



c/o ALLIANT INSURANCE SERVICES
560 Mission Street, 6th Floor, San Francisco, CA 94105

Tel: 415.403.1400

Insurance License No.: 0C36861
Fax: 415.402.0773

OFFICERS:

Sandeep Karkal, President
415.892.1694
Vince De Lange, Vice President
925.756.1920

PAST PRESIDENTS:

Craig Murray
2020-2024
Greg Baatrup
2018-2020

FINANCE COMMITTEE MEETING AGENDA

Meeting Via Teleconference at the Following Location(s):

180 State Street, Suite 225, Southlake, TX 76092

Date/Time: Tuesday, April 15, 2025
10:00 AM

LOCATION: Alliant Offices
560 Mission Street, 6th Floor
San Francisco, CA 94105

		A = Action	
A. CALL TO ORDER		I = Information	
		S = Separate	
B. PUBLIC & COMMITTEE MEMBER COMMENTS		H = Handout	
C. CONSENT CALENDAR			
1.	Meeting Minutes: November 4, 2024	A	p. 3
	<i>Recommendation: Approve minutes from the last meeting.</i>		
2.	Budget to Date Report as of March 31, 2025	I	p. 9
	<i>Recommendation: Review the budget to date report.</i>		
D. GENERAL ADMINISTRATION			
1.	CSRMA Investment Performance Review	I/H	p. 23
	<i>Recommendation: Receive an update on CSRMA's Investment Portfolio from PFM.</i>		
2.	Investment Policy	A	p. 24
	<i>Recommendation: Review and approve the Investment Policy.</i>		
3.	CWIC Investment Performance Review	I/H	p. 32
	<i>Recommendation: Receive an update on CWIC's Investment Portfolio from PFM.</i>		
4.	CWIC (Captive) Update	I	p. 33
	<i>Recommendation: Receive an update on the Captive.</i>		
5.	Estimated Actual 24/25 Budget & Proposed 25/26 Budget - DRAFT	A/S	p. 69
	<i>Recommendation: Review and approve the proposed 25/26 FY budget.</i>		
E. STAFF/COMMITTEE REPORTS			
	None		
F. INFORMATION ITEMS			
1.	Poem of the Day	I	p. 74
2.	Article - Don't click on those road toll texts! Officials issue warnings about the smishing scam	I	p. 76
3.	Article - Tips to Help Prevent Eyestrain During Computer Use	I	p. 78
4.	CSRMA 2025 Meeting Calendar	I	p. 82
5.	CSRMA Organizational Chart	I	p. 83
6.	CSRMA Service Team Chart	I	p. 84
	<i>Recommendation: Review the presented items.</i>		
G. ADJOURNMENT			
<i>The next meeting is scheduled for November 3, 2025 via teleconference.</i>			

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant at (415) 403-1400 twenty-four hours in advance of the meeting. Entrance to the meeting location requires routine provision of identification to building security. However, CSRMA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

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**CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING
NOVEMBER 4, 2024
TELECONFERENCE**

MEMBERS PRESENT

Mr. Jason Dow, Treasurer, Central Marin Sanitation Agency
Mr. Matt Anderson, Silicon Valley Clean Water
Mr. Ryan Green, Leucadia Wastewater District
Mr. Philip Lieber, Central Contra Costa Sanitary District

MEMBERS ABSENT

None

GUESTS AND CONSULTANTS

Mr. Dennis Mulqueeny, Alliant Insurance Services, Inc.
Mr. Seth Cole, Alliant Insurance Services, Inc.
Mr. P.J. Skarlanic, Alliant Insurance Services, Inc.
Mr. Myron Leavell, Alliant Insurance Services, Inc.
Mr. Steve Davidson, Alliant Insurance Services, Inc.
Mr. Michael Kronbetter, PFM Asset Management Group, left 10:42 a.m.
Ms. Allison Kaune, PFM Assets Management Group, left 10:42 a.m.
Ms. Mallory Sampson, PFM Asset Management Group, left 10:42 a.m.
Mr. James Marta, James Marta & Company, LLP, left 11:05 a.m.

A. CALL TO ORDER

The meeting was called to order by Chair Jason Dow at 10:02 a.m.

B. PUBLIC & COMMITTEE MEMBER COMMENTS

None.

C. CONSENT CALENDAR

C.1. Meeting Minutes: April 15, 2024

The minutes of the meeting on April 15, 2024, were reviewed.

C.2. Budget to Date Report as of September 30, 2024

The Committee reviewed the Budget to Date Report as of September 30, 2024.

A motion was made to approve the Consent Calendar as presented.

MOTION: Matt Anderson **SECOND:** Ryan Green **MOTION CARRIED**

AYES: Anderson, Dow, Green, Lieber

NAYS: None

ABSTAIN: None

ABSENT: None

D. GENERAL ADMINISTRATION

D.1. CSRMA Investment Performance Review

Seth Cole introduced Michael Kronbetter from PFM Asset Management Group to the Committee. Michael reviewed CSRMA’s current investments at September 30, 2024 and provided both a market outlook and portfolio summary to the Committee.

Michael explained that The U.S. economy is characterized by a labor market that reached better balance and supports consumer activity, inflation that has made meaningful progress towards the Federal Reserve’s (“Fed”) target, although shelter costs remain a headwind, and resilient economic growth and consumer spending that supports a “soft landing” scenario. Fed began an easing cycle of its rate hike campaign, cutting the federal funds target rate by 50 basis points (bps) to 4.75% - 5.00% at its September FOMC meeting. Fed officials note that they have gained greater confidence that the risks to their dual mandate are “roughly in balance.” Fed’s September “dot plot” implies 50 bps of additional cuts for the remainder of 2024 and 100 bps throughout 2025. Treasury yields continued their descent, with yields on maturities between 3 months and 10 years falling 62 – 112 bps during the 3rd quarter of 2024. Despite intra-quarter spread widening, yield spreads across most credit sectors were range bound at tight levels, reflecting the strength of the US economy.

Michael then reviewed some components of CSRMA’s portfolio performance. Excluding LAIF, 85% of the portfolio is invested in securities rated in the highest categories. CSRMA’s portfolio is in compliance with its policies, being led by safety, liquidity, and investment return. CSRMA’s portfolio has increased in position by approximately \$940k from the end of the prior quarter, driven primarily by market value returns.

At the time of the meeting, the report of CSRMA’s total portfolio performance had not yet been made available. Michael advised that he estimated that the report would be released within a week of the meeting date.

D.2. 2023-2024 Fiscal Year Draft Financial Audit

Seth Cole introduced the auditor, James Marta, to the Committee and reported that the draft financial audit is being presented as a consolidated report, showing the combined positions of both CSRMA and CWIC.

James Marta directed the Committee’s attention to the financial audit packet. James reported that the financial statements are in compliance with the accounting principles generally accepted in the United States. He reviewed a letter addressed to the Board of Directors reporting no significant issues with CSRMA’s finances and reviewed the financial section of the draft ACFR with the Committee. James noted that the Net Position as of June 30, 2024, is approximately \$12M, an increase of nearly \$2M over last year.

James commented on how the consolidated position was calculated, which required eliminating transactions between CSRMA and CWIC (most notably, payment of insurance premiums from CSRMA to CWIC).

In summary, the audit opinion is unmodified with no internal control deficiencies or areas of noncompliance.

James thanked the Alliant staff for their help and cooperation with preparing materials necessary to conduct the audit.

James will present the audit to the CSRMA Board of Directors at their January 2025 Meeting at the CASA Conference.

Ryan Green noted some formatting corrections needed to the report. The Program Administrators will make the noted corrections.

A motion was made to recommend the financial audit to the Executive Board for their recommendation to the Board of Directors for adoption, with a correction of the name of the Workers’ Compensation third-party administrator and corrections to formatting included.

MOTION: Matt Anderson **SECOND:** Ryan Green **MOTION CARRIED**

AYES: Anderson, Dow, Green, Lieber

NAYS: None

ABSTAIN: None

ABSENT: None

D.3. Reconciliation of Program Director Fees for the Fiscal Year Ended June 30, 2024

P.J. Skarlanic reviewed this item with the Finance Committee and explained that at the end of each fiscal year, the Program Administrators reconcile the Program Director Fees to ensure that payment to Alliant Insurance Services, Inc. was billed correctly and in accordance with the contract.

The table on page 19 prepared by the Program Administrators showed that the Pooled Liability, Workers’ Compensation, Property and Primary Insurance Programs had no deviations from the contracted amounts. Seth Cole reported that a new member (LiSWA) joined the Property and PIP Programs effective May 1, 2024. Alliant’s contract with CSRMA allows the Program Administrators to collect “new member fees” capped a certain percentage depending on the

Program(s) joined. The PIP new member fee was included on the reconciliation table. The Property new member fee will be billed with the renewal of the Property Program effective July 1, 2024.

D.4. Financial Audit Contract

P.J. Skarlanic reviewed this item with the Committee. The contract for annual financial audit services with James Marta & Company LLP will expire with the completion of the audited financials as of June 30, 2024. James Marta & Company LLP has provided CSRMA with a proposal for a new contract for three additional years, fees of \$24,090, \$25,295, and \$26,560 for the years ending June 30, 2025, 2026, and 2027 respectively.

P.J. advised the Committee that CSRMA's standard practice is to issue a Requests for Proposals for financial auditing services periodically, but with CWIC having recently engaged James Marta for such services, reengaging James Marta for CSRMA's financial audit would improve consistency of the reports.

A motion was made to engage James Marta & Company LLC per the presented proposal to perform financial audit services for the years ending June 30, 2025, 2026, and 2027.

MOTION: Matt Anderson **SECOND:** Philip Lieber **MOTION CARRIED**

AYES: Anderson, Dow, Green, Lieber

NAYS: None

ABSTAIN: None

ABSENT: None

D.5. Investment Strategy

Seth Cole reviewed this item with the Committee. Historically CSRMA has relied on monies in LAIF to pay pooled losses in both the Pooled Programs, while monies not needed to pay claims and operating expenses are invested in longer term instruments. Because CSRMA is now transferring the go forward pooled layer losses to CWIC and funding for this layer is not being paid to CWIC as reinsurance premium, CSRMA may not have a sufficient cash balance to pay for older year claims without liquidating longer term assets. CSRMA's investment portfolio will likely decline over time as prior years' claims require liquidity made available from the investment portfolio.

The Program Administrator reviewed this matter with PFM and determined that the current investment strategy is sustainable for the time being, but we may need to reconsider CSRMA's investment strategy in the future. Seth reiterated that CSRMA has sufficient assets to meet its obligations but wanted to get this on the Committee's radar for possible future discussions.

D.6. Proposed 2025 Meeting Calendar

Seth Cole reviewed the proposed meeting calendar with the Finance Committee. Committee members were asked to review the meeting dates of April 14 and November 3, 2025, and to let the Program Administrators know of any conflicts. Several Committee members expressed a preference to meet on Tuesday, April 15 instead of Monday, April 14. The Committee would like to continue a schedule of both virtual and in-person meetings, meeting in-person in April and virtually in November.

A motion was made to adopt the 2025 Meeting Calendar, moving the proposed April 14 meeting date to April 15.

MOTION: Phil Lieber **SECOND:** Matt Anderson **MOTION CARRIED**

AYES: Anderson, Dow, Green, Lieber

NAYS: None

ABSTAIN: None

ABSENT: None

D.7. Captive Insurance Company

P.J. Skarlanic introduced Allison Kaune and Mallory Sampson of PFM Asset Management Group to the Committee. Allison and Mallory reviewed the investment performance report for CWIC with the Committee. Beginning with an overview of overall market performance, Allison noted positive performance in major equity and fixed income market indices. Allison reviewed PFM's opinion on several factors that affect market conditions, including a positive shift in opinion on global monetary policy and domestic financial conditions. PFM's opinion on investment strategies shifted slightly negatively on emerging markets, and slightly positively on listed real estate when compared to the previous quarter.

CWIC's investments returned 5.00% in the previous quarter, and 9.37% year-to-date, falling just short of benchmarks of 5.86% and 9.88% respectively. Energy and various markets performed less than expected, leading to the underperformance against the benchmarks. Some investments in fixed income assets also did not perform as anticipated. Nonetheless, CWIC's investment returns are considered strong and reflective of positive performance.

CWIC's assets are allocated closely in line with its targets. Allison reviewed tactical decisions on CWIC's allocation over the past year, including reducing domestic equity to its strategic target and allocating those assets to fixed income, removing tactical allocation to EM Ex China, and adding tactical allocation to REITs

The Committee suggested that PFM include a clearer comparison of portfolio performance and benchmarks in future reports and expressed general satisfaction with CWIC's portfolio performance and PFM's services.

P.J. Skarlanic reported that the CWIC Board met in person in Murray, Utah in accordance with state insurance regulations. The meeting agenda was provided for the Committee's review. P.J.

advised that direction was given to continue to evaluate opportunities for CWIC to reinsure additional lines of coverage for CSRMA.

E. STAFF/COMMITTEE REPORTS - None.

F. INFORMATION ITEMS

F.1. Poem of the Day

F.2. Information – GFOA Press Release

F.3. Information – PFMAM – Client Notification for Registered Investment Advisor Unification

F.4. Article – *Taking Steps to Prevent Identity Theft* – Travelers RMplusonline

F.5 CSRMA 2024 Meeting Calendar

F.6 CSRMA Organizational Chart

F.7 CSRMA Service Team

The Finance Committee reviewed the Information Items.

G. ADJOURNMENT

The meeting was adjourned at 11:29 a.m. The next meeting is scheduled for April 15, 2025.

Budget to Date Report as of March 31, 2025

ISSUE: Attached is the budget to date report as of March 31, 2025, and corresponding balance sheet. A variance report highlighting notable variances in the actual year to date figures versus what was budgeted is included.

There are no major concerns about CSRMA's finances at this writing.

RECOMMENDATION: None at this time.

FISCAL IMPACT: As depicted in the attached document.

BACKGROUND: The Program Administrators have remapped the budget to date report format to line up with the financial audit report so that all financial reporting will be consistent.

ATTACHMENTS:

1. Profit & Loss Budget to Actual
2. Variance Report
3. Balance Sheet

California Sanitation Risk Management Authority - Unconsolidated

Budget vs. Actuals by Program

July 2024 - March 2025

Preliminary Unaudited*

	TOTAL			% of Budget
	Actual	Budget	over Budget	
Income				
40 Operating Revenue				
400 Member Contributions				
4100 JPA Charge	849,768.52	1,175,971.00	-326,202.48	72.26%
4220 Pooled Deposit	491,296.50	653,298.00	-162,001.50	75.20%
4400 Insurance Premium (Net)	11,556,624.04	15,978,913.00	-4,422,288.96	72.32%
4450 Affiliate Insurance Premium Rev	5,282,434.00	6,806,001.00	-1,523,567.00	77.61%
Total 400 Member Contributions	\$ 18,180,123.06	\$ 24,614,183.00	-\$ 6,434,059.94	73.86%
410 Retrospective Contribution				
4300 Retro Adjustment	883.25	-500,000.00	500,883.25	-0.18%
Total 410 Retrospective Contribution	\$ 883.25	-\$ 500,000.00	\$ 500,883.25	-0.18%
420 Member Fees				
4110 Program Directors' Fee	1,088,079.93	1,451,000.00	-362,920.07	74.99%
Total 420 Member Fees	\$ 1,088,079.93	\$ 1,451,000.00	-\$ 362,920.07	74.99%
Total 40 Operating Revenue	\$ 19,269,086.24	\$ 25,565,183.00	-\$ 6,296,096.76	75.37%
Total Income	\$ 19,269,086.24	\$ 25,565,183.00	-\$ 6,296,096.76	75.37%
Gross Profit	\$ 19,269,086.24	\$ 25,565,183.00	-\$ 6,296,096.76	75.37%
Expenses				
50 Operating Expense				
500 Program Expense				
4500 Deductible Recoveries	-397,144.65	-400,000.00	2,855.35	99.29%
5201 Claims Expense	4,340,001.07	4,000,000.00	340,001.07	108.50%
5205 Loss Adjustment Exp	298,312.81	0.00	298,312.81	
5300 Risk Control Online	0.00	0.00	0.00	
Total 500 Program Expense	\$ 4,241,169.23	\$ 3,600,000.00	\$ 641,169.23	117.81%
610 Insurance Expense				
6432 Net Insurance Premium	11,552,192.90	15,978,913.00	-4,426,720.10	72.30%
6435 Affiliate Insurance Premium Exp	5,282,434.00	7,776,601.00	-2,494,167.00	67.93%
Total 610 Insurance Expense	\$ 16,834,626.90	\$ 23,755,514.00	-\$ 6,920,887.10	70.87%
620 Management Consultants				
6523 Outside Safety Consultant	397,114.45	549,560.00	-152,445.55	72.26%
Total 620 Management Consultants	\$ 397,114.45	\$ 549,560.00	-\$ 152,445.55	72.26%
630 Program Director Fee				
6330 Program Directors' Fee Exp.	1,088,249.40	1,451,000.00	-362,750.60	75.00%
Total 630 Program Director Fee	\$ 1,088,249.40	\$ 1,451,000.00	-\$ 362,750.60	75.00%
640 Other Program Expense				
6464 User/Fraud Fund Assessment	87,842.08	124,379.00	-36,536.92	70.62%
6506 Actuarial	44,920.00	69,890.00	-24,970.00	64.27%
6510 Claims Audit	8,200.00	9,000.00	-800.00	91.11%
6512 Claims Admin. Annual Fee	18,400.00	24,600.00	-6,200.00	74.80%
6516 Coverage Counsel	0.00	5,000.00	-5,000.00	0.00%
6650 Program Legal	10,957.49	26,500.00	-15,542.51	41.35%
6652 Program Committee	881.65	2,500.00	-1,618.35	35.27%
6660 Program Consulting	14,794.00	35,000.00	-20,206.00	42.27%
6667 CSRMA Provided Seminars	75,668.18	95,000.00	-19,331.82	79.65%
Total 640 Other Program Expense	\$ 261,663.40	\$ 391,869.00	-\$ 130,205.60	66.77%

California Sanitation Risk Management Authority - Unconsolidated

Budget vs. Actuals by Program

July 2024 - March 2025

Preliminary Unaudited*

	TOTAL			% of Budget
	Actual	Budget	over Budget	
700 General & Administrative Expense				
7804 Accounting Consulting	0.00	0.00	0.00	
7808 Financial Audit	18,945.00	22,946.00	-4,001.00	82.56%
7822 Board Counsel	9,889.82	20,700.00	-10,810.18	47.78%
8942 Supplies	86.88	0.00	86.88	
8944 Printing/Promotion	0.00	1,000.00	-1,000.00	0.00%
8945 Computer Software/Programming	29,915.13	34,900.00	-4,984.87	85.72%
8946 Memberships/Other	5,725.00	10,987.00	-5,262.00	52.11%
8948 Banking Service Charges	1,692.27	5,804.00	-4,111.73	29.16%
8954 Executive/Officers Committee	32,044.57	35,000.00	-2,955.43	91.56%
8956 Board of Directors	7,881.32	13,800.00	-5,918.68	57.11%
8960 JPA Insurance	63,331.40	83,406.00	-20,074.60	75.93%
8990 General Contingency	0.00	6,000.00	-6,000.00	0.00%
Total 700 General & Administrative Expense	\$ 169,511.39	\$ 234,543.00	-\$ 65,031.61	72.27%
Total 50 Operating Expense	\$ 22,992,334.77	\$ 29,982,486.00	-\$ 6,990,151.23	76.69%
Total Expenses	\$ 22,992,334.77	\$ 29,982,486.00	-\$ 6,990,151.23	76.69%
Net Operating Income	-\$ 3,723,248.53	-\$ 4,417,303.00	\$ 694,054.47	84.29%
Other Income				
4660 Investment Earnings				
4620 Interest Income	434,893.30	0.00	434,893.30	
4660.10 Investment Income - Realized	-83,267.07	830,503.00	-913,770.07	-10.03%
4660.15 Investment Income - Unrealized	0.00	0.00	0.00	
Total 4660 Investment Earnings	\$ 351,626.23	\$ 830,503.00	-\$ 478,876.77	42.34%
Total Other Income	\$ 351,626.23	\$ 830,503.00	-\$ 478,876.77	42.34%
Other Expenses				
9120 Dividends	0.00	500,000.00	-500,000.00	0.00%
Reconciliation Discrepancies	-0.79	0.00	-0.79	
Total Other Expenses	-\$ 0.79	\$ 500,000.00	-\$ 500,000.79	0.00%
Net Other Income	\$ 351,627.02	\$ 330,503.00	\$ 21,124.02	106.39%
Net Income	-\$ 3,371,621.51	-\$ 4,086,800.00	\$ 715,178.49	82.50%

*Excludes results of CWIC subsidiary; excludes unearned income from investments and 3rd quarter investment earnings.

California Sanitation Risk Management Authority - Unconsolidated

Budget vs. Actuals by Program

July 2024 - March 2025

Preliminary Unaudited*

	.021 - PIP			
	Actual	Budget	over Budget	% of Budget
Income				
40 Operating Revenue				
400 Member Contributions				
4100 JPA Charge	47,878.95	72,482.00	-24,603.05	66.06%
4220 Pooled Deposit			0.00	
4400 Insurance Premium (Net)	631,591.02	911,300.00	-279,708.98	69.31%
4450 Affiliate Insurance Premium Rev			0.00	
Total 400 Member Contributions	\$ 679,469.97	\$ 983,782.00	-\$ 304,312.03	69.07%
410 Retrospective Contribution				
4300 Retro Adjustment			0.00	
Total 410 Retrospective Contribution	\$ 0.00	\$ 0.00	\$ 0.00	
420 Member Fees				
4110 Program Directors' Fee	103,333.62	138,000.00	-34,666.38	74.88%
Total 420 Member Fees	\$ 103,333.62	\$ 138,000.00	-\$ 34,666.38	74.88%
Total 40 Operating Revenue	\$ 782,803.59	\$ 1,121,782.00	-\$ 338,978.41	69.78%
Total Income	\$ 782,803.59	\$ 1,121,782.00	-\$ 338,978.41	69.78%
Gross Profit	\$ 782,803.59	\$ 1,121,782.00	-\$ 338,978.41	69.78%
Expenses				
50 Operating Expense				
500 Program Expense				
4500 Deductible Recoveries			0.00	
5201 Claims Expense			0.00	
5205 Loss Adjustment Exp			0.00	
5300 Risk Control Online	0.00		0.00	
Total 500 Program Expense	\$ 0.00	\$ 0.00	\$ 0.00	
610 Insurance Expense				
6432 Net Insurance Premium	624,250.06	911,300.00	-287,049.94	68.50%
6435 Affiliate Insurance Premium Exp			0.00	
Total 610 Insurance Expense	\$ 624,250.06	\$ 911,300.00	-\$ 287,049.94	68.50%
620 Management Consultants				
6523 Outside Safety Consultant	35,825.90	38,256.00	-2,430.10	93.65%
Total 620 Management Consultants	\$ 35,825.90	\$ 38,256.00	-\$ 2,430.10	93.65%
630 Program Director Fee				
6330 Program Directors' Fee Exp.	103,500.00	138,000.00	-34,500.00	75.00%
Total 630 Program Director Fee	\$ 103,500.00	\$ 138,000.00	-\$ 34,500.00	75.00%
640 Other Program Expense				
6464 User/Fraud Fund Assessment			0.00	
6506 Actuarial			0.00	
6510 Claims Audit			0.00	
6512 Claims Admin. Annual Fee			0.00	
6516 Coverage Counsel			0.00	
6650 Program Legal			0.00	
6652 Program Committee			0.00	
6660 Program Consulting	474.40	1,500.00	-1,025.60	31.63%
6667 CSRMA Provided Seminars	7,366.81	9,500.00	-2,133.19	77.55%
Total 640 Other Program Expense	\$ 7,841.21	\$ 11,000.00	-\$ 3,158.79	71.28%

California Sanitation Risk Management Authority - Unconsolidated

Budget vs. Actuals by Program

July 2024 - March 2025

Preliminary Unaudited*

	.021 - PIP			
	Actual	Budget	over Budget	% of Budget
700 General & Administrative Expense				
7804 Accounting Consulting	0.00		0.00	
7808 Financial Audit	1,894.50	2,295.00	-400.50	82.55%
7822 Board Counsel	988.99	2,070.00	-1,081.01	47.78%
8942 Supplies	8.69		8.69	
8944 Printing/Promotion		100.00	-100.00	0.00%
8945 Computer Software/Programming	1,104.26	3,490.00	-2,385.74	31.64%
8946 Memberships/Other	572.50	1,099.00	-526.50	52.09%
8948 Banking Service Charges	169.23	332.00	-162.77	50.97%
8954 Executive/Officers Committee	3,191.71	3,500.00	-308.29	91.19%
8956 Board of Directors	788.14	1,400.00	-611.86	56.30%
8960 JPA Insurance	6,333.14	8,341.00	-2,007.86	75.93%
8990 General Contingency		600.00	-600.00	0.00%
Total 700 General & Administrative Expense	\$ 15,051.16	\$ 23,227.00	-\$ 8,175.84	64.80%
Total 50 Operating Expense	\$ 786,468.33	\$ 1,121,783.00	-\$ 335,314.67	70.11%
Total Expenses	\$ 786,468.33	\$ 1,121,783.00	-\$ 335,314.67	70.11%
Net Operating Income	-\$ 3,664.74	-\$ 1.00	-\$ 3,663.74	366474.00%
Other Income				
4660 Investment Earnings				
4620 Interest Income	2,485.69		2,485.69	
4660.10 Investment Income - Realized	-466.36	5,219.00	-5,685.36	-8.94%
4660.15 Investment Income - Unrealized	0.00		0.00	
Total 4660 Investment Earnings	\$ 2,019.33	\$ 5,219.00	-\$ 3,199.67	38.69%
Total Other Income	\$ 2,019.33	\$ 5,219.00	-\$ 3,199.67	38.69%
Other Expenses				
9120 Dividends			0.00	
Reconciliation Discrepancies			0.00	
Total Other Expenses	\$ 0.00	\$ 0.00	\$ 0.00	
Net Other Income	\$ 2,019.33	\$ 5,219.00	-\$ 3,199.67	38.69%
Net Income	-\$ 1,645.41	\$ 5,218.00	-\$ 6,863.41	-31.53%

*Excludes results of CWIC subsidiary; excludes unearned income from investments and 3rd quarter investment earnings.

California Sanitation Risk Management Authority - Unconsolidated

Budget vs. Actuals by Program

July 2024 - March 2025

Preliminary Unaudited*

	.023 - Property			
	Actual	Budget	over Budget	% of Budget
Income				
40 Operating Revenue				
400 Member Contributions				
4100 JPA Charge	83,920.47	111,894.00	-27,973.53	75.00%
4220 Pooled Deposit	491,296.50	653,298.00	-162,001.50	75.20%
4400 Insurance Premium (Net)	6,977,286.27	9,602,238.00	-2,624,951.73	72.66%
4450 Affiliate Insurance Premium Rev			0.00	
Total 400 Member Contributions	\$ 7,552,503.24	\$ 10,367,430.00	-\$ 2,814,926.76	72.85%
410 Retrospective Contribution				
4300 Retro Adjustment			0.00	
Total 410 Retrospective Contribution	\$ 0.00	\$ 0.00	\$ 0.00	
420 Member Fees				
4110 Program Directors' Fee	143,999.97	192,000.00	-48,000.03	75.00%
Total 420 Member Fees	\$ 143,999.97	\$ 192,000.00	-\$ 48,000.03	75.00%
Total 40 Operating Revenue	\$ 7,696,503.21	\$ 10,559,430.00	-\$ 2,862,926.79	72.89%
Total Income	\$ 7,696,503.21	\$ 10,559,430.00	-\$ 2,862,926.79	72.89%
Gross Profit	\$ 7,696,503.21	\$ 10,559,430.00	-\$ 2,862,926.79	72.89%
Expenses				
50 Operating Expense				
500 Program Expense				
4500 Deductible Recoveries			0.00	
5201 Claims Expense	145,407.85	500,000.00	-354,592.15	29.08%
5205 Loss Adjustment Exp	4,276.60		4,276.60	
5300 Risk Control Online	0.00		0.00	
Total 500 Program Expense	\$ 149,684.45	\$ 500,000.00	-\$ 350,315.55	29.94%
610 Insurance Expense				
6432 Net Insurance Premium	6,976,760.73	9,602,238.00	-2,625,477.27	72.66%
6435 Affiliate Insurance Premium Exp			0.00	
Total 610 Insurance Expense	\$ 6,976,760.73	\$ 9,602,238.00	-\$ 2,625,477.27	72.66%
620 Management Consultants				
6523 Outside Safety Consultant	68,221.55	70,652.00	-2,430.45	96.56%
Total 620 Management Consultants	\$ 68,221.55	\$ 70,652.00	-\$ 2,430.45	96.56%
630 Program Director Fee				
6330 Program Directors' Fee Exp.	144,000.00	192,000.00	-48,000.00	75.00%
Total 630 Program Director Fee	\$ 144,000.00	\$ 192,000.00	-\$ 48,000.00	75.00%
640 Other Program Expense				
6464 User/Fraud Fund Assessment			0.00	
6506 Actuarial	5,500.00	5,500.00	0.00	100.00%
6510 Claims Audit			0.00	
6512 Claims Admin. Annual Fee			0.00	
6516 Coverage Counsel			0.00	
6650 Program Legal	0.00	1,500.00	-1,500.00	0.00%
6652 Program Committee			0.00	
6660 Program Consulting	474.40	1,500.00	-1,025.60	31.63%
6667 CSRMA Provided Seminars	7,366.81	9,500.00	-2,133.19	77.55%
Total 640 Other Program Expense	\$ 13,341.21	\$ 18,000.00	-\$ 4,658.79	74.12%

California Sanitation Risk Management Authority - Unconsolidated

Budget vs. Actuals by Program

July 2024 - March 2025

Preliminary Unaudited*

	.023 - Property			% of Budget
	Actual	Budget	over Budget	
700 General & Administrative Expense				
7804 Accounting Consulting	0.00		0.00	
7808 Financial Audit	1,894.50	2,295.00	-400.50	82.55%
7822 Board Counsel	988.99	2,070.00	-1,081.01	47.78%
8942 Supplies	8.69		8.69	
8944 Printing/Promotion		100.00	-100.00	0.00%
8945 Computer Software/Programming	976.79	3,490.00	-2,513.21	27.99%
8946 Memberships/Other	572.50	1,099.00	-526.50	52.09%
8948 Banking Service Charges	169.23	348.00	-178.77	48.63%
8954 Executive/Officers Committee	3,319.18	3,500.00	-180.82	94.83%
8956 Board of Directors	788.14	1,400.00	-611.86	56.30%
8960 JPA Insurance	6,333.14	8,341.00	-2,007.86	75.93%
8990 General Contingency		600.00	-600.00	0.00%
Total 700 General & Administrative Expense	\$ 15,051.16	\$ 23,243.00	-\$ 8,191.84	64.76%
Total 50 Operating Expense	\$ 7,367,059.10	\$ 10,406,133.00	-\$ 3,039,073.90	70.80%
Total Expenses	\$ 7,367,059.10	\$ 10,406,133.00	-\$ 3,039,073.90	70.80%
Net Operating Income	\$ 329,444.11	\$ 153,297.00	\$ 176,147.11	214.91%
Other Income				
4660 Investment Earnings				
4620 Interest Income	10,399.35		10,399.35	
4660.10 Investment Income - Realized	-2,033.19	31,157.00	-33,190.19	-6.53%
4660.15 Investment Income - Unrealized	0.00		0.00	
Total 4660 Investment Earnings	\$ 8,366.16	\$ 31,157.00	-\$ 22,790.84	26.85%
Total Other Income	\$ 8,366.16	\$ 31,157.00	-\$ 22,790.84	26.85%
Other Expenses				
9120 Dividends			0.00	
Reconciliation Discrepancies			0.00	
Total Other Expenses	\$ 0.00	\$ 0.00	\$ 0.00	
Net Other Income	\$ 8,366.16	\$ 31,157.00	-\$ 22,790.84	26.85%
Net Income	\$ 337,810.27	\$ 184,454.00	\$ 153,356.27	183.14%

*Excludes results of CWIC subsidiary; excludes unearned income from investments and 3rd quarter investment earnings.

California Sanitation Risk Management Authority - Unconsolidated

Budget vs. Actuals by Program

July 2024 - March 2025

Preliminary Unaudited*

	.024 - Liability			
	Actual	Budget	over Budget	% of Budget
Income				
40 Operating Revenue				
400 Member Contributions				
4100 JPA Charge	302,987.50	438,287.00	-135,299.50	69.13%
4220 Pooled Deposit			0.00	
4400 Insurance Premium (Net)	2,675,937.25	3,702,029.00	-1,026,091.75	72.28%
4450 Affiliate Insurance Premium Rev		2,982,467.00	-2,982,467.00	0.00%
Total 400 Member Contributions	\$ 2,978,924.75	\$ 7,122,783.00	-\$ 4,143,858.25	41.82%
410 Retrospective Contribution				
4300 Retro Adjustment	275,885.00	-250,000.00	525,885.00	-110.35%
Total 410 Retrospective Contribution	\$ 275,885.00	-\$ 250,000.00	\$ 525,885.00	-110.35%
420 Member Fees				
4110 Program Directors' Fee	514,497.00	686,000.00	-171,503.00	75.00%
Total 420 Member Fees	\$ 514,497.00	\$ 686,000.00	-\$ 171,503.00	75.00%
Total 40 Operating Revenue	\$ 3,769,306.75	\$ 7,558,783.00	-\$ 3,789,476.25	49.87%
Total Income	\$ 3,769,306.75	\$ 7,558,783.00	-\$ 3,789,476.25	49.87%
Gross Profit	\$ 3,769,306.75	\$ 7,558,783.00	-\$ 3,789,476.25	49.87%
Expenses				
50 Operating Expense				
500 Program Expense				
4500 Deductible Recoveries	-397,144.65	-400,000.00	2,855.35	99.29%
5201 Claims Expense	2,750,486.95	1,750,000.00	1,000,486.95	157.17%
5205 Loss Adjustment Exp	44,444.01		44,444.01	
5300 Risk Control Online	0.00		0.00	
Total 500 Program Expense	\$ 2,397,786.31	\$ 1,350,000.00	\$ 1,047,786.31	177.61%
610 Insurance Expense				
6432 Net Insurance Premium	2,675,936.86	3,702,029.00	-1,026,092.14	72.28%
6435 Affiliate Insurance Premium Exp	2,414,783.50	2,982,467.00	-567,683.50	80.97%
Total 610 Insurance Expense	\$ 5,090,720.36	\$ 6,684,496.00	-\$ 1,593,775.64	76.16%
620 Management Consultants				
6523 Outside Safety Consultant	164,870.39	209,652.00	-44,781.61	78.64%
Total 620 Management Consultants	\$ 164,870.39	\$ 209,652.00	-\$ 44,781.61	78.64%
630 Program Director Fee				
6330 Program Directors' Fee Exp.	514,500.00	686,000.00	-171,500.00	75.00%
Total 630 Program Director Fee	\$ 514,500.00	\$ 686,000.00	-\$ 171,500.00	75.00%
640 Other Program Expense				
6464 User/Fraud Fund Assessment			0.00	
6506 Actuarial	13,500.00	15,250.00	-1,750.00	88.52%
6510 Claims Audit			0.00	
6512 Claims Admin. Annual Fee	12,400.00	18,600.00	-6,200.00	66.67%
6516 Coverage Counsel		5,000.00	-5,000.00	0.00%
6650 Program Legal	10,912.49	23,500.00	-12,587.51	46.44%
6652 Program Committee	9.00	1,500.00	-1,491.00	0.60%
6660 Program Consulting	12,134.80	16,750.00	-4,615.20	72.45%
6667 CSRMA Provided Seminars	34,150.68	42,750.00	-8,599.32	79.88%
Total 640 Other Program Expense	\$ 83,106.97	\$ 123,350.00	-\$ 40,243.03	67.37%

California Sanitation Risk Management Authority - Unconsolidated

Budget vs. Actuals by Program

July 2024 - March 2025

Preliminary Unaudited*

	.024 - Liability			
	Actual	Budget	over Budget	% of Budget
700 General & Administrative Expense				
7804 Accounting Consulting	0.00		0.00	
7808 Financial Audit	8,525.25	10,325.00	-1,799.75	82.57%
7822 Board Counsel	4,450.41	9,315.00	-4,864.59	47.78%
8942 Supplies	39.09		39.09	
8944 Printing/Promotion		450.00	-450.00	0.00%
8945 Computer Software/Programming	23,969.17	15,705.00	8,264.17	152.62%
8946 Memberships/Other	2,576.25	4,944.00	-2,367.75	52.11%
8948 Banking Service Charges	761.51	2,363.00	-1,601.49	32.23%
8954 Executive/Officers Committee	14,362.70	15,750.00	-1,387.30	91.19%
8956 Board of Directors	3,546.58	6,200.00	-2,653.42	57.20%
8960 JPA Insurance	28,499.13	37,532.00	-9,032.87	75.93%
8990 General Contingency		2,700.00	-2,700.00	0.00%
Total 700 General & Administrative Expense	\$ 86,730.09	\$ 105,284.00	-\$ 18,553.91	82.38%
Total 50 Operating Expense	\$ 8,337,714.12	\$ 9,158,782.00	-\$ 821,067.88	91.04%
Total Expenses	\$ 8,337,714.12	\$ 9,158,782.00	-\$ 821,067.88	91.04%
Net Operating Income	-\$ 4,568,407.37	-\$ 1,599,999.00	-\$ 2,968,408.37	285.53%
Other Income				
4660 Investment Earnings				
4620 Interest Income	143,276.33		143,276.33	
4660.10 Investment Income - Realized	-27,144.85	289,266.00	-316,410.85	-9.38%
4660.15 Investment Income - Unrealized	0.00		0.00	
Total 4660 Investment Earnings	\$ 116,131.48	\$ 289,266.00	-\$ 173,134.52	40.15%
Total Other Income	\$ 116,131.48	\$ 289,266.00	-\$ 173,134.52	40.15%
Other Expenses				
9120 Dividends		500,000.00	-500,000.00	0.00%
Reconciliation Discrepancies	-0.79		-0.79	
Total Other Expenses	-\$ 0.79	\$ 500,000.00	-\$ 500,000.79	0.00%
Net Other Income	\$ 116,132.27	-\$ 210,734.00	\$ 326,866.27	-55.11%
Net Income	-\$ 4,452,275.10	-\$ 1,810,733.00	-\$ 2,641,542.10	245.88%

*Excludes results of CWIC subsidiary; excludes unearned income from investments and 3rd quarter investment earnings.

California Sanitation Risk Management Authority - Unconsolidated

Budget vs. Actuals by Program

July 2024 - March 2025

Preliminary Unaudited*

	.025 - WC			
	Actual	Budget	over Budget	% of Budget
Income				
40 Operating Revenue				
400 Member Contributions				
4100 JPA Charge	414,981.60	553,308.00	-138,326.40	75.00%
4220 Pooled Deposit			0.00	
4400 Insurance Premium (Net)	1,271,809.50	1,763,346.00	-491,536.50	72.12%
4450 Affiliate Insurance Premium Rev	5,282,434.00	3,823,534.00	1,458,900.00	138.16%
Total 400 Member Contributions	\$ 6,969,225.10	\$ 6,140,188.00	\$ 829,037.10	113.50%
410 Retrospective Contribution				
4300 Retro Adjustment	-275,001.75	-250,000.00	-25,001.75	110.00%
Total 410 Retrospective Contribution	-\$ 275,001.75	-\$ 250,000.00	-\$ 25,001.75	110.00%
420 Member Fees				
4110 Program Directors' Fee	326,249.34	435,000.00	-108,750.66	75.00%
Total 420 Member Fees	\$ 326,249.34	\$ 435,000.00	-\$ 108,750.66	75.00%
Total 40 Operating Revenue	\$ 7,020,472.69	\$ 6,325,188.00	\$ 695,284.69	110.99%
Total Income	\$ 7,020,472.69	\$ 6,325,188.00	\$ 695,284.69	110.99%
Gross Profit	\$ 7,020,472.69	\$ 6,325,188.00	\$ 695,284.69	110.99%
Expenses				
50 Operating Expense				
500 Program Expense				
4500 Deductible Recoveries			0.00	
5201 Claims Expense	1,444,106.27	1,750,000.00	-305,893.73	82.52%
5205 Loss Adjustment Exp	249,592.20		249,592.20	
5300 Risk Control Online	0.00		0.00	
Total 500 Program Expense	\$ 1,693,698.47	\$ 1,750,000.00	-\$ 56,301.53	96.78%
610 Insurance Expense				
6432 Net Insurance Premium	1,275,245.25	1,763,346.00	-488,100.75	72.32%
6435 Affiliate Insurance Premium Exp	2,867,650.50	4,794,134.00	-1,926,483.50	59.82%
Total 610 Insurance Expense	\$ 4,142,895.75	\$ 6,557,480.00	-\$ 2,414,584.25	63.18%
620 Management Consultants				
6523 Outside Safety Consultant	128,196.61	231,000.00	-102,803.39	55.50%
Total 620 Management Consultants	\$ 128,196.61	\$ 231,000.00	-\$ 102,803.39	55.50%
630 Program Director Fee				
6330 Program Directors' Fee Exp.	326,249.40	435,000.00	-108,750.60	75.00%
Total 630 Program Director Fee	\$ 326,249.40	\$ 435,000.00	-\$ 108,750.60	75.00%
640 Other Program Expense				
6464 User/Fraud Fund Assessment	87,842.08	124,379.00	-36,536.92	70.62%
6506 Actuarial	25,920.00	49,140.00	-23,220.00	52.75%
6510 Claims Audit	8,200.00	9,000.00	-800.00	91.11%
6512 Claims Admin. Annual Fee	6,000.00	6,000.00	0.00	100.00%
6516 Coverage Counsel			0.00	
6650 Program Legal	45.00	1,500.00	-1,455.00	3.00%
6652 Program Committee	872.65	1,000.00	-127.35	87.27%
6660 Program Consulting	1,710.40	15,250.00	-13,539.60	11.22%
6667 CSRMA Provided Seminars	26,783.88	33,250.00	-6,466.12	80.55%
Total 640 Other Program Expense	\$ 157,374.01	\$ 239,519.00	-\$ 82,144.99	65.70%

California Sanitation Risk Management Authority - Unconsolidated

Budget vs. Actuals by Program

July 2024 - March 2025

Preliminary Unaudited*

	.025 - WC			
	Actual	Budget	over Budget	% of Budget
700 General & Administrative Expense				
7804 Accounting Consulting	0.00		0.00	
7808 Financial Audit	6,630.75	8,031.00	-1,400.25	82.56%
7822 Board Counsel	3,461.43	7,245.00	-3,783.57	47.78%
8942 Supplies	30.41		30.41	
8944 Printing/Promotion	0.00	350.00	-350.00	0.00%
8945 Computer Software/Programming	3,864.91	12,215.00	-8,350.09	31.64%
8946 Memberships/Other	2,003.75	3,845.00	-1,841.25	52.11%
8948 Banking Service Charges	592.30	2,761.00	-2,168.70	21.45%
8954 Executive/Officers Committee	11,170.98	12,250.00	-1,079.02	91.19%
8956 Board of Directors	2,758.46	4,800.00	-2,041.54	57.47%
8960 JPA Insurance	22,165.99	29,192.00	-7,026.01	75.93%
8990 General Contingency		2,100.00	-2,100.00	0.00%
Total 700 General & Administrative Expense	\$ 52,678.98	\$ 82,789.00	-\$ 30,110.02	63.63%
Total 50 Operating Expense	\$ 6,501,093.22	\$ 9,295,788.00	-\$ 2,794,694.78	69.94%
Total Expenses	\$ 6,501,093.22	\$ 9,295,788.00	-\$ 2,794,694.78	69.94%
Net Operating Income	\$ 519,379.47	-\$ 2,970,600.00	\$ 3,489,979.47	-17.48%
Other Income				
4660 Investment Earnings				
4620 Interest Income	278,731.93		278,731.93	
4660.10 Investment Income - Realized	-53,622.67	504,861.00	-558,483.67	-10.62%
4660.15 Investment Income - Unrealized	0.00		0.00	
Total 4660 Investment Earnings	\$ 225,109.26	\$ 504,861.00	-\$ 279,751.74	44.59%
Total Other Income	\$ 225,109.26	\$ 504,861.00	-\$ 279,751.74	44.59%
Other Expenses				
9120 Dividends			0.00	
Reconciliation Discrepancies			0.00	
Total Other Expenses	\$ 0.00	\$ 0.00	\$ 0.00	
Net Other Income	\$ 225,109.26	\$ 504,861.00	-\$ 279,751.74	44.59%
Net Income	\$ 744,488.73	-\$ 2,465,739.00	\$ 3,210,227.73	-30.19%

*Excludes results of CWIC subsidiary; excludes unearned income from investments and 3rd quarter investment earnings.

California Sanitation Risk Management Authority - Unconsolidated
Budget vs. Actuals
July 2024 - March 2025
Preliminary & Unaudited*

	Actual	Budget	over Budget	% of Budget	
Income					
40 Operating Revenue					
400 Member Contributions					
4100 JPA Charge	849,768.52	1,175,971.00	-326,202.48	72.26%	Three quarters of amortized revenue
4220 Pooled Deposit	491,296.50	653,298.00	-162,001.50	75.20%	Three quarters of amortized revenue
4400 Insurance Premium (Net)	11,556,624.04	15,978,913.00	-4,422,288.96	72.32%	Three quarters of amortized revenue
4450 Affiliate Insurance Premium Rev	5,282,434.00	6,806,001.00	-1,523,567.00	77.61%	Three quarters of amortized revenue
Total 400 Member Contributions	\$ 18,180,123.06	\$ 24,614,183.00	-\$ 6,434,059.94	73.86%	
410 Retrospective Contribution					
4300 Retro Adjustment	883.25	-500,000.00	500,883.25	-0.18%	Retro adjustments in the WC and PLP Programs offset each other
Total 410 Retrospective Contribution	\$ 883.25	-\$ 500,000.00	\$ 500,883.25	-0.18%	
420 Member Fees					
4110 Program Directors' Fee	1,088,079.93	1,451,000.00	-362,920.07	74.99%	Three quarters of amortized revenue
Total 420 Member Fees	\$ 1,088,079.93	\$ 1,451,000.00	-\$ 362,920.07	74.99%	
Total 40 Operating Revenue	\$ 19,269,086.24	\$ 25,565,183.00	-\$ 6,296,096.76	75.37%	
Total Income	\$ 19,269,086.24	\$ 25,565,183.00	-\$ 6,296,096.76	75.37%	
Gross Profit	\$ 19,269,086.24	\$ 25,565,183.00	-\$ 6,296,096.76	75.37%	
Expenses					
50 Operating Expense					
500 Program Expense					
4500 Deductible Recoveries	-397,144.65	-400,000.00	2,855.35	99.29%	
5201 Claims Expense	4,340,001.07	4,000,000.00	340,001.07	108.50%	Liability settlements more than expected
5205 Loss Adjustment Exp	298,312.81	0.00	298,312.81		Rolled up into Claims Expense previously
5300 Risk Control Online	0.00	0.00	0.00		
Total 500 Program Expense	\$ 4,241,169.23	\$ 3,600,000.00	\$ 641,169.23	117.81%	
610 Insurance Expense					
6432 Net Insurance Premium	11,552,192.90	15,978,913.00	-4,426,720.10	72.30%	Three quarters of amortized expense
6435 Affiliate Insurance Premium Exp	5,282,434.00	7,776,601.00	-2,494,167.00	67.93%	Three quarters of amortized expense
Total 610 Insurance Expense	\$ 16,834,626.90	\$ 23,755,514.00	-\$ 6,920,887.10	70.87%	
620 Management Consultants					
6523 Outside Safety Consultant	397,114.45	549,560.00	-152,445.55	72.26%	
Total 620 Management Consultants	\$ 397,114.45	\$ 549,560.00	-\$ 152,445.55	72.26%	
630 Program Director Fee					
6330 Program Directors' Fee Exp.	1,088,249.40	1,451,000.00	-362,750.60	75.00%	Three quarters of amortized expense
Total 630 Program Director Fee	\$ 1,088,249.40	\$ 1,451,000.00	-\$ 362,750.60	75.00%	
640 Other Program Expense					
6464 User/Fraud Fund Assessment	87,842.08	124,379.00	-36,536.92	70.62%	Less than expected
6506 Actuarial	44,920.00	69,890.00	-24,970.00	64.27%	
6510 Claims Audit	8,200.00	9,000.00	-800.00	91.11%	
6512 Claims Admin. Annual Fee	18,400.00	24,600.00	-6,200.00	74.80%	
6516 Coverage Counsel	0.00	5,000.00	-5,000.00	0.00%	
6650 Program Legal	10,957.49	26,500.00	-15,542.51	41.35%	
6652 Program Committee	881.65	2,500.00	-1,618.35	35.27%	Travel expenses less than expected
6660 Program Consulting	14,794.00	35,000.00	-20,206.00	42.27%	
6667 CSRMA Provided Seminars	75,668.18	95,000.00	-19,331.82	79.65%	Includes Sewer Summit
Total 640 Other Program Expense	\$ 261,663.40	\$ 391,869.00	-\$ 130,205.60	66.77%	

California Sanitation Risk Management Authority - Unconsolidated
Budget vs. Actuals
July 2024 - March 2025
Preliminary & Unaudited*

	Actual	Budget	over Budget	% of Budget	
700 General & Administrative Expense					
7804 Accounting Consulting	0.00	0.00	0.00		
7808 Financial Audit	18,945.00	22,946.00	-4,001.00	82.56%	
7822 Board Counsel	9,889.82	20,700.00	-10,810.18	47.78%	
8942 Supplies	86.88	0.00	86.88		
8944 Printing/Promotion	0.00	1,000.00	-1,000.00	0.00%	
8945 Computer Software/Programming	29,915.13	34,900.00	-4,984.87	85.72%	
8946 Memberships/Other	5,725.00	10,987.00	-5,262.00	52.11%	
8948 Banking Service Charges	1,692.27	5,804.00	-4,111.73	29.16%	
8954 Executive/Officers Committee	32,044.57	35,000.00	-2,955.43	91.56%	
8956 Board of Directors	7,881.32	13,800.00	-5,918.68	57.11%	
8960 JPA Insurance	63,331.40	83,406.00	-20,074.60	75.93%	Three quarters of amortized expense
8990 General Contingency	0.00	6,000.00	-6,000.00	0.00%	
Total 700 General & Administrative Expense	\$ 169,511.39	\$ 234,543.00	-\$ 65,031.61	72.27%	
Total 50 Operating Expense	\$ 22,992,334.77	\$ 29,982,486.00	-\$ 6,990,151.23	76.69%	
Total Expenses	\$ 22,992,334.77	\$ 29,982,486.00	-\$ 6,990,151.23	76.69%	
Net Operating Income	-\$ 3,723,248.53	-\$ 4,417,303.00	\$ 694,054.47	84.29%	
Other Income					
4660 Investment Earnings					
4620 Interest Income	434,893.30	0.00	434,893.30		
4660.10 Investment Income - Realized	-83,267.07	830,503.00	-913,770.07	-10.03%	Total investment earnings are budgeted.
4660.15 Investment Income - Unrealized	0.00	0.00	0.00		
Total 4660 Investment Earnings	\$ 351,626.23	\$ 830,503.00	-\$ 478,876.77	42.34%	
Total Other Income	\$ 351,626.23	\$ 830,503.00	-\$ 478,876.77	42.34%	
Other Expenses					
9120 Dividends	0.00	500,000.00	-500,000.00	0.00%	Dividends were not declared
Reconciliation Discrepancies	-0.79	0.00	-0.79		
Total Other Expenses	-\$ 0.79	\$ 500,000.00	-\$ 500,000.79	0.00%	
Net Other Income	\$ 351,627.02	\$ 330,503.00	\$ 21,124.02	106.39%	
Net Income	-\$ 3,371,621.51	-\$ 4,086,800.00	\$ 715,178.49	82.50%	

*Excludes results of CWIC subsidiary; excludes unearned income from investments and 3rd quarter investment earnings; excludes changes to long term liabilities for this fiscal year.

California Sanitation Risk Management Authority

Unconsolidated Balance Sheet

As of March 31, 2025

Preliminary & Unaudited*

ASSETS

Current Assets	
Bank Accounts	
1002 LAIF	624,656.53
1005 Checking - US Bank	70,607.96
1006 WC Trust - US Bank 280	150,000.00
1007 Liability Trust - US Bank 272	100,046.38
1008 PFM/CA Asset Mgmt Program	20,720,344.94
1009 PFM-CAMP Cash Reserve	351,463.80
Total Bank Accounts	\$ 22,017,119.61
Accounts Receivable	
1100 Accounts Receivable	1,165,324.00
Total Accounts Receivable	\$ 1,165,324.00
Other Current Assets	
1150 Due from/to Subsidiary	878,375.89
1200 Interest Receivable	166,360.49
1300 Other Current Assets	121,069.50
1540 Prepaid Insurance Premium	10,182,040.39
1550 Prepaid Program Directors' Fee	774,749.80
1575 Prepaid Other	3,000.00
Total Other Current Assets	\$ 12,125,596.07
Total Current Assets	\$ 35,308,039.68
Other Assets	
1700 Investment in Subsidiary	1,365,000.00
Total Other Assets	\$ 1,365,000.00
TOTAL ASSETS	\$ 36,673,039.68
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	62,868.20
Total Accounts Payable	\$ 62,868.20
Other Current Liabilities	
2200 Deferred JPA Charge	549,206.01
2210 Deferred Program Directors' Fee	774,671.34
2220 Deferred Pooled Deposits	163,765.51
2240 Deferred Insurance Premium	10,140,295.40
Total Other Current Liabilities	\$ 11,627,938.26
Total Current Liabilities	\$ 11,690,806.46
Long-Term Liabilities	
2300 Claims Reserves	8,264,986.00
2500 Claims IBNR	8,826,350.00
2600 Claims ULAE	1,500,465.00
Total Long-Term Liabilities	\$ 18,591,801.00
Total Liabilities	\$ 30,282,607.46
Equity	
3900 Retained Earnings	9,762,053.73
Net Income	-3,371,621.51
Total Equity	\$ 6,390,432.22
TOTAL LIABILITIES AND EQUITY	\$ 36,673,039.68

*Excludes results of CWIC subsidiary; excludes unearned income from investments and 3rd quarter investment earnings; excludes changes to long term liabilities for this fiscal year.

CSRMA Investment Performance Review

ISSUE: Mr. Michael Kronbetter from PFM will present a review of CSRMA's current investments and provide a market outlook at the meeting.

RECOMMENDATION: None at this time.

FISCAL IMPACT: As depicted in the Investment Performance Review for the Quarter ended December 31, 2024.

BACKGROUND: Mr. Kronbetter will speak to more current market and portfolio updates through 1Q2025 during the meeting. If the 1Q 2025 preliminary report becomes available ahead of the meeting, it will be provided as a handout.

ATTACHMENT: Investment Performance Review for the Quarter ended December 31, 2024 (Separate)

CSRMA Investment Policy

ISSUE: PFM has reviewed the CSRMA Investment Policy. The Policy is in compliance with the sections of California Government Code that govern the investment of public funds. At this time, they are not recommending any changes to the Policy (with the exception of the proper fiscal year in the document's header).

Mr. Michael Kronbetter from PFM will be in attendance at the meeting to answer any questions the Finance Committee may have.

RECOMMENDATION: The Program Administrators recommend that the Finance Committee review the Investment Policy and provide direction.

FISCAL IMPACT: Unknown.

BACKGROUND: CSRMA's Investment Policy is reviewed annually to ensure it remains consistent with the California Government Code (Code) governing investment of public funds. CSRMA's Board then approves the Investment Policy with the annual budget each year.

ATTACHMENT:

1. PFM Memo
2. Redline Strikeout Version of the Investment Policy

Memorandum

To: Seth Cole, Assistant JPA Manager
California Sanitation Risk Management Authority

From: Michael Kronbetter, Relationship Manager
Michael Buck, Asset Management Development Analyst
PFM Asset Management, a division of U.S. Bank Asset Management

RE: CSRMA FY 2024-25 Investment Policy Review

PFM Asset Management has completed its annual review of the Investment Policy (the "Policy") for Fiscal Year 2024-2025, for California Sanitation Risk Management Authority (the "Authority"). The Policy remains in compliance with the statutes of California Government Code (the "Code") that regulate the investment of public funds. At this time, PFAM is not recommending any changes to Policy.

Please let us know if you may have any questions or may wish to schedule time to further discuss our review. Thank you.

PFM Asset Management is a division of U.S. Bancorp Asset Management, Inc.
Investment observations are for informational purposes only and are not intended to provide specific advice or any specific recommendations.

Introduction

The purpose of this policy is to provide guidelines to the officers of the California Sanitation Risk Management Authority (the “Authority”) charged with the responsibility for the investment of surplus monies not required for the immediate necessities of the Authority. All investment of such surplus monies is governed by California Government Code (CGC) Section 53600, et seq. and by this Investment Policy (the “Policy”).

To the extent possible, all money belonging to or in the custody of the Authority required for the immediate necessities of the Authority (those monies not designated as surplus monies) shall be deposited for safekeeping pursuant to relevant CGC sections, including **Sections 53635.2, 53637-53645 and 53649.**

The Treasurer is responsible for administering the Authority’s investments. In furtherance of this responsibility, the Treasurer may issue and administer detailed investment instructions which may change periodically and which will supplement, but conform to, the provisions of this Investment Policy.

Policy Guidelines

1. **Prudence** The standard of prudence to be used by investment officials shall be the “prudent investor” standard, as set forth in California Government Code (CGC) Section 53600.3, and shall be applied in the context of managing an overall portfolio. All persons investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds shall act with care, skill, prudence and diligence, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Authority that a prudent person, acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Authority. To the extent permitted by law, investment officials acting in accordance with the Investment Policy, as supplemented by the Treasurer’s investment instructions, and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market prices changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
2. **Objectives** The primary objectives, in priority order, of the Authority’s investment activities shall be:
 - a) **Safety of principal** Safety of principal is the foremost objective of the Investment Policy. The investments shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
 - b) **Liquidity** The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements, which might be reasonably anticipated.
 - c) **Return on Investment** The investment portfolio shall be designed with the objective of attaining a market rate of return on its investments throughout budgetary and economic cycles, consistent with the constraints imposed by the

Authority's safety objective and cash flow requirements, and applicable law. Within the constraints of safety and liquidity, investments will be selected with the objective of attaining a long-term market rate of return in line with the Authority's performance benchmark.

- d) **Diversification** The portfolio will be diversified in order to avoid incurring unreasonable and avoidable risks regarding specific types of securities or individual financial institutions. Excluding U.S. Treasury obligations, federal agency/government sponsored enterprise (GSE) obligations, supranational obligations, and pooled invested vehicles like money market funds, local government investment pools, and the Local Agency Investment Fund, as described in section 7 below, no more than five percent (5%) of the portfolio may be invested in any one institution.

3. **Delegation of Authority** The management and oversight responsibility for the investment program is hereby delegated to the Treasurer who shall monitor and review all investments for consistency with this Investment Policy and state law. No person may engage in an investment transaction except as provided under the provisions of this policy, as supplemented by the Treasurer's investment instructions.

The Treasurer may delegate day-to-day investment decision-making and execution authority to an investment advisor and shall maintain investment instruction for internal and external management of investments consistent with state requirements. Such investment advisor must have not less than five years' experience managing public agency funds subject to California Government Code and must have total public agency assets under management nationwide of at least \$10 billion. The rights and responsibilities delegated to an investment advisor must be in a written agreement. The investment advisor shall make all investment decisions and transactions in accordance with California Government Code and this Policy.

4. **Ethics and Conflict of Interest** Officers and employees involved in the investment process shall refrain from personal business activities or other conduct that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial decisions. Officer and employees involved in the investment process shall abide by CGC Section 1090, et seq., the California Political Reform Act, and any other applicable laws and regulations which prohibit public officials from engaging in governmental affairs in which they may have a conflict of interest.

5. **Internal Controls** The Treasurer shall establish and maintain an annual process of independent review by a financial auditor. This review will provide independent verification of compliance with policies and procedures.

6. **Performance Evaluation** The Treasurer shall establish one or more benchmarks for the purpose of evaluating the performance of the portfolio.

7. **Investments** All investments shall be made in the Local Agency Investment Fund of the State Treasurer's Office (LAIF), as provided in CGC Section 16429.1, or in investments authorized by CGC 53600 through 53601.6. All investments shall comply with the restrictions in those laws.

a) Diversification

The Authority will diversify its investments by security type, institution, and maturities to prevent incurring unreasonable or avoidable risks regarding specific security types, individual financial institutions or maturity segments.

Percentage holding limits listed below apply at the time the security is purchased. Authority funds may be invested in accordance with the following table, which summarizes the allowable allocation of investments by percentage of total funds invested. For more information on credit quality restrictions, maximum maturity restrictions, and a detailed description on each authorized investment type, please see CGC sections 16429.1, and 53600 through 53601.6.

Authorized Investment	Maximum Allowable Percentage
Local Agency Investment Fund (LAIF)	Per State Treasurer
U.S. Treasury Obligations	100%
U.S. Federal Agency and Government Sponsored Enterprise (GSE) Obligations	100%
Repurchase Agreements	100%
FDIC-Insured Certificates of Deposit (CDs)	100%
Negotiable Certificates of Deposit	30%
Bankers' Acceptances	40%
Medium-Term Corporate Notes	30%
Mutual Funds and Money Market Funds	20% (10% per fund)
Joint Powers Authority Pool (e.g., CAMP)	100%
Commercial Paper	25%
Municipal Obligations	30%*
Supranational Obligations	30%
Asset-Backed Securities	20%

**A maximum of 30% of the Authority's portfolio may be invested in municipal obligations (as defined in CGC 53601(a), 53601(c), 53601(d), and 53601(e)). No more than 10% of the Authority's portfolio may be invested in municipal obligations that have a remaining time to maturity in excess of five years. Further, municipal obligations shall be rated in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization (NRSRO).*

b) Maximum Maturity

The purchase of U.S. Treasury, U.S. Federal Agency/Government Sponsored Enterprise (GSE), and municipal obligations with maturities in excess of five years is permitted, subject to the following constraints: U.S. Treasury, U.S. Federal Agency/GSE, and municipal obligations shall have a maximum remaining maturity at time of purchase of eleven years or less, and U.S. Federal Agency/GSE mortgage-backed securities (including pass-throughs and CMOs) shall have a maximum remaining average life of ten years or less. This change to the investment program was authorized at the August 9, 2018 meeting of the Board of Directors. The maximum maturity of all other authorized investment types may be found in CGC sections 53600 through 53601.1.

For purposes of compliance with this section, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment.

- c) The Treasurer may delegate the responsibility for investment transactions to staff personnel or an outside professional service, but the Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates. This shall include separation of transactional authority from accounting and bookkeeping, separation of transactional authority from custodial safekeeping, limitations of securities losses and remedial action, written confirmation of telephone transactions, documentation of transactions and strategies, and annual review of controls by the Treasurer.
- d) Investments shall be purchased according to the minimum credit standards provided in the California Government Code; in the event of a downgrade in credit after the date of purchase to a level below the minimum credit standards provided in the California Government Code, the Treasurer, or his/her designee, shall advise the Executive Board/Board of Directors of the change at or before the next regular meeting, or at a maximum, within 15 days of the rating downgrade. The Treasurer or his/her designee will use his/her best professional judgment to determine the appropriate course of action.

e) Excluded Investments

The following investments or investment practices are not permitted under this Statement of Investment Policy:

1. purchase or sale of securities on margin;
2. reverse repurchase agreements;
3. financial futures and financial options; and
4. Guaranteed Small Business Administration (SBA) Notes.

f) Banks and Securities Dealers

1. In selecting financial institutions and broker/dealers for the deposit or investment of Authority funds, the Treasurer shall consider their credit-worthiness. The Treasurer shall continue to monitor their credit characteristics and financial history throughout the period in which the Authority funds are deposited or invested. A commercial rating or bank watch service may be used to accomplish this objective.
2. Financial institutions and broker/dealers shall annually sign a certification form attesting that the individual responsible for the Authority's account with that firm has reviewed and understands the investment policy and intends to present only those investment transactions appropriate under the policy.

If an external investment advisor is authorized to conduct investment transactions on the Authority's behalf, the investment advisor may use its own list of approved broker/dealers and financial institutions, which it will maintain and review periodically. The adviser must make the list available to the Authority upon request.

g) Safekeeping and Custody.

1. Securities purchased from broker/dealers will be held in a third-party custodian/safekeeping account. The only exception to this policy is the collateral for time deposits in banks and savings and loans. Collateral for time deposits shall be held in accordance with applicable state and federal regulations.
2. In addition to these general policy considerations, the following specific policies will be followed: all transactions will be executed on a delivery versus payment basis; and a competitive bidding process will be used to place all investments, when practical.

8. **Reporting** In accordance with the Joint Exercise of Powers Agreement (the "JPA Agreement"), the Treasurer will prepare quarterly financial reports, which will include a review of the Authority's investment portfolio. The review of the investment portfolio shall include the following information:

1. Type of investment, issuer, date of maturity, par and dollar amount invested on all securities and amounts invested in money market funds and local government investment pools. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report.
2. A statement that the portfolio complies with this Investment Policy, or the manner that the portfolio is not in compliance.
3. A statement denoting the Authority's ability to meet its expenditure requirements for the next six months, or a statement denoting why sufficient money shall not or may not be available.

9. **Annual Review** In accordance with the JPA Agreement, this Investment Policy shall be reviewed and adopted annually by the Board of Directors at a public meeting.

Clean Water Insurance Captive (CWIC) Investment Review

ISSUE: Mallory Sampson from PFM will present (virtually) an update on CWIC's Investment performance for the Year Ended 12/31/24 and First Quarter 2025 update through February. If by the time of the meeting the full First Quarter ending 3/31/25 figures are available, PFM will present that information as well.

RECOMMENDATION: None. Information Only.

FISCAL IMPACT: As depicted in the investment report.

BACKGROUND: Following CWIC's launch in 2023, PFM began investing CWIC's funds per the asset allocation targets outlined in the Investment Policy Statement (IPS). The Policy allows for a 60% equities / 40% fixed income balance.

ATTACHMENTS: Investment Performance Review (Handout)

Clean Water Insurance Captive Update

ISSUE: The Program Administrators will provide the Finance Committee with an update on the Clean Water Insurance Captive (CWIC).

RECOMMENDATION: None. Information Only.

FISCAL IMPACT: None.

BACKGROUND: Below is an update since the last Finance Committee meeting, as well as a brief history on CSRMA's formation of CWIC.

- 1) **Investment Performance Update** – CWIC's investment manager PFM will be providing their Investment Performance Report for the year ending 12/31/24 and First Quarter 2025 update through February. If by the time of the meeting the full First Quarter ending 3/31/25 figures are available, PFM will present that information as well. This is agendaized under item D.3 of this meeting agenda.

- 2) **2023-24 Fiscal Year Financial Audit** – James Marta of James Marta & Company has completed an audit of CWIC's 2023-24 Fiscal Year Financials, the first full fiscal year of CWIC. The Audit Report has been reviewed and accepted by CWIC's Board of Directors and is attached to this item for reference. The audit indicated that the financial statements are presented fairly and in accordance with the accounting principles generally accepted in the United States and found no deficiencies in CWIC's internal controls.

CWIC is in a strong financial position exhibited by the following highlights from the report:

- Total Assets of \$9.6M; majority of the assets are cash and investments.
 - Total Liabilities of \$6.2M; nearly all of which are short and long-term claims liabilities.
 - Net Position of \$3.4M
- 3) **CSRMA Pooled Liability Renewal** – Effective December 31, 2024, CSRMA renewed coverage with CWIC to reinsure the pooled layer (\$0 - \$750K) of the Pooled Liability Program as presented to the Executive Board at their December meeting.

- 4) **CSRMA Workers’ Compensation Renewal** – CWIC’s actuaries are currently performing an actuarial study to develop the recommended premium amount to charge CSRMA to reinsure their pooled layer (\$0 - \$250K) of the Pooled Workers’ Compensation Program for the July 1, 2025 renewal. Once the study is completed, CWIC will present a renewal proposal to CSRMA’s Workers’ Compensation Committee, and ultimately to the Executive Board for binding approval.
- 5) **CWIC Performance** – One way to measure the financial benefit of CWIC is to compare its investment performance to CSRMA. The below table compares CWIC performance to that of CSRMA’s over the same full calendar year 2024 period. The table shows that the \$8.5M invested in CWIC at the beginning of 2024 earned \$354K more than it would have had that same amount been invested in CSRMA. The financial benefit of CWIC will of course fluctuate over time due to factors such as claims payments to CSRMA and the investment environment, but in taking a long-term strategic approach with the captive, over time the expectation is that CWIC’s investment portfolio will yield a higher rate of return.

Total Calendar Year 2024

	Beginning Principal	Rate of Return %	ROI \$
CSRMA	23,608,660	3.21%	757,838
CWIC	8,534,484	7.36%	628,138
CWIC Benefit	n/a	4.15%	354,181

*Note: 1) CWIC’s overhead expenses in FY 2023-24 were \$182,999.
 2) CWIC’s Investment Policy allows for a 60% equities / 40% fixed income balance.*

A Brief History on CSRMA’s Formation of CWIC

A captive insurance company (captive) is a special purpose insurance or reinsurance company that is owned and controlled by its parent company, (in this case CSRMA). The captive’s purpose is to insure some or all the risk of its parent. In so doing, the parent can secure coverage from the captive, and benefit from the captive’s profitable underwriting of the parents’ risk.

Many public agency risk-sharing pools have formed captives for both insurance needs and investment purposes. A captive could be used to expand product offerings to include new lines of insurance that may not be applicable to all members, or to offer coverage to third parties, or in CSRMA’s case, assume risk in CSRMA programs to diversify our panel of program carriers and capture underwriting profit. Captives are also created to broaden the pool’s permissible investment universe and increase the opportunity for higher investment returns. As the captive matures the goal is to have surplus funds that can then be utilized for the financial benefit of CSRMA and its members (i.e. issue dividends, retrospectively rate coverage programs, provide rate relief, etc.).

ATTACHMENTS:

1. CWIC's 2023-24 Fiscal Year Audit Report

**CLEAN WATER
INSURANCE CAPTIVE**

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

CLEAN WATER INSURANCE CAPTIVE

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Clean Water Insurance Captive
San Francisco, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying Combined Statement of Net Position of Clean Water Insurance Captive (CWIC) as of June 30, 2024, and the related Combined Statement of Revenues, Expenses, and Changes in Net Position, and the Combined Statement of Cash Flows for the year then ended, and the related notes to the financial statements which collectively comprise CWIC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the CWIC, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

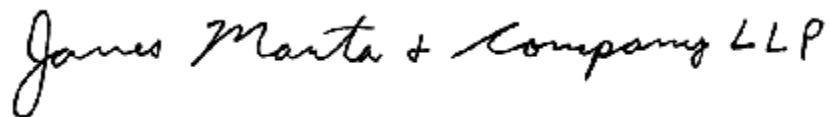
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Reconciliation of Claims Liabilities by Program and Claims Development Information, be presented to supplement the basic financial statements. Such information is the responsibility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

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the CWIC's basic financial statements. The Combining Statement of Net Position, the Combining Statement of Revenues, Expenses and Changes in Net Position, and the Graphical Summary of Claims are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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, the Combining Statement of Revenues, Expenses and Changes in Net Position, and the Graphical Summary of Claims are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, on our consideration of CWIC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CWIC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CWIC's internal control over financial reporting and compliance.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 18, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLEAN WATER INSURANCE CAPTIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Introduction

The Management of Clean Water Insurance Captive (CWIC) is pleased to present the following discussion and analysis of the financial position and operating results of our organization for the fiscal year ended June 30, 2024. This discussion should be read in conjunction with the financial statements, required supplementary information, and notes to the financial statements included with this report.

The Captive – An Overview

CWIC, a component unit of California Sanitation Risk Management Authority (CSRMA), provides insurance coverage to CSRMA. As part of CSRMA, the assets, liabilities, revenues, expenses, and changes in net position of CWIC are included in the consolidated financial statements of CSRMA. CWIC is a not-for-profit corporation formed under the State of Utah Revised Nonprofit Corporation Act and is governed by its Board of Directors and regulated by the State of Utah Insurance Department.

CWIC was established to provide assumed reinsurance coverage for CSRMA's workers' compensation claims up to the program's self-insured retention of \$250,000 per occurrence for claims occurring July 1, 2023, and subsequent. CWIC also provides reinsurance coverage for CSRMA's liability program from the member deductible to \$750,000 for claims occurring December 31, 2023 and subsequent

General Administration and Finance

CWIC is managed by CSRMA staff and follows governing documents, including Bylaws and policies, established by CWIC. Accounting staff consists of the CSRMA Finance Manager and one full-time Accounting Technician. Further oversight is provided by the CSRMA Executive Director, who also serves as President of CWIC.

Management is responsible for establishing and maintaining an internal control structure, to ensure that assets are protected from loss, theft or misuse, and that adequate accounting data is compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles.

Financial Highlights for FY 2022-23

- Ø *Total Assets of \$9.3 million; majority of the assets are cash and investments.*
- Ø *Total Liabilities of \$6.2 million; nearly all of which are short and long-term claims liabilities.*
- Ø *Net Position of \$3.4 million.*

Description of the Basic Financial Statements

CWIC's financial statements are prepared in conformity with generally accepted accounting principles and necessarily include amounts based upon reasonable estimates and judgments. The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Change in Net Position; and a Statement of Cash Flows. The assets, liabilities, revenues, and expenses of CWIC are reported on a full accrual basis.

CLEAN WATER INSURANCE CAPTIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

The *Statement of Net Position* presents information on all CWIC assets and liabilities, with the difference between them representing Net Position, or net equity. Changes in total Net Position from one year to the next are based on activity described in the *Statement of Revenues, Expenses and Changes in Net Position*.

The *Statement of Revenues, Expenses and Changes in Net Position* presents total revenues versus total expenses and the resulting change in Net Position for the year. Revenues earned and expenses incurred during the year are classified as either “operating” or “non-operating.” All revenues and expenses are recognized as soon as the underlying event occurs, regardless of timing of the related cash flows. Thus, revenues and expenses are reported for some items that will result in the disbursement or collection of cash during future fiscal years (payment of ultimate liability on workers’ compensation claims, for example).

The *Statement of Cash Flows* presents the changes in cash and cash equivalents during the fiscal year, using both the direct and indirect methods of cash flow analysis. The statement breaks cash flows into three categories: operating activities, financing activities, and investing activities. NBIG’s routine program and administrative activities appear in operating activities. Cash received from capital contributions is shown in capital and related financing activities. Interest earnings, purchases, and proceeds from investment transactions appear in investing activities.

The financial statements are accompanied by Notes to the Financial Statements, which provide additional information essential to a full understanding of the data provided. The notes describe the nature of CWIC’s operations and significant accounting policies and clarify unique financial information.

Condensed Statement of Net Position

The Condensed Statement of Net Position in this MD&A presents the financial position of CWIC at June 30, 2024. The difference between total assets and total liabilities – net position – is one indicator of the current financial condition of CWIC, while the change in net position is an indication of whether the overall financial condition has improved or worsened during the year. CWIC’s assets, liabilities, and net position at June 30, 2024, are summarized as follows:

Current Assets	\$ 172,188
Noncurrent Assets	9,448,507
Total Assets	<u>9,620,695</u>
Current Liabilities	3,337,047
Noncurrent Liabilities	2,844,939
Total Liabilities	<u>6,181,986</u>
Paid-in Capital	1,365,000
Unrestricted	2,073,709
Total Net Position	<u>\$ 3,438,709</u>

**CLEAN WATER INSURANCE CAPTIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2024

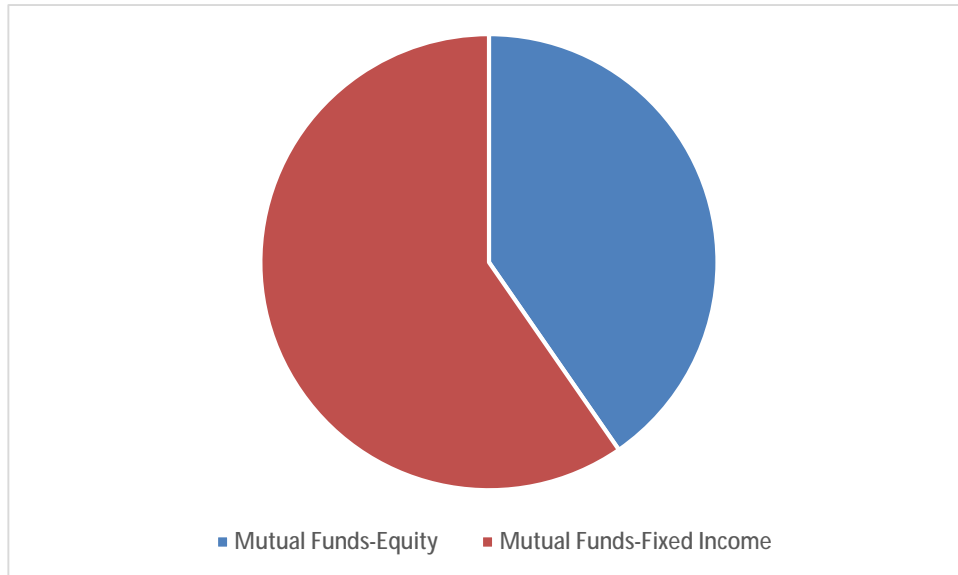
Assets

The assets of CWIC totaled \$9.6 million at June 30, 2024. Most assets are in cash or investments and are provided by current year operating activities, which includes the collection of premiums of \$6.2 million in fiscal year 2023/24, much of which could then be invested as claims are paid over a longer period. At June 30, 2024, all cash was held in a bank, a money market account, or investment portfolios managed by US Bank, a professional investment management firm. CWIC's Long-Term Investment Portfolio at June 30, 2024, is summarized as follows:

Long-Term Investment Portfolio

Asset Class		
Mutual Funds-Equity	\$	3,813,764
Mutual Funds-Fixed Income		5,634,743
Total	\$	<u>9,448,507</u>

Long-Term Portfolio Investment Allocation



Liabilities

The liabilities of CWIC totaled \$6.2 million at June 30, 2024. CWIC's liabilities continue to be mainly comprised of reserves for losses and Loss Adjustment Expenses (LAE) incurred from current period operations and unearned revenues for liability coverage. The reserves for losses and LAE are stated on an undiscounted basis, meaning they do not reflect an adjustment for net present value. Unallocated Loss Adjustment Expenses (ULAE) costs are not reserved by CWIC as they are paid by CSRMA.

CLEAN WATER INSURANCE CAPTIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Management believes that its aggregate liability for unpaid losses and LAE at period-end represents its best estimate of the amount necessary to cover the ultimate cost of losses, based upon the available data and an actuarial analysis prepared by an actuary.

Net Position

Net position totaled \$3.4 million at June 30, 2024. This amount includes \$1.365 million of paid in capital contributed by CSRMA. CWIC's unrestricted net position was in excess of the \$250,000 minimum, unimpaired paid-in capital and surplus required by the State of Utah Insurance Department (the Department).

Statement of Revenue, Expenses, and Change in Net Position (at June 30)

	Total
REVENUES	
Member contributions	\$ 6,220,990
Total Operating Revenues	6,220,990
OPERATING EXPENSES	
Program expenses:	
Provision for unpaid claims and claim adjustment expenses	4,622,313
Insurance expense	11,818
Management consultants	117,764
Other program expenses	25,870
Total program expenses	4,777,765
General and administrative expenses	27,547
Total operating expenses	4,805,312
Operating income (loss)	1,415,678
NONOPERATING REVENUES	
Investment income	658,031
Change in Net Position	2,073,709
Net Position, Beginning of year	-
Net Position, End of year	\$ 2,073,709

CLEAN WATER INSURANCE CAPTIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Revenues and Expenses

The Captive's operating revenues totaled \$6.22 million for the year ended June 30, 2024. Revenue is determined by a reinsurance agreement between CWIC and CSRMA that is renewed annually. Claims and claims adjustment expenses are primarily driven by actuarial estimates of ultimate loss.

Economic Factors that will affect the Future

Investment Factors

CWIC faces many factors that can affect the value of investments including concentration of credit risk, the current state of the US and global economic outlook, geopolitical risks, and systemic risks, which may affect both equity and fixed-income securities. Equities securities respond to such factors as economic conditions, individual Captive earnings performance, and market liquidity, while fixed-income securities are particularly sensitive to credit risks and changes in interest rates.

BASIC FINANCIAL STATEMENTS

CLEAN WATER INSURANCE CAPTIVE
COMBINED STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

ASSETS

Current Assets	
Cash and cash equivalents	\$ 139,984
Accounts receivable:	
General	28,035
Interest	230
Prepaid expenses	3,939
Total Current Assets	172,188
Noncurrent Assets	
Investments	9,448,507
Total Assets	9,620,695

LIABILITIES

Current Liabilities	
Accounts payable	363,434
Unearned revenue	1,473,613
Current portion of unpaid claims and claim adjustment expense	1,500,000
Total Current Liabilities	3,337,047
Noncurrent Liabilities	
Unpaid claims and claim adjustment expense	2,844,939
Total Liabilities	6,181,986

NET POSITION

Paid-in capital	1,365,000
Unrestricted	2,073,709
Total Net Position	\$ 3,438,709

CLEAN WATER INSURANCE CAPTIVE
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

REVENUES	
Member contributions	\$ 6,220,990
Total Operating Revenues	<u>6,220,990</u>
OPERATING EXPENSES	
Program expenses:	
Provision for unpaid claims and claim adjustment expenses	4,622,313
Insurance expense	11,818
Management consultants	117,764
Other program expenses	<u>25,870</u>
Total program expenses	4,777,765
General and administrative expenses	<u>27,547</u>
Total operating expenses	<u>4,805,312</u>
Operating income (loss)	1,415,678
NONOPERATING REVENUES	
Investment income	<u>658,031</u>
Change in Net Position	2,073,709
Net Position, Beginning of year	<u>-</u>
Net Position, End of year	<u><u>\$ 2,073,709</u></u>

CLEAN WATER INSURANCE CAPTIVE
COMBINED STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Cash Flows From Operating Activities

Cash received from members	\$ 7,666,568
Cash paid for claims	(277,374)
Cash paid for Insurance	(15,757)
Cash paid to vendors	<u>192,253</u>
Net Cash Flows Provided (Used) by Operating Activities	<u>7,565,690</u>

Cash Flows From Investing Activities

Investment income received	187,765
Payments for purchases of investments	(14,361,550)
Proceeds from sales and maturities of investments	<u>6,748,079</u>
Net Cash Flows Provided (Used) by Investing Activities	<u>(7,425,706)</u>

Net Increase (Decrease) in Cash	139,984
Cash and Cash Equivalents - Beginning of year	<u>-</u>
Cash and Cash Equivalents - End of year	<u>\$ 139,984</u>

Reconciliation of Operating Income (loss) to Net Cash Provided (used) by Operating Activities

Operating income (loss)	\$ 1,415,678
Adjustments to Reconcile Net Income (loss) to Net Cash Provided (used) by Operations:	
(Increase) Decrease in:	
Member receivable	(28,035)
Prepaid expenses	(3,939)
Increase (Decrease) in:	
Accounts payable	363,434
Unearned revenue	1,473,613
Claims liability	<u>4,344,939</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,565,690</u>

Supplementary Information

Noncash Investing and Financing Transactions	
Change in fair value of investments	<u>\$ 470,036</u>

CLEAN WATER INSURANCE CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

1. GENERAL INFORMATION

A. ORGANIZATION

The Clean Water Insurance Captive (CWIC) is a captive insurance company regulated by the Utah Insurance Department. CWIC is reported as a blended component unit of the California Sanitation Risk Management Authority (the Authority), which is a California governmental Joint Powers Authority. Only the risks of the Authority, its parent company, are transferred to CWIC. CWIC, a component unit of the Authority, provides insurance coverage to the Authority. As part of the Authority, the assets, liabilities, revenues, expenses, and changes in net position of CWIC are included in the consolidated financial statements of the Authority. CWIC is a not-for-profit corporation formed on July 1, 2023 under the State of Utah rules for nonprofit entities and is governed by its Board of Directors and regulated by the Utah Insurance Department.

The Authority is the sole member of CWIC. The Authority Board of Directors authorized the formation of Clean Water Insurance Captive, Inc. (CWIC), in order to diversify the Authority's investment portfolio and more effectively finance its claims liabilities on a reinsurance basis. An initial capitalization payment (paid-in capital) of \$1,365,000 was transferred from the Authority to CWIC. CWIC officially began operations on July 1, 2023.

The Clean Water Insurance Captive (CWIC) was established on July 1, 2023 to more effectively finance the Authority's claims liabilities on a reinsurance basis. Effective July 1, 2023, CWIC began reinsuring the Workers' Compensation Pooled Layer risk (\$0 - \$250K). Effective December 31, 2023, CWIC began reinsuring the Pooled Liability Program Pooled Layer risk (Member deductible - \$750,000). The reinsurance premiums collected from the Authority for the year ended June 30, 2024 for the Workers' Compensation and Pooled Liability Programs were \$4,747,378 and \$1,473,612, respectively.

Effective for the year ended June 30, 2024, the unallocated loss adjustment expense (ULAE) component of the outstanding liability estimate is included in the Authority's workers' compensation or general liability claims liability, as those expenses are not ceded to CWIC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Under the accrual basis, revenues and the related assets are recognized when earned, and expenses are recognized when the obligation is incurred. CWIC applies all applicable Financial Accounting Standards Board pronouncements in accounting and reporting for its proprietary operations, except where superseded by GASB pronouncements. Liabilities for reserves for open claims and claims incurred but not reported have been recorded in CWIC's financial statements.

CLEAN WATER INSURANCE CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

B. STATEMENT OF CASH FLOWS

CWIC considers interest on investments to be non-operating revenue; therefore, investment income is presented in the investing section of the Statement of Cash Flows.

C. 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, and all highly liquid debt instruments purchased with original maturity of three months or less.

Cash and cash equivalents consisted of the following on June 30, 2024:

U.S. Bank Checking	\$ 86,741
U.S. Bank Money Market Funds	<u>53,243</u>
Total Cash and Cash Equivalents	<u><u>\$ 139,984</u></u>

D. INVESTMENTS

CWIC records its investments 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. CWIC 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 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.

E. UNPAID CLAIMS LIABILITIES (CLAIMS PAYABLE, CLAIMS INCURRED BUT NOT REPORTED, AND LIABILITY FOR UNALLOCATED LOSS ADJUSTMENT EXPENSES)

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

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

CLEAN WATER INSURANCE CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

F. 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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Revenues mainly consist of premium contributions from the Authority. Contribution development is performed by actuaries and the Board of Directors based on the particular characteristics of the Authority's underlying members. Contribution income consists of payments from the Authority that are planned to match the expense of its self-insured workers' compensation claims for years covered by CWIC. The activities of CWIC consist solely of risk management programs and claims management activities related to the coverage described above.

G. 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 particularly susceptible to significant change in the near term are described elsewhere in this report.

3. INVESTMENTS

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 Inputs to the valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CLEAN WATER INSURANCE CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds are valued using quoted market prices (Level 1 Input).

Investments are not rated using a nationally recognized rating agency due to the nature of mutual fund. Investments consist of the following as of June 30, 2024:

Mutual Funds:	
Equity:	
PFM Multi Manager Domestic Equity	\$ 2,505,529
PFM Multi Manager International	1,308,235
Fixed Income:	
PFM Multi Manager Fixed Income Fund	5,634,743
Total	\$ 9,448,507

The mutual funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets for identical assets.

Concentration of Credit Risk

CWIC's investment policy places long-term asset allocation targets stated below:

<u>Asset Classes</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Growth Assets		
Domestic Equity	6% -46%	26%
International Equity	0% -34%	14%
Other	0% -10%	0%
Income Assets		
Fixed Income	40% -80%	60%
Other	0% -10%	0%
Real Return Assets	0% -10%	0%
Cash Equivalents	0% -20%	0%

Equities:

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the

CLEAN WATER INSURANCE CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS).

Fixed Income:

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization (“NRSRO”). Additionally, allocations to direct below investment grade credit strategies may not exceed 20% of the Fixed Income portfolio.

Prohibited Investments:

Except for purchase within authorized investments, securities having the following characteristics are not authorized and shall not be purchased: letter stock and other unregistered securities, direct commodities or commodity contracts, or private placements (with the exception of Rule 144A securities). Further, derivatives, options, or futures for the sole purpose of direct portfolio leveraging are prohibited. Direct ownership of real estate, natural resource properties such as oil, gas or timber and the purchase of collectibles is also prohibited.

The investments in CWIC’s portfolio as of June 30, 2024 conform to these guidelines.

Custodial Credit Risk

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates. As of June 30, 2024, the average effective maturity of the underlying investments held in the CWIC’s fixed-income funds was approximately 7.61 years.

CLEAN WATER INSURANCE CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

4. CLAIM LIABILITIES

CWIC establishes a liability for both reported and unreported insured events at undiscounted, which includes estimates of both future payments of losses and related claims adjustment expenses. The following represents changes in liabilities for CWIC during the year ended June 30, 2024.

Unpaid claims and claim adjustment expenses at beginning of year	\$	<u>-</u>
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year		4,622,313
Increase/(decrease) in provision of insured events of prior years		<u>-</u>
Total incurred claims and claim adjustment expenses		<u>4,622,313</u>
Payments:		
Claim and claim adjustment expenses attributable to insured events of the current year		277,374
Claim and claim adjustment expenses attributable to insured events of the prior years		<u>-</u>
Total Payments		<u>277,374</u>
Total unpaid claims and claims adjustment expenses	\$	<u>4,344,939</u>

The components of unpaid claims liability and claims adjustment expense as of June 30, 2024 was as follows:

Claims reserves	\$	449,849
Claims incurred but not reported (IBNR)		<u>3,895,090</u>
Total		4,344,939
Current portion		<u>(1,500,000)</u>
Non-current portion	\$	<u>2,844,939</u>

CLEAN WATER INSURANCE CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

5. RELATED PARTY TRANSACTIONS

Related party transactions result from premiums written, losses and loss adjustment expenses, incurred from insurance coverage provided to the Authority by CWIC.

Premiums	\$ 6,220,990
Captive Management Fees	\$ 50,000
Program Consulting	\$ 60,000
Actuarial Fees	\$ 15,000

Amounts due to the Authority as of June 30, 204 was \$312,909

6. RECONCILIATION TO ANNUAL STATEMENT

Part of the Utah Insurance Department's audit requirements is to reconcile and explain the differences between the Annual Statement and the Audit.

	Per Annual Statement	Per Audit Report	Variance
Assets			
Reinsurance Recoverable on Unpaid Losses & LAE	\$ 144,039	\$ -	\$ 144,039
Liabilities			
Losses	4,306,777	4,344,939	(38,162)
Expenses			
Net Losses Incurred/Adjustment Expenses Incurred	4,440,091	4,622,313	(182,222)

The primary variances are due to the reclassifications of the deductible recovery on the income statement and recoverables on the balance sheet. The loss reserves were adjusted to match the actuary report subsequent to the Annual Statement being submitted.

7. SUBSEQUENT EVENTS

CWIC's management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2024 through December 18, 2024, 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

CLEAN WATER INSURANCE CAPTIVE
RECONCILIATION OF CLAIMS LIABILITIES BY PROGRAM
AS OF JUNE 30, 2024

	<u>Workers Compensation</u>	<u>Liability</u>	<u>Totals</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ -	\$ -	\$ -
Incurred claims and claim adjustment expenses:			
Provision for insured events of the current year	3,246,657	1,375,656	4,622,313
Increase/(decrease) in provision of insured events of prior years	-	-	-
Total incurred claims and claim adjustment expenses	<u>3,246,657</u>	<u>1,375,656</u>	<u>4,622,313</u>
Payments:			
Claim and claim adjustment expenses attributable to insured events of the current year	254,378	22,996	277,374
Claim and claim adjustment expenses attributable to insured events of the prior years	-	-	-
Total Payments	<u>254,378</u>	<u>22,996</u>	<u>277,374</u>
Total unpaid claims and claims adjustment expenses	<u>\$ 2,992,279</u>	<u>\$ 1,352,660</u>	<u>\$ 4,344,939</u>
Claims reserves	\$ 264,045	\$ 185,804	\$ 449,849
Claims incurred but not reported (IBNR)	<u>2,728,234</u>	<u>1,166,856</u>	<u>3,895,090</u>
	2,992,279	1,352,660	4,344,939
Current portion	<u>(500,000)</u>	<u>(1,000,000)</u>	<u>(1,500,000)</u>
Non-current portion	<u>\$ 2,492,279</u>	<u>\$ 352,660</u>	<u>\$ 2,844,939</u>

CLEAN WATER INSURANCE CAPTIVE
CLAIMS DEVELOPMENT INFORMATION
WORKERS' COMPENSATION

AS OF JUNE 30, 2024

	Fiscal Year Ended
	June 30
	2024
1. Premiums and investment revenue:	
Earned	\$ 5,136,698
Ceded	-
Net earned	5,136,698
2. Unallocated expenses	91,499
Dividends	-
3. Estimated incurred claims and expenses, end of policy year	
Incurred	3,246,657
Ceded Claims	-
Net incurred claims	3,246,657
4. Paid (cumulative) as of:	
End of policy year	254,378
One year later	
Two years later	
5. Reestimated ceded claims and expenses:	-
6. Reestimated net incurred claims and expenses:	
End of policy year	3,246,657
One year later	
Two years later	
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	\$ -

*First year of program

CLEAN WATER INSURANCE CAPTIVE
CLAIMS DEVELOPMENT INFORMATION
LIABILITY

AS OF JUNE 30, 2024

	Fiscal Year Ended
	June 30
	2024
1. Premiums and investment revenue:	
Earned	\$ 1,742,323
Ceded	-
Net earned	1,742,323
2. Unallocated expenses	91,499
Dividends	-
3. Estimated incurred claims and expenses, end of policy year	
Incurred	1,375,656
Ceded Claims	-
Net incurred claims	1,375,656
4. Paid (cumulative) as of:	
End of policy year	22,996
One year later	
Two years later	
5. Reestimated ceded claims and expenses:	-
6. Reestimated net incurred claims and expenses:	
End of policy year	1,375,656
One year later	
Two years later	
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	\$ -

*First year of program

CLEAN WATER INSURANCE CAPTIVE

NOTES TO CLAIMS DEVELOPMENT INFORMATION

CUMULATIVE FROM INCEPTION THROUGH JUNE 30, 2024

The table on the previous page illustrates how CWIC earned revenues and investment income compare to related costs of loss and other expenses assumed by CWIC as of the end of each of the last ten years (this is the first year of the program so only one year is shown). The rows of the tables are defined as follows:

1. Total of each fiscal year's gross earned contribution and investment income less ceded (excess insurance cost, assessments/dividends) contributions to arrive at net earned contribution and investment revenues.
2. Fiscal year's other operating costs of CWIC for each fiscal year including overhead and loss expenses not allocable to individual claims.
3. CWIC's gross incurred losses and allocated loss adjustment expenses, losses assumed by reinsurers and net incurred losses and allocated loss adjustment expenses as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred.
4. Cumulative amounts paid as of the end of successive years for each policy year.
5. The latest re-estimated amount of losses assumed by reinsurers as of the end of the current year for each policy year.
6. Shows how each policy year's net incurred losses increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known losses, reevaluation of existing information on known losses and emergence of new losses not previously known.
7. Compares the latest re-estimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally projected. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature policy years.

SUPPLEMENTARY INFORMATION

CLEAN WATER INSURANCE CAPTIVE
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

ASSETS	Workers'	Liability	Total
	Compensation		
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 97,989	\$ 41,995	\$ 139,984
Accounts receivable:			
General	-	28,035	28,035
Interest	161	69	230
Prepaid expenses	2,757	1,182	3,939
Total Current Assets	100,907	71,281	172,188
Noncurrent Assets			
Investments	5,807,476	3,641,031	9,448,507
Total Assets	5,908,383	3,712,312	9,620,695
LIABILITIES			
Current Liabilities			
Accounts payable	254,404	109,030	363,434
Unearned revenue	-	1,473,613	1,473,613
Current portion of unpaid claims and claim adjustment expense	500,000	1,000,000	1,500,000
Total Current Liabilities	754,404	2,582,643	3,337,047
Noncurrent Liabilities			
Unpaid claims and claim	2,492,279	352,660	2,844,939
Total Liabilities	3,246,683	2,935,303	6,181,986
NET POSITION			
Paid-in capital	750,000	615,000	1,365,000
Unrestricted	1,911,700	162,009	2,073,709
Total Net Position	\$ 2,661,700	\$ 777,009	\$ 3,438,709

CLEAN WATER INSURANCE CAPTIVE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

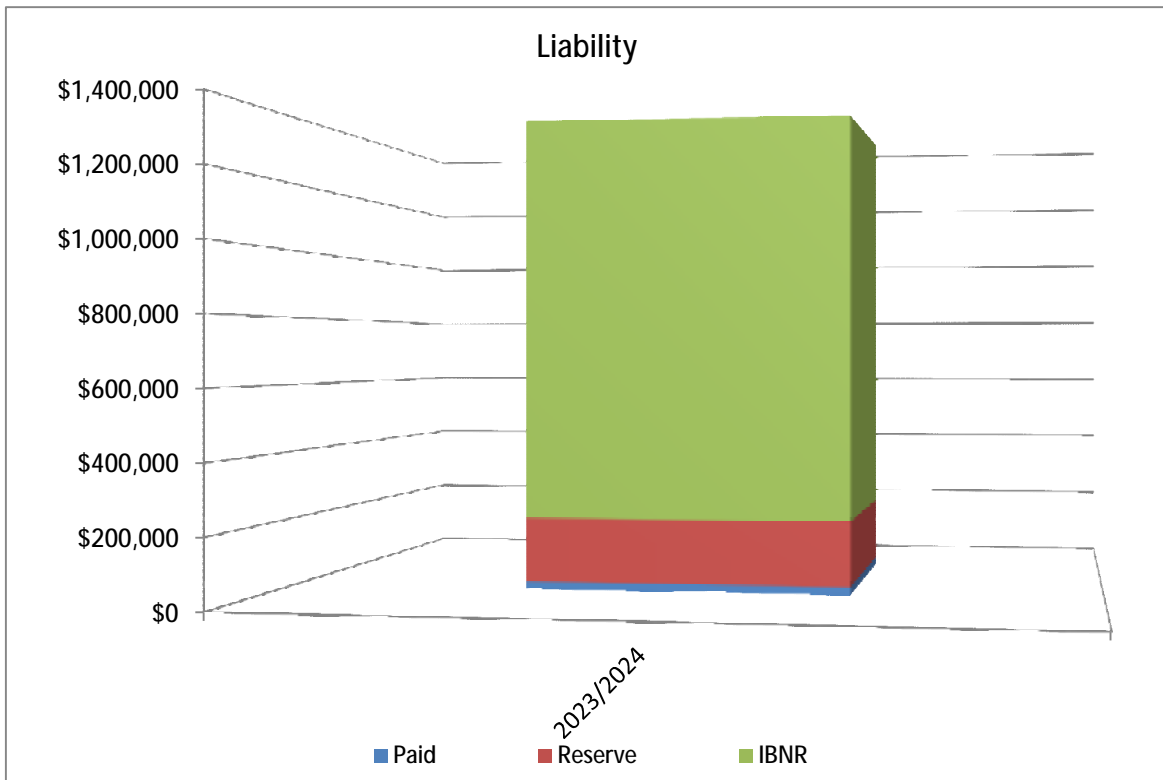
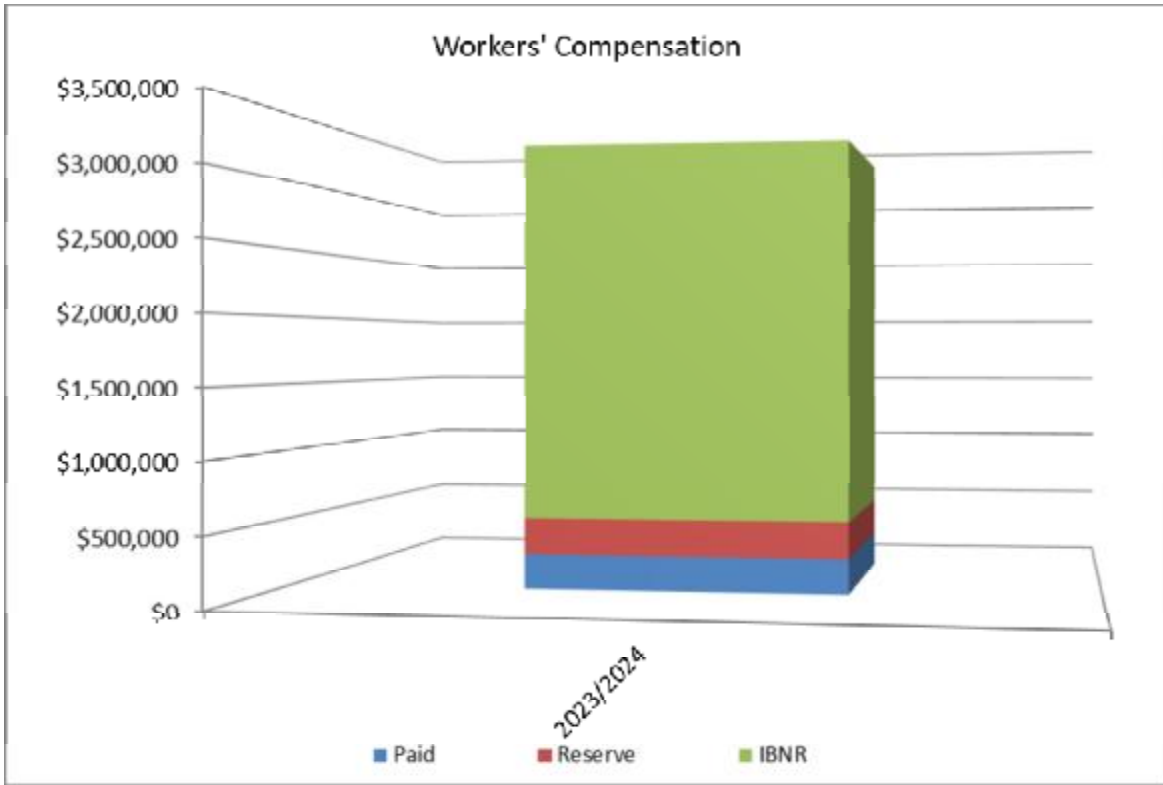
AS OF JUNE 30, 2024

	Workers'		
	Compensation	Liability	Total
REVENUES			
Member contributions	\$ 4,747,378	\$ 1,473,612	\$ 6,220,990
Total Operating Revenues	<u>4,747,378</u>	<u>1,473,612</u>	<u>6,220,990</u>
OPERATING EXPENSES			
Program expenses:			
Provision for unpaid claims and claim adjustment expenses	3,246,657	1,375,656	4,622,313
Insurance expense	9,454	2,364	11,818
Management consultants	101,222	16,542	117,764
Other program expenses	21,990	3,880	25,870
Total program expenses	<u>3,379,323</u>	<u>1,398,442</u>	<u>4,777,765</u>
General and administrative expenses	<u>22,856</u>	<u>4,691</u>	<u>27,547</u>
Total operating expenses	<u>3,402,179</u>	<u>1,403,133</u>	<u>4,805,312</u>
Operating income (loss)	1,345,199	70,479	1,415,678
NONOPERATING REVENUES			
Investment income	<u>566,501</u>	<u>91,530</u>	<u>658,031</u>
Change in Net Position	1,911,700	162,009	2,073,709
Net Position, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net Position, End of year	<u>\$ 1,911,700</u>	<u>\$ 162,009</u>	<u>\$ 2,073,709</u>

CLEAN WATER INSURANCE CAPTIVE

GRAPHICAL SUMMARY OF CLAIMS

AS OF JUNE 30, 2024





James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

INDEPENDENT AUDITOR'S REPORT

The Governing Body
Clean Water Insurance Captive
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Clean Water Insurance Captive as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Clean Water Insurance Captive's basic financial statements, and have issued our report thereon dated December 18, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clean Water Insurance Captive's internal control over financial reporting (internal control) as a basis for determining the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clean Water Insurance Captive's internal control. Accordingly, we do not express an opinion on the effectiveness of Clean Water Insurance Captive's internal control.

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

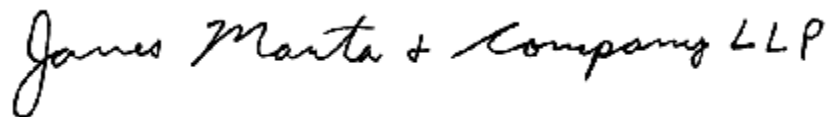
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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

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

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 18, 2024

Estimated Actual 24/25 Budget & Proposed 25/26 Budget - DRAFT

ISSUE: Review and discuss the budget for Fiscal Year 2025/26.

The Program Administrators are in the process of remapping the budget format to line up with the financial audit report so that all financial reporting will be consistent. The new format was implemented for the Budget to Date Report as of 3/31/25, and the goal is to implement the new format for the FY 2025/26 budget packet presented to the Board of Directors for approval in June.

RECOMMENDATION: The Program Administrators recommend that the Finance Committee discuss the draft budget and ultimately recommend to the Executive Board and Board of Directors adoption of a budget.

FISCAL IMPACT: As depicted in the draft budget document.

BACKGROUND: The proposed budget is the result of a number of assumptions and the analysis of many disparate factors. Each Program of the JPA is analyzed individually with “general expenses” of the JPA allocated to each program on a percentage basis. The majority of expenses however, are program specific.

The Primary Insurance Program (PIP) is a group purchase program and is designed to “break even” each year as there is no risk sharing involved and monies generally do not need to be accrued beyond a single fiscal year.

The revenue and expenses of the pooling programs (liability, workers’ comp. and property) however are driven heavily by actuarial projections and the underwriting results of prior Program Years as reflected through the retrospective rating and dividend calculations. For these reasons there is not necessarily a balance between revenue and expenses in any one year. A “pooled” layer was implemented for the Property Insurance Program in fiscal year 21-22. Losses between the program deductible (\$100,000) and member deductibles are retained by the program. The property program is driven more heavily by insurance premiums.

The Program Administrators have identified some items that the Finance Committee may want to focus on, or review. These are described as follows:

1. Allocation percentages are used in the budget to calculate: JPA Expenses and Safety Expenses for each Program, as follows:

- A. JPA Expenses are allocated back to each program based on the total expenses for the JPA, *unless* an expense item is program specific. The percentages used are 10% PIP, 10% Property, 45% Liability, and 35% Workers' Compensation. The percentages are based on an estimate of how much time each Program takes as a percentage of overall JPA administration time.
 - B. Safety Expenses allocation percentages are 10% PIP, 10% Property, 45% Liability, and 35% Workers' Compensation *unless* an expense item is program specific. These percentages are based on the Risk Control Advisor's time and resources applied to each program.
2. Non-Member Revenue is expected to be nil in fiscal year 2025-26, as interest in subscriptions to access Risk Control Online/Vector Solutions has waned.
3. Interest Income. PFM provided CSRMA with an earnings projection for fiscal year 25-26. They used an average earnings rate of 3.90% for total projected earnings of \$730,503. Projected LAIF earnings are in addition to PFM's earnings projection.
4. The Program Directors' Fee is program specific and is based on the annual hours worked on each program in accordance with the contract agreement between Alliant Insurance Services and CSRMA. No change to the Program Directors' Fee account is proposed for fiscal year 2025-26.
5. Dividends are not budgeted for either the Pooled Liability or Workers' Compensation Programs in fiscal year 25-26, as it is anticipated that dividends will not be eligible for declaration based on the Dividend Policy & Procedure.
6. The Investment Policy is included in the Budget packet and is discussed in agenda item D.2. No changes are recommended by PFM.
7. Insurance Premium (Net) for all programs is budgeted to increase 6.5% (\$1,037,918) over the 24-25 'budget' amount. This is largely driven by insurance market conditions and changes in exposure (total insured values and payroll).
8. Affiliate Insurance Premiums were added to the budget last year. This line item accounts for the premiums paid to the CSRMA captive insurance company CWIC. Premiums to the captive are expected to increase 16.0% (\$1,091,436) largely driven by an increase in the severity of Pooled Liability Program claims.
9. Retro Adjustments are unknown at the time the budget is formulated, and as it is difficult to budget these amounts because they are unknown, the retrospective adjustments are budgeted conservatively. The amount of the actual Retro (credit or debit) can vary greatly from the budgeted amount as a result of claims activity.

10. Deductible Recoveries can fluctuate considerably given the uncertainty of claims activity for members with various deductible levels and can vary greatly from the budgeted amount because of this uncertainty.
11. The Risk Control expenses are budgeted to increase 0.9% (\$4,725) due an increase in the Vector Solutions annual subscription.
12. The Admin (Legal, Board, Operations, etc.) expenses are budgeted to increase approximately 10.3% (\$64,570) largely due to an increase in Computer Software/Programming to hire a consultant to scope a Large Language Model (LLM) and provide a roadmap to develop the LLM.
13. CSRMA/CWIC Consolidated Budget Schedules. Like last year, exhibits were created to show the projected consolidated budget for CSRMA and CWIC.

ATTACHMENTS: 1. Estimated Actual 24/25 Budget & Proposed 25/26 Budget (Separate)
2. Exhibits: CSRMA/CWIC Projected Consolidated Budget 24/25 and CSRMA/CWIC Consolidated Budget 25/26

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

Proposed Budget for the Fiscal Year 2025-26

CSRMA / CWIC Projected Consolidated Current Year Final to Budget

Description	Adopted CSRMA 2024-25	Adopted CWIC 2024-25	Adopted Elimination 2024-25	Adopted Consolidated 2024-25	Projected CSRMA 2024-25	Projected CWIC 2024-25	Projected Elimination 2024-25	Projected Consolidated 2024-25	Adopted v. Projected Variance	Percent Variance
Operating Revenues:										
Non-Member Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
JPA Charge	1,175,970	-	-	1,175,970	1,143,703	-	-	1,143,703	32,267	2.7%
Program Directors' Fee	1,451,000	-	-	1,451,000	1,450,804	-	-	1,450,804	196	0.0%
Pooled Deposit	653,298	-	-	653,298	655,062	-	-	655,062	(1,764)	-0.3%
Net Insurance Premium	15,978,913	-	-	15,978,913	15,510,051	-	-	15,510,051	468,862	2.9%
Affiliate Insurance Premium	6,806,001	7,776,601	(7,776,601)	6,806,001	7,179,489	7,179,489	(7,179,489)	7,179,489	(373,488)	-5.5%
Deductible Recoveries	400,000	-	-	400,000	500,000	-	-	500,000	(100,000)	-25.0%
Total Operating Revenues	26,465,182	7,776,601	(7,776,601)	26,465,182	26,439,109	7,179,489	(7,179,489)	26,439,109	26,073	0.1%
Non-Operating Revenues:										
Investment Earnings	830,503	460,592	-	1,291,095	617,194	644,869	-	1,262,063	29,032	2.2%
Total Non-Operating Revenues	830,503	460,592	-	1,291,095	617,194	644,869	-	1,262,063	29,032	2.2%
Total Revenues	27,295,685	8,237,193	(7,776,601)	27,756,277	27,056,303	7,824,357	(7,179,489)	27,701,171	55,106	0.2%
Operating Expenses:										
Program Directors' Fee Expense	1,451,000	-	-	1,451,000	1,450,999	-	-	1,450,999	1	0.0%
Net Insurance Premium	15,978,913	-	-	15,978,913	15,506,789	-	-	15,506,789	472,124	3.0%
Affiliate Insurance Premium	7,776,601	-	(7,776,601)	-	7,179,489	-	(7,179,489)	-	-	0.0%
Risk Control	549,559	-	-	549,559	529,703	-	-	529,703	19,856	3.6%
Admin (Legal, Board, Operations, etc.)	626,411	192,057	-	818,468	562,407	192,057	-	754,464	64,004	7.8%
Risk Control Online										
Total Operating Expenses	26,382,484	192,057	(7,776,601)	18,797,940	25,229,387	192,057	(7,179,489)	18,241,955	555,985	3.0%
Non- Operating Expenses:										
Claims & Loss Adjustment Expense	4,000,000	841,646	-	4,841,646	5,781,194	1,577,316	-	7,358,510	(2,516,864)	-52.0%
Dividends	500,000	-	-	500,000	0	-	-	0	500,000	100.0%
Total Non- Operating Expenses	4,500,000	841,646	-	5,341,646	5,781,194	1,577,316	-	7,358,510	(2,016,864)	-37.8%
Total Expenses	30,882,484	1,033,703	(7,776,601)	24,139,586	31,010,581	1,769,373	(7,179,489)	25,600,465	(1,460,879)	-6.1%
Estimated Income (Loss) Before Retro Adjustments	(3,586,799)	7,203,490	-	3,616,691	(3,954,278)	6,054,984	-	2,100,706	1,515,985	41.9%
Retro Adjustments	(500,000)	-	-	(500,000)	883	-	-	883	(500,883)	100.2%
Estimated Income (Loss) After Retro Adjustments	\$ (4,086,799)	\$ 7,203,490	\$ -	\$ 3,116,691	\$ (3,953,395)	\$ 6,054,984	\$ -	\$ 2,101,589	\$ 1,015,102	32.6%

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

Proposed Budget for the Fiscal Year 2025-26

CSRMA / CWIC Consolidated Budget Year Over Year

Description	Adopted CSRMA 2024-25	Adopted CWIC 2024-25	Adopted Elimination 2024-25	Adopted Consolidated 2024-25	Budget CSRMA 2025-26	Budget CWIC 2025-26	Budget Elimination 2025-26	Budget Consolidated 2025-26	Year Over Year Variance	Percent Variance
Operating Revenues:										
Non-Member Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
JPA Charge	1,175,970	-	-	1,175,970	1,245,265	-	-	1,245,265	32,267	2.7%
Program Directors' Fee	1,451,000	-	-	1,451,000	1,451,000	-	-	1,451,000	196	0.0%
Pooled Deposit	653,298	-	-	653,298	696,413	-	-	696,413	(1,764)	-0.3%
Net Insurance Premium	15,978,913	-	-	15,978,913	17,016,831	-	-	17,016,831	468,862	2.9%
Affiliate Insurance Premium	6,806,001	7,776,601	(7,776,601)	6,806,001	7,897,437	7,897,437	7,897,437	23,692,312	(373,488)	-5.5%
Deductible Recoveries	400,000	-	-	400,000	400,000	-	-	400,000	(100,000)	-25.0%
Total Operating Revenues	26,465,182	7,776,601	(7,776,601)	26,465,182	28,706,946	7,897,437	-	36,604,384	26,073	0.1%
	-	-	-	-	-	-	-	-	-	0.0%
Non-Operating Revenues:										
Investment Earnings	830,503	460,592	-	1,291,095	791,474	715,351	-	1,506,825	29,032	2.2%
Total Non-Operating Revenues	830,503	460,592	-	1,291,095	791,474	715,351	-	1,506,825	29,032	2.2%
	-	-	-	-	-	-	-	-	-	0.0%
Total Revenues	27,295,685	8,237,193	(7,776,601)	27,756,277	29,498,420	8,612,788	-	38,111,208	55,106	0.2%
	-	-	-	-	-	-	-	-	-	0.0%
Operating Expenses:										
Program Directors' Fee Expense	1,451,000	-	-	1,451,000	1,451,000	-	-	1,451,000	1	0.0%
Net Insurance Premium	15,978,913	-	-	15,978,913	17,016,831	-	-	17,016,831	472,124	3.0%
Affiliate Insurance Premium	7,776,601	-	(7,776,601)	-	7,897,437	-	7,897,437	15,794,875	-	0.0%
Risk Control	549,559	-	-	549,559	554,284	-	-	554,284	19,856	3.6%
Admin (Legal, Board, Operations, etc.)	626,411	192,057	-	818,468	690,981	199,739	-	890,721	64,004	7.8%
Risk Control Online	-	-	-	-	-	-	-	-	-	0.0%
Total Operating Expenses	26,382,484	192,057	(7,776,601)	18,797,940	27,610,533	199,739	-	27,810,273	555,985	3.0%
	-	-	-	-	-	-	-	-	-	0.0%
Non- Operating Expenses:										
Claims & Loss Adjustment Expense	4,000,000	841,646	-	4,841,646	4,025,392	2,097,830	-	6,123,222	(2,516,864)	-52.0%
Dividends	500,000	-	-	500,000	-	-	-	-	500,000	100.0%
Total Non- Operating Expenses	4,500,000	841,646	-	5,341,646	4,025,392	2,097,830	-	6,123,222	(2,016,864)	-37.8%
	-	-	-	-	-	-	-	-	-	0.0%
Total Expenses	30,882,484	1,033,703	(7,776,601)	24,139,586	31,635,925	2,297,570	-	33,933,495	(1,460,879)	-6.1%
	-	-	-	-	-	-	-	-	-	0.0%
Estimated Income (Loss) Before Retro Adjustments	(3,586,799)	7,203,490	-	3,616,691	(2,137,505)	6,315,219	-	4,177,714	1,515,985	41.9%
	-	-	-	-	-	-	-	-	-	0.0%
Retro Adjustments	(500,000)	-	-	(500,000)	(250,000)	-	-	(250,000)	(500,883)	100.2%
	-	-	-	-	-	-	-	-	-	0.0%
Estimated Income (Loss) After Retro Adjustments	\$ (4,086,799)	\$ 7,203,490	\$ -	\$ 3,116,691	\$ (2,387,505)	\$ 6,315,219	\$ -	\$ 3,927,714	\$ 1,015,102	32.6%



Money

BY PHILIP LARKIN

Quarterly, is it, money reproaches me:

‘Why do you let me lie here wastefully?

I am all you never had of goods and sex.

You could get them still by writing a few cheques.’

So I look at others, what they do with theirs:

They certainly don’t keep it upstairs.

By now they’ve a second house and car and wife:

Clearly money has something to do with life

—In fact, they’ve a lot in common, if you enquire:

You can’t put off being young until you retire,

And however you bank your screw, the money you save

Won’t in the end buy you more than a shave.

I listen to money singing. It’s like looking down

From long french windows at a provincial town,

The slums, the canal, the churches ornate and mad

In the evening sun. It is intensely sad.

Copyright Credit: Philip Larkin, "Money" from *Collected Poems*. Copyright © Estate of Philip Larkin. Reprinted by permission of Faber and Faber, Ltd.

Source: *Collected Poems* (Farrar Straus and Giroux, 2001)

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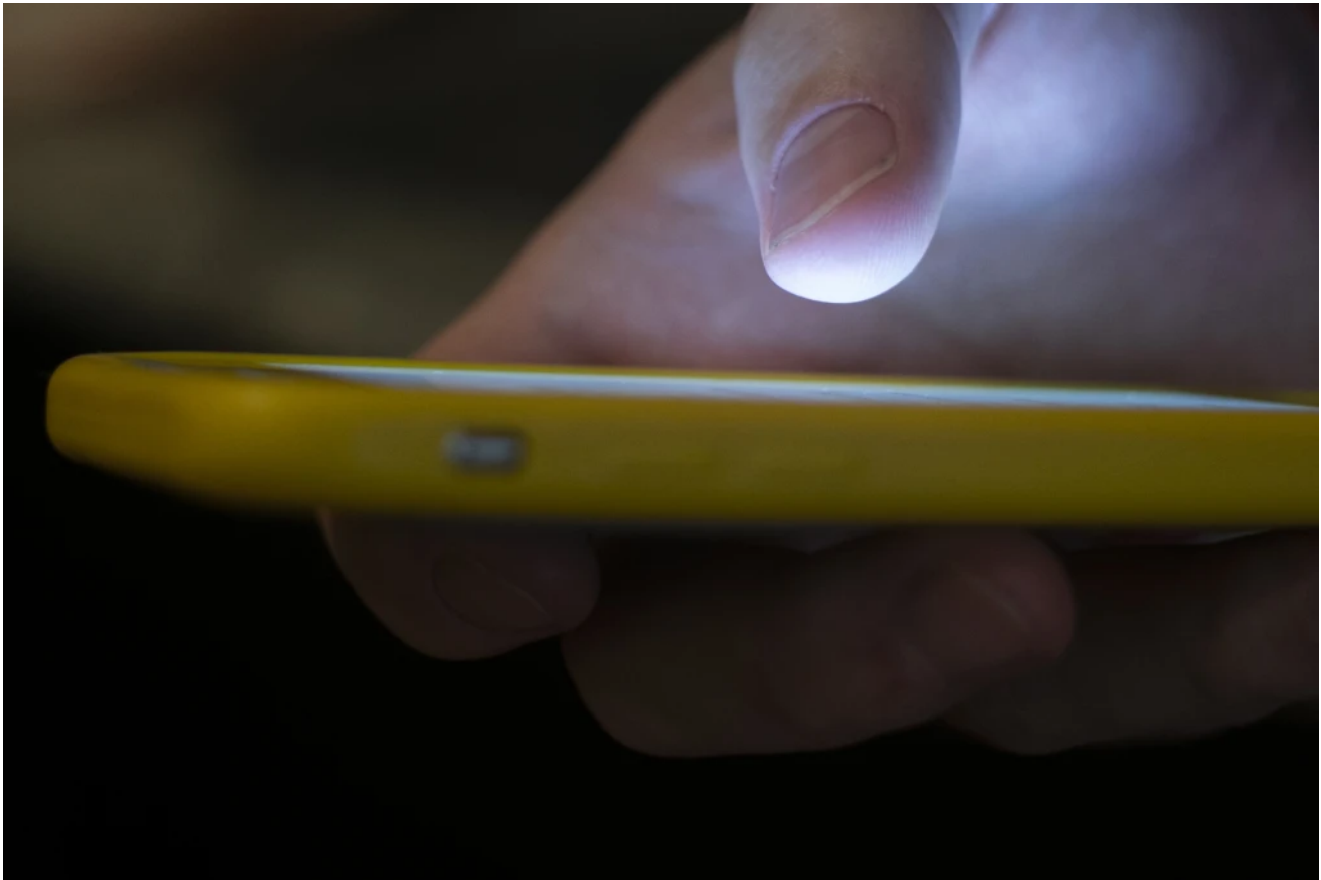


Don't click on those road toll texts. Officials issue warnings about the smishing scam

AP apnews.com/article/outstanding-toll-scams-smishing-phishing-fbi-c2948f44b810d5160b60738b95486ae9

March 13, 2025

AP



A man uses a cell phone in New Orleans on Aug. 11, 2019. (AP Photo/Jenny Kane, File)

WASHINGTON (AP) — State officials are warning Americans not to respond to a surge of scam road toll collection texts.

The texts impersonating state road toll collection agencies attempt to get phone users to reveal financial information, such as credit or debit cards or bank accounts.

They're so-called smishing scams — a form of phishing that relies on SMS texts to trick people into sending money or share sensitive information.

Louisiana Attorney General Liz Murrill said she received one purporting to be from the statewide GeauxPass toll system.

“It is a SCAM,” Murrill posted on Facebook this week. “If you ever receive a text that looks suspicious, be sure to never click on it. You don’t want your private information stolen by scammers.”

Even states that don’t charge drivers tolls have noticed an uptick.

“We do not have tolls roads in Vermont but travelers may mistake these scams for actual toll operators in other states,” Vermont Attorney General Charity Clark said in a video public service announcement posted on Instagram.

Cybersecurity firm Palo Alto Networks said last week that a threat actor has registered over 10,000 domains for the scams. The scams are impersonating toll services and package delivery services in at least 10 U.S. states and the Canadian province of Ontario.

While Apple bans links in iPhone messages received from unknown senders, the scam attempts to bypass that protection by inviting users to reply with “Y” and reopen the text.

A warning last April from the FBI said the texts used nearly identical language falsely claiming that recipients have an unpaid or outstanding toll. Some threaten fines or suspended driving privileges if recipients don’t pay up.

The FBI at the time asked those who received the scams to file a complaint with its IC3 internet crime complaint center and to also delete the texts. The FBI didn’t immediately respond to a request for updated guidance Thursday.

The story has been corrected to reflect that the FBI did not issue a fresh warning this week on road toll text scams. The FBI warning was issued in April 2024.

Tips to Help Prevent Eyestrain During Computer Use

 travelers.com/resources/business-topics/workplace-safety/tips-to-help-prevent-eye-strain-during-computer-use

Travelers Risk Control

March 9, 2023



When viewing digital screens for extended periods, it's not uncommon for employees to experience eye discomfort or vision problems. As employees work from home, they may increase their overall time looking at screens, both for work and recreation. Making adjustments to workstations and work habits can help reduce symptoms of eyestrain.

What are symptoms of eyestrain?

Computer vision syndrome (CVS), also referred to as digital eyestrain, describes a group of eye- and vision-related problems that can result from prolonged computer, tablet, e-reader and cellphone use. Sustained viewing of digital screens can increase the likelihood of computer vision syndrome and related symptoms, such as eye fatigue, blurred vision, headaches, itching and tired eyes, and neck/shoulder pain. These problems can become more pronounced with age.

Many of these symptoms are temporary and can improve after stopping use of a digital device; however, if the causes of computer vision syndrome are not properly addressed, ongoing screen use can lead to worsening symptoms.

Who is at risk for computer vision syndrome?

Computer vision syndrome can impact anyone, but certain factors can increase the risk. Some of the most common factors can include:

- An uncorrected vision problem.
- Two or more hours of continuous daily use of digital screens.¹

Computer vision syndrome and eyestrain

How, when and where you work can impact vision discomfort. The time spent using mobile devices and computers away from work can also contribute to eyestrain. Some of the more common causes of eyestrain include one or more of the following:

- Using the wrong lenses for reading screens, causing the reader to lean into the screen at an uncomfortable angle.
- Screen glare from lighting.
- Workstation arrangement that results in awkward seated or standing postures.
- Sustained digital viewing without adequate breaks.

While anyone can be at risk, there are steps that you can take at work and at home to help reduce the risk of eyestrain. This often involves monitoring overall eye health, optimizing working and living spaces, and modifying screen viewing habits to include plenty of breaks from digital screen use.

Eye health

It is important to regularly consult with an eye doctor to help maintain eye health. The American Optometric Association recommends that digital screen users have an annual comprehensive eye exam. During this exam, be sure to discuss with your doctor how much time you spend using screens and the distances involved. If corrective lenses are prescribed to you, inquire about the use of glasses designed specifically for computer work instead of standard bifocals or progressive lenses. Additionally, the use of lens tints and coatings may help reduce concerns related to lighting, such as glare.

Workstation adjustments

Setting up your workspace with your eyes and posture in mind can help reduce a range of concerns, including eyestrain. Remember that posture follows vision – the better you are able to see text, the better your overall posture will be.

- **Position your computer monitor(s) at arm's length distance.** Start with the monitor at arm's length in front of you and adjust to your comfort. If you catch yourself squinting to read, move the monitors closer, increase the font size, or consider doing both.

- **Keep screen height at or slightly below eye level.** The top of the monitor should be at or slightly below a forward gaze. For most, this results in placing the monitor screen directly on the tabletop. Tilt the top of the monitor slightly away to better align your gaze angle and help avoid neck discomfort. If wearing bifocals, the top of the monitor should be just below eye level.
- **Make screen adjustments as needed.** Your eyes must work harder when the screen is significantly brighter than the surrounding environment or if the surrounding lighting is too bright.
 - Keep ambient light, such as light from overhead sources, windows and doors, low. Use a desk lamp to help provide a consistent lighting source for the workspace.
 - Adjust screen brightness and monitor contrast. If using multiple monitors, brightness and contrast levels should match.
 - Increase text size to help avoid straining to read small print.
 - Adjust window blinds to help reduce sun glare on the screen. Avoid positioning monitors directly in front of or behind windows with direct sun exposures.
 - Consider the use of a glare screen on the monitor to help further reduce glare.
- **Use a mobile device support.** Provide a stand to hold the phone or tablet at a comfortable reading distance. Mobile devices, such as a smartphone, e-reader and tablets, have shortened viewing distances. They can increase visual discomfort as they are typically read at one foot or less, compared to reading printed text, which is generally read farther out. This close focus for digital reading requires increased use of eye muscles and can cause eye fatigue. Consider adjusting the brightness and text size of the device to help optimize comfort based on the reading environment.

Work habits

Reading, whether on a page or on a screen, can be hard work, and because of this, it is important to give your eyes a rest.

- **Follow the 20-20-20 rule.** Every 20 minutes, change your gaze by looking at an object 20 feet away for 20 seconds. Looking into the distance helps your eyes to relax and gives them a break from prolonged near focus.
- **Take “bright breaks.”** Changing viewing conditions from light to dark can help your eyes in feeling refreshed. One way to take a break from bright light at your desk is to gently cup your hands over your eyes to simulate a darker environment. After about 30 seconds, slowly remove your cupped hands.
- **Avoid dry eyes.** Avoid continuously staring at digital screens, as staring slows down eye blink rates, which can lead to dry eyes. Try to blink frequently while using a digital screen. If dry eye discomfort persists, seek medical advice about the use of eye drops.

- **Walk away from your digital screen.** Taking a brief walk, inside or outside, can help give your eyes a chance to refresh. Refocus near and far and, if possible, change the environment between light and dark.

Taking these steps can help protect your eyes from strain and fatigue. Learn more about setting up a healthy [home workstation](#). Contact your Travelers representative or [find an independent agent](#) to learn more about employee wellness.

Source

¹ [American Optometric Association, Computer Vision Syndrome](#)

CSRMA MEETING CALENDAR 2025

JANUARY	FEBRUARY	MARCH	APRIL
CSRMA EB - TUE - 28	CSRMA LIAB (TC) - TUE - 18	CSRMA LRP - SUN - TUE - 16, 17, 18	CSRMA FIN - TUE - 15 (SFO)
CSRMA BD - WED - 29	CSRMA WC - THUR - 20 (SFO)		
<i>CASA January 29 - 31 Palm Springs</i>	<i>PARMA February 23 - 26 Anaheim</i>		
MAY	JUNE	JULY	AUGUST
CSRMA LIAB - MON - 5 (WC OFFICE)	CSRMA EB (TC) - MON - 9	CSRMA EB - TUE - 29	
CSRMA OC (TC) - TUES - 6	CSRMA BOD (TC) - WED - 18	CSRMA BD - WED - 30	
CSRMA WC (TC) - THUR - 15	CSRMA OC (TC) - WED - 25		
		<i>CASA July 30 - August 1 San Diego</i>	
SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
CSRMA LIAB - MON - 8 (WC OFFICE)	CSRMA EB - MON - 6 (SFO)	CSRMA FIN (TC) - MON - 3	CSRMA EB (TC) - MON - 8
CSRMA OC (TC) - FRI - 12	CSRMA WC (TC) - WED - 15	CSRMA LIAB - MON - 17 (WC OFFICE)	CSRMA OC (TC) - THUR - 11
	CSRMA OC (TC) - FRI - 31		
<i>CAJPA September 16 - 19 Monterey</i>			

Meetings in RED are IN-PERSON

**CSRMA
Board of Directors
60 Members**

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*Jason Dow, Chair
Philip Leiber
Ryan Green
Jeffery Tucker*

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Vince De Lange, Delta Diablo (Vice President)
Michael Thornton, San Elijo JPA
Tyson Zimmerman, Ironhouse SD
Curtis Paxton, Las Gallinas Valley SD
Teresa Herrera, Silicon Valley Clean Water
Patrick Ostly, North of River SD
Jimmy Dang, Oro Loma SD (Alternate)*

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Vince De Lange*

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*James Marta,
James Marta & Company*

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*Dennis Mulqueeny
Seth Cole
Myron Leavell
Marilyn Schley
P.J. Skarlanic
Steve Davidson
Thary Ou
Tevea Him
Phuntsok Gaphel*
Loss Control Services
*David Patzer, Patzer Risk Control Services
CSRMA Risk Control Advisor
Heather Truro, HT Consulting
Return to Work Consultant*
Accounting
Tami Giovanni

Financial Advisor
*Michael Kronbeter,
PFM Asset Management
LLC*

Pooled Liability Program Committee
*Teresa Herrera, Silicon Valley Clean Water, Chair
Sergio Ramirez, West Bay SD
Mark Carlson, Union SD
Jordan Damerel, Fairfield-Suisun SD
Veronica Cazares, Selma-Kingsburg-Fowler County SD
Robert Grantham, Santa Margarita Water District*

Workers' Compensation Program Committee
*Vince De Lange, Delta Diablo, Chair
Jeffrey Kingston, Sausalito-Marin City SD
Jennifer Sabine, Encina Wastewater Authority
Jan Lee, Dublin San Ramon SD
Matt Anderson, Silicon Valley Clean Water
Erik Brown, Novato SD*

Claims
*Teresa Collier
Carl Warren & Co.*

Claims
*Stella Sebastiani
Athens*

Service Team

