020-21 renewal cycle, which led to the board approving a 21% rate increase for General Liability and a 20% increase for Property. In addition to these significant increases, the board eliminated the use of a Volume Discount, which gave members additional discounts of between 10% - 50% based on the combined total of their Property, Mobile/Contractors Equipment and Auto Liability contribution. The rate increases and the elimination of the volume discount was necessary to build equity in the much-depleted net position for the Property/Liability program.

For 2020-21, the Workers' Compensation program saw a 10%, or $1.9 million, reduction in member contributions, which was primarily due to the impacts of COVID-19 and the "shelter-in-place" order issued by California Governor Gavin Newsom. Members reported their estimated payroll to SDRMA in February 2020, one month before the shelter-in-place order, with renewal invoices being sent in May 2020. Due to the timing of these events, staff expected significant refunds of contribution to be sent during the annual payroll reconciliation. In August 2021, SDRMA issued a total of $1.2 million in refunds and $900,000 in invoices, for a net of $(300,000). While staff expected to issue a significantly higher number of refunds, it showed that many of our members were able to successfully transition to working at home or providing a socially distanced work environment.

The Health Benefits program saw a 7% increase in premiums. Since premiums are based on a calendar year, this was made up of a 9.5% increase to medical participant rates, a 4.8% increase to dental participant rates and a 1% increase in SDRMA's administrative fee that all were effective January 1, 2021.

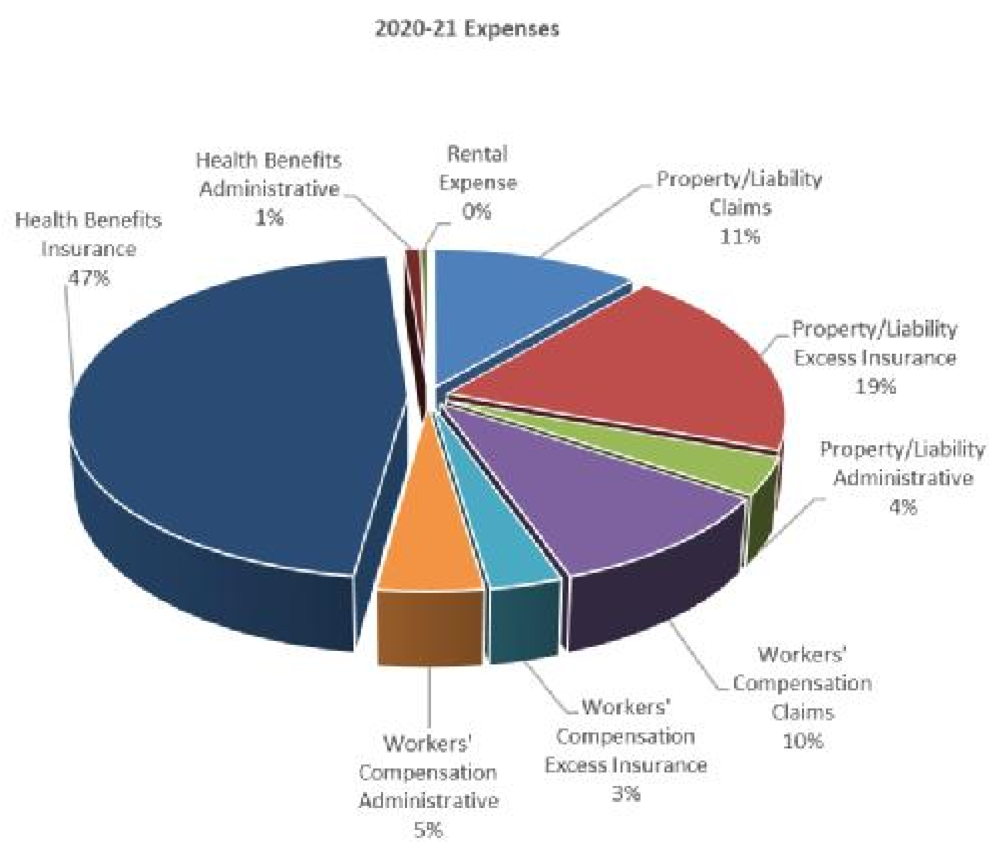
2020-21 REVENUE BY SOURCE



Expenses
Total operating expenses were $78 million for 2020-21.

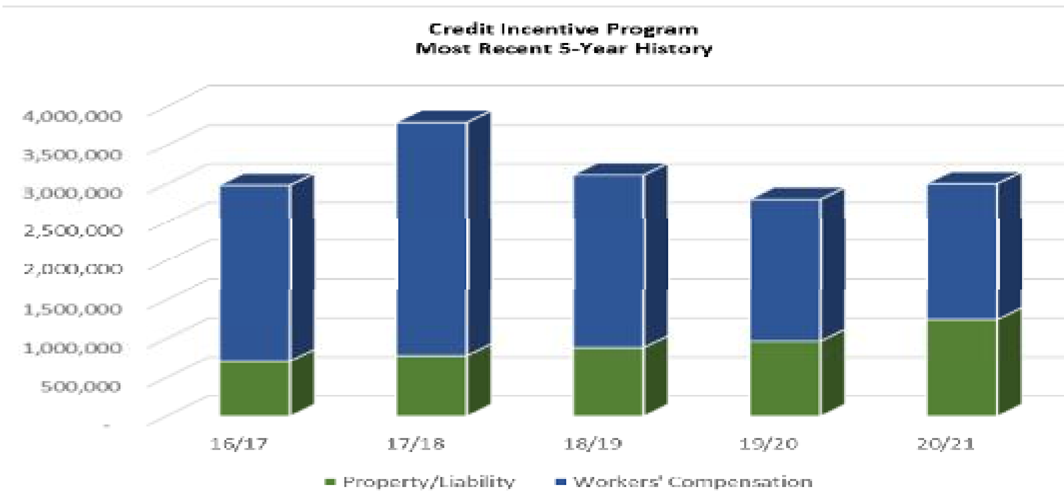
Significant expense items for 2020-21 include:

- Health Benefits Insurance is based on the rates set by PRISM for the Health Benefits Program. Rates are based on the charges by the various carriers, a review of SDRMA participant's medical and pharmacy claims experience, the program's overall experience and projected increases in medical and pharmacy costs. SDRMA adds a small administrative fee to the rates billed to the various groups. This entire expense is a pass through to the agencies participating in the program.
- Property/Liability Excess Insurance continues to increase as the market continues to harden. In 2020-21, excess property rates increased 25% and excess liability rates increased by 30%. SDRMA had to pass these increases onto the members of the Property/Liability program, explaining the 29% increase in Property/Liability revenues.
- Property/Liability and Workers' Compensation Claims account for a combined 21% of total expenses. Property/Liability claims cost decreased by 26% from 2019-20 primarily due to two large claims that settled at policy limits, well into the excess layer, during 2019-20. In September 2021, SDRMA received actuarial reports for both programs that wrote down the cost of claims for Property/Liability by nearly $1 million and $2 million for Workers' Compensation. At year end, Property/Liability had claim liabilities of $16.6 million and Workers' Compensation had claim liabilities of $41.3 million. Both programs are funded above the 95% confidence level according to the latest actuarial report dated September 10, 2021.

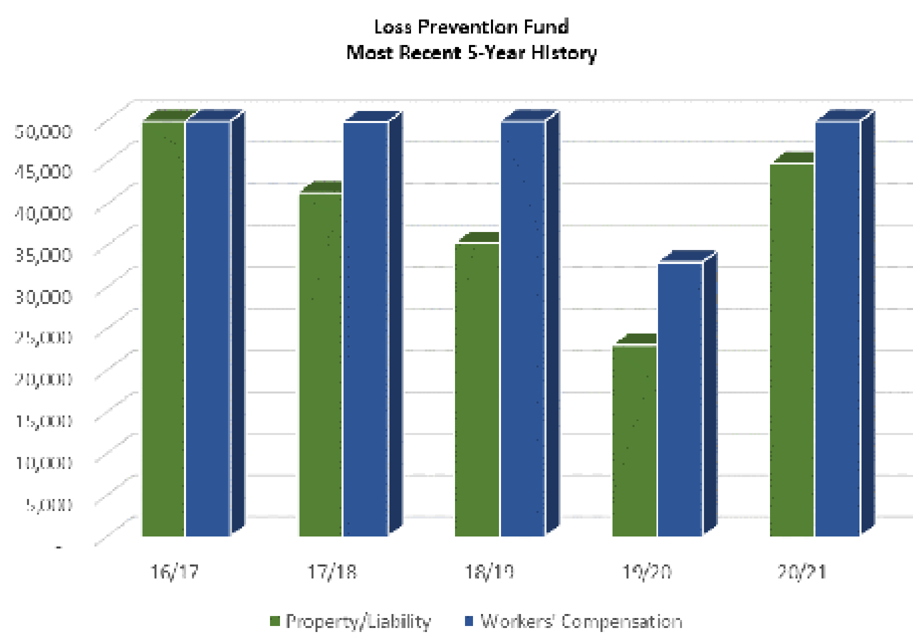


Expanded Services and Programs

Credit Incentive Program - SDRMA created the Credit Incentive Program (CIP) to encourage members to actively participate in safety and loss prevention practices by awarding points to reduce their individual annual contribution amounts. For Property/Liability, one CIP point equates to a 1% discount on the Auto and General Liability contribution amounts. For Workers' Comp, one CIP point equates to a 1% discount on the gross contribution amount. The following chart shows the CIP awarded for the last five years:



Loss Prevention Fund - The Loss Prevention Fund is made available to members in either the Property/Liability or Workers' Compensation Programs to help offset the members' loss prevention costs. Members may submit a request for reimbursement, up to $1,000 per program year, for any costs related to safety or loss prevention. Eligible expenses include safety equipment, safety videos, ergonomic equipment, training courses/material specifically related to loss prevention, and SDRMA or CSDA seminars, conferences, regional trainings. or workshops specifically related to loss prevention. The following chart shows the total dollars reimbursed during the last five years:



Additional Services - SDRMA provides ongoing safety and loss prevention services to its members and continues to explore new areas that might provide benefit from the pooling of resources and/or group purchase arrangements. Such services include property appraisals, claim services, safety services, online safety/risk management training, ergonomic reviews, playground inspections, and ADA compliance services.

Capital Assets

During 2020-21, SDRMA invested $80,000 in building improvements for the office located at 1112 I Street in Sacramento, California. These improvements included much needed upgrades to the HVAC system and the installation of awnings to help reduce the HVAC costs in the building. SDRMA continues to invest in the MemberPlus Portal, which is where members can log in to view coverage documents, policy invoices, make changes to coverage, etc. The Health Benefits Program also rolled out a web portal for the participating agencies to access and submit enrollment forms securely, access administrative guidelines, view contact information, plan offerings, waiting periods, and view account statements.

Description of Facts or Conditions that are Expected to have a Significant Effect on the Financial Position or Results of Operations

California Economic Condition and Outlook

The state's economy during 2021 has continued to be impacted by the COVID-19 pandemic. New infections and hospitalizations have dropped as the worst of the current wave is receding. While the economy is open, it is not back to the pre-crisis status. All sectors of the economy are in recovery and job restoration is continuing. Currently, employers now face more employee turnover and will have to make more concessions to maintain key workers. Unfilled positions are common and will have to be tolerated. As the labor market loosens, this will change as more workers return to the labor force and as generation Z college graduates start looking for work.

During 2022, we should expect remote work and virtual meetings to continue. As workers continue to work at home, longer term, most workers will return to the office. While most hybrid work plans call for employees to be in the office two to three days a week, this is not practical for workers who moved more than 50 miles away. Employers will face difficult decisions regarding permanent relocation or remote work arrangements.

Insurance Market Condition and Outlook

SDRMA's mission is to provide risk financing and risk management services through a financially sound pool to California public agencies, delivered in a timely and responsive cost-efficient manner. The ability to meet that mission is, in part, dependent on conditions in the commercial insurance market. The commercial insurance market has business cycle(s) that result in fluctuating rates, availability of coverage and policy limits. These fluctuations are referred to as "soft" or "hard" markets. In a soft-market cycle, pricing is lower, competition is greater, and generally, the market has excess capacity that increases the availability of coverages and higher policy limits. A soft-market cycle is a favorable condition for pools and insurance consumers. The trend in a hard-market cycle is higher/increasing rates with fewer options in availability of coverages and limits. A hard-market cycle is an unfavorable condition for pools and insurance consumers. Historically, insurance market cycles occur every three to seven years. We are currently in a hard market cycle for liability and property programs and a stable market cycle for workers' compensation coverage.

In 2021, SDRMA experienced their toughest property renewal in the history of the pool. This was primarily due to the global market losses that surpassed $200 Billion from 2017 and 2018 combined, the additional loss development from those two years into 2019 characterized as "creep", and further catastrophic losses in 2020 and the first half of 2021. During the past three years the property market has continued to harden with additional wildfire and hurricane/weather related losses, further capacity restrictions causing pricing increases, deductible/retention increases, and many additional coverage restrictions in certain geographical areas based on specific loss development. Leading into our fall 2021 property renewals we began to see a stabilization of the property market. This is due to robust rates, new capacity entering the market, and the lack of poor loss development. We anticipate the property market to maintain this stabilization into the first half of 2022. It is still very early to predict what next July brings, but the market is looking for double digit inflationary trend factors (10% to 14%) based on escalated construction costs, especially for public entity property risks. In the liability market, same as with property, the past year was the worst rate environment that SDRMA has experienced in the history of the pool. Excess carriers continue to be hit with very large verdicts and settlements. We believe there will be some natural calming but may not be as positive as possible because of the proliferation of large losses. If SDRMA has a low loss to loss free year and our prior year claims do not develop adversely, we should expect rate increases in the 12.5-20 percent range. However, should SDRMA have claims develop dramatically, rates could be increasing above the 25 percent range.

For workers' compensation coverage, this market continues to remain fairly stable, and we anticipate medical inflation to cause minor rate increases for excess placements. As a result, we expect percentage rate increases to be roughly 10% conservatively.

Conclusion

SDRMA continues to explore various options to maintain our goal of rate stability and our mission to provide our members with stable, renewable, and efficiently priced coverages.

This financial report is designed to provide a general overview of SDRMA's financial position. Questions concerning any of the information should be addressed to the Chief Executive Officer, 1112 I Street, Suite 300, Sacramento, California, 95814.

Laura S. Gill

Laura S. Gill, ICMA-CM, ARM, ARM-P, CSDM
Chief Executive Officer

C. Paul Frydendal

C. Paul Frydendal, CPA
Chief Operating Officer

Jennifer Chilton

Jennifer Chilton, CPA, ARM
Finance Manager

BASIC FINANCIAL STATEMENTS

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

STATEMENTS OF NET POSITION

JUNE 30, 2021 AND 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 17,499,585	$ 18,043,460
Current investments	1,909,978	6,397,161
Receivables	13,425,569	2,809,293
Prepaid expenses	3,181,089	3,051,926
Total Current Assets	36,016,221	30,301,840
Noncurrent Assets		
Investments	99,000,179	94,912,728
Note receivables		
Capital assets:		
Land	762,850	762,850
Depreciable capital assets, net	4,081,664	4,699,453
Total Noncurrent Assets	103,844,693	100,375,031
Total Assets	139,860,914	130,676,871
Deferred Outflows of Resources		
Deferred outflow on pension	487,625	489,593
Deferred outflow on OPEB	118,427	106,006
Total Deferred Outflows of Resources	606,052	595,599
Liabilities		
Current Liabilities		
Accounts payable	1,605,588	1,128,960
Accrued payroll	211,883	189,651
Member payable	2,179,568	563,961
Unearned contributions	10,863,207	10,662,657
Current portion of claim-related liabilities	10,000,000	10,000,000
Total Current Liabilities	24,860,246	22,545,229
Noncurrent Liabilities		
Noncurrent portion of claim-related liabilities	47,965,960	46,674,643
Net pension liability	907,379	722,588
Net OPEB liability	153,080	141,183
Total Noncurrent Liabilities	49,026,419	47,538,414
Total Liabilities	73,886,665	70,083,643
Deferred Inflows of Resources		
Deferred inflow on pensions	133,866	129,011
Deferred inflow on OPEB	103,148	117,182
Total Deferred Inflows of Resources	237,014	246,193
Net Position		
Net investment in capital assets	4,844,514	5,462,303
Unrestricted	61,498,773	55,480,331
Total Net Position	$ 66,343,287	$ 60,942,634

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

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Operating Revenues		
Members' contribution	$ 45,575,905	$ 41,045,906
Health benefits premium	37,509,933	35,144,043
Dividends income	142,260	94,766
Other income	11	214
Total Operating Revenues	83,228,109	76,284,929
Operating Expenses		
Claims expense	17,016,698	18,713,401
Insurance expense	17,460,384	16,506,721
Health insurance expense	36,589,764	34,452,195
Contract services and CSDA fees	2,411,481	2,408,186
Salaries and benefits	2,843,327	3,110,965
General and administrative	1,237,786	1,258,166
Depreciation expense	604,634	1,055,311
Dividends expense	142,260	94,766
Total Operating Expenses	78,306,334	77,599,711
Operating Income (Loss)	4,921,775	(1,314,782)
Nonoperating Revenues and Expenses		
Rental revenue	393,908	430,458
Rental expense	(294,518)	(282,068)
Net Rental Income (Loss)	99,390	148,390
Investment income	379,488	5,744,463
Total Nonoperating Revenues and Expenses	478,878	5,892,853
Change in Net Position	5,400,653	4,578,071
Beginning Net Position	60,942,634	56,364,563
Ending Net Position	$ 66,343,287	$ 60,942,634

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

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities		
Member contributions and dues received	$ 84,791,592	$ 80,502,133
Cash paid for claims	(26,219,742)	(12,686,364)
Cash paid for insurance premiums	(54,179,311)	(51,106,741)
Cash paid for employee services	(2,644,039)	(2,917,671)
Cash paid for administrative expenses	(3,283,685)	(4,882,693)
Net Cash Provided (Used) By Operating Activities	(1,535,185)	8,908,664
Cash Flows From Capital and Related Financing Activities		
Cash paid for capital expenditures	(222,936)	(723,551)
Net Cash Provided (Used) By Capital & Related Financing Activities	(222,936)	(723,551)
Cash Flows From Investing Activities		
Investment income received	1,495,415	2,833,957
Cash paid for purchase of investments	(35,339,632)	(29,814,291)
Proceeds from sale of investments	34,722,982	27,083,392
Cash received from leases	393,908	430,458
Cash paid for rent expenses	(58,427)	(136,918)
Net Cash Provided (Used) By Investing Activities	1,214,246	396,598
Net Increase (Decrease) In Cash	(543,875)	8,581,711
Cash, Beginning of year	18,043,460	9,461,749
Cash, End of year	$ 17,499,585	$ 18,043,460
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	$ 4,921,775	$ (1,314,782)
Adjustments to reconcile operating income (loss) to cash		
Depreciation included in operating income (loss)	604,634	1,055,311
Decrease (increase) in:		
Receivables	(10,604,775)	1,020,495
Prepaid expenses	(129,163)	(147,825)
Deferred ouflow on pensions	1,968	(1,342)
Deferred ouflow on OPEB	(12,421)	(3,524)
Increase (decrease) in:		
Accounts payable	365,579	(1,216,341)
Member payable	1,615,607	212,252
Accrued payroll	22,232	(25,820)
Unearned contributions	200,550	3,118,273
Claim related liabilities	1,291,317	5,987,987
Pension liability, net	184,791	156,040
OPEB liability, net	11,897	(60,722)
Deferred inflow on pensions	4,855	22,704
Deferred inflow on OPEB	(14,031)	105,958
Net Cash Provided (Used) By Operating Activities	$ (1,535,185)	$ 8,908,664
Supplemental Disclosures		
Schedule of Noncash Investing and Financing Transactions		
Unrealized gain (loss) on investments	$ (1,115,927)	$ 2,910,506

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

1. GENERAL INFORMATION

A. ORGANIZATION

Pursuant to California Government Code Section 6500 et seq. and 990 et seq. the Special District Risk Management Authority (SDRMA) was formed effective August 1, 1986. SDRMA provides its members with coverage protection related services such as workers' compensation, property and liability, errors and omissions, and auto comprehensive and collision and health benefits. SDRMA was established to provide risk financing coverage as well as to pay the costs of administration, risk management services, and other such costs that are approved by the Board of Directors.

B. MEMBERSHIP

The Authority is comprised of special districts, cities, and joint powers authorities located throughout California.

C. ADMISSION AND WITHDRAWAL OF MEMBERSHIP

Admission

Any public agency organized under the laws of the State of California, which is a member of the California Special Districts Association (CSDA), is eligible for membership in SDRMA upon approval of its membership by the SDRMA Board of Directors. Members shall be required to pay their applicable pro rata contributions and the Board of Directors may determine assessments.

Withdrawal

Any participating member may voluntarily withdraw from any particular Joint Protection Program at the end of any coverage year of participation if:

a. They give not less than ninety days advance written notice of withdrawal to the Board of Directors of the Authority prior to the end of the coverage year; and
b. The entity shall have participated in the Property/Liability or Workers' Compensation Program for not less than three full program years.

The effect of withdrawal (or termination), for the pooling programs, does not terminate the responsibility of the Member to continue paying its share of assessments. Such Member, by withdrawing or being involuntarily terminated, shall not be entitled to payment, return or refund of any contribution, assessment, consideration, or other property paid, or donated by the Member to the Authority, or to any return of any loss reserve contribution, or to any distribution of assets (except payment of any Net Position). Upon such withdrawal from or cancellation of participation in any Program by any Member, said Member shall be entitled to receive its pro rata share of any Net Position distribution declared by the Board of Directors after the date the said Member withdraws or is involuntarily terminated.

1. GENERAL INFORMATION (CONTINUED)

D. REPORTING ENTITY

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

SDRMA has developed criteria to determine whether other entities with activities that benefit the Authority should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), scope of public service and special financing relationships.

SDRMA has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in these financial statements. In addition, SDRMA is not aware of any entity that would exercise such oversight responsibility that would result in the Authority being considered a component unit of that entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues from contributions and interest are recognized when earned and expenses are recognized when goods or services have been rendered, except when a premium deficiency exists where unearned premiums are recognized currently in accordance with GASB pronouncements.

B. DESCRIPTION OF PROGRAMS

Property/Liability Program

The Property/Liability Program was established in order to provide the members with a risk sharing pool for general liability, auto liability and property damage risk financing, as well as public official's errors and omissions coverages and crime and fidelity. As of June 30, 2021 and 2020, there were 499 and 505 members, respectively, participating in the Property/Liability Program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property/Liability Program (continued)

The following table reflects the risk financing limits provided by the Program at June 30, 2021:

	Per Occurrence		
Type of Coverage	Deductible	Self-Insurance Retention	Total Risk Financing Limits
PROPERTY/LIABILITY PROGRAM:			
Building and Contents	$ 1,000 (9)	$ 199,000	(1)
Equipment Floater	$ 1,000	$ 499,000	(8)
Boiler/Machinery	(2)	$ 10,000	(1)
General Liability	(3)	$ 250,000	$2,500,000 (6,7)
Auto Liability	(4)	$ 250,000	$2,500,000 (6,7)
Public Officials' and Employees':			
Errors & Omissions	-	$ 100,000	$2,500,000 (5,7)
Employment Practices	-	$ 100,000	$2,500,000 (5,7)
Blanket Bond	-	$ 75,000	$1,000,000
Personal Liability for Board Members	$ 500	$ 500,000	(10)
Comprehensive and Collision	$ 250-1,000	(8)	

(1) Replacement cost, if replaced; but if not replaced within three years then ACV.
(2) $1,000 deductible for most items; up to $250,000 for very large generators and transformers.
(3) Subject to a $500 per occurrence deductible for third party property damage; no deductible for third party bodily injury.
(4) Subject to a $1,000 per occurrence deductible for third party property damage; no deductible for third party bodily injury.
(5) Public Officials' and Employees' Errors & Omissions and Employment Practices Liability are subject to a per occurrence SIR of $100,000 and the total risk financing limit is $2.5 million.
(6) The self-insured retention is $250,000 and the total risk financing limit is $2.5 million.
(7) Members may purchase two additional layers of coverage, $2.5 million to a total of $5 million and an additional $5 million to a total of $10 million. Higher limits are available upon request.
(8) The lesser of a.) The actual cash value; b.) The actual cost to repair.
(9) Deductible subject to change due to policy coverage such as flood.
(10) Self-insured retention is $500,000 per board member with no limit on the number of board members covered, but a collective aggregate amount of $8,500,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property/Liability Program (continued)

All of the risk financing limits are subject to change by the Board of Directors and are subject to specific limitations as specified in the memorandum of coverage provided to each Member. It is the policy of the Authority to charge to expense the payments to be made for claims in cases where the amounts are reasonably determinable and where the likelihood of liability exists. In addition, the Authority has established a contingency reserve for losses by designation of the risk margin.

Workers' Compensation Program

The Workers' Compensation Program was established in 1982 for the purpose of operating and maintaining a self-insurance or group insurance program. Effective July 1, 2003, this program merged into SDRMA. The Workers' Compensation fund is established and maintained for Member contributions, to be used for the payment of, but not limited to, the following:

- Self-insured claim payments
- Insurance premiums
- Claims administration expenses
- Investigative, legal, and audit costs

As of June 30, 2021 and 2020, there were 425 and 435 members, respectively, participating in the Workers' Compensation program. The following table reflects the risk financing limits provided by the Program at June 30, 2021:

	Per Occurrence		
Type of Coverage	Deductible	Self-Insurance Retention	Total Risk Financing Limits
Workers' Compensation	$ 0	$ 750,000	Statutory

Health Benefits Program

In August 2006, SDRMA partnered with Public Risk Innovation, Solutions, and Management (PRISM) (formerly CSAC-EIA Health) to offer a small group Medical Benefits Program to public agencies with 250 employees or less. In May 2007, SDRMA, through PRISM, began offering a small group Ancillary Coverages Program including dental, vision, life, long term disability (LTD) and an employee assistance program (EAP) to public agencies with 50 employees or less. SDRMA functions as the small group program administrator by marketing the program, signing up new groups, answering day to day questions, performing monthly billing, collecting monthly premiums and remitting payments to PRISM. As of June 30, 2021 and 2020, there were 111 and 109 groups, respectively, participating in the Medical Benefits program and there were 103 and 101 groups, respectively, participating in the Ancillary Coverages Program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. FUND ACCOUNTING

The accounts of SDRMA are organized on the basis of funds, each of which is considered to be a separate accounting entity. The JPA's funds have been combined for the presentation of the financial statements. The operation of each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. The JPA maintains three funds that are considered Proprietary-Enterprise Funds.

SDRMA has three enterprise funds: Property/Liability, Workers' Compensation and Health Benefits. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing services to the members on a continuing basis be financed or recovered primarily through fees and premiums or where the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. STATEMENTS OF CASH FLOWS

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

E. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash and cash equivalents include all checking and savings accounts, cash in bank, cash with the Local Agency Investment Fund, and all highly liquid debt instruments purchased with original maturity of three months or less.

F. RECEIVABLES

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2021 and 2020, the total accounts receivable portfolio was considered collectible. Interest on investments is recorded in the year the interest is earned.

G. FIXED ASSETS AND DEPRECIATION

SDRMA capitalizes all assets costing one thousand dollars ($1,000) or more and records the asset value at cost. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. The estimated useful life used for buildings and improvements is thirty years. The estimated useful lives used for furniture and equipment range from three to five years. Software purchases are depreciated over three years. Land is carried at cost and is not depreciated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. INVESTMENTS

The Authority records its investments and cash in Local Agency Investment Fund (LAIF) at fair market value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority does not have any investments that are measured using Level 3 inputs. Changes in fair market value are reported as revenue in the Statements of Revenues, Expenses, and Changes in Net Position. The effect of recording investments and LAIF at fair market value is reflected as a net increase in the fair value of investments on the Statement of Revenues, Expenses, and Changes in Net Position and on the Statement of Net Position.

I. CLAIM RELATED LIABILITIES (CLAIMS PAYABLE, CLAIMS INCURRED BUT NOT REPORTED, AND LIABILITY FOR UNALLOCATED LOSS ADJUSTMENT EXPENSES)

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

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

J. UNALLOCATED LOSS ADJUSTMENT EXPENSE (ULAE)

The liability for ULAE includes all costs expected to be incurred in connection with the settlement of unpaid claims that cannot be related to a specific claim. For the Property/Liability Program management has estimated the accrual based upon past experience and consultation with its actuary. For the Workers' Compensation Program, management has relied on the estimate provided by the actuary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. PENSION LIABILITY

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

L. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Special District Risk Management Authority's Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Special District Risk Management Authority's Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. DEFERRED INFLOW/OUTFLOW OF RESOURCES

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

Contributions made to the Authority's pension and OPEB plans after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net liability in the next fiscal year.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. COMPENSATED ABSENCES

Vested or accumulated paid leave is recorded as an expense and liability of the Authority as the benefits accrue to employees. In accordance with accounting standards, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

O. CONTRIBUTION INCOME

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

Revenues mainly consist of premium contributions from members. Contribution development is performed by actuaries and the Board of Directors based on the particular characteristics of the members. Contribution income consists of payments from members that are planned to match the expense of insurance premiums for coverage in excess of self-insured amounts, estimated payments resulting from self-insurance programs, and operating expenses. The activities of the Authority consist solely of risk management programs and claims management activities related to the coverages described above.

The reporting entity does not include any other component units with the criterion prescribed by GAAP.

Member contributions are recognized as revenues in the period for which coverage protection is provided. If the Board of Directors determines that the funds for a program are insufficient to pay losses, the Authority may impose a supplemental assessment on all participating members. Anticipated investment income is not considered in determining supplemental assessments. Supplemental assessments are recognized as income in the period assessed.

P. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are susceptible to significant change in the near term are described elsewhere in this report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. INCOME TAXES

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

3. CASH AND INVESTMENTS

A. CASH AND CASH EQUIVALENTS

Cash consisted of the following at June 30:

	2021	2020
Cash in Bank	$ 17,473,101	$ 16,965,628
Cash on Hand	300	300
Local Agency Investment Fund	26,184	1,077,532
Total Cash and Cash Equivalents	$ 17,499,585	$ 18,043,460

Cash in Bank

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

3. CASH AND INVESTMENTS (CONTINUED)

Local Agency Investment Fund

The Authority is a voluntary participant in Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the Authority's investment in this pool, which approximates cost, 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 transferable to the master account within 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.

The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized. This fund currently yields approximately .22% interest annually and has an average life of 291 days. The monies held in the LAIF are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization.

LAIF is administered by the State Treasurer and are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814.

3. CASH AND INVESTMENTS (CONTINUED)

B. INVESTMENTS

Under provision of SDRMA's investment policy and state statutes, SDRMA may invest in the following types of investments:

	Maximum % of Portfolio
US Government & Agency Obligations	100%
Local Agency Investment Fund	$65 million
Federal National Mortgage Association	100%
Government National Mortgage Association	25%
Federal Agency Mortgage-Backed Securities	25%
Federal Home Loan Mortgage Corporation	100%
Federal Home Loan Banks	100%
Federal Farm Credit Banks	100%
Farm Credit Financial Assistance Corporation	100%
Federal Agricultural Mortgage Corporation	100%
Bankers' Acceptances	40%
Medium Term Corporate Notes	30%
Negotiable Certificates of Deposits	30%
Money Market Funds	20%
Bank Deposits	20%
Commercial Paper	25%
Municipal Obligations	100%
Local Government Investment Pools	10%
Mortgage- and Asset-Backed Securities	20%
Supranationals (Instrumentalities)	30%

Interest Rate Risk

Interest Rate Risk is the risk that the value of investments will decrease as a result of a rise in interest rates. SDRMA's investment policy limits its investment portfolio maturities to no more than five years from purchase date to maturity date unless the legislative body has granted express authority to exceed that limit. As of June 30, 2021, SDRMA had the following investments held in a managed portfolio:

		Investment Maturities		
Investment Type	Fair Value	< 1yr	1-3 yrs	>3 yrs
US Treasuries	$ 41,658,701	$ -	$ 32,972,148	$ 8,686,553
Federal Agencies	16,651,256	-	15,104,294	1,546,962
Agency Mortgage Backed	2,508,904	-	2,458,839	50,065
Supranationals	2,907,755	-	2,907,755	-
Muncipal Obligations	7,096,133	-	5,358,673	1,737,460
Corporate Notes	18,802,639	862,219	17,304,556	635,864
Asset Backed Securities	6,211,967	1,926	5,079,717	1,130,324
Certificate of Deposits	5,072,802	1,045,833	4,026,969	-
	$ 100,910,157	$ 1,909,978	$ 85,212,951	$ 13,787,228

3. CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Investment concentration of the three largest security holdings are as follows:

	Fair Value	% of Portfolio
U.S. Government	$ 41,658,701	41%
Federal Home National Mortgage Corporation	$ 10,031,827	10%
Federal Home Loan Bank	$ 6,084,748	6%

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. It is SDRMA's general investment policy to apply the prudent person standard; that is, investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

As of June 30, 2021, investments in Federal Agencies and Agency Mortgage Backed securities had a Moody rating of Aaa, Asset Backed Securities had a Moody rating of A3 or better, Municipal Obligations had a Moody rating of A1 or better, and investments in corporate notes at the time of purchase had a Moody rating of Baa1 or better. Investments in US Treasuries carry the explicit guarantee of the US Government. Certificate of Deposits are not rated but they are covered by FDIC.

Valuation:

Valuation of investments as follows:

Investment Type	Fair Value	Level 1	Level 2	Level 3
US Treasuries	$ 41,658,701	$ 41,658,701	$ -	$ -
Federal Agencies	16,651,256	-	16,651,256	-
Agency Mortgage Backed	2,508,904	-	2,508,904	-
Supranationals	2,907,755	-	2,907,755	-
Muncipal Obligations	7,096,133	-	7,096,133	-
Corporate Notes	18,802,639	-	18,802,639	-
Asset Backed Securities	6,211,967	-	6,211,967	-
Certificate of Deposits	5,072,802	-	5,072,802	-
	$ 100,910,157	$ 41,658,701	$ 59,251,456	$ -

4. CAPITAL ASSETS

SDRMA's capital assets consist of the following:

	July 1, 2020	Additions and transfers	Deletions and transfers	June 30, 2021
Non-Depreciable Assets:				
Land	$ 762,850	$ -	$ -	$ 762,850
Parking Lot	931,768	-	-	931,768
Work in Process	223,158	103,781	(223,157)	103,782
Total Non-Depreciable Assets	1,917,776	103,781	(223,157)	1,798,400
Depreciable Assets:				
Building	3,252,150	-	-	3,252,150
Building Improvements	2,249,368	81,662	-	2,331,030
Software	4,243,529	260,650	-	4,504,179
Furniture, Fixtures, and Equipment	500,253	-	-	500,253
Total Other Assets	10,245,300	342,312	-	10,587,612
Less Accumulated Depreciation	(6,700,773)	(840,725)	-	(7,541,498)
Net Depreciable Assets	3,544,527	(498,413)	-	3,046,114
Capital Assets, Net	$ 5,462,303	$ (394,632)	$ (223,157)	$ 4,844,514

For the fiscal years ended June 30, 2021 and 2020 depreciation expense was as follows:

	2021	2020
Reported as component of:		
Operating expense	$ 604,634	$1,055,311
Rent expense	236,091	145,150
Total depreciation expense	$ 840,725	$1,200,461

5. OPERATING LEASES REVENUE

On June 30, 2004, SDRMA purchased a 25,076 square foot office building at 1112 I Street in Sacramento. The Authority occupies approximately 7,229 square feet of the building and leases out the remainder.

As of June 30, 2021, the cost of the portion of the property leased is $4,516,574. Accumulated Depreciation on the leased portion of the property is $3,184,464 as of June 30, 2021. The following is a schedule by years, based on the minimum revenue amount for future rentals from operating leases as of June 30, 2021:

Year Ended June 30	Lease Payments
2022	$ 174,995
2023	15,330
Total minimum future lease payments	$ 190,325

Lease income for the years ended June 30, 2021 and 2020 was $393,908 and $430,458, respectively.

6. UNPAID CLAIM LIABILITIES

The Authority establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses. The following represents changes in those aggregate liabilities for all programs during the year ended June 30:

	2021	2020
Unpaid Claims and Claim Adjustment Expenses at Beginning of Year	$ 56,674,643	$ 50,686,656
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Year	20,248,336	19,150,000
Increase (Decrease) in Provision of Insured Events of Prior Years	(3,587,638)	(898,599)
Changes in Unallocated Loss Adjustment Expense (ULAE)	356,000	462,000
Total Incurred Claims and Claim Adjustment Expenses	17,016,698	18,713,401
Payments:		
Claim and Claim Adjustment Expenses Attributable to Insured Events of the Current Year	4,034,444	2,642,709
Claim and Claim Adjustment Expenses Attributable to Insured Events of Prior Years	11,690,937	10,082,705
Total Payments	15,725,381	12,725,414
Total Unpaid Claims and Claims Adjustment Expenses	$ 57,965,960	$ 56,674,643
Detail of Claim Related Liabilities:		
Claims Payable	$ 28,155,898	$ 22,122,216
Claims Incurred But Not Reported	26,872,062	31,970,427
Unallocated Loss Adjustment Expenses	2,938,000	2,582,000
Totals	$ 57,965,960	$ 56,674,643
Current Portion	$ 10,000,000	$ 10,000,000
Long-term Portion	47,965,960	46,674,643
Totals	$ 57,965,960	$ 56,674,643

7. NET POSITION

Net Position represents the accumulation of funds for unexpected catastrophic losses and future discounts or reductions of contributions. A reservation of net position has been made to establish a contingency reserve at June 30, 2021 and 2020. The contingency reserve (which is not included in current expenses) is established to provide for claims where liability amounts, if any, are not determinable. The contingency reserve has been established at a certain confidence level of the estimated outstanding liabilities. For the property/liability program, this is based on a 90% confidence level on an undiscounted basis. For the workers' compensation program, this is based on an 85% confidence level on an undiscounted basis. The balance of the reserve at June 30, 2021 and 2020 has been determined based on actuarial analysis and management's past experience.

Based upon Board Policy No. 2015-05, the following are the components of the Authority's Net Position at June 30, 2021 and 2020 allocated between various reserve fund accounts (RFA's):

	2021	2020
Special Projects for Add'l Rate Stabilization	$ 35,894,105	$ 19,867,232
Longevity Distribution Fund	2,179,568	563,961
Deferred Maintenance Fund	6,829,702	7,972,151
Rate Stabilization Fund	4,085,522	4,274,118
Catastrophic Loss Fund	1,916,350	2,981,546
Risk Margin Fund	10,593,528	19,821,323
Invested in Capital Assets	4,844,512	5,462,303
Totals	$ 66,343,287	$ 60,942,634

Net Position by program as of June 30, 2021 and 2020 as follows:

	2021	2020
Property/Liability	$ 5,580,004	$ 3,862,780
Workers' Compensation	$ 59,161,760	55,721,834
Health Benefits	$ 1,601,523	1,358,020
Totals	$ 66,343,287	$ 60,942,634

8. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. VOYA Financial administers the plan. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

As a result of legislative changes, all amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are held in trust (until paid or made available to the employee or other beneficiary) for the exclusive benefit of participants and beneficiaries.

9. PENSION PLAN

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

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

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

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63 or older	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates	10.484%	7.732%
Unfunded Accrued Liability (UAL) payments	$ 38,707	$ 4,331

9. PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2021, the contributions recognized as part of pension expense for the Plan were $213,960.

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

As of June 30, 2021, the Special District Risk Management Authority reported net pension liabilities for its proportionate share of the net pension liability of the Plan of $907,379.

Special District Risk Management Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. Special District Risk Management Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

Proportion - June 30, 2020	0.018040%
Proportion - June 30, 2021	0.021510%
Change - Increase (Decrease)	0.003470%

9. PENSION PLAN (CONTINUED)

For the year ended June 30, 2021, the Authority recognized pension expense of $405,574. 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
Changes of Assumptions	$ -	$ 6,472
Differences between Expected and Actual Experience	46,760	-
Differences between Projected and Actual Investment Earnings	26,955	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	127,394
Change in Employer's Proportion	199,950	-
Pension Contributions Made Subsequent to Measurement Date	213,960	-
Total	$ 487,625	$ 133,866

Deferred outflows of resources related to contributions subsequent to the measurement date, totaling $213,960 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	$ 65,635
2023	35,447
2024	25,788
2025	12,928
2026	-
Thereafter	-
Total	$ 139,798

9. PENSION PLAN (CONTINUED)

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	Varies by entry age and service
Increase	Protection Allowance Floor on purchasing power applies, 2.75% thereafter
Investment Rate of Return	7.15% (1)
Mortality	Derived using CalPERS membership data for all funds

(1) Net of pension plan investment expenses and administrative expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

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

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

9. PENSION PLAN (CONTINUED)

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

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

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	77.00%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	0.92%
Total	100%		

(a) An expected inflation of 2.00% used for this period
(b) An expected inflation of 2.92% used for this period

9. PENSION PLAN (CONTINUED)

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

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Authority's Net Pension Liability	$ 1,915,002	$ 907,379	$ 74,795

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

Payable to the Pension Plan

At June 30, 2021, the Group had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

10. OTHER POSTEMPLOYMENT BENEFITS

A. PLAN DESCRIPTION

The Authority provides a defined benefit healthcare plan (the "Retiree Health Plan"). The Retiree Health Plan provides the medical insurance coverage for the life of eligible retirees. For employees retiring before July 1, 2014, SDRMA contributes 50% of the monthly premium. For employees retiring on or after July 1, 2014, SDRMA contributes 100% of the monthly premium of a group medical benefits plan covering the retiree only. Benefit provisions are established by the Board of Directors. The plan does not issue a financial report.

B. FUNDING POLICY

The Authority has an agreement with the California Employers' Retiree Benefit Trust to be the Trust Administrator to the Retiree Health Plan. The Authority's Board of Directors will not be fully funding the plan in the current year. The Board will review the funding requirements and policy annually.

C. BENEFITS PROVIDED

The retiring employee must elect one of the medical benefits plans offered by SDRMA to its employees. No outside plan is available for coverage

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. EMPLOYEES COVERED BY BENEFIT TERMS

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitles to but not yet receiving benefit payments	-
Active employees	14
	18

E. NET OPEB LIABILITY

The Authority's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions –The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.0% per year, used only to allocate the cost benefits between service years
Investment rate of return	7.1% per annum
Healthcare cost trend rates	5.40% effective January 1, 2021, decreasing 0.1% per year to an ultimate rate of 4.0% for 2076 and later years.
Assumed wage inflation	3.0% per year, used to determine the level % of pay amortization payment component of actually determined contributions
General inflation rate	2.5% per year

Pre-retirement mortality rates were based on the MacLeod Watts Scale 2020 which was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2019 Report, published in October 2019 and (2) the demographic assumptions used in the 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published April 2019.

The actuarial "demographic" assumptions used were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering SDRMA employees. Other assumptions, such as age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or best estimate of expected future experience.

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

F. ASSET ALLOCATION

Assets for payment of future OPEB liabilities are held in an irrevocable trust with California Employers' Retiree Benefit Trust. The table below reflects the target allocation and long-term expected real rate of return by asset class.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
CERBT Strategy 1		
Global Equity	59%	5.98%
REITs	8%	5.00%
US Fixed Income	25%	2.62%
Commodities	3%	2.87%
Inflation Assets	5%	1.46%
Total	100%	

G. DISCOUNT RATE

The Authority's funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or "PAYGO," is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

The Authority has been and continues to prefund its OPEB liability, contributing 100 percent or more of the Actuarially Determined Contributions each year. Therefore, with SDRMA's approval, the discount rate used is 7.1 percent as of June 30, 2019 and 2020, the long term expected return on trust assets.

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

H. CHANGES IN THE NET OPEB LIABILITY

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2020	$ 936,094	$ 794,911	$ 141,183
Changes for the year:			
Service cost	74,462	-	74,462
Interest	70,726	-	70,726
Investment experience	-	(31,250)	31,250
Changes in Benefit Terms	-	-	-
Contributions - employer	-	105,774	(105,774)
Expected investment income	-	59,156	(59,156)
Benefit payments	(28,842)	(28,842)	-
Assumption Changes	-	-	-
Administrative expenses	-	(389)	389
Other expenses	-	-	-
Net changes	116,346	104,449	11,897
Balances at June 30, 2021	$ 1,052,440	$ 899,360	$ 153,080

I. SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following represents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current discount rate:

	1% Decrease (6.10%)	Discount Rate (7.10%)	1% Increase (8.10%)
Net OPEB liability (asset)	$ 309,267	$ 153,080	$ 25,783

10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

J. SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

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

	1% Decrease (Current Trend - 1)	**Healthcare Cost Trend Rates (Current Trend)**	**1% Increase (Current Trend + 1)**
Net OPEB liability (asset)	$ 8,891	$ 153,080	$ 334,759

K. OPEB PLAN FIDUCIARY NET POSITION

At June 30, 2021, the Fiduciary Net Position of the Authority's contributions that have been made to an irrevocable OPEB trust were $899,360. The Fiduciary Net Position is applied to offset the Total OPEB Liability of $1,052,440, resulting the Net OPEB Liability of $153,080 at June 30, 2021.

L. OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2021, the Authority recognized OPEB expense of $153,910. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$ 92,877
Changes of assumptions	-	10,271
Net difference between projected and actual earnings on OPEB plan investments	26,914	-
Contributions subsequent to measurement date	91,513	-
Total	$ 118,427	$ 103,148

10. 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:

Year ended June 30	Total Deferred Outflows/(Inflows) of Resources	
2022	$	(9,464)
2023		(6,144)
2024		(5,830)
2025		(7,784)
2026		(14,034)
Thereafter		(32,978)
Total	$	(76,234)

M. PAYABLE TO THE OPEB PLAN

At June 30, 2021, the Authority had no outstanding amount of contributions payable to the plan.

11. CONTINGENT LIABILITY - UNEMPLOYMENT INSURANCE

The Authority has elected to cover itself for unemployment insurance under the reimbursement method. Under this method, the Authority does not make periodic payments to the State Unemployment Compensation Disability Fund but is required to fund any claims as they are incurred. The amount of the contingent liability, if any, at June 30, 2021 and 2020 is not determinable. However, the Authority is not aware of any claims currently pending.

12. JOINT VENTURE

Effective July 1, 2003, SDRMA participated in a joint venture under a Joint Powers Agreement (JPA) with Public Risk Innovation, Solutions, and Management (PRISM) (formerly CSAC-EIA). The relationship between SDRMA and PRISM is such that PRISM is not a component unit of the Authority for financial reporting purposes.

SDRMA withdrew from LAWCX effective July 1, 2003; however, SDRMA has a continuing obligation related to potential policy year deficits and related future assessments. Full financial statements are available separately by contacting these agencies.

	LAWCX	PRISM
A. Entity	LAWCX	PRISM
B. Purpose	To self-insure and pool excess workers' compensation losses.	To provide workers' compensation coverage and employers' liability coverage from $500,000 to $100 million and $250,000 to $5 million, respectively.
C. Participants	Twenty-three municipalities, ten joint powers authorities and one special district.	One hundred eighty in the Excess Workers' Compensation program including cities, school districts, special districts and JPA's.
D. Governing Board	Consisting of one member from each participating agency.	One representative from each member county and ten members elected by the public entity membership.
E. Payments for the Current Year	$ -	$ 2,295,368

F. Condensed Financial Information

	June 30, 2020*	June 30, 2020*
Total Assets	$ 124,318,240	$ 869,564,195
Total Deferred Outflows of Resources	-	1,995,729
Total Assets and Deferred Outflows of Resources	$ 124,318,240	$ 871,559,924
Total Liabilities	$ 98,312,133	$ 696,590,968
Deferred Inflows of Resources	-	705,974
Net Position	26,006,107	174,262,982
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 124,318,240	$ 871,559,924
Total Revenues	$ 23,925,965	$ 1,158,410,258
Total Expenses	(24,105,215)	(1,184,179,129)
Net Income (Loss)	$ (179,250)	$ (25,768,871)
Member Agencies Share of Year-End Assets, Liabilities, or Net Position	**	**

* Most recent information available.
** Has not been calculated.

13. THREATENED LITIGATION

Towns v. SDRMA and Frydendal, Sacramento Superior Court, Case No. 34-2013-00156587-CU-BC-GDS:

Plaintiff James W. Towns is the retired Chief Executive Officer of SDRMA. CalPERS took administrative action to reduce Towns' pension, after which Towns filed a civil lawsuit in Sacramento Superior Court on December 24, 2013 against SDRMA. In the lawsuit, he alleges causes of action for breach of contract, estoppel, constitutional violations and due process violations in an attempt to make SDRMA liable for the difference should CalPERS implement a reduction of Towns' pension benefits. CalPERS then affirmatively reduced Towns' pension on May 1, 2014. On May 30, 2014, Towns filed a First Amended Complaint, which added then Chief Financial Officer Paul Frydendal as a defendant. However, the court found that Towns had failed to exhaust his administrative remedies, namely the appeal he filed with the CalPERS Board.

For the next five years, Towns worked his way through the CalPERS appeals process and was not successful with CalPERS or the Los Angeles Superior Court when he appealed CalPERS' decisions. Recently, he has restarted his claims in Sacramento Superior Court for "breach of oral contract" estoppel, constitutional violations and due process violations. These actions are an attempt to make the Authority liable for the difference between his retirement from CalPERS and the amount he was receiving prior to the reduction by CalPERS. The claims are essentially duplicative in nature and despite the modifications, the claims are essentially unchanged from Towns' original compliant; that SDRMA had promised particular pension benefits to Towns and CalPERS acted as nothing more than a third-party administrator of those pension benefits. We believe this concept is both legally and factually defective and the hearing for the demurrer on the third amended complaint is set for November 3, 2021.

14. SUBSEQUENT EVENTS

The Authority's management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2021 through October 28, 2021, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements

REQUIRED SUPPLEMENTARY INFORMATION

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	Property/Liability		Workers' Compensation		Totals	
	2021	2020	2021	2020	2021	2020
Unpaid Claims and Claim Adjustment Expenses at Beginning of Year	$ 15,221,248	$ 7,918,868	$ 41,453,395	$ 42,767,788	$ 56,674,643	$ 50,686,656
Incurred Claims and Claim Adjustment Expenses:						
Provision for Insured Events of the Current Year	8,286,336	8,561,000	11,962,000	10,589,000	20,248,336	19,150,000
Increase (Decrease) in Provision of Insured Events of Prior Years	326,971	3,199,348	(3,914,609)	(4,097,947)	(3,587,638)	(898,599)
Changes in Unallocated Loss Adjustment Expense (ULAE)	299,000	279,000	57,000	183,000	356,000	462,000
Total Incurred Claims and Claim Adjustment Expenses	8,912,307	12,039,348	8,104,391	6,674,053	17,016,698	18,713,401
Payments:						
Claim and Claim Adjustment Expenses Attributable to Insured Events of the Current Year	1,755,959	1,517,632	2,278,485	1,125,077	4,034,444	2,642,709
Claim and Claim Adjustment Expenses Attributable to Insured Events of Prior Years	5,731,587	3,219,336	5,959,350	6,863,369	11,690,937	10,082,705
Total Payments	7,487,546	4,736,968	8,237,835	7,988,446	15,725,381	12,725,414
Total Unpaid Claims and Claims Adjustment Expenses	$ 16,646,009	$ 15,221,248	$ 41,319,951	$ 41,453,395	$ 57,965,960	$ 56,674,643
Detail of Claim Related Liabilities:						
Claims Payable	$ 6,946,441	$ 7,623,458	$ 21,209,457	$ 14,498,758	$ 28,155,898	$ 22,122,216
Claims Incurred But Not Reported	8,506,568	6,703,790	18,365,494	25,266,637	26,872,062	31,970,427
Unallocated Loss Adjustment Expenses	1,193,000	894,000	1,745,000	1,688,000	2,938,000	2,582,000
Totals	$ 16,646,009	$ 15,221,248	$ 41,319,951	$ 41,453,395	$ 57,965,960	$ 56,674,643
Current Portion	$ 3,500,000	$ 3,500,000	$ 6,500,000	$ 6,500,000	$ 10,000,000	$ 10,000,000
Long-term Portion	13,146,009	11,721,248	34,819,951	34,953,395	47,965,960	46,674,643
Totals	$ 16,646,009	$ 15,221,248	$ 41,319,951	$ 41,453,395	$ 57,965,960	$ 56,674,643

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

CLAIMS DEVELOPMENT INFORMATION – PROPERTY/LIABILITY PROGRAM

AS OF JUNE 30, 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Required Contribution and										
Investment Revenue	$ 12,966,263	$ 12,585,662	$ 13,950,516	$ 13,777,308	$ 14,584,784	$ 14,772,355	$ 16,979,832	$ 19,518,798	$ 22,970,827	$ 28,585,573
Ceded	5,834,855	6,681,883	6,975,122	9,326,880	10,135,863	10,931,640	11,805,330	12,506,201	14,187,934	15,064,719
(1) Net Earned Required Contribution										
and Investment Revenues	7,131,408	5,903,779	6,975,394	4,450,428	4,448,921	3,840,715	5,174,502	7,012,597	8,782,893	13,520,854
(2) Unallocated Expenses	1,775,769	1,911,616	2,076,963	2,098,962	2,010,195	2,622,311	3,251,361	3,008,013	3,181,417	2,933,205
(3) Estimated Incurred Claims and Expense										
End of Year	10,626,855	11,473,883	13,158,122	14,586,880	14,663,113	16,869,640	17,360,330	19,055,040	22,748,934	23,351,053
Ceded	5,834,855	6,681,883	6,975,122	9,326,880	10,135,863	10,931,640	11,805,330	12,506,201	14,187,934	15,064,719
Net Incurred	4,792,000	4,792,000	6,183,000	5,260,000	4,527,250	5,938,000	5,555,000	6,548,839	8,561,000	8,286,334
(4) Paid (Cumulative)										
End of Year	1,441,040	1,820,235	1,738,216	1,769,122	2,168,877	1,881,957	2,078,828	1,944,243	1,517,632	1,755,959
One Year Later	2,186,244	2,566,498	2,676,452	3,143,459	3,552,173	3,569,437	4,361,185	3,859,698	2,769,771	
Two Years Later	3,684,372	3,856,474	3,724,339	4,099,227	4,887,668	4,810,567	5,244,797	5,705,372		
Three Years Later	4,093,379	4,693,138	5,355,807	4,392,076	4,981,616	4,993,354	7,273,961			
Four Years Later	4,269,549	5,094,911	5,559,096	4,392,076	4,983,306	4,949,988				
Five Years Later	4,272,010	5,081,363	5,554,821	4,392,076	5,405,809					
Six Years Later	4,288,546	5,080,363	5,554,572	4,455,234						
Seven Years Later	4,289,121	5,080,363	5,551,398							
Eight Years Later	4,535,215	5,080,893								
Nine Years Later	4,678,849									
(5) Reestimated Ceded Claims and Expenses	578,032	-	-	55,362	10,648,097	156,469	21,394	157,702	26,000	264,223
(6) Reestimated Incurred Claims and Expenses										
End of Year	4,792,000	4,792,000	6,183,000	5,260,000	4,527,250	5,938,000	5,555,000	6,548,839	8,561,000	8,286,334
One Year Later	4,982,375	5,629,099	5,582,495	4,595,243	4,775,344	4,850,349	5,580,536	7,635,000	8,441,000	
Two Years Later	4,971,530	5,308,913	5,507,456	4,928,896	4,887,668	5,408,497	7,372,567	7,422,680		
Three Years Later	4,905,915	5,125,052	5,828,359	4,455,560	4,981,616	5,188,724	7,365,757			
Four Years Later	4,632,607	5,281,889	5,559,096	4,673,187	5,692,019	5,089,219				
Five Years Later	4,371,397	5,081,470	5,613,988	4,462,187	4,562,040					
Six Years Later	4,651,000	5,080,893	5,554,572	5,551,398						
Seven Years Later	4,826,904	5,080,893	5,080,893							
Eight Years Later	4,941,000	4,817,977								
Nine Years Later	4,526,666									
(7) Increase (Decrease) in Estimated Incurred Claims Expense from End of Policy Year*	$ (265,334)	$ 25,977	$ (1,102,107)	$ 291,398	$ 34,790	$ (848,781)	$ 1,810,757	$ 873,841	$ (120,000)	$ -

*Actuary added corredor deductible limit in 2022: $1.4M for 2018; $1.0M for 2019, $1.6M for 2020, and $1.6M for 2021

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

CLAIMS DEVELOPMENT INFORMATION – WORKERS' COMPENSATION PROGRAM

AS OF JUNE 30, 2021

	Fiscal and Policy Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Required Contribution and										
Investment Revenue	$ 13,250,617	$ 13,191,133	$ 15,399,890	$ 18,423,635	$ 20,950,479	$ 20,389,921	$ 20,275,092	$ 22,755,212	$ 23,814,629	$ 17,366,408
Ceded	2,045,218	2,217,330	4,471,725	3,104,515	4,068,930	2,635,176	3,113,390	3,407,469	2,318,787	2,395,665
1 Net Earned Required Contribution										
and Investment Revenues	11,205,399	10,973,803	10,928,165	15,319,120	16,881,549	17,754,745	17,161,702	19,347,743	21,495,842	14,970,743
2 Unallocated Expenses	2,474,138	2,678,429	2,874,526	2,722,797	3,002,874	3,528,255	3,914,317	4,019,941	3,813,353	3,483,939
3 Estimated Incurred Claims and Expense										
End of Year	10,877,218	13,492,330	15,114,725	17,004,515	17,769,930	18,007,176	15,582,390	15,749,469	12,907,787	14,357,665
Ceded	2,045,218	2,217,330	4,471,725	3,104,515	4,068,930	2,635,176	3,113,390	3,407,469	2,318,787	2,395,665
Net Incurred	8,832,000	11,275,000	10,643,000	13,900,000	13,701,000	15,372,000	12,469,000	12,342,000	10,589,000	11,962,000
4 Paid (Cumulative)										
End of Year	969,054	1,652,610	1,804,879	1,623,424	2,938,274	1,733,679	1,710,320	1,893,510	1,125,077	2,278,485
One Year Later	3,011,645	4,025,215	4,101,125	4,060,799	5,838,725	3,942,526	3,609,650	4,085,551	3,280,467	
Two Years Later	4,693,380	5,668,517	5,561,420	5,318,221	8,390,954	5,506,618	5,006,074	5,429,638		
Three Years Later	5,983,731	7,104,596	6,242,806	6,425,333	9,701,825	6,804,124	6,304,948			
Four Years Later	6,647,220	7,364,471	6,799,920	7,084,511	10,416,920	7,561,212				
Five Years Later	7,062,257	7,653,145	7,116,149	7,509,844	10,767,436					
Six Years Later	7,454,027	7,909,048	7,432,371	7,665,702						
Seven Years Later	7,116,149	8,165,933	7,498,274							
Eight Years Later	7,774,555	8,443,350								
Nine Years Later	7,988,823									
5 Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	7,998	-	-	-
6 Reestimated Incurred Claims and Expenses										
End of Year	8,832,000	11,275,000	10,643,000	13,900,000	13,701,000	15,372,000	12,469,000	12,342,000	10,589,000	11,962,000
One Year Later	8,826,000	11,024,000	11,182,000	12,726,000	14,303,000	12,787,000	11,427,000	11,152,000	10,286,000	
Two Years Later	8,678,000	11,299,000	10,383,000	10,724,000	13,964,000	12,179,000	11,026,000	10,859,000		
Three Years Later	9,278,000	10,848,000	9,754,000	9,965,000	13,506,000	11,120,000	10,416,000			
Four Years Later	9,884,000	9,639,000	8,631,000	10,032,000	13,369,000	10,767,000				
Five Years Later	9,443,000	10,017,000	8,860,000	9,646,000	12,894,000					
Six Years Later	9,109,000	10,048,000	8,604,000	9,033,000						
Seven Years Later	8,985,000	9,780,000	8,466,000							
Eight Years Later	9,152,000	9,563,000								
Nine Years Later	8,959,000									
7 Increase (Decrease) in Estimated										
Incurred Claims Expense from										
End of Policy Year	$ 127,000	$ (1,712,000)	$ (2,177,000)	$ (4,867,000)	$ (807,000)	$ (4,605,000)	$ (2,053,000)	$ (1,483,000)	$ (303,000)	$ -

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020 [1]
Proportion of the net pension liability	0.013500%	0.01804%	0.38040%	0.03994%	0.01503%	0.01804%	0.02151%
Proportionate share of the net pension liability	$ 840,009	$ 50,445	$ 414,814	$ 598,834	$ 566,548	$ 722,588	$ 907,379
Covered-employee payroll (2)	$ 1,096,564	$ 1,300,721	$ 1,714,191	$ 1,878,781	$ 1,908,634	$ 1,928,127	$ 1,878,781
Proportionate Share of the net pension liability as percentage of covered-employee payroll	76.60%	3.88%	24.20%	31.87%	29.68%	37.48%	48.30%
Plan's fiduciary net position							
Plan's fiduciary net position as a percentage of the total pension liability	83.03%	79.89%	75.87%	75.39%	77.69%	77.73%	77.71%

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

(2) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculated the required payroll-related ratios.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

SCHEDULE OF CONTRIBUTIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CalPERS Miscellaneous 2% @ 55

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21 [1]
Actuarially Determined Contribution [2]	$ 103,308	$ 93,078	$ 86,676	$ 100,414	$ 95,913	$ 110,573	$ 156,487
Contributions in relation to the actuarially determined contributions	(103,308)	(93,078)	(86,676)	(100,414)	(95,913)	(110,573)	(156,487)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll [3]	$ 1,096,564	$ 807,969	$ 1,038,335	$ 1,042,088	$ 1,071,941	$ 909,166	$ 743,301
Contributions as a percentage of covered-employee payroll [3]	9.421%	11.520%	8.348%	9.636%	8.948%	12.162%	21.053%

CalPERS Miscellaneous 2% @ 62

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21 [1]
Actuarially Determined Contribution [2]	$ -	$ 30,797	$ 41,034	$ 52,271	$ 58,070	$ 59,447	$ 57,472
Contributions in relation to the actuarially determined contributions	-	(30,797)	(41,034)	(52,271)	(58,070)	(59,447)	(57,472)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll [3]	$ -	$ 492,752	$ 675,856	$ 836,693	$ 856,186	$ 969,615	$ 1,135,480
Contributions as a percentage of covered-employee payroll [3]	0.000%	6.250%	6.071%	6.247%	6.782%	6.131%	5.061%

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

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

(3) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	2018	2019	2020	2021
Total OPEB liability				
Service cost	$ 71,486	$ 73,808	$ 76,207	$ 74,462
Interest	53,074	61,066	68,924	70,726
Changes of benefit terms	-	-	70,327	-
Difference between expected and actual experience	-	-	(118,149)	-
Changes of assumptions	-	-	(13,067)	-
Benefit payments	(12,925)	(21,275)	(37,402)	(28,842)
Net change in total OPEB liability	111,635	113,599	46,840	116,346
Total OPEB liability - beginning	664,020	775,655	889,254	936,094
Total OPEB liability - ending (a)	$ 775,655	$ 889,254	$ 936,094	$ 1,052,440
Plan fiduciary net position				
Contributions - employer	$ 23,450	$ 109,818	$ 102,482	$ 105,774
Net investment income	52,785	45,135	42,629	27,906
Benefit paymens	(12,925)	(21,275)	(37,402)	(28,842)
Administrative expense	(269)	(301)	(147)	(389)
Other expenses	-	(734)	-	-
Net change in plan fiduciary net position	63,041	132,643	107,562	104,449
Plan fiduciary net position - beginning	491,665	554,706	687,349	794,911
Plan fiduciary net position - ending (b)	$ 554,706	$ 687,349	$ 794,911	$ 899,360
District's net OPEB liability - ending (a) - (b)	$ 220,949	$ 201,905	$ 141,183	$ 153,080
Plan fiduciary net position as a percentage of the total OPEB liability	71.5%	77.3%	84.9%	85.5%
Covered-employee payroll	$ 1,878,781	$ 1,928,127	$ 1,928,127	$ 2,101,162
District's net OPEB liability as a percentage of covered-employee payroll	11.76%	10.47%	7.32%	7.29%

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

SCHEDULE OF OPEB CONTRIBUTIONS

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	2018	2019	2020	2021
Actuarially determined contribution	$ 99,293	$ 102,482	$ 105,774	$ 91,513
Contributions in relation to the actuarially required contribution	$ (109,818)	$ (102,482)	$ (105,774)	$ (91,513)
Contribution deficiency (excess)	$ (10,525)	$ -	$ -	$ -
Covered-employee payroll	$ 1,878,781	$ 1,928,127	$ 1,985,971	$ 1,901,577
Contributions as a percentage of covered-employee payroll	5.85%	5.32%	5.33%	4.81%

1) RECONCILIATION OF CLAIMS LIABILITIES BY PROGRAM

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

2) CLAIMS DEVELOPMENT INFORMATION

The following tables illustrate the Authority's earned revenues (net of reinsurance) and investment income compared to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Authority as of the end of the year. The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's earned contribution revenues and investment revenues, net of ceded premiums.

2. This line shows the Authority's other operating costs including overhead and claims adjustment expenses not allocable to individual claims.

3. This line shows the Authority's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the year, net of claims in excess of the Authority's self-insured retention.

4. This section shows the cumulative amounts paid as of the end of the year.

5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each insured year.

6. This annual reestimation 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.

7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) 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.

3) SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Fiscal year 2015 was the first year of implementation; therefore, only seven years are shown.

4) SCHEDULE OF CONTRIBUTIONS

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

5) SCHEDULE OF THE CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Benefit changes There were no benefit changes during the year.

Change of assumptions There were no change in assumptions during the year.

Fiscal year 2018 was the first year of implementation; therefore, only four years is shown.

6) SCHEDULE OF OPEB CONTRIBUTIONS

Valuation date is June 30, 2020.

Actuarially determined contribution rates are calculated as of June 30, 2020.

Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of pay
Amortization period	5-year straight-line recognition
Asset valuation method	Market value of assets
Healthcare cost trend rates	5.4% in 2021 fluctuating down to 4.0% in 2076
Salary increases	3.00% per annum, in aggregate
Investment rate of return	7.00 percent as of June 30, 2020
Retirement age	At least age 55 and completing a minimum 10 years of service with the Authority
Mortality	MacLeod Watts Scale 2020 applied generationally

SUPPLEMENTARY INFORMATION

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2021

	Property/Liability	Workers' Compensation	Health Benefits	Captive	Eliminating Entries	Total
Assets						
Current Assets						
Cash and cash equivalents	$ 5,445,210	$ 7,123,972	$ 1,097,403	$ 3,833,000		$ 17,499,585
Current investments	168,653	1,741,325				1,909,978
Receivables	11,952,921	1,451,999	20,649			13,425,569
Interfund receivable	90,710	56,480	23,961		$ (171,151)	
Prepaid expenses	37,200	53,970	3,089,919			3,181,089
Total Current Assets	17,694,694	10,427,746	4,231,932	3,833,000	(171,151)	36,016,221
Noncurrent Assets						
Investments, at market	7,681,760	91,318,419				99,000,179
Investment in captive		3,833,000			(3,833,000)	
Capital assets:						
Land	381,425	381,425				762,850
Other capital assets, net	1,175,237	2,791,868	114,559			4,081,664
Total Noncurrent Assets	9,238,422	98,324,712	114,559		(3,833,000)	103,844,693
Total Assets	26,933,116	108,752,458	4,346,491	3,833,000	(4,004,151)	139,860,914
Deferred Outflows of Resources						
Deferred outflow on pension	258,441	160,916	68,268			487,625
Deferred outflow on OPEB	62,766	39,081	16,580			118,427
Total Deferred Outflows of Resources	321,207	199,997	84,848			606,052
Liabilities						
Current Liabilities						
Accounts payable	123,943	1,460,547	21,098			1,605,588
Accrued payroll	112,298	69,921	29,664			211,883
Member payable		2,179,568				2,179,568
Unearned contributions	4,013,698	4,276,062	2,573,447			10,863,207
Interfund payable	90,710	56,480	23,961		(171,151)	
Current portion of claim-related liabilities	3,500,000	6,500,000				10,000,000
Total Current Liabilities	7,840,649	14,542,578	2,648,170		(171,151)	24,860,246
Noncurrent Liabilities						
Noncurrent portion of claim-related liabilities	13,146,009	34,819,951				47,965,960
Net pension liability	480,911	299,435	127,033			907,379
Net OPEB liability	81,133	50,516	21,431			153,080
Total Noncurrent Liabilities	13,708,053	35,169,902	148,464			49,026,419
Total Liabilities	21,548,702	49,712,480	2,796,634		(171,151)	73,886,665
Deferred Inflows of Resources						
Deferred inflow on pension	70,949	44,176	18,741			133,866
Deferred outflow on OPEB	54,668	34,039	14,441			103,148
Total Deferred Inflows of Resources	125,617	78,215	33,182			237,014
Net Position						
Contributed capital				3,833,000	(3,833,000)	
Net investment in capital assets	1,556,662	3,173,293	114,559			4,844,514
Unrestricted	4,023,342	55,988,467	1,486,964			61,498,773
Total Net Position	$ 5,580,004	$ 59,161,760	$ 1,601,523	$ 3,833,000	$ (3,833,000)	$ 66,343,287

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

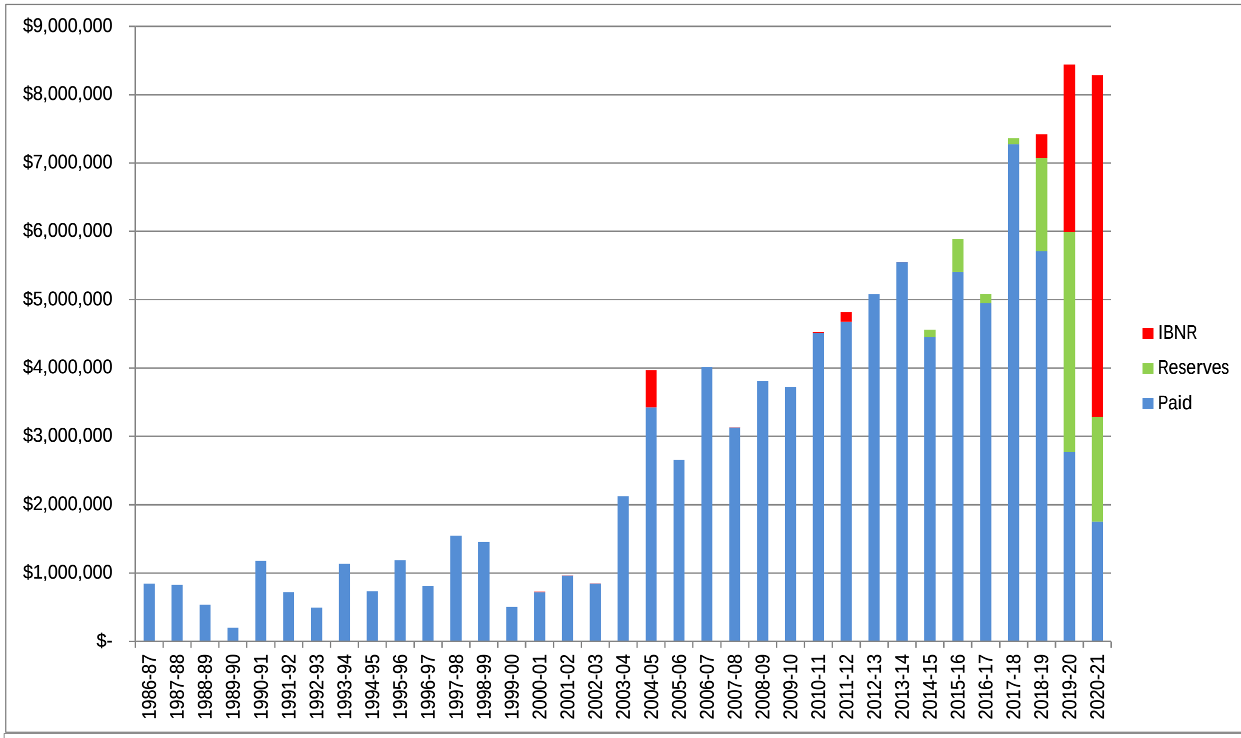
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

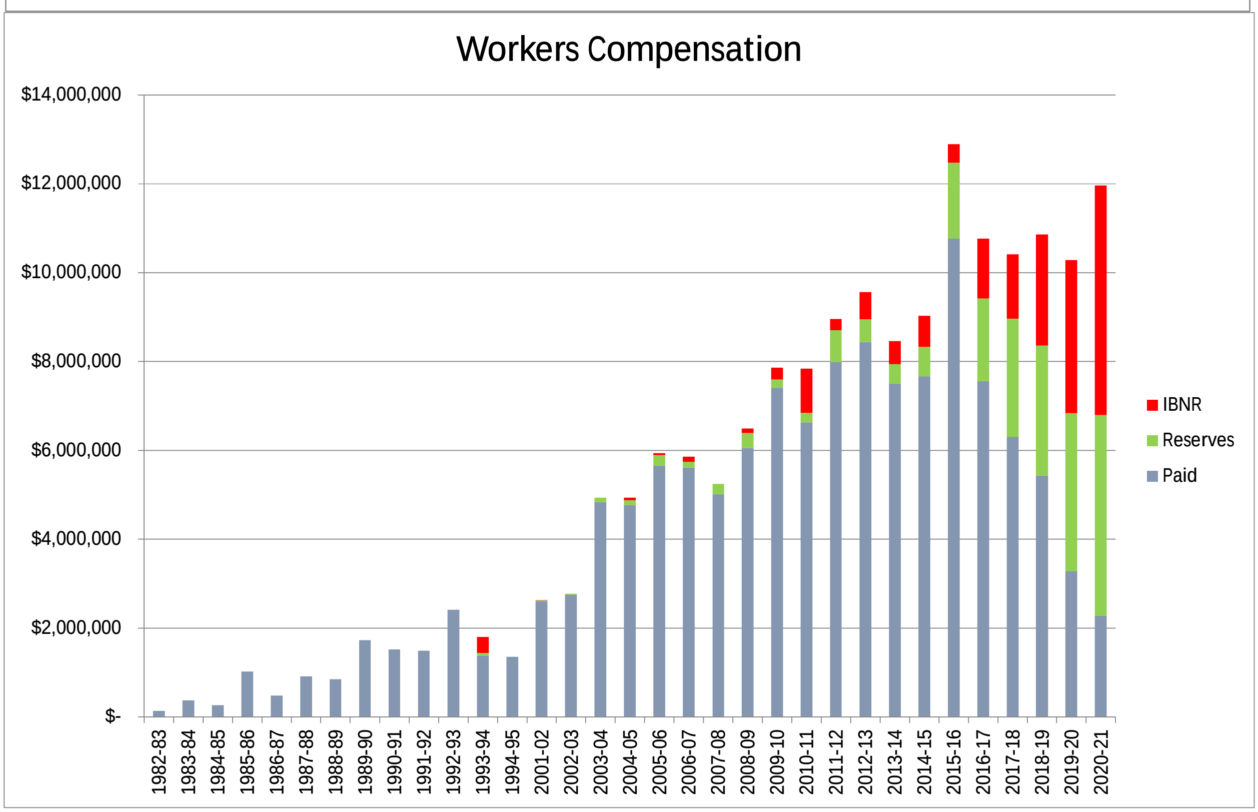
	Property/Liability	Workers' Compensation	Health Benefits	Captive	Total
Operating Revenues					
Members' contribution	$ 28,511,071	$ 17,064,834		$ -	$ 45,575,905
Health benefits premium			$ 37,509,933		37,509,933
Dividends income			142,260		142,260
Other income	11			-	11
Total Operating Revenues	28,511,082	17,064,834	37,652,193	-	83,228,109
Operating Expenses					
Claims expense	8,912,307	8,104,391		-	17,016,698
Insurance expense	15,064,719	2,395,665		-	17,460,384
Health insurance expense			36,589,764		36,589,764
Contract services and CSDA fees	470,292	1,897,506	43,683	-	2,411,481
Salaries and benefits	1,506,963	938,298	398,066	-	2,843,327
General and administrative	642,655	387,231	207,900	-	1,237,786
Interest expense				-	
Depreciation expense	313,297	260,908	30,429	-	604,634
Dividends expenses			142,260	-	142,260
Total Operating Expenses	26,910,233	13,983,999	37,412,102	-	78,306,334
Operating Income (Loss)	1,600,849	3,080,835	240,091	-	4,921,775
Nonoperating Revenues and Expenses					
Rental revenue	188,495	205,413		-	393,908
Rental expense	(146,622)	(147,896)		-	(294,518)
Net Rental Income (Loss)	41,873	57,517		-	99,390
Investment income	74,502	301,574	3,412	-	379,488
Total Nonoperating Revenues and Expenses	116,375	359,091	3,412	-	478,878
Change in Net Position	1,717,224	3,439,926	243,503	-	5,400,653
Beginning Net Position	3,862,780	55,721,834	1,358,020	-	60,942,634
Ending Net Position	$ 5,580,004	$ 59,161,760	$ 1,601,523	$ -	$ 66,343,287

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

GRAPHICAL PRESENTATION OF CLAIMS

JUNE 30, 2021





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2020-21 Annual Financial Audit

Financial Statements with Independent Auditor's Report