

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

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

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2024 AND 2023**

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

BOARD OF DIRECTORS

JUNE 30, 2024

Member	Representative	Office
City of Capitola	Jamie Goldstein	Chair
City of Del Rey Oaks	John Guertin	Member
City of Gonzales	Carmen Gil	Member
City of Greenfield	Paul Wood	Vice Chair
City of Hollister	David Mirrione	Member
City of King City	Steve Adams	Member
City of Marina	Layne Long	Past Chair
City of Sand City	Vibeke Norgaard	Member
City of Scotts Valley	Mali LaGoe	Treasurer/Secretary
City of Soledad	Megan Hunter	Member

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Monterey Bay Area Self Insurance Authority
San Francisco, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying Statement of Net Position of Monterey Bay Area Self Insurance Authority (MBASIA) as of and for the years ended June 30, 2024, and the related Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Monterey Bay Area Self Insurance Authority, 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, and the State Controller's *Minimum Audit Requirements for California Special Districts*. 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 Monterey Bay Area Self Insurance Authority 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

Monterey Bay Area Self Insurance Authority'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 Monterey Bay Area Self Insurance Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 Governmental 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 Governmental 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 Monterey Bay Area Self Insurance Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Monterey Bay Area Self Insurance Authority's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

The financial statements of Monterey Bay Area Self Insurance Authority for the year ended June 30, 2023, were audited by the predecessor auditor, Crowe LLP, who expressed an unmodified opinion on those statements on November 9, 2023.

Required Supplementary Information

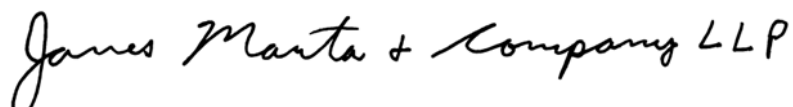
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Reconciliation of Claims Liabilities by Type of Contract, and the Claims Development Information be presented to supplement the basic financial statements. Such information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MBASIA's basic financial statements. The Combining Statement of Net Position, the Combining Statement of Revenues, Expenses and Change in Net Position, and the Graphical Summary of Claims are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 information is 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 November 22, 2024 on our consideration of Monterey Bay Area Self Insurance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Monterey Bay Area Self Insurance Authority's internal control over financial reporting and compliance.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 22, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024 AND 2023

This section of *Monterey Bay Area Self Insurance Authority's* annual financial report is Management's Discussion and Analysis (MD&A) of the Authority's financial performance during the year ended June 30, 2024 and prior year ending 2023. Since the MD&A is designed to focus on the current year activities, resulting changes and currently known facts, please read it in conjunction with the Authority's basic financial statements. Comparisons to and analysis of the prior year are incorporated where appropriate.

FINANCIAL HIGHLIGHTS

- The Authority's net position at June 30, 2024 ended at \$7,452,573 compared to \$(147,040) for the prior year. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net Position was \$229,503 for 2022.
- Total operating expenses of all of the Authority's programs were \$7,970,189 for 2024, which decreased \$5,307,668 from 2023. The prior years' operating expenses were \$11,372,104 for 2022. The current year decrease was primarily due to a decline in claims payment provisions.
- MBASIA's financial position has returned to a positive net position since the last audit period, driven by a significant reduction in unpaid claims and claims adjustment expenses, and increased investments. MBASIA increased premium rates due to escalating claim values.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority has chosen to present its financial statements using the reporting model for special-purpose governments engaged in only business-type activities. This model allows all financial information for the organization to be reported in a single column in each of the financial statements. The effect of internal activity between funds and groups of funds has been eliminated from these financial statements.

The financial statements include Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, Combining Statements of Net Position, Combining Statements of Revenues, Expenses and Changes in Net Position, Notes to the Financial Statements and this Management's Discussion and Analysis. Readers of these financial statements are encouraged to consider the report as a whole to obtain a complete understanding of the Authority's financial condition.

Statements of Net Position

The Statements of Net Position is a report of the Authority's assets, liabilities and net position. Assets and liabilities are reported at book value, on an accrual basis as of the statement date. Assets and liabilities have been segregated between Current (expected to be liquidated or paid within one year) and Noncurrent. Net position is reported in major categories reflecting any restriction thereon.

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position presents the Authority's revenue earned and expense incurred during the period on an accrual basis. The Statements have been segregated into operating and non-operating sections.

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024 AND 2023

Statements of Cash Flows

The Statements of Cash Flows presents the source and uses of cash and is segregated into operating, capital and related financing, noncapital financing and investing activities. The direct method of cash flows reporting has been used and an indirect method of calculating cash provided (used) by operations is also presented.

POOLED PROGRAMS

Workers' Compensation Program – Under the Workers' Compensation Program, the Authority provides Workers' Compensation coverage to member cities. The principal operating revenue for the Workers' Compensation Program is premiums collected from the members. Operating expenses for this program include claims expense, excess insurance premiums, contract risk management services expense, and administrative expenses.

MBASIA has taken steps to reduce the claims exposure to the Workers Compensation Program by purchasing excess insurance from PRISM at a \$250,000 self-insured retention, and steadily increasing the self-funded program's confidence level funding.

Liability Program – Under the Liability Program, the Authority provides liability insurance to member municipalities. The principal operating revenue for the Liability Program is premiums collected from the members. Operating expenses for this program include claims expense, contract risk management services expense, administrative expenses and insurance expense for excess of loss coverage.

MBASIA participates in CARMA for excess liability relief, with CARMA providing coverage for claims excess of \$1,000,000. Similarly, MBASIA participates in ERMA for excess employment practices coverage excess of \$500,000.

LOAN PAYOFF

The Authority took out a loan in 2004 from Zion's Bank and it was set to mature on October 1, 2024. The Board took action to fully prepay the loan during the fiscal year ended in June 30, 2018.

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2024 AND 2023

COMPARATIVE ANALYSIS

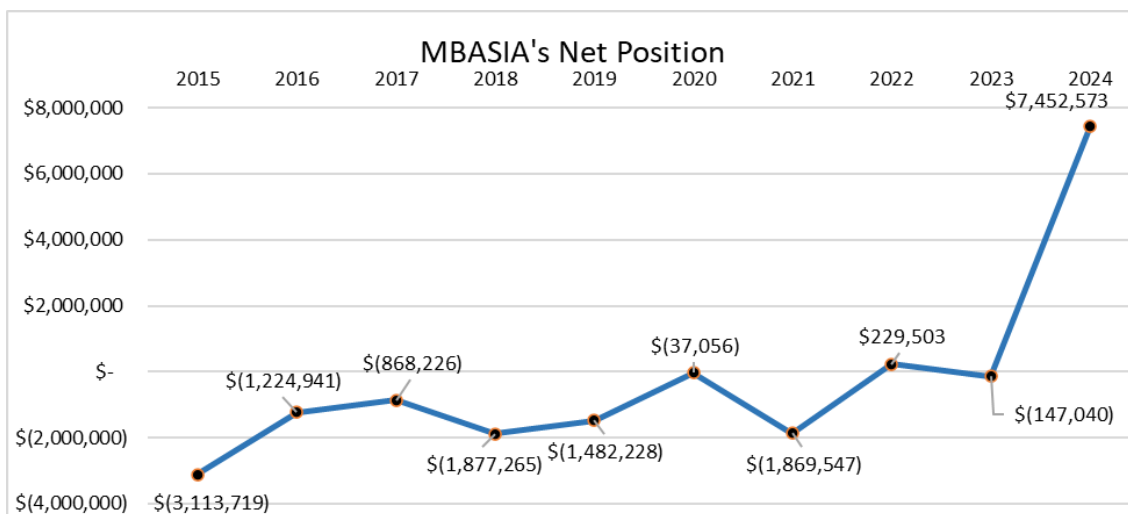
Statements of Net Position

A comparative summary of the Authority’s Statements of Net Position as of June 30, 2024, 2023 and 2022, which generally reflects its financial condition is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 13,327,470	\$ 13,232,694	\$ 13,303,185
Long-term assets	<u>11,188,230</u>	<u>8,475,727</u>	<u>7,310,803</u>
 Total assets	 <u>24,515,700</u>	 <u>21,708,421</u>	 <u>20,613,988</u>
 Current liabilities	 5,566,813	 4,565,025	 4,472,316
Long-term liabilities	<u>11,496,314</u>	<u>17,290,436</u>	<u>15,912,169</u>
 Total liabilities	 <u>17,063,127</u>	 <u>21,855,461</u>	 <u>20,384,485</u>
 Net position -			
Unrestricted	<u>7,452,573</u>	<u>(147,040)</u>	<u>229,503</u>
 Total net position	 <u>\$ 7,452,573</u>	 <u>\$ (147,040)</u>	 <u>\$ 229,503</u>

Major Factors Affecting the Statements of Net Position

Net position increased (decreased) by \$7,599,613, \$(376,543) and \$2,099,050 during the years ending June 30, 2024, 2023 and 2022, respectively. The results are driven by increased investments and a decrease in unpaid claims and claim adjustment expenses. Member contributions increased as the Board has increased funding to address a rapidly growing claims environment, while the favorable outcome this year was due to a reduction in the estimated claim liabilities.



MONTEREY BAY AREA SELF INSURANCE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024 AND 2023

COMPARATIVE ANALYSIS (Continued)

Statements of Revenues, Expenses and Change in Net Position

A comparative summary of the Authority's Statements of Revenues, Expenses and Change in Net Position for the years ended June 30, 2024, 2023, and 2022, which generally reflects its results of operations, is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenue:			
Contributions from members	\$ 14,732,328	\$ 12,650,067	\$ 11,062,597
Excess insurance recovery and reimbursements			2,342,362
Interest income	<u>837,474</u>	<u>251,247</u>	<u>66,105</u>
Total revenue	<u>15,569,802</u>	<u>12,901,314</u>	<u>13,471,064</u>
Expenses:			
Provision for claims and claims			
Adjustment expense	55,390	6,918,046	5,891,452
Insurance expense	6,578,009	4,949,869	4,252,267
Claims administration	374,769	367,822	291,613
Contract risk management services	298,500	298,500	292,000
Other risk management expenses	77,987	56,197	74,028
General and administrative	585,534	687,423	570,654
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>7,970,189</u>	<u>13,277,857</u>	<u>11,372,014</u>
Change in net position	<u>\$ 7,599,613</u>	<u>\$ (376,543)</u>	<u>\$ 2,099,050</u>

Major Factors Affecting the Statements of Revenues, Expenses and Change in Net Position

The main reason for an increase in net position is MBASIA's increasing revenues and a flattening of claims expense. MBASIA continues to increase funding to improve the financial position of the Authority.

For the Workers' Compensation program, MBASIA funded at the 75% confidence level. This took place starting in 2022. Previously, the confidence level was 70% since 2018, while in 2017 the confidence level was 65%, and in 2016 the confidence level was 60%.

For the Liability program, the Board continued to fund at the 80% confidence level. In 2022, the confidence level was increased to 80% from 70%, and the Board increased the deductible from \$10,000 to \$25,000. Prior to that, MBASIA funded at the 70% confidence level, since 2017. In 2016 and prior, the confidence level was between 65% and 70%.

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024 AND 2023

Reserves for Claims and Allocated Claims Adjustment Expenses

Reserves for Claims and Allocated Claims Adjustment Expenses for the years ended June 30, 2024, 2023, and 2022 are calculated as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Claim and claim adjustment expense reserves, beginning of year	\$ 21,813,436	\$ 20,360,169	\$ 21,894,636
Incurred claim and claim adjustment expenses, current and prior years	55,390	6,918,046	5,891,452
Payments, current and prior years	<u>4,872,512</u>	<u>5,464,779</u>	<u>7,425,919</u>
Claim and claim adjustment expense reserves, end of year	<u>\$ 16,996,314</u>	<u>\$ 21,813,436</u>	<u>\$ 20,360,169</u>

Further detail on the above amounts is provided in Footnote 3 and the Required Supplementary Information section of the Financial Statements which follow.

FACTORS AFFECTING FUTURE PERIODS

There are no material factors affecting near future periods.

REQUESTS FOR INFORMATION

This financial report has been designed to provide a general overview of the Authority's accounting for anyone interested in its finances. Questions concerning any of the information should be addressed to the attention of the MBASIA Treasurer, Mali LaGoe, City of Scotts Valley, 1 Civic Center Drive, CA 95066.

FINANCIAL STATEMENTS

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

STATEMENTS OF NET POSITION

JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 10,479,170	\$ 10,678,180
Investments maturing within one year (Note 2)	1,282,537	1,517,695
Receivables:		
Member agencies	1,361,360	901,542
Interest	189,102	123,926
Prepaid expenses	15,301	11,351
Total current assets	<u>13,327,470</u>	<u>13,232,694</u>
Investments, less portion maturing in one year (Note 2)	11,188,230	8,475,727
Total assets	<u>24,515,700</u>	<u>21,708,421</u>
LIABILITIES		
Current Liabilities		
Accounts payable	66,813	42,025
Current portion of unpaid claims and claim adjustment expenses (Note 3)	5,500,000	4,523,000
Total Current Liabilities	<u>5,566,813</u>	<u>4,565,025</u>
Unpaid claims and claim adjustment expenses (Note 3)	11,496,314	17,290,436
Total Liabilities	<u>17,063,127</u>	<u>21,855,461</u>
NET POSITION		
Total net position - unrestricted	<u>\$ 7,452,573</u>	<u>\$ (147,040)</u>

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

MONTEREY BAY AREA SELF INSURANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Member contributions	\$ 14,732,328	\$ 12,650,067
Total Operating Revenues	14,732,328	12,650,067
Operating Expenses		
Provision for claims and claim adjustment expenses (Note 3)	55,390	6,918,046
Insurance premiums	6,578,009	4,949,869
Claims administration	374,769	367,822
Contract risk management services	298,500	298,500
Other risk management expenses	77,987	56,197
General and administrative	585,534	687,423
Total Operating Expenses	<u>7,970,189</u>	<u>13,277,857</u>
Operating Income/(Loss)	6,762,139	(627,790)
Nonoperating Income		
Investment income	<u>837,474</u>	<u>251,247</u>
Change in Net Position	7,599,613	(376,543)
Net Position, beginning of year	<u>(147,040)</u>	<u>229,503</u>
Net Position, end of year	<u>\$ 7,452,573</u>	<u>\$ (147,040)</u>

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

MONTEREY BAY AREA SELF INSURANCE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities		
Cash received from members and others	\$ 14,732,328	\$ 13,322,699
Cash paid for claims	(4,872,512)	(7,006,223)
Cash paid for insurance	(6,553,221)	(4,949,869)
Cash paid to suppliers	(1,800,558)	(1,393,093)
Net Cash (Used) Provided by Operating Activities	1,506,037	(26,486)
Cash Flows From Investing Activities		
Interest received	281,629	179,444
Investment purchases	(1,986,676)	(2,064,745)
Net Cash Used by Investing Activities	(1,705,047)	(1,885,301)
Net change in cash	(199,010)	(1,911,787)
Cash and Cash Equivalents, beginning of year	10,678,180	12,589,967
Cash and Cash Equivalents, end of year	\$ 10,479,170	\$ 10,678,180
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (Loss)	\$ 6,762,139	\$ (627,790)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Receivables from member agencies	(459,818)	(868,812)
Prepaid Expenses	(3,950)	(860)
Increase (decrease) in:		
Accounts payable	24,788	17,709
Unpaid claims and claim adjustment expenses	(4,817,122)	1,453,267
Net Cash Provided (Used) by Operating Activities	\$ 1,506,037	\$ (26,486)
Supplemental Disclosures		
Noncash Investing and Financing Activities		
Increase (decrease) in Fair Market Value of Investments	\$ 15,825	\$ (277,503)

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Monterey Bay Area Self Insurance Authority (the “Authority”) is a public agency created on July 1, 1983, by and among nine municipalities in California to provide a pooled approach to workers’ compensation insurance. Since then, two municipalities have joined and one municipality has withdrawn. The Authority established a group to provide for liability insurance for certain electing members. The Authority is not a component unit of any entity and has no component units itself.

The Authority was created pursuant to the provisions of Title I, Division 7, Chapter 5, Article I, of the California Government code and was established to develop risk management programs, share the risk of self-insured losses, and jointly purchase excess insurance and administrative and other services.

It is governed by a Board of Directors which is comprised of the City Managers or their designated alternates from each of the member entities. Member cities at June 30, 2024 and 2023 included Capitola, Del Rey Oaks, Gonzales, Greenfield, Hollister, King City, Marina, Sand City, Scotts Valley and Soledad.

The Authority has certain administrative duties and obligations to its members including accounting, reporting, claims administration and investment of funds. Contribution rates are determined on the basis of individual member’s claims experience. Members are required to participate in safety and risk reduction programs. Any member desiring to withdraw from participation will remain liable for any unpaid claims.

Basis of Presentation: The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each program are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. The Authority operates two programs, which are operated within a single enterprise fund:

Property and Liability Program: This program was established to account for the contributions received from members that are to be used to provide self-funded property and liability benefits.

Workers’ Compensation Program: This program was established to account for the contributions received from members that are to be used to provide self-funded workers’ compensation benefits.

Basis of Accounting: The accompanying financial statements are presented 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. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses are recognized when the obligation is incurred.

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

Investments: Investments are reported in the accompanying Statements of Net Position at fair value. Changes in fair value that occur during a fiscal year are recognized as investment earnings reported for that fiscal year. Investment income includes interest income, change in fair value, and any gains or losses realized upon the liquidations, maturity, or sale of investments.

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Self-Insurance and Excess Insurance: The Authority provides Liability coverage for losses in excess of the individual members' \$10,000 retention. The Authority provides self-insurance coverage for members up to \$1,000,000 per occurrence and purchases excess insurance through California Affiliated Risk Management Authorities (CARMA), to a total program limit of \$39,000,000. The Authority has facilitated the purchase of property insurance through a group purchase but does not share any risk for property claims.

For the workers' compensation program, Members have no retention, and the Authority provides self-insurance up to \$250,000 per occurrence. For claims in excess of \$250,000, the Authority has facilitated the purchase of excess insurance through Public Risk Innovation, Solutions, and Management (PRISM) on behalf of its members.

Reinsurance: Although the Authority may elect to purchase reinsurance rather than utilizing self-insurance or excess insurance, for the years ended June 30, 2024 and 2023, no reinsurance was purchased.

Member Contributions: Under the Authority's Joint Powers Agreement, members must make a three-year commitment to participate in the Authority. Mid-term cancellation or withdrawal is not permitted, and notice must be given to the Authority six months in advance. Withdrawing members are not entitled to a refund.

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Subsequent Events: Subsequent events have been evaluated through November 22, 2024, which is the date the financial statements were available to be issued.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments as of June 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Cash in bank	\$ 68,810	\$ 850,887
Money market accounts	4,425,714	24,276
Cash in Local Agency Investment Fund	<u>5,384,646</u>	<u>9,803,017</u>
Total Cash and Cash Equivalents	<u>\$ 10,479,170</u>	<u>\$ 10,678,180</u>

Investments Authorized by the California Government Code and the Authority's Investment Policy: The Authority is authorized by the State statutes to invest in securities of the U.S. Treasury and agencies, related commercial paper, medium-term notes rated AA or better with maturities of 5 years or less, certificates of deposit, banker's acceptances, repurchase agreements, mutual funds, and the State of California's Local Agency Investment Fund (LAIF). Additionally, security purchases and holdings shall be maintained within statutory limits imposed by the California Government Code. Currently, the maximum limits are:

	Maximum Time to Maturity	Maximum Portfolio Percentage
Bankers' acceptance	180 days	40%
Commercial paper	270 days	25%
Negotiable certificates of deposit	5 years	30%
Medium-term corporate notes	5 years	30%
Time deposits	180 days	20%

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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 value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Authority monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Authority has no specific limitations with respect to this metric.

As of June 30, 2024:

<u>June 30, 2024</u> <u>Investment Type</u>	Fair Value	Investment Maturities			
		<1 year	1-2 years	3-5 years	>5 years
US Treasuries	\$ 4,050,295	\$ 436,948.00	\$ 2,753,582	\$ 859,765	\$ -
Municipal Bonds	129,941	-	27,331	102,610	-
Federal Agencies	3,944,783	297,280	834,475	2,813,028	-
Asset-Backed Security	858,334	-	419,898	438,436	-
Corporate Notes	2,967,889	548,309	1,007,481	1,412,099	-
Supranational	519,525	-	-	519,525	-
	<u>\$ 12,470,767</u>	<u>\$ 1,282,537</u>	<u>\$ 5,042,767</u>	<u>\$ 6,145,463</u>	<u>\$ -</u>

As of June 30, 2023:

Weighted Average Maturity

<u>Investment Type</u>	<u>Fair Value</u>	<u>(In Years)</u>
Federal agency securities	\$ 671,721	1.37
Asset-backed securities	868,827	3.19
U.S. corporate notes	2,542,659	3.06
U.S. Treasury notes	5,126,340	2.51
Commercial paper	199,632	0.04
Commercial mortgage obligation	479,551	3.53
Municipal bonds	26,447	3.71
Supranationals	<u>78,245</u>	1.01
Total	<u>\$ 9,993,422</u>	

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments with Fair Values: The following presents information about the Authority's assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 and 2023, and indicates the fair value hierarchy of the valuation techniques utilized by the Authority to determine such fair value based on the hierarchy:

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

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

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

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

	Fair Value Measurements at Reporting Date Using Quoted Prices			
	Fair Value	In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2024</u>				
US Treasuries	\$ 4,050,295	\$ -	\$ 4,050,295	\$ -
Municipal Bonds	129,941	-	129,941	-
Federal Agencies	3,944,783	-	3,944,783	-
Asset-Backed Security	858,334	-	858,334	-
Corporate Notes	2,967,889	-	2,967,889	-
Supranational	519,525	-	519,525	-
Total Investments	<u>\$ 12,470,767</u>	<u>\$ -</u>	<u>\$ 12,470,767</u>	<u>\$ -</u>

	Fair Value Measurements at Reporting Date Using Quoted Prices			
	Fair Value	In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2023</u>				
US Treasuries	\$ 5,126,340	\$ -	\$ 5,126,340	\$ -
Municipal Bonds	26,447	-	26,447	-
Federal Agencies	671,721	-	671,721	-
Asset-Backed Security	868,827	-	868,827	-
Commercial Paper	199,632	-	199,632	-
Commercial Mortgage Obligation	479,551	-	479,551	-
Corporate Notes	2,542,659	-	2,542,659	-
Supranational	78,245	-	78,245	-
Total Investments	<u>\$ 9,993,422</u>	<u>\$ -</u>	<u>\$ 9,993,422</u>	<u>\$ -</u>

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Fair value methodology: The Authority’s investments are generally classified as Level 2 of the fair value hierarchy, because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable level of price transparency. The types of investments valued based on observable inputs includes federal agency securities, US corporate notes, asset backed securities, commercial paper, and US Treasury. The primary observable inputs used in valuing these are the market prices of similar securities. As a result of this valuation methodology, all investment classifications have been classified as Level 2 of the fair value hierarchy for the years ended June 30, 2024 and 2023.

Disclosures Relating to Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the entity’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type. The column marked “exempt from disclosure” identifies those investment types for which GASB No. 40 does not require disclosure as to credit risk:

June 30, 2024									
Investment Type	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	NR
US Treasuries	\$ 4,050,295	\$ -	\$ 4,050,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal Bonds	129,941	-	27,331	-	102,610	-	-	-	-
Federal Agencies	3,944,783	-	3,944,783	-	-	-	-	-	-
Asset-Backed Security	858,334	506,450	-	-	-	-	-	-	351,884
Corporate Notes	2,967,889	-	-	240,465	292,556	1,092,766	1,056,992	285,110	-
Supranational	519,525	519,525	-	-	-	-	-	-	-
	\$ 12,470,767	\$ 1,025,975	\$ 8,022,409	\$ 240,465	\$ 395,166	\$ 1,092,766	\$ 1,056,992	\$ 285,110	\$ 351,884

June 30, 2023									
Investment Type	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	NR
US Treasuries	\$ 5,126,340	\$ -	\$ 5,126,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal Bonds	26,447	26,447	-	-	-	-	-	-	-
Federal Agencies	671,721	-	-	671,721	-	-	-	-	-
Asset-Backed Security	868,827	868,827	-	-	-	-	-	-	-
Commercial Paper	199,632	-	-	-	-	-	199,632	-	-
Commercial Mortgage Obligation	479,551	479,551	-	-	-	-	-	-	-
Corporate Notes	2,542,659	-	-	380,467	-	-	2,162,192	-	-
Supranational	78,245	78,245	-	-	-	-	-	-	-
	\$ 9,993,422	\$ 1,453,070	\$ 5,126,340	\$ 1,052,188	\$ -	\$ -	\$ 2,361,824	\$ -	\$ -

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

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

California law also allows financial institutions to secure governmental entity deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2024, the carrying amount of the Authority's accounts was \$5,079,229 and the bank balances were \$6,219,667. At June 30, 2023, the carrying amount of the Authority's accounts was \$850,887 and the bank balances were \$1,352,950.

Local Agency Investment Fund: The Authority is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the State of California and invests the cash. The Authority's investment in the pool is reported in the accompanying financial statements based upon the Authority's pro-rata share of the amortized cost as provided by LAIF in proportion to the amortized cost of entire LAIF portfolio. The funds held in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds may be withdrawn at any time up to the total amount on deposit with LAIF. Most withdrawals are accessible and transferable to Authority's master account on the same day as the request, except for amounts greater than \$10,000,000, which require twenty-four hours' advance notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by Federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. As of June 30, 2024, this fund was yielding approximate interest rate of 4.48% annually. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814.

Concentration of Investment Credit Risk: The Authority attempts to limit investments in any issuer to no more than 5% of total investments at the time of purchase. The Authority's investment policy further restricts concentrations of investments to no more than 5%, for certain investment types, such as U.S. corporate notes and supranationals. Federal agencies and government-sponsored agencies, such as FNMA, FCCB, FHLB and FHLMC are not subject to this restriction. At June 30, 2024 and 2023, the Authority had the following investments that represent more than five percent of the Authority's net investments:

<u>Investment Type</u>	<u>2024</u>	<u>2023</u>
US Treasuries	32.44%	51.30%
FHLB	11.23%	<5%
FCS	9.98%	<5%
FHLMC	8.48%	<5%

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 3 - UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

The Authority establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities during the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 21,813,436	\$ 20,360,169
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	4,564,271	6,063,823
Increase/(decrease) in provision of insured events of prior years	<u>(4,508,881)</u>	<u>854,223</u>
Total incurred claims and claim adjustment expenses	<u>55,390</u>	<u>6,918,046</u>
Payments:		
Claim and claim adjustment expenses attributable to insured events of the current year	292,052	671,818
Claim and claim adjustment expenses attributable to insured events of the prior years	<u>4,580,460</u>	<u>4,792,961</u>
Total Payments	<u>4,872,512</u>	<u>5,464,779</u>
Total unpaid claims and claims adjustment expenses	<u>\$ 16,996,314</u>	<u>\$ 21,813,436</u>

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 3 - UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES (Continued)

The components of the unpaid claims and claim adjustment expenses for the Authority as of June 30, 2024 and 2023 were as follows:

Claims reserves	\$ 6,709,051	\$ 9,709,000
Claims incurred but not reported (IBNR)	8,602,397	10,041,000
Unallocated loss adjustment expenses (ULAE)	1,684,866	2,063,436
	<u>16,996,314</u>	<u>21,813,436</u>
Current portion	(5,500,000)	(4,523,000)
Non-current portion	<u>\$ 11,496,314</u>	<u>\$ 17,290,436</u>

These liabilities are reported at their present value using an expected future investment yield assumption of 3.5 and 1.0 percent for June 30, 2024 and 2023, respectively. The undiscounted liabilities are \$18,986,080 and \$25,007,378 at June 30, 2024 and 2023, respectively. The current portion of claim liabilities is estimated based on claims payment history.

REQUIRED SUPPLEMENTARY INFORMATION

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

JUNE 30, 2024

	Workers Compensation		Liability		Totals	
	2024	2023	2024	2023	2024	2023
Unpaid claims and claim adjustment expenses at beginning of year	\$ 15,460,122	\$ 15,416,233	\$ 6,353,314	\$ 4,943,936	\$ 21,813,436	\$ 20,360,169
Incurred claims and claim adjustment expenses:						
Provision for insured events of the current year	2,660,414	3,918,526	1,903,857	2,145,297	4,564,271	6,063,823
Increase/(decrease) in provision of insured events of prior years	(3,859,185)	(587,693)	(649,696)	1,441,916	(4,508,881)	854,223
Total incurred claims and claim adjustment expenses	(1,198,771)	3,330,833	1,254,161	3,587,213	55,390	6,918,046
Payments:						
Claim and claim adjustment expenses attributable to insured events of the current year	292,052	653,801	-	18,017	292,052	671,818
Claim and claim adjustment expenses attributable to insured events of the prior years	2,870,251	2,633,143	1,710,209	2,159,818	4,580,460	4,792,961
Total Payments	3,162,303	3,286,944	1,710,209	2,177,835	4,872,512	5,464,779
Total unpaid claims and claims adjustment expenses	\$ 11,099,048	\$ 15,460,122	\$ 5,897,266	\$ 6,353,314	\$ 16,996,314	\$ 21,813,436
Claims reserves	\$ 4,118,502	\$ 6,319,000	\$ 2,590,549	\$ 3,390,000	\$ 6,709,051	\$ 9,709,000
Claims incurred but not reported (IBNR)	5,672,030	7,423,000	2,930,367	2,618,000	8,602,397	10,041,000
Unallocated loss adjustment expenses (ULAE)	1,308,516	1,718,122	376,350	345,314	1,684,866	2,063,436
	11,099,048	15,460,122	5,897,266	6,353,314	16,996,314	21,813,436
Current portion	(3,500,000)	(2,481,000)	(2,000,000)	(2,042,000)	(5,500,000)	(4,523,000)
Non-current portion	\$ 7,599,048	\$ 12,979,122	\$ 3,897,266	\$ 4,311,314	\$ 11,496,314	\$ 17,290,436

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

CLAIMS DEVELOPMENT INFORMATION – WORKERS’ COMPENSATION PROGRAM

JUNE 30, 2024

	Fiscal and Policy Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1. Premiums and Investment Revenue										
Earned	\$ 3,982,543	\$ 4,047,439	\$ 4,825,975	\$ 4,498,341	\$ 4,810,382	\$ 4,764,851	\$ 5,163,395	\$ 5,419,197	\$ 5,962,529	\$ 6,670,326
Ceded	372,833	525,152	637,280	649,869	643,874	851,921	1,009,992	1,089,082	1,019,934	1,184,098
Net earned	3,609,710	3,522,287	4,188,695	3,848,472	4,166,508	3,912,930	4,153,403	4,330,115	4,942,595	5,486,228
2. Unallocated expenses	598,367	696,780	645,975	790,378	621,678	880,032	429,928	356,512	367,062	698,228
3. Estimated incurred claims and expense, end of policy year										
Incurred	2,468,517	1,943,758	2,673,653	2,813,813	2,640,641	3,458,665	4,392,419	4,102,694	3,918,526	2,660,414
Ceded										
Net Incurred	2,468,517	1,943,758	2,673,653	2,813,813	2,640,641	3,458,665	4,392,419	4,102,694	3,918,526	2,660,414
4. Paid (cumulative) as of:										
End of policy year	179,703	251,220	501,366	443,725	334,026	392,631	442,973	544,312	653,801	292,052
One year later	491,348	710,688	764,603	695,338	885,827	945,905	1,334,419	1,672,664	772,959	
Two years later	717,488	1,273,884	872,442	1,055,486	1,566,810	1,718,668	2,170,580	1,432,704		
Three years later	1,062,839	1,979,050	1,071,522	1,336,496	2,231,014	2,052,626	2,184,032			
Four years later	1,261,604	2,264,228	1,274,583	1,403,832	2,463,682	1,941,068				
Five years later	1,599,052	2,422,380	1,361,108	1,531,316	2,050,591					
Six years later	1,780,713	2,667,100	1,610,388	1,203,122						
Seven Years Later	2,019,109	2,848,045	1,226,355							
Eight Years Later	2,086,765	2,455,156								
Nine Years Later	1,854,147									
5. Reestimated ceded claims and expenses:	-	-	-	-	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of policy year	2,468,517	1,943,758	2,673,653	2,813,813	2,640,641	3,458,665	4,392,419	4,102,694	3,918,526	2,660,414
One year later	1,584,988	1,915,756	2,392,458	2,477,968	2,972,726	3,296,336	4,511,750	4,104,055	2,274,577	
Two years later	1,603,926	2,495,279	1,031,518	2,477,968	3,669,766	3,423,156	4,203,918	2,528,191		
Three years later	1,841,119	2,901,284	2,578,390	2,356,131	3,599,835	3,792,560	3,222,809			
Four years later	1,970,845	3,337,714	2,398,564	2,029,133	3,605,140	2,499,790				
Five years later	2,298,567	3,157,171	2,074,194	2,172,866	2,677,767					
Six years later	2,313,628	3,411,082	2,226,963	1,533,577						
Seven years later	2,552,025	3,556,068	1,370,368							
Eight Years Later	2,609,464	2,823,772								
Nine Years Later	2,141,275									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	\$ (327,242)	\$ 880,014	\$ (1,303,285)	\$ (1,280,236)	\$ 37,126	\$ (958,875)	\$ (1,169,610)	\$ (1,574,503)	\$ (1,643,949)	\$ -

MONTEREY BAY AREA SELF INSURANCE AUTHORITY
CLAIMS DEVELOPMENT INFORMATION – LIABILITY PROGRAM
JUNE 30, 2024

	Fiscal and Policy Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1. Premiums and Investment Revenue										
Earned	\$ 1,590,963	\$ 1,782,000	\$ 2,088,999	\$ 2,375,000	\$ 2,584,889	\$ 3,095,474	\$ 3,182,639	\$ 4,100,072	\$ 5,000,222	\$ 6,135,736
Ceded	489,467	521,318	543,606	617,060	642,757	693,638	917,958	1,554,360	1,991,223	2,944,413
Net earned	1,101,496	1,260,682	1,545,393	1,757,940	1,942,132	2,401,836	2,264,681	2,545,712	3,008,999	3,191,323
2. Unallocated expenses	207,904	248,990	270,492	349,036	347,305	285,650	78,899	106,090	106,758	638,562
3. Estimated incurred claims and expense, end of policy year										
Incurred	2,468,517	1,097,916	1,230,465	1,486,907	1,597,179	1,621,379	1,710,511	1,968,099	2,145,297	1,903,857
Ceded										
Net Incurred	2,468,517	1,097,916	1,230,465	1,486,907	1,597,179	1,621,379	1,710,511	1,968,099	2,145,297	1,903,857
4. Paid (cumulative) as of:										
End of policy year	114,978	4,901	27,197	60,233	54,019	16,780	235,542	23,926	18,017	-
One year later	234,289	494,149	843,923	374,898	155,238	601,043	655,619	202,074	13,207	
Two years later	579,732	771,809	1,627,511	1,002,234	207,202	923,176	560,744	987,910		
Three years later	483,920	985,847	1,458,894	1,297,260	377,863	1,234,919	855,605			
Four years later	483,920	1,008,939	1,559,194	2,116,163	474,908	1,528,650				
Five years later	483,920	1,066,145	2,235,147	2,360,428	765,942					
Six years later	484,708	1,386,294	2,861,284	2,506,493						
Seven Years Later	484,373	1,385,944	2,870,425							
Eight Years Later	484,373	1,385,944								
Nine Years Later	484,373									
5. Reestimated ceded claims and expenses:	-	-	-	-	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of policy year	1,089,791	1,097,916	1,230,465	1,486,907	1,597,179	1,621,379	1,710,511	1,968,099	2,145,297	1,903,857
One year later	1,010,305	1,541,037	2,141,244	2,101,918	917,399	2,157,280	2,259,352	1,838,420	1,758,940	
Two years later	772,354	1,565,176	2,641,745	1,646,413	1,215,889	1,624,553	1,285,074	1,981,003		
Three years later	483,920	1,062,460	1,670,576	2,056,186	790,217	1,834,997	1,263,949			
Four years later	483,920	1,060,000	1,763,181	2,351,828	1,273,027	1,692,126				
Five years later	483,920	1,101,545	2,275,899	2,587,279	967,184					
Six years later	485,835	1,386,294	2,862,974	2,609,130						
Seven years later	484,373	1,385,944	2,872,962							
Eight Years Later	484,373	1,385,944								
Nine Years Later	484,373									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	\$ (1,984,144)	\$ 288,028	\$ 1,642,497	\$ 1,122,223	\$ (629,995)	\$ 70,747	\$ (446,562)	\$ 12,904	\$ (386,357)	\$ -

MONTEREY BAY AREA SCHOOLS INSURANCE AUTHORITY

NOTES TO SUPPLEMENTARY INFORMATION CLAIMS DEVELOPMENT INFORMATION

JUNE 30, 2024

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

1. Total of each fiscal year's gross earned premiums and reported investment revenue, amounts of premiums ceded and net earned reported premiums and reported investment revenue.
2. Each fiscal year's other operating costs of the Program including overhead and loss adjustment expenses not allocable to individual claims.
3. Program's gross incurred losses and allocated loss adjustment expense, losses assumed by reinsurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called policy year).
4. The cumulative net amounts paid as of the end of successive years for each policy year.
5. The latest reestimated amount of losses assumed by reinsurers for each policy year.
6. Policy year's incurred net claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
7. Compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

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

SUPPLEMENTARY INFORMATION

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2024

	<u>Worker's Compensation</u>	<u>Liability</u>	<u>Property</u>	<u>2024</u>
ASSETS				
Current Assets				
Cash and cash equivalents (Note 2)	\$ 6,943,527	\$ 3,520,350	\$ -	\$ 10,479,170
Investments maturing within one year (Note 2)	897,776	384,761	-	1,282,537
Receivables:				
Member agencies	1,127,988	233,372	-	1,361,360
Interest	132,580	56,522	-	189,102
Prepaid expenses	-	15,301	-	15,301
Due From	-	38,022	290,387	328,409
Total current assets	<u>9,101,871</u>	<u>4,248,328</u>	<u>290,387</u>	<u>13,655,879</u>
Investments, less portion maturing in one year (Note 2)	<u>7,856,249</u>	<u>3,347,276</u>	<u>-</u>	<u>11,188,230</u>
Total assets	<u>16,958,120</u>	<u>7,595,604</u>	<u>290,387</u>	<u>24,844,109</u>
LIABILITIES				
Current Liabilities				
Accounts payable	18,743	42,594	5,476	66,813
Due to	328,409	-	-	328,409
Current portion of unpaid claims and claim adjustment expenses (Note 3)	3,500,000	2,000,000	-	5,500,000
Total Current Liabilities	<u>3,847,152</u>	<u>2,042,594</u>	<u>5,476</u>	<u>5,895,222</u>
Unpaid claims and claim adjustment expenses (Note 3)	<u>7,599,048</u>	<u>3,897,266</u>	<u>-</u>	<u>11,496,314</u>
Total Liabilities	<u>11,446,200</u>	<u>5,939,860</u>	<u>5,476</u>	<u>17,391,536</u>
NET POSITION				
Total net position - unrestricted	<u>\$ 5,511,920</u>	<u>\$ 1,655,744</u>	<u>\$ 284,911</u>	<u>\$ 7,452,573</u>

MONTEREY BAY AREA SELF INSURANCE AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION

JUNE 30, 2024

	Worker's Compensation	Liability	Property	2024
Operating Revenues				
Member contributions	\$ 6,136,454	\$ 5,832,134	\$ 2,763,740	\$ 14,732,328
Total Operating Revenues	6,136,454	5,832,134	2,763,740	14,732,328
Operating Expenses				
Provision for claims and claim adjustment expenses (Note 3)	(1,198,771)	1,254,161	-	55,390
Insurance premiums	1,184,098	2,944,413	2,449,496	6,578,009
Claims administration	220,155	154,614	-	374,769
Contract risk management services	149,250	149,250	-	298,500
Other risk management expenses	-	77,987	-	77,987
General and administrative	328,823	256,711	-	585,534
Total Operating Expenses	683,555	4,837,136	2,449,496	7,970,189
Operating Income/(Loss)	5,452,899	994,998	314,244	6,762,139
Nonoperating Income				
Investment income	533,872	303,602	-	837,474
Change in Net Position	5,986,771	1,298,600	314,244	7,599,613
Net Position, beginning of year	(474,851)	357,144	(29,333)	(147,040)
Net Position, end of year	\$ 5,511,920	\$ 1,655,744	\$ 284,911	\$ 7,452,573

MONTEREY BAY AREA SELF INSURANCE AUTHORITY

GRAPHICAL SUMMARY OF CLAIMS

JUNE 30, 2024

