

**CUPERTINO SANITARY DISTRICT
SANITARY BOARD MEETING
WEDNESDAY, FEBRUARY 2, 2022**

AGENDA

The meeting will be held at 7:00 p.m. via teleconference [call 1 (866) 899 - 4679 Conference Access Code: 251566821] and anyone interested may also call in. The District Office at 20863 Stevens Creek Blvd, Suite 100, Cupertino is closed.

1. ROLL CALL

2. AB 361

The Board of Directors makes the following findings required by AB 361 in order to continue holding meetings by teleconferencing electronically: (1) the March 4, 2020 Governor's Proclamation of a State of Emergency is still in effect, (2) the County of Santa Clara has a Universal Indoor Face Covering Order in effect and continues to encourage social distancing, and (3) due to room capacity limitations, meeting in person would present imminent risks to the health or safety of attendees.

3. PUBLIC COMMENTS

This portion of the meeting is reserved for persons desiring to address the board on any matter not on the agenda. Speakers are limited to three (3) minutes.

All statements requiring a response will be referred to staff for further action. In most cases, state law will prohibit the board from making any decisions with respect to a matter not listed on the agenda.

4. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – SIGNIFICANT EXPOSURE TO LITIGATION

In accordance with government code section paragraph (2) of subdivision (d), there is significant exposure to litigation from California Riverwatch pertaining to the Clean Water Act.

B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

in accordance with government code section Paragraph (1) of Subdivision (d) of Section 54956.9, existing litigation. Name of Case: County Sanitation District 2-3, West Valley Sanitation District, Cupertino Sanitary District, Burbank Sanitary District and the City of Milpitas v. The City of San Jose, The City of Santa Clara and Does 1 through 50 inclusive.

5. MINUTES

A. APPROVAL OF THE MINUTES OF JANUARY 17, 2022

B. APPROVED MINUTES OF DECEMBER 15, 2021

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6. CORRESPONDENCE

- A. BURBANK SANITARY DISTRICT CONDOLENCES
- B. CSRMA ANNUAL REPORT

7. MEETINGS

- A. TELECONFERENCE MEETING OF THE SAN JOSE/SANTA CLARA TREATMENT PLANT TECHNICAL ADVISORY COMMITTEE (TAC) TO BE HELD ON FEBRUARY 7, 2022
- B. TELECONFERENCE MEETING OF THE SAN JOSE/SANTA CLARA TREATMENT PLANT ADVISORY COMMITTEE (TPAC) TO BE HELD ON FEBRUARY 10, 2022

8. REPORTS

- A. CSRMA TRAINING HELD JANUARY 20, 2022 VIA TELECONFERENCE

9. UNFINISHED BUSINESS

- A. BOARD VACANCY
- B. WESTPORT INSTALLER'S AGREEMENT
- C. COVID-19 UPDATES

10. NEW BUSINESS

- A. PLAQUE FOR DIRECTOR JOHN GATTO – DRAFT LANGUAGE
- B. CCTV TRUCK OPERATION AND MAINTENANCE
- C. FORM 700

11. STAFF REPORT

- A. CURRENT DEVELOPMENT PROJECTS

12. CALENDAR ITEMS

- A. NEXT REGULAR DISTRICT BOARD MEETING IS SCHEDULED TO BE HELD ON WEDNESDAY, FEBRUARY 16, 2022

13. ADJOURNMENT

CUPERTINO SANITARY DISTRICT BOARD MEETING
MONDAY, JANUARY 17, 2022

The Sanitary Board of the Cupertino Sanitary District convened this date at 7:08 p.m. This meeting was conducted via teleconferencing in accordance with AB 361. The District office at 20863 Stevens Creek Blvd, Suite 100, Cupertino was closed.

1. ROLL CALL:

President Bosworth called the meeting to order, and the following proceedings were had to wit: Roll call was taken, with the following members in attendance:

Directors present: Angela S. Chen, Taghi S. Saadati, William A. Bosworth, and Patrick S. Kwok. Director Gatto was absent.

Staff present: District Manager Benjamin Porter, Deputy District Manager Robert Woodhouse, and Counsel Marc Hynes.

District Consultant: Richard K. Tanaka

Public: None

2. AB 361:

The Board of Directors makes the following findings required by AB 361 in order to continue holding meetings by teleconferencing electronically: (1) the March 4, 2020 Governor's Proclamation of a State of Emergency is still in effect, (2) the County of Santa Clara has a Universal Indoor Face Covering Order in effect and continues to encourage social distancing, and (3) due to room capacity limitations, meeting in person would present imminent risks to the health or safety of attendees.

On a motion by President Bosworth, seconded by Director Saadati, by a vote of 4-0-0 the Board approved.

3. PUBLIC COMMENTS:

There were none.

4. CLOSED SESSION:

President Bosworth adjourned the regular meeting session and opened the closed session at 7:14 p.m.

- A. Conference with legal counsel – Significant Exposure to Litigation in accordance with government code section paragraph (2) of subdivision (d), there is significant exposure to litigation from California Riverwatch pertaining to the Clean Water Act.

Board action: There was no reportable action.

Manager Porter and Deputy Manager Woodhouse were excused from the remainder of closed session at 7:22 p.m.

- B. Conference with legal counsel – Existing Litigation in accordance with government code section Paragraph (1) of Subdivision (d) of Section 54956.9, existing litigation. Name of Case: County Sanitation District 2-3, West Valley Sanitation District, Cupertino Sanitary District, Burbank

CUPERTINO SANITARY DISTRICT BOARD MEETING
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Sanitary District, and the City of Milpitas v. The City of San Jose, The City of Santa Clara, and Does 1 through 50 inclusive.

Board action: There was no reportable action.

The closed session was adjourned at 7:31 p.m. and the regular meeting was called to order. District Manager Porter, and Deputy District Manager Woodhouse rejoined the regular meeting.

5. MINUTES & BILLS:

- A. On a motion by Director Chen, seconded by Director Saadati, by a vote of 4-0-0 the minutes of Wednesday, December 15, 2021, were approved as written.
- B. By consensus, the Minutes of Wednesday, November 17, 2021, are to be Noted & Filed.
- C. The Board reviewed December payable warrants and financial statements. On a motion by Director Kwok, seconded by Director Chen, by a vote of 4-0-0, the financial statement and payment of bills were approved as written.
- D. Board members will submit their January timesheets to Manager Porter.

6. CORRESPONDENCE:

- A. The Board reviewed correspondence from The City of San Jose regarding Third Quarter Adjustments for FY20-21 O&M and CIP Billings. It is to be Noted & Filed.

7. MEETINGS:

- A. CASA 2022 Winter Conference scheduled for January 19-21, 2022 is canceled. Director Chen plans to attend the CSRMA virtual training workshop to be held January 20, 2022, which was scheduled to be held along with the CASA conference but is still taking place.

8. REPORTS:

- A. Manager Porter reported on the teleconference meeting of The San Jose/Santa Clara Treatment Plant Technical Advisory Committee (TAC) held on January 11, 2022.
- B. Director Kwok reported on the teleconference meeting of The San Jose/Santa Clara Treatment Plant Advisory Committee (TPAC) held on January 13, 2022.

9. UNFINISHED BUSINESS:

- A. Manager Porter reported on COVID-19 updates.

10. NEW BUSINESS:

- A. Board Resolution No. 1333, titled: "A RESOLUTION COMMENDING JOHN M. GATTO FOR DISTINGUISHED SERVICE AS A MEMBER OF THE SANITARY BOARD OF THE

CUPERTINO SANITARY DISTRICT BOARD MEETING
MONDAY, JANUARY 17, 2022

CUPERTINO SANITARY DISTRICT FROM MARCH 1, 2000 TO DECEMBER 24, 2021” was presented to the Board. On a motion by President Bosworth, seconded by Director Saadati, by a vote of 4-0-0 it was ordered that Resolution No. 1333 be approved.

- B. The Board discussed Board vacancy of one seat and procedures to fill the empty seat. Manager Porter will advertise for the opening in the Cupertino Courier newspaper, the CUSD website and the front door of the office. On motion by Director Kwok, seconded by Director Saadati, by a vote of 4-0-0, the Board approved plans to post notice of vacancy.
- C. Reappointment of Officers: On motion by President Bosworth, seconded by Director Saadati, by a vote of 4-0-0, the Board approved the following reappointment of officers: Director Kwok as Board Secretary and Director Chen as Secretary Pro-Tem, effective immediately.
- D. Newly appointed finance committee members will sign the bank signature cards with Manager Porter at the District office.
- E. The Board reviewed the draft Installer’s Agreement for the Westport project. There was no Board action.
- F. On motion by Director Chen, seconded by Director Saadati, by a vote of 4-0-0, the Board approved Director Kwok’s request to attend the CWEA Annual Conference to be held April 11-14, 2022 in Sacramento, CA.
- G. The Board reviewed a request for reimbursement of sewer service charges for APN 326-08-030 ADU that had not yet been built during FY 2020-2021. On motion by Director Saadati, seconded by Director Kwok, by a vote of 4-0-0, the Board approved reimbursement in the amount of \$638.86.

11. STAFF REPORTS:

- A. Manager Porter reported on CASA 2022 Winter Conference travel expense reimbursements. The Board will prepare and submit expense reports for the unused airline tickets.
- B. Manager Porter reported on the Monthly Maintenance Report.

12. CALENDAR ITEMS:

- A. The next regular District Board meeting is scheduled to be held on Wednesday, February 2, 2022.

13. ADJOURNMENT:

On a motion properly made and seconded, at 8:33 p.m. the meeting was adjourned in honor and memory of John M. Gatto.

Secretary of the Sanitary Board

President of the Sanitary Board

CUPERTINO SANITARY DISTRICT BOARD MEETING WEDNESDAY, DECEMBER 15, 2021

The Sanitary Board of the Cupertino Sanitary District convened this date at 7:01 p.m. This meeting was conducted via teleconferencing in accordance with AB 361. The District office at 20863 Stevens Creek Blvd, Suite 100, Cupertino was closed.

1. ROLL CALL:

President Saadati called the meeting to order, and the following proceedings were had to wit: Roll call was taken, with the following members in attendance:

Directors present: Angela S. Chen, Taghi S. Saadati, William A. Bosworth, and Patrick S. Kwok. On motion by Director Bosworth motioned, seconded by President Saadati, by a vote of 4-0-0, the Board excused Director Gatto from the meeting.

Staff present: District Manager Benjamin Porter, Deputy District Manager Robert Woodhouse, and Counsel Marc Hynes.

District Consultant: Richard K. Tanaka

Public: None

2. AB 361:

The Board of Directors makes the following findings required by AB 361 in order to continue holding meetings by teleconferencing electronically: (1) the March 4, 2020 Governor's Proclamation of a State of Emergency is still in effect, (2) the County of Santa Clara has a Universal Indoor Face Covering Order in effect and continues to encourage social distancing, and (3) due to room capacity limitations, meeting in person would present imminent risks to the health or safety of attendees.

On a motion by Director Bosworth, seconded by Director Kwok, by a vote of 4-0-0 the Board approved.

3. PUBLIC COMMENTS:

There were none.

4. CLOSED SESSION:

President Saadati adjourned the regular meeting session and opened the closed session at 7:03 p.m.

A. Conference with legal counsel – Significant Exposure to Litigation in accordance with government code section paragraph (2) of subdivision (d), there is significant exposure to litigation from California Riverwatch pertaining to the Clean Water Act.

Board action: There was no reportable action.

Manager Porter and Deputy Manager Woodhouse were excused from the remainder of closed session at 7:10 p.m.

B. Conference with legal counsel – Existing Litigation in accordance with government code section Paragraph (1) of Subdivision (d) of Section 54956.9, existing litigation. Name of Case: County

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Sanitation District 2-3, West Valley Sanitation District, Cupertino Sanitary District, Burbank Sanitary District, and the City of Milpitas v. The City of San Jose, The City of Santa Clara, and Does 1 through 50 inclusive.

Board action: There was no reportable action.

The closed session was adjourned at 7:14 p.m. and the regular meeting was called to order. District Manager Porter, and Deputy District Manager Woodhouse rejoined the regular meeting.

5. MINUTES & BILLS:

- A. On a motion by Director Bosworth, seconded by Director Kwok, by a vote of 4-0-0 the minutes of Wednesday, November 17, 2021, were approved as written.
- B. By consensus, the Minutes of Wednesday, November 3, 2021, are to be Noted & Filed.
- C. The Board reviewed November payable warrants and financial statements. On a motion by Director Kwok, seconded by Director Chen, by a vote of 4-0-0, the financial statement and payment of bills were approved as written.
- D. Board members will submit their December timesheets to Manager Porter.

6. CORRESPONDENCE:

- A. The Board reviewed correspondence from The City of San Jose regarding Annual Cost & Allocation. It is be Noted & Filed.

7. MEETINGS:

There were none.

8. REPORTS:

- A. Director Kwok reported on the teleconference meeting of The San Jose/Santa Clara Treatment Plant Advisory Committee (TPAC) held on November 18, 2021.
- B. Director Bosworth reported on the Santa Clara County Special Districts Association regular meeting held on December 6, 2021.
- C. Teleconference meeting of the San Jose/Santa Clara Treatment Plant Technical Advisory Committee (TAC) scheduled for December 6, 2021 was canceled.
- D. Teleconference meeting of the San Jose/Santa Clara Treatment Plant Advisory Committee (TPAC) scheduled for December 9, 2021 was canceled.

9. UNFINISHED BUSINESS:

- A. Manager Porter reported on COVID-19 updates.

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WEDNESDAY, DECEMBER 15, 2021

10. NEW BUSINESS:

- A. The Board elected District Officers for 2022, effective January 1, 2022. On motion by President Saadati, seconded by Director Kwok, by a vote of 4-0-0, the Slate of Officers for the District was approved as follows:

President – Bill Bosworth
Secretary – John Gatto
Secretary Pro-Tem – Patrick Kwok

By concurrence, it was ordered that the Slate of Representatives for the District be approved, effective January 1, 2022, as follows:

TPAC Alternate	Patrick Kwok Angela Chen
Special Districts Association Alternate	Bill Bosworth Angela Chen
CSRMA Alternate	Angela Chen Bill Bosworth
CASA Alternate	Bill Bosworth John Gatto
Finance Committee	Patrick Kwok (Director in Position 3) Angela Chen (Director in Position 4)
TAC	Manger Porter, Deputy Manger Woodhouse, Staff Member Kathuli

- B. The Board reviewed the Sewer Use Ordinance update. Manager Porter provided a summary of the proposed changes to Sewer Use Ordinance No. 127 and 128. On motion by Director Bosworth, seconded by Director Chen, by a vote of 4-0-0, Ordinance No. 128, Adopting Changes to Sewer Use Ordinance was approved.
- C. The Board discussed District uniform hats. On motion by Director Kwok, seconded by Director Chen, by a vote of 4-0-0, the Board approved a purchase twenty-four hats at the best price available.

11. STAFF REPORTS:

- A. Manager Porter reported on Future Development Projects.
- B. Deputy Manager Woodhouse reported on the Peak Flow Reduction Program.
- C. Manager Porter reported on V&A Consulting Engineering – Amendment No. 1 for Flow Monitoring Services. On motion by Director Kwok, seconded by President Saadati, by a vote of 4-

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0-0, the Board approved Amendment No. 1. The Board requested staff to research other sewer agencies to see what their policies are on using an RFP process to select consultants.

- D. Manager Porter reported on the CASA Annual Winter Conference.
- E. Manager Porter reported on the Monthly Maintenance Report.

12. CALENDAR ITEMS:

- A. The next regular District Board meeting is scheduled to be held on Wednesday, January 5, 2022.

13. ADJOURNMENT:

On a motion properly made and seconded, at 8:45 p.m. the meeting was adjourned.

Secretary of the Sanitary Board

President of the Sanitary Board

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Dear Cupertino Sanitary District,

Please accept our deepest condolences. We feel the loss of John deeply. John's legacy of mentorship and contributions to the welfare of both our districts remain in our memories.

Sincerely,

The Board of the Burbank
Sanitary
District

Kurt Colm, Director, BSD
Nikco Yoder, Director, BSD
Rene Prupes, Director, BSD
Procopio Scalfani, Director, BSD
Michelle Kuehler-Bow, Director, BSD



2021 Annual Report

California Sanitation Risk Management Authority

President's Message

Dear Members and Friends of CSRMA:

In 2021 CSRMA quietly celebrated its 35th Anniversary! Since 1986 we have continuously provided excellent coverage and comprehensive risk management services to our members. I am proud of the resiliency shown by the organization and by our membership over the past two very challenging years. As we emerge from the pandemic, we are seeing this resilience evolve into a more nimble CSRMA. The investments made in technology have given us the ability to pivot and adapt to an increased demand for virtual meetings, remote training and online services. However, I must say that it was wonderful to actually see and visit with so many friends and colleagues at the CASA Conference this past August. This fellowship is an important part of CSRMA and we are actively planning for more in-person meetings and conference events in 2022. Understanding of course, that the technological advances we've made will provide continuing opportunities to connect with one another over a variety of platforms.

Unfortunately, our industry continues to be affected by severely impacted global and regional insurance markets. However, it is in these times that we are especially reminded of the benefits of pooling and why CSRMA was formed 35 years ago by the 14 founding member agencies. With this philosophy in mind, CSRMA implemented a new "pooled layer" in the Property Program this year, as a measure to proactively address the challenging property insurance market. Going forward, we will all benefit from a collective focus on risk control and loss minimization within all of CSRMA's coverage areas. Finally, in 2021 we welcomed our newest member, Nevada County Sanitation District #1, and now stand together at 59 members strong!

I look forward to a safe and successful 2022, and hope to see you in person sometime soon.



Craig Murray
CSRMA President



Executive Board and Officers

Craig Murray, President
Carpinteria Sanitary District

Sandeep Karkal, Vice President
Novato Sanitary District

Jason Warner, Treasurer
Oro Loma Sanitary District

George Emerson, Secretary
Goleta Sanitary District

Melissa Morton
Vallejo Flood & Wastewater District

Roland Williams
Castro Valley Sanitary District

Michelle Gallardo
Dublin San Ramon Services District

Betty Burnett
South Orange County
Wastewater Authority

Steve Wagner
Goleta Sanitary District

Teresa Herrera, Alternate
Silicon Valley Clean Water

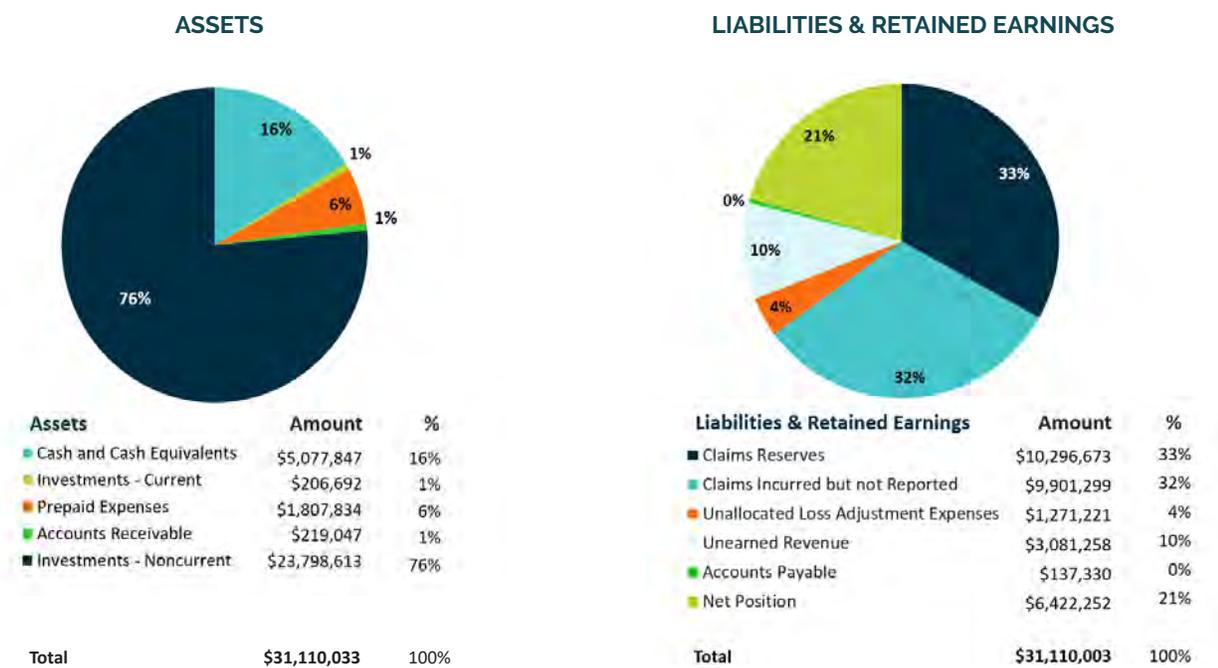
Financial Summary

The CSRMA Joint Powers Authority keeps its financial records in accordance with Government Accounting Standards Board (GASB) recommendations and produces an annual comprehensive financial report each year. The financial data represented in this report is as of June 30, 2021.

CSRMA has been awarded the Government Finance Officers Association’s Certificate of Excellence in Financial Reporting for its ACFR annually since 2010.

Investments are governed by a Board-approved policy and procedure. Cash beyond short-term needs is invested with California’s Local Agency Investment Fund, the California Asset Management Program and Public Financial Management (PFM) Portfolios.

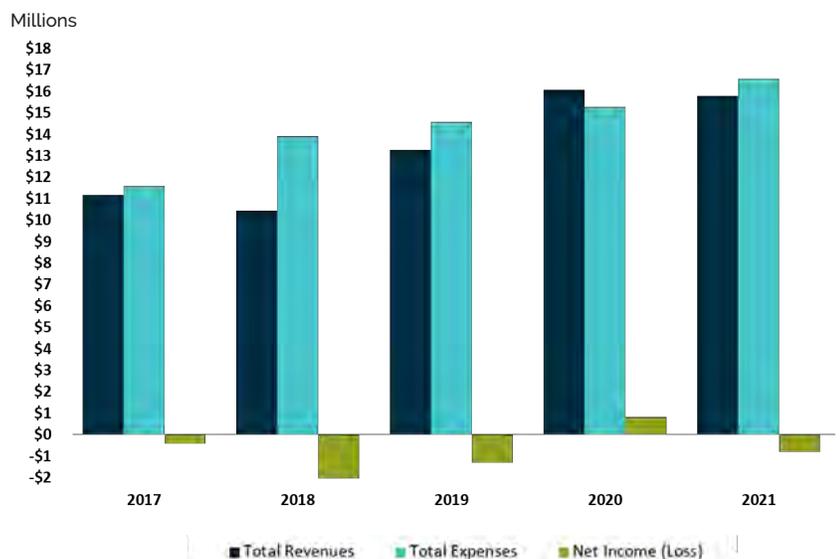
Summary Balance



Income Statement

Revenues	
Member Contributions	14,377,165
Interest Income	-46,543
Other	1,462,819
Total Revenues	15,793,441
Expenses	
Claims Incurred	5,669,092
Other Expenses	10,915,168
Total Operating Expenses	16,584,260
Retrospective Contribution	79,590
Total Expenses	16,584,260
Net Income (Loss)	-790,819

Financial Position



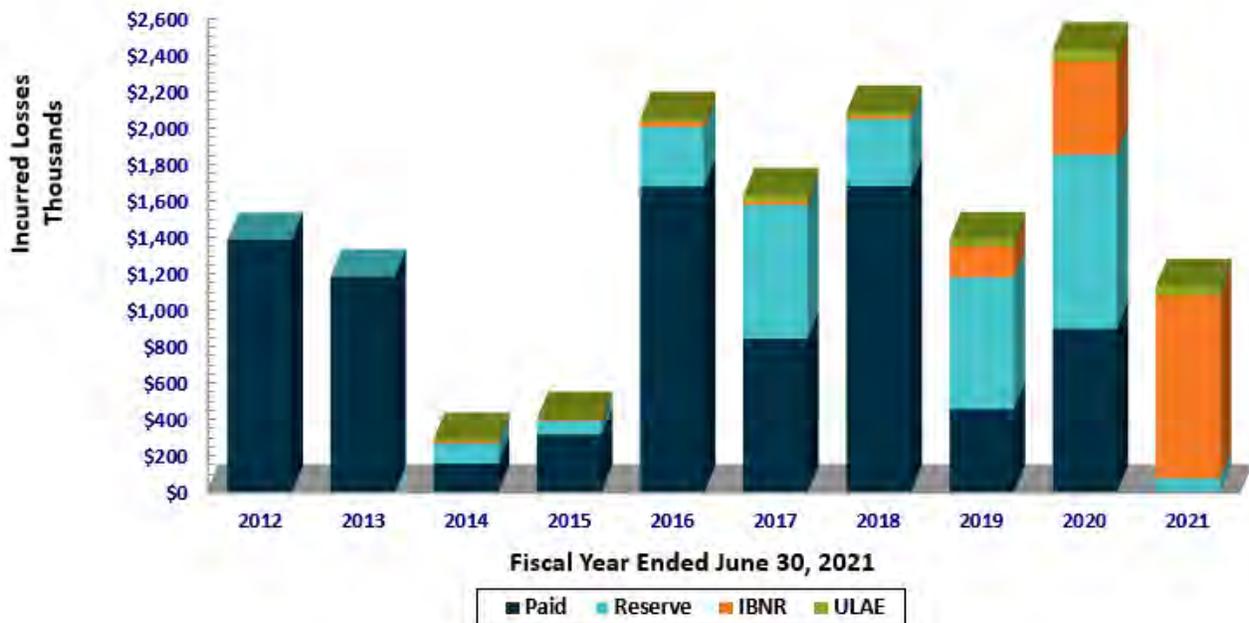
Shared Risk Programs

CSRMA Members can choose to participate in the JPA’s “pooling” programs: The Pooled Liability Program and the Workers’ Compensation Program.

These programs are an alternative to traditional commercial insurance, in that they are member owned and operated. Interest earning funds are placed on deposit with the Authority where they are used to pay members’ claims and related expenses. Funds not spent or reserved are refunded to members through retrospective rating adjustments and dividend payments.

Pooled Liability Program

The Pooled Liability Program provides its members with third-party liability coverage specifically designed to meet the exposures faced by the wastewater industry. Members are provided with coverage for General Liability, Automobile Liability, Employment Practices Liability and Public Entity Errors and Omissions Liability.

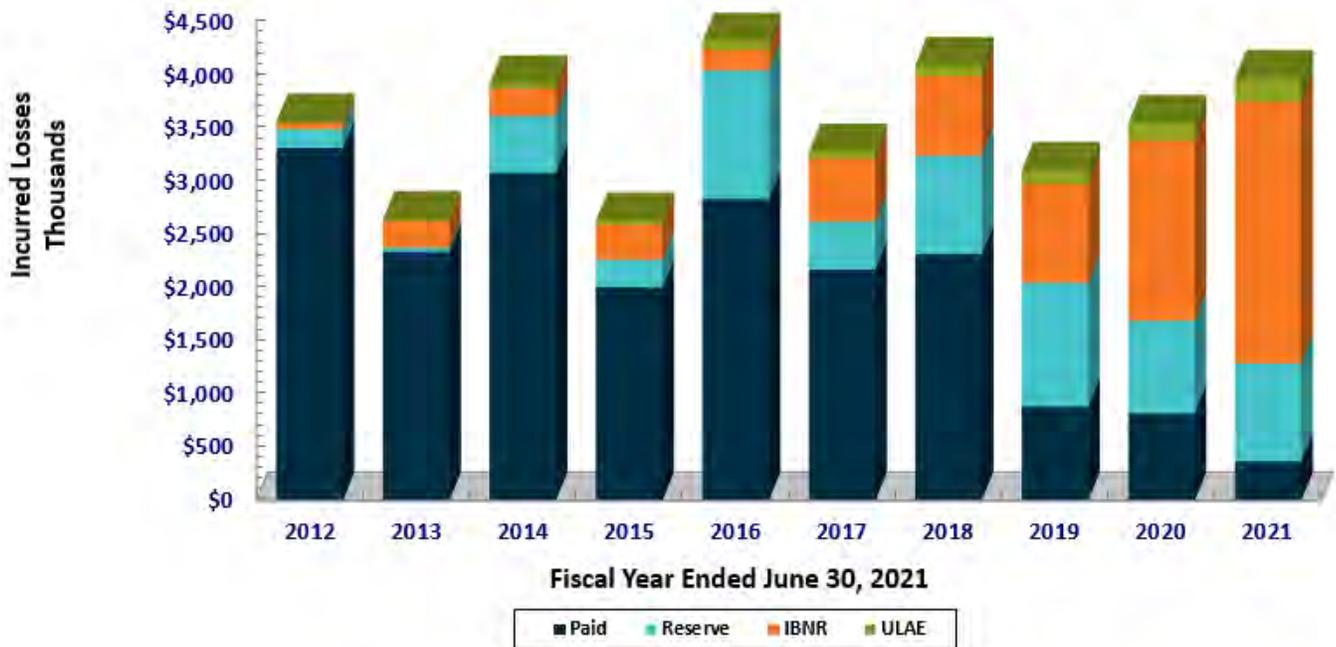


2021 Accomplishments

- » Over \$1.34 million was returned to the members in dividend payments
- » Claims frequency continues on a downward trend, and remains well below historical averages
- » An ad hoc Committee was formed specifically to address the growing industry wide concern on Employment Practices Liability related incidents and develop strategies to help CSRMA membership better manage them

Pooled Workers' Compensation Program

The Workers' Compensation Program provides State mandated benefits to employees of member agencies. The Program enables its members to retain control of the cost and delivery of services to participating members.



2021 Accomplishments

- » The Program's claims frequency continues to be below historical averages
- » A claims audit was performed this year. The claims adjusting firm, Sedgwick, continues to provide effective claims administration for the Authority.
- » CSRMA members continued to utilize the COVID-19 Resource Center, with information they needed to keep their essential workers safe

CSRMA created the COVID-19 Resource Center to give members the information they needed to keep their essential workers safe

Group Purchase Programs

CSRMA Group Purchase Programs provide members the benefit of buying power while assuring that special needs will be addressed.

Primary Insurance Program (PIP)

The PIP provides the clout of a group purchase program, offering competitive pricing to its members. The Program continues to afford coverage for General Liability, Automobile Liability, Employment Practices Liability, Public Entity Errors & Omissions and Auto Physical Damage to members that do not wish to pool their risk with other members.



Property Insurance Program

The Property Program provides the benefit of a group purchase program offering its members "All-Risk" Property and Boiler & Machinery insurance. This includes Terrorism, Pollution Legal Liability specific to a member's SOV, and Cyber Liability. In 2021 a new Pooled Layer was implemented in an effort to reduce some of the year-to-year market volatility.

Other Programs

CSRMA members have access to an array of group purchase programs made available by the Program Administrators, including but not limited to:

- » **Crime/Bond Programs:** The Commercial Crime Program affords its members with public employee dishonesty coverage. Additional coverages available include forgery or alteration, theft, disappearance and destruction of money and securities and computer fraud. The Public Official Bond Program provides its members with coverage for dishonest acts of public officials.
- » **Cyber Liability:** Provides third-party coverage for information security & privacy liability, privacy notification costs, regulatory defense and website media content liability. First-party coverage is provided for cyber extortion, data protection & business interruption loss.
- » **Public Entity Vehicle & Mobile Equipment Physical Damage Program:** This Program provides "All-Risk" property (physical damage) coverage for private passenger vehicles, light trucks and high value specialized vehicles with limited "over-the-road" exposures.
- » **Special Events Liability Program:** The Special Events Liability Program grants its members with protection against third-party liability for bodily injury, personal/advertising injury and property damage resulting from a covered special event. Special events include receptions, tours and parties.
- » **Pollution and Remediation Legal Liability Program:** The Pollution and Remediation Legal Liability Program provides coverage for environmental exposures unique to the wastewater industry.
- » **Storage Tank Program:** The Storage Tank Program furnishes its members with third party pollution legal liability and clean-up for above and below ground storage tank exposures.
- » **Travel Accident Program:** Travel Accident Insurance provides coverage for employees who travel domestically and internationally. Some of the benefits include 24/7 travel assistance, medical network, and emergency evacuation and repatriation expense.
- » **Vendors/Contractors General Liability Program:** The Vendors/Contractors General Liability Program furnishes general liability coverage for a wide range of vendors and contractors.
- » **Deadly Weapons Response Program:** Provides third-party liability, first-party property damage, business interruption & crisis management for deadly weapon events.

Risk Control Services

CSRMA continued its tradition of providing leading edge risk control services for its members this year by introducing many new products and services tailored to the unique loss exposures facing CSRMA.

COVID-19 Resource Center



As the pandemic continued in 2021, so did CSRMA's robust efforts to inform our members with accurate and reliable information to keep their employees safe and in compliance with CalOSHA, Centers for Disease Control

and CA Department of Health requirements and guidance. The CSRMA COVID-19 Resource Center, a clearinghouse for reliable information related to the pandemic created in May 2020, was continually updated and distributed to the membership.

As CalOSHA issued the emergency temporary standard in November 2020 and revised it in June 2021, CSRMA continued to assist members with compliance through negotiating deep discounts on the development of COVID-19 Employee Exposure Plans and companion online interactive training modules for interested members. Additionally, CSRMA provided several webinars, many with the labor law experts at Liebert Cassidy Whitmore, to help members understand the regulatory requirements and the implications it has on labor law issues.

CSRMA remains committed to providing members with accurate and current information related to the pandemic as we enter 2022.

Vector Solutions (FKA Target Solutions)

CSRMA updated 15 online training modules and added ten new modules to their existing library of over 100 online learning courses. These can now be viewed on Vector Solutions in addition to the large library of courses already available. Updating modules and creation of new content addressing risks facing members and the pool has been an annual commitment CSRMA has made for 16 years!

Occumetric

Don Freeman and the Occumetric name are no strangers to CSRMA members. They have been providing state-of-the-art ergonomic services to members for several years. Occumetric worked with ten members this year to use their Physical Demand Assessment software to identify tasks that put employees at risk of back injury so that prevention or task redesign measures can be taken.

Risk Control Online

CSRMA's Risk Control Online platform has been transformed into the hub for all of CSRMA's online risk control services and web applications, including the Contractor Safety Program Builder, the Job Competencies Builder, Employment Law Resources Hub and more! On deck this year is a complete overhaul of the platform, originally designed in the early 2000's, to increase security, functionality, content and enhance the member experience.

Risk Control Seminars and Webinars

CSRMA is committed to providing effective training for the membership. To that end, CSRMA conducts a member survey each fall asking members for feedback regarding CSRMA training efforts. Members responded with overwhelming satisfaction and provided great insight into the training formats that work best, as well as ideas on training topics important to them. This feedback has helped shape CSRMA's training schedule now and going forward.

Due to the pandemic, CSRMA kept its webinar frequency elevated and conducted over 40 live webinars. Most were recorded for members to access on-demand.

Risk Control and Safety Program Reimbursement Incentive

CSRMA's two reimbursement programs - \$2,000 annually for safety and risk control efforts for members who participate in both the Pooled Liability and Workers' Compensation Programs and \$1,200 annually for employee health promotion efforts for members of the Workers' Compensation Program reached more than 90% of the pooled program members!

Workers' Compensation Consulting Services

CSRMA continued to benefit from the services of Heather Truro at HT Consulting. She is a workers' compensation claims management specialist who has been retained by CSRMA to provide assistance to our members with workers' compensation issues; in particular, by implementing the Workers' Compensation Claims Management and Return to Work Programs.

Sewer and Stormwater Summit 2021

Partnering and cost sharing with two other public entity risk pools, the 2021 Summit was held as a virtual conference again in 2021 and more members were able to attend, many for the first time, than ever before in the Summit's 16-year history. The virtual Summit stayed true to its historical format of offering attendees four tracks with 5 sessions each for a total of 20 different 1-hour classes on topics ranging from Regulatory Compliance and Engineering, Collections Worker Safety, Operations and Management and Storm Water Compliance. All the sessions were recorded and are available to members until Spring 2022 on the virtual conference platform. After that, the 20 sessions will be moved to the Webinar Library section on Risk Control Online.

CSRMA Workers' Compensation Excellence Award

CSRMA is pleased to announce the winners of the Workers' Compensation Excellence Award! This award program is designed to recognize those members who have successfully implemented soft tissue/strain related injury prevention efforts.

Members meeting the award criteria shared equally in a cash prize of \$50,000, or the average cost of a back claim according to Workers' Compensation Insurance Rating Bureau data. The cash prize will be paid directly to the employees of each qualifying member in an amount not to exceed \$499 per employee.

2021 Workers' Compensation Excellence Award Winners

- » Sewer Authority Mid-Coastside
- » Lake Arrowhead CSD
- » Castro Valley SD
- » South Orange County Wastewater Authority
- » Stege SD

SMART SOP

SMART SOP, the mobile app CSRMA created for its members to make creating photo-based lockout/tagout and free form photo and video-based SOP's, is being leveraged this fiscal year to serve up the following applets for member employees:

- » What to do following a mainline sewer backup impacting private property?
- » What to do following a vehicle accident?
- » Is this a Permit Required confined space?
- » Fall Harness Inspection and Adjustment SOP
- » Excavation Competent Person Daily Inspection Procedures

Employment Law Training

While not very frequent, employment law claims are among the most expensive type of claim CSRMA experiences. CSRMA provided ten virtual seminars on labor law issues most commonly resulting in employment law claims. Provided virtually, members from across the State are able to attend and, for those members unable to attend the live session, are able to view a recording of each for two months following the event.

What the Future Holds

We have all learned many things from the pandemic, one of which is that remote learning, whether it's webinars, online seminars or self-directed interactive online courses, is an effective way to deliver training to the membership. CSRMA was able to train more member employees in 2020 and 2021 than ever before, and at a lower per-person cost than ever imagined. In 2022, we will build on this success with even more CSRMA-developed online course content and live virtual seminars and webinars.

In 2022, CSRMA will continue its focus on preventing soft tissue workers' compensation claims, which is CSRMA's leading cause of lost time claims. In 2021, CSRMA provided 10 members with remote physical demand assessments to identify tasks that put employees at risk of injury. 2022 will see that effort repeated, training members on how to use CSRMA Physical Demand Assessment web application along the way. This amazing tool tells members exactly which tasks their employees perform that are putting them at risk of this type of injury, allowing the member to intervene before an injury occurs.

Sewer backups impacting private property continue to be CSRMA's leading liability claim. We will maintain the drive to reduce the frequency of these claims through focused training on collection system operations and maintenance from industry experts and partnering with other pools and private vendors to deliver more training opportunities at a reduced cost.

The cost for harassment, discrimination and other forms of employment liability have been increasing dramatically across all industries and CSRMA is responding. Leveraging the effectiveness of online remote learning, CSRMA has engaged Liebert Cassidy Whitmore to provide ten online seminars on employment law topics that reflect common causes of employment related lawsuits. CSRMA will continue to provide employment law hotline services and other resources for members to help navigate this area of liability in 2022.

2020 and 2021 were difficult years on many fronts, not the least of which was navigating the daily flood of information on COVID-19 transmission and prevention practices. This in addition to understanding all the new laws and regulations California enacted on everything from workplace pandemic safety, regulatory reporting of cases and several areas of employment law. CSRMA kept members informed of these changes, relaying credible information and providing timely, easily understandable translations of what these new laws and regulations meant for the members. Members can continue to count on CSRMA to organize the never ending tidal wave of information for its members through continual updates of the CSRMA COVID-19 Resources Guide, email alerts on safety and regulatory changes, webinars and articles in the monthly CSRMA "Did You Know" e-newsletter. In 2022, CSRMA will continue to be the trustworthy source of information and best practices to help members navigate the pandemic.

Member Agencies

Bayshore Sanitary District

Byron Sanitary District

Carmel Area Wastewater

Carpinteria Sanitary District

Castro Valley Sanitary District

Central Marin Sanitation

County Sanitation District No. 2-3 of Santa Clara County

Crockett Community Services District

Cupertino Sanitary District

Delta Diablo

Dublin San Ramon Services District

East Bay Dischargers Authority

Encina Wastewater Authority

Fairfield-Suisun Sewer District

Goleta Sanitary District

Goleta West Sanitary District

Inland Empire Utilities Agency

Ironhouse Sanitary District

Lake Arrowhead Community

Las Gallinas Valley Sanitary

Leucadia Wastewater District

Montara Water and Sanitary

Montecito Sanitary District

Monterey One Water

Mt. View Sanitary District

Napa Sanitation District

Nevada County Sanitation District #1

North of River Sanitary

Novato Sanitary District

Oceana Marin Sewer Imp. District

Ojai Valley Sanitary District

Oro Loma Sanitary District

Richardson Bay Sanitary District

Rodeo Sanitary District

Ross Valley Sanitary District

San Elijo Joint Powers Authority

San Rafael Sanitation District

Sanitary District No. 5 of Marin County

Santa Margarita Water District

Sausalito-Marin City Sanitary District

Selma-Kingsburg-Fowler County Sanitation District

Sewer Authority Mid-Coastside

Sewerage Agency Of Southern Marin

Silicon Valley Clean Water

South Orange County Wastewater Authority

Stege Sanitary District

Tahoe-Truckee Sanitation Agency

Triunfo Water & Sanitation District

Truckee Sanitary District

Union Sanitary District

Vallejo Flood and Wastewater District

Valley Sanitary District

Ventura Regional Sanitation District

Victor Valley Wastewater Reclamation Authority

West Bay Sanitary District

West County Wastewater District

West Valley Sanitary District

Western Riverside County Regional Wastewater Authority

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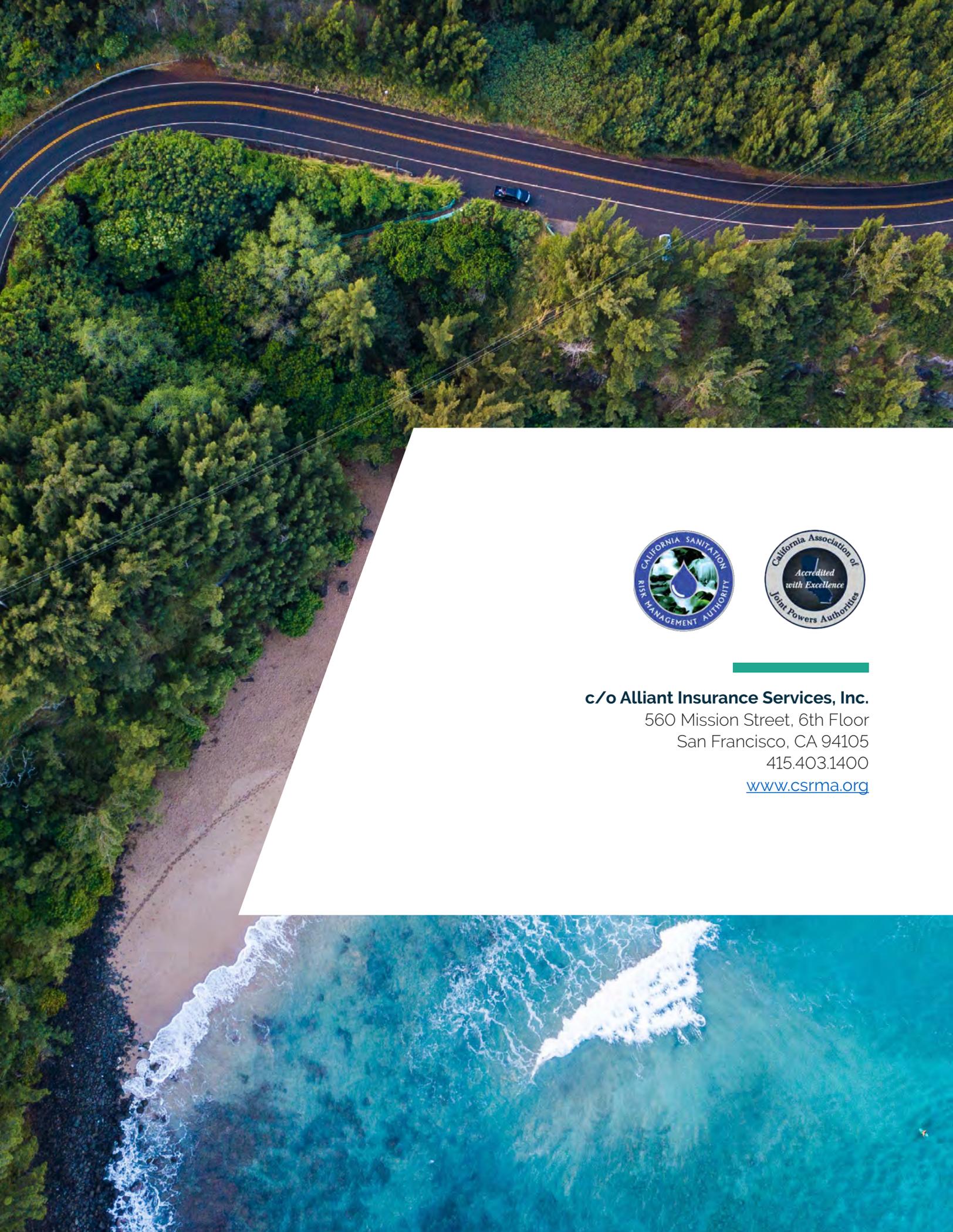
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ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Fiscal Years Ended June 30, 2021 & 2020
State of California**

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 & 2020

EXECUTIVE BOARD & OFFICERS

<u>Name</u>	<u>Office</u>	<u>Entity</u>
Craig Murray	President	Carpinteria Sanitary District
Sandeep Karkal	Vice President	Novato Sanitary District
George Emerson	Secretary	Goleta Sanitary District
Jason Warner	Treasurer	Oro Loma Sanitary District
Melissa Morton	Member	Vallejo Flood and Wastewater District
Roland Williams	Member	Castro Valley Sanitary District
Michelle Gallardo	Member	Dublin San Ramon Services District
Betty Burnett	Member	South Orange County Wastewater Authority
Steve Wagner	Member	Goleta Sanitary District
Teresa Herrera	Member	Silicon Valley Clean Water

Office Address

c/o Alliant Insurance Services
100 Pine Street, 11th Floor
San Francisco, CA 94111

Report Prepared by
The Finance Department

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

For Fiscal Years Ended June 30, 2021 And 2020

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INTRODUCTORY SECTION

CSRMA California Sanitation Risk Management Authority



c/o ALLIANT INSURANCE SERVICES, INC.
100 Pine Street, 11th Floor, San Francisco, CA 94111-5101

Insurance License No.: 0C36861
Tel: 415.403.1400 Fax: 415.874.4813

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805.684.7214
Sandeep Karkal, *Vice President*
415.892.1694

PAST PRESIDENTS:

Greg Baatrup
2018-2020
Paul Bushee
2014-2018

November 23, 2021

Members of the Board of Directors
California Sanitation Risk Management Authority

Members and Interested Parties:

Attached is the Annual Comprehensive Financial Report of the California Sanitation Risk Management Authority (CSRMA) for your review and consideration. The Report is prepared by our staff, and CSRMA takes full responsibility for the accuracy, completeness, disclosure, and fairness of the data presented. We believe the data, as presented, is materially accurate in all respects, and allows the reader to gain a maximum understanding of CSRMA's financial picture.

Management of CSRMA is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles and the activities and reporting of CSRMA are in compliance with relevant laws and regulations. Internal accounting controls are designed to provide reasonable rather than absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

James Marta & Company has audited CSRMA's financial statements. They concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that CSRMA's financial statements for the fiscal years ended June 30, 2021 & 2020, are fairly presented, and in conformity with Accounting Principles Generally Accepted in the United States of America.

Profile

In 1986 a looming crisis in obtaining insurance coverage led a group of wastewater utilities in the San Francisco Bay Area to look at alternative ways to address the exposures common to their agencies. From that limited and experimental starting point CSRMA, a Joint Powers Authority, was formed and today has 58 member agencies statewide. Members participate in some or all of CSRMA's coverage and risk management programs at their discretion, and in conformance with CSRMA's rules regulating participation. The primary purpose of CSRMA, as a risk management authority, is to provide financial protection to its members when damage to their assets, or covered third party liability claims against them arise.

Assessing CSRMA's Financial Condition

As a jointly owned and jointly governed organization, members have a direct stake in the efficient operation and financial performance of CSRMA. Funding of the JPA is predominantly dependent upon claim activity. While insurance / reinsurance coverage is an important aspect of the JPA's cost structure, the pricing of such coverage is largely dependent upon prevailing market conditions. Risk control efforts and program administration costs comprise the third category of JPA expenses. Policies, procedures and day to day practices among members that are uniform and consistent greatly benefit CSRMA and the membership as a whole. The greatest challenge of CSRMA is to identify member risks at their source and develop risk control techniques to reduce or eliminate those risks.

Through long range planning and strong member participation in committees, many new initiatives arise that when implemented benefit individual programs, members, and CSRMA as a whole. Examples include, a standardized sewer backup policy-procedure, a revised investment strategy for long term reserve investments, a program for revenue enhancement through licensing access to CSRMA owned web-based training, review and update of major program documents, and consideration of new programs and services. Effective management of a pooled insurance authority for the benefit of all concerned is both active and dynamic.

Membership

Membership is limited to public entities with substantial wastewater operations. The Authority is governed by a Board of Directors. Each member agency is entitled to participate and have a representative on the Board of Directors. An Executive Board elected from the pool of member appointed Board members conducts, directs and supervises the JPA staff that runs the day-to-day business of the Authority.

Programs and Services

CSRMA has an agreement with Alliant Insurance Services, Inc. (San Francisco) to administer the Authority and to provide insurance brokerage and risk management services, including safety and risk control. The Authority has separate agreements in effect with Carl Warren & Co. for handling general liability claims, and with Sedgwick for handling workers' compensation claims. CSRMA has several other contracts for general legal services, workers' compensation consulting services, employment practices consulting and legal services, actuarial services, audit services and website services. In addition to a full Board of Directors of its members, the governance and oversight of CSRMA is handled by the aforementioned Executive Board and four standing committees: Officers, Finance, Liability Program, and Workers Compensation Program. Committees are generally staffed by employees of the members, or others connected to the members, such as elected officials. Members of the Executive Board are elected by the Board for two-year terms, and Committee members are appointed by the president.

Risk Control Services

CSRMA provides a number of leading-edge risk control services for its members. The heart of the system is a web-based platform that was custom built and designed for member agencies and their needs. Vector Solutions (formerly Target Solutions) provides an employee training management system to help agencies comply with Cal/OSHA training requirements and wastewater specific utility worker training, while "CSRMA Risk Control Online" offers an ergonomic evaluation program, sewer backup response and claims handling, contractor safety program builder, and more. The other main venue for risk control is on-location training provided at various member agencies as well as in conjunction with two annual conferences of the California Association of Sanitation Agencies (CASA). In addition, member agencies are each scheduled for loss control audits with follow-up reports that describe potential exposures found and gives specific recommendations to mitigate exposures. Other notable risk control services provided to members include an "Employment Practices Hotline" where authorized agency personnel can get free consultation with legal experts on employment liability issues.

Shared Risk Programs

CSRMA members can choose to participate in two different risk pool programs: The Pooled Liability Program and the Workers' Compensation Program. These programs are an alternative to traditional commercial insurance, in that they are member owned and operated. Interest earning funds are placed on deposit with the Authority where they are used to pay members' claims and related expenses. Funds not spent or reserved are refunded to members through retrospective rating adjustments and dividend payments. The Pooled Liability Program provides members with third party liability coverage specifically designed to meet the exposures faced by the wastewater industry. Coverages include general liability, automobile liability, employment practices liability, and public entity errors and omissions liability. The Workers' Compensation Program provides State mandated benefits to injured employees of member agencies. Both programs are subject to the terms and conditions of a Memorandum of Coverage specifically adopted by the Board of Directors to govern the actual payment of claims.

Group Purchase Programs

CSRMA Group Purchase Programs provide member agencies the benefit of buying power while assuring their special needs will be addressed. The Property Program provides "All Risk" property and boiler & machinery insurance, cyber liability, and environmental liability insurance. The Primary Insurance Program buys traditional liability insurance coverage for members who do not choose to participate in the Pooled Liability Program. Several other smaller insurance programs are provided for specialized needs of members. The Vehicle Physical Damage Program provides "all risk" property (physical damage) coverage for private passenger vehicles, light trucks and high valued specialized vehicles such as vacuum trucks. The Storage Tank Program furnishes members with third party pollution legal, liability and clean-up for above and below ground storage tanks. The Commercial Crime Program provides public employee dishonesty coverage. Additional coverages include forgery, theft, disappearance of money and securities, and computer fraud. The Pollution and Remediation Legal Liability Program provides coverage for environmental exposures unique to the wastewater industry.

Budget Process

The budget process begins four months prior to the start of a new budget cycle. The Program Administrators prepare a draft budget and finalize the draft working in coordination with the Finance Committee and Executive Board. For the budget, the program administrators take into account past history as well as any known conditions, trends, or circumstances that may be applicable to any particular program or situation. Part of this process is to develop the best possible projection of final amounts of revenues and expenses of the current year for use, at a minimum, as an initial foundation for the next budget year. When a draft budget is complete after Finance Committee and Executive Board review, a proposed budget is submitted to the Board of Directors for their review and approval. Upon approval, the budget becomes adopted.

A requirement of the California Government Code is for the governing body of public entities to annually adopt an investment policy that must meet certain requirements. For this reason, the CSRMA investment policy is included within this budget packet for approval prior to the start of each fiscal year.

Revenue / Funding

Pooled program funding – funding for the risk assumed by the pool, in the form of pooled deposits for both the liability and workers' compensation programs is actuarially determined, and the JPA funds each new year for its expected "ultimate net loss" at the 70% confidence level. Within the pooling community this is thought to be a conservative position, but not overly so (Insurance companies generally fund to a 50% to 55% confidence level). Each year of coverage, called a "Program Year" is funded and accounted for separately from other years of coverage. Charges for expected administration and insurance costs are added to actuarial projections to determine total Program Year costs.

Fully insured program funding – the primary insurance (PIP) and property programs are fully insured (excepting member deductibles) by commercial insurers and are funded essentially on a cost reimbursement basis. Costs include the cost of insurance premiums to third party insurers together with the cost of program administration.

Investment

The Board has adopted an Investment Policy governing CSRMA's investments. CSRMA joined the California Asset Management Program (CAMP) in 2004 and has invested \$17,000,000 with CAMP. CSRMA currently holds \$514,485 in the CAMP Pool and \$24,005,305 in short-term and mid-term notes through its CAMP individual Investment Portfolio, which is managed by PFM Asset Management, LLC. The remaining funds are invested in the California State Treasurer, Local Agency Investment Fund (LAIF).

Dividends / Retrospective Rating Adjustments

The shared risk (pooling) programs are an alternative to traditional commercial insurance, in that they are member owned and operated, meaning that the participants share in both the costs and benefits if actual losses turn out to be higher or lower than projected. Interest earning funds are placed on deposit with CSRMA where they are used to pay members' claims and related expenses. Funds not spent or reserved are refunded to members through retrospective rating adjustments and dividend payments.

Retrospective rating adjustments – retrospective rating adjustments are adjustments made to member deposits (“premium”) that may occur, either up or down, shortly after the expiration of a program year due to the actual cost of claims, and credits or debits for the adjustments are reflected on member renewal invoices.

Dividends – the Board may declare dividends for each of the pooled programs not sooner than five years after the expiration of a Program Year, at which point it is believed that most claim values have become known. Dividends are a return of pooled deposits in excess of the ultimate cost of known claims.

Conclusion

By learning to better manage risk and reduce exposure, the members of CSRMA are sharing in our common goal to provide wastewater services to the public as safely and cost-effectively as possible. For more information regarding the current fiscal year, please see Management's Discussion and Analysis beginning on page 4 of this report.

Accreditation and Acknowledgments

CSRMA as a risk management authority is fully accredited with excellence by the California Association of Joint Powers Authorities, CAJPA. Such accreditation validates the soundness of CSRMA practices. The accreditation program was established as a model of professional standards which serve as a guideline for all risk management pools regardless of size, scope of operation, or membership structure.

We would like to extend a special thank you to the Executive Board, Officers and Finance Committee for their hard work and dedication to make this report possible.

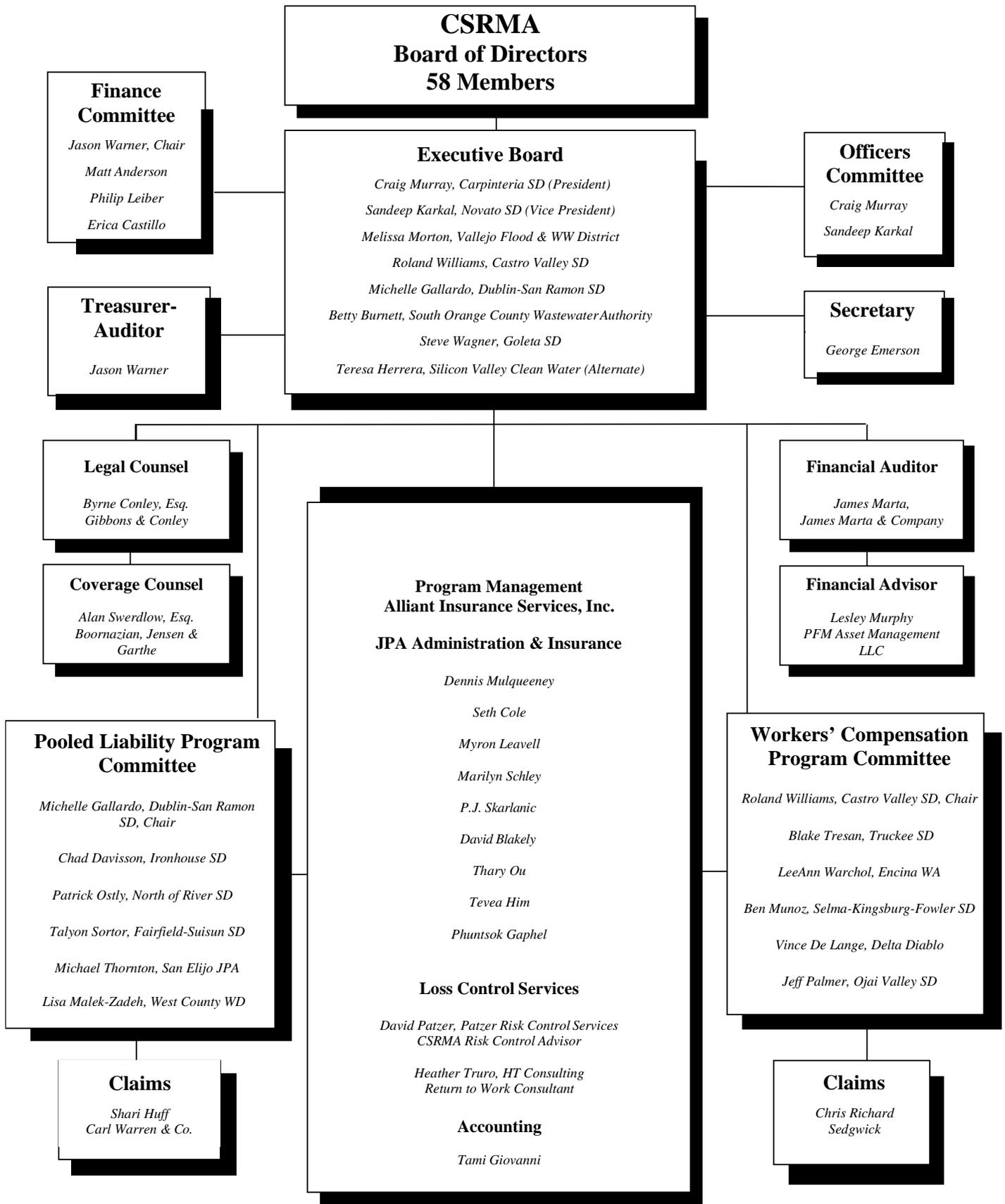
Respectfully submitted,



Craig Murray
President of the Board



Jason Warner
Treasurer





Mission Statement

OUR MISSION

We provide excellent coverage and comprehensive risk management services in a reliable and cost-effective manner.

OUR VISION

To be an industry leader through the effective mitigation of all risk and exposure through innovative solutions.

OUR VALUES

We are a member-owned organization working together for the benefit of all members to:

- *Reduce risk of loss;*
- *Maintain fiscal stability;*
- *Ensure employee safety; and*
- *Protect public resources;*

Through innovative risk management solutions and knowledge transfer.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY JURISDICTION MAP



- Bayshore Sanitary District
- Byron Sanitary District
- Carmel Area Wastewater District
- Carpinteria Sanitary District
- Castro Valley Sanitary District
- Central Contra Costa Sanitary District
- Central Marin Sanitation Agency
- County Sanitation District No. 2-3 of Santa Clara County
- Crockett Community Services District
- Cupertino Sanitary District
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- Dublin San Ramon Services District
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- Mt. View Sanitary District
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- Oro Loma Sanitary District
- Richardson Bay Sanitary District
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- Vallejo Flood & Wastewater District
- Valley Sanitary District
- Ventura Regional Sanitation District
- Victor Valley Wastewater Reclamation Authority
- West Bay Sanitary District
- West County Wastewater District
- West Valley Sanitation District of Santa Clara County
- Western Riverside County Regional Wastewater Authority





CAJPA
California Association of
Joint Powers Authorities

Trusted Leadership
for California's Public
Risk Sharing Pools

*It is the purpose of this organization to give professional recognition
to properly qualified self-insurance pools.*

*THEREFORE, the Board of Directors of the
California Association of Joint Powers Authorities,
has conferred upon*

California Sanitation Risk Management Authority

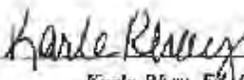
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CERTIFICATE OF ACCREDITATION WITH EXCELLENCE

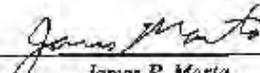
having fulfilled the conditions of eligibility as prescribed by the Association for Accreditation.



Accreditation Period: May 15, 2019 - May 15, 2022


Karla RRAY, Ed.D.
President


Kimberly Dennis
Chairman, Accreditation Committee


James P. Maria
Accreditation Program Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

California Sanitation Risk Management Authority

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Sanitation Risk Management Authority
San Francisco, California

Report on the Financial Statements

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

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

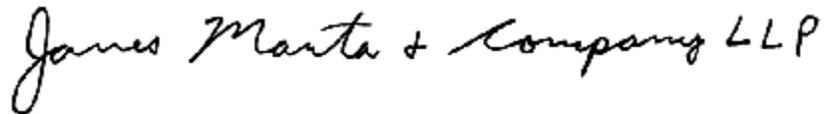
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Reconciliation of Claims Liabilities by Type of Contract and the Claims Development Information be presented to supplement the basic financial statements. Such information,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

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information including the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position and 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Schedule of Net Position, Combining Schedule of Revenues, expenses and Changes in Net Position and Graphical Summary of Claims are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021 on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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
November 23, 2021



c/o ALLIANT INSURANCE SERVICES, INC
100 Pine Street, 11th Floor San Francisco, CA 94111

Insurance License No.: 0C36861
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805.684.7214
Sandeep Karkal, *Vice President*
415.892.1694

PAST PRESIDENTS:

Greg Baatrup
2018-2020
Paul Bushee
2014-2018

MANAGEMENT’S DISCUSSION AND ANALYSIS

General Discussion

Since April 1986, the California Sanitation Risk Management Authority (CSRMA), a Joint Powers Authority (JPA), has provided financial protection to its membership which is comprised mainly of water and wastewater special districts within the State of California. CSRMA operates risk management and coverage programs for the Liability, Workers’ Compensation, and Property risks associated with member operations.

CSRMA is governed by a Board of Directors comprised of representatives from each of its members. The Board of Directors elects a President, Vice President and Executive Board. The Boards and various Committees oversee the operations of the JPA including rating, dividend, and loss control plans, as well as other activities in accordance with the JPA Agreement, Bylaws, and Board adopted policies and procedures.

CSRMA’s day-to-day operations are, and have always been managed by a third party. Alliant Insurance Services, Inc. currently manages the JPA, and is responsible for implementing the organizations’ objectives in accordance with the JPA’s aforementioned organizational documents, and in accordance with direction provided by the Board of Directors, its Officers, the Executive Board, and various operational Committees. Since CSRMA has never had employees, it has no post employment obligations.

Description of Basic Financial Statements

Individual program accounting is maintained for each program of the JPA and is provided as supplemental information to the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the combined financial position of CSRMA as of June 30, 2021 and 2020. The Statement of Revenues, Expenses and Changes in Net Position reports the operations of the organization for the years ended June 30, 2021 and 2020. The Statement of Cash Flows is presented on the direct method to reflect the operations of CSRMA for the years ended June 30, 2021 and 2020 based strictly on the inflow and outflow of cash.

The footnotes provide information on unique accounting policies of CSRMA, such as discounting of claim reserves, development of estimates of incurred but not reported liabilities, and the provision for unallocated loss adjustment expense. There were no significant changes in the accounting practices of CSRMA during the fiscal year.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Analysis of Overall Financial Position and Results of Operations

Statement of Revenues, Expenses and Change in Net Position Fiscal Year 2019-20 vs. Fiscal Year 2020-2021

	Revenues and Expenses			
	Fiscal Year 2019-20 vs. Fiscal Year 2020-21			
	2019-20	2020-21	\$ Change	% Change
Operating revenues				
Member contributions	\$12,105,137	\$14,377,165	2,272,028	18.8%
Retrospective contributions	\$1,039,268	\$79,590	(959,678)	-92.3%
Member fees	\$1,328,699	\$1,365,679	36,980	2.8%
Other income	\$36,650	\$17,550	(19,100)	-52.1%
<i>Total Operating Revenues</i>	<i>\$14,509,754</i>	<i>\$15,839,984</i>	<i>1,330,230</i>	<i>9.2%</i>
Investment income	1,567,047	(46,543)	(1,613,590)	-103.0%
Total Revenues	16,076,801	15,793,441	(283,360)	-1.8%
Operating expenses	15,080,820	16,429,593	1,348,773	8.9%
General and administrative expenses	185,747	154,667	(31,080)	-16.7%
Total Expenses	15,266,567	16,584,260	1,317,693	8.6%
Change in Net Position	\$810,234	(\$790,819)	(1,601,053)	197.6%
Net Position, Beginning of year	6,402,837	7,213,071	810,234	12.7%
Net Position, End of year	\$7,213,071	\$6,422,252	(\$790,819)	-11.0%

Revenues are collected on the basis of recovering the costs of actual expenses incurred as well as an applicable provision for claim expenses that are actuarially incurred, but not reported.

Total revenues decreased 1.8% from the prior period primarily due to a decrease in investment income and retrospective rating adjustments collected from member agencies. Total expenses increased 8.6% year over year primarily due to an increase in the cost of excess insurance premiums.

Projections of the ultimate value of outstanding claims associated with the Pooled Liability, and Workers' Compensation Programs is the largest single category of liabilities, and payments made from this liability is the single biggest expense item. It is from this projected liability that member contribution rates are set, and from which the asset base of CSRMA is largely derived. The outstanding liability represents both claims reserves for claims that have been reported, the unknown development on these claims, and the liability associated with claims that have been incurred, but not yet reported (IBNR) to either the membership or the Authority itself.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Statement of Revenues, Expenses and Change in Net Position Fiscal Year 2018-2019 vs. Fiscal Year 2019-2020

	Revenues and Expenses Fiscal Year 2018-19 vs. Fiscal Year 2019-20			
	2018-19	2019-20	\$ Change	% Change
Operating revenues				
Member contributions	\$10,839,558	\$12,105,137	1,265,579	11.7%
Retrospective contributions	(\$138,397)	\$1,039,268	1,177,665	-850.9%
Member fees	\$1,328,450	\$1,328,699	249	0.0%
Other income	\$39,000	\$36,650	(2,350)	-6.0%
<i>Total Operating Revenues</i>	<i>\$12,068,611</i>	<i>\$14,509,754</i>	<i>2,441,143</i>	<i>20.2%</i>
Investment income	1,205,720	1,567,047	361,327	-30.0%
Total Revenues	13,274,331	16,076,801	2,802,470	21.1%
Operating expenses	14,225,179	15,080,820	855,641	6.0%
General and administrative expenses	352,065	185,747	(166,318)	-47.2%
Total Expenses	14,577,244	15,266,567	689,323	4.7%
Change in Net Position	(\$1,302,913)	\$810,234	2,113,147	162.2%
Net Position, Beginning of year	7,705,750	6,402,837	(1,302,913)	-16.9%
Net Position, End of year	\$6,402,837	\$7,213,071	\$810,234	12.7%

Total revenues increased 21% over the prior period primarily due to an increase in member contributions and retrospective rating adjustments collected from member agencies. Total expenses increased 4.7% year over year.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Statement of Net Position Fiscal Year 2019-2020 vs. Fiscal Year 2020-2021

	Financial Summary			
	Fiscal Year 2019-20 vs. Fiscal Year 2020-21			
	2019-20	2020-21	\$ Change	% Change
Total Assets	\$29,737,991	\$31,110,033	\$1,372,042	4.6%
Current liabilities	7,671,700	8,218,588	\$546,888	7.1%
Non-current liabilities	14,853,220	16,469,193	\$1,615,973	10.9%
Total Liabilities	22,524,920	24,687,781	\$2,162,861	9.6%
Net Position	\$7,213,071	\$6,422,252	(\$790,819)	-11.0%

Claim reserve amounts are set by the JPA's third party claims adjusters who are contractually obligated to administer and resolve member claims. Essentially, reserves are the expected amount to be paid on an open claim over time based on the professional judgment of the adjuster who is familiar with the facts surrounding specific claims. IBNR is a liability carried by the JPA to ensure that funds are available to pay for potential adverse development on these "known" claims, and for claims that have been incurred but not yet reported to either the membership or the Authority.

CSRMA engages an actuary to project its unknown liabilities for its Pooled Liability and Workers' Compensation Programs. The actuary uses standard methods of actuarial science to make these projections. Such methods take into consideration historical claims data, industry trends, open case reserves and expected interest rate levels. Actuarial studies are conducted at regular intervals and are reviewed by Committees of the Executive Board. During the fiscal year ended June 30, 2021, there were changes in actuarial projections used in connection with the provision for unpaid claims and claim adjustment expenses. These changes resulted in an increase in the expected ultimate value of insured claims overall, driven by the Pooled Liability Program. It is from the actuarial projections that rates are set for the membership, which then results in the assets of the organization which are used to pay claims and administrative expenses.

The total assets of CSRMA increased by approximately \$1,300,000 or 4.6% from June 30, 2020 to June 30, 2021. Net Position decreased by approximately \$790,000 or 11% due primarily to an increase in unpaid claims and claim adjustment expense in the Pooled Liability Program.

The Authority invests its cash, which is not immediately needed to pay claims, in accordance with a Board adopted policy and procedure. Funds are invested in the California Local Agency Investment Fund (LAIF) and in the California Asset Management Program (CAMP) and Public Financial Management (PFM) portfolios. On June 30, 2020 and 2021, our non LAIF investments, including accrued interest, were valued at \$24,403,043 and \$24,005,305, respectively.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Statement of Net Position Fiscal Year 2018-2019 vs. Fiscal Year 2019-2020

	Financial Summary			
	Fiscal Year 2018-19 vs. Fiscal Year 2019-20			
	2018-19	2019-20	\$ Change	% Change
Total Assets	\$26,991,334	\$29,737,991	\$2,746,657	10.2%
Current liabilities	7,555,144	7,671,700	\$116,556	1.5%
Non-current liabilities	13,033,353	14,853,220	\$1,819,867	14.0%
Total Liabilities	20,588,497	22,524,920	\$1,936,423	9.4%
Net Position	\$6,402,837	\$7,213,071	\$810,234	12.7%

The total assets of CSRMA increased by approximately \$2,700,000 or 10% from June 30, 2019 to June 30, 2020. Net Position increased by approximately \$800,000 or 12.7% due primarily to an increase in total assets in the Workers’ Compensation Program.

Target Equity

The Authority maintains policies and procedures governing rate adequacy, retrospective rating calculations, dividends, and target equity for each of its pooling programs. Along with projected ultimate and incurred losses, it is the interaction of these policies in the operation of the JPA that largely determine the net results from year to year. Key provisions of these policies include the requirement that each Program Year will be funded to a 70% confidence level at the outset of the Program Year, and that monies held in excess of Board adopted financial targets will be returned to the member of each program in an orderly manner through the Board adopted retrospective rating and dividend plans.

In addition, the Board reviews CSRMA’s financial results against standard insurance industry financial ratios to gain additional perspective. The tables below depict the ratios as compared to the California Association of Joint Powers Authority benchmarks, along with a brief explanation of each, and commentary regarding the ratios as respects the Workers’ Compensation Program:

Pooled Liability Program

Equity Target Formulas	Industry Goal	Calculation Result	CAJPA Benchmark
Contributions to Equity	Less than 3:1	1.35	Met
Equity to Self Insd. Retention	Greater than 7:1	8.13	Met
Loss Reserves to Equity	Less than 4:1	1.30	Met

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Workers’ Compensation Program

Equity Target Formulas	Industry Goal	Calculation Result	CAJPA Benchmark
Contributions to Equity	Less than 3:1	3.21	Not Met
Equity to Self Insd. Retention	Greater than 7:1	8.38	Met
Loss Reserves to Equity	Less than 4:1	7.73	Not Met

Contributions to Equity - This is a measure of the sensitivity of equity to total contributions; a measure of how net position (equity) is leveraged against possible pricing inaccuracies. A percentage under 3:1 is considered the proper target.

Equity to Self-Insured Retention - This is a measure of the number of catastrophic losses the program can absorb at the full SIR. Recommendation 5 times for a pool that is comfortable with assessing, 7 times for a pool that is “uneasy” about assessing, and 10 times for a typical insurance company.

Loss Reserves to Equity - This is a measure of flexibility the pool has to absorb development of the expected losses. Recommend less than a ratio of 4:1.

Two of the Target Equity Ratios for the Workers’ Compensation Program are below the industry benchmarks in large part due to an increase in claims liabilities over the past several years. That trend has begun to shift favorably and the Program has seen a modest improvement in the Target Equity Ratios as a result of the steps CSRMA has implemented to strengthen the equity position in the Workers’ Compensation Program. While two of the target equity benchmarks of the Program have not been met, CSRMA will continue to work towards improving the equity position in the Program to achieve these goals in the future.

Analysis of Balances and Transactions of Individual Funds

As the overall financial results of the JPA are simply the sum of the results of each individual coverage program, the results of each program will be discussed in the sections below.

Liability Program

Total Operating Revenues for the Liability Program increased by approximately \$584,000 for the year ended June 30, 2021 due primarily to an increase in net insurance premiums. The Program realized an operating loss of \$1,973,513 due primarily to an increase in program expenses, including the provision for unpaid claims and claims adjustment expenses. The ending net position of the Program was \$4,066,572. Total assets in the Program are \$12,218,479.

Workers’ Compensation Program

Total Operating Revenues for the Workers’ Compensation Program decreased by approximately \$410,000 for the year ended June 30, 2021 due primarily to a decrease in retrospective rating adjustments collected from member agencies. The Program realized operating income of approximately \$1,200,000 primarily due to a decrease in the provision for unpaid claims and claims adjustment expenses. The ending net position of the Program was \$2,095,291. Total assets in the Program are \$18,289,906.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Property Program

The Property Program operates as a group purchase insurance program for property insurance to protect members' physical asset from financial loss. There is no risk sharing between the members in the Program. As such, the Net Position maintained in the program is relatively small, with a goal only to cover any unanticipated operational expenses. The Program's revenues and expenses increased year over year with the primary revenue and expense being dollars taken in and paid out to cover commercial insurance premiums.

Primary Insurance Program

The Primary Insurance Program operates as a group purchase insurance program to cover the general liability exposures of members who do not wish to share risk with one another. Again, the amount of cash maintained in the program is small with the goal being only to cover insurance and any unanticipated expenses. Member contributions and Operating Expenses for the Program remained relatively unchanged over the prior year.

Possible Conditions Impacting Financial Position

With respect to current facts, conditions, or decisions that may impact the financial position of CSRMA, there are no known issues either internal to the JPA nor the external environment that are expected to materially impact the organization. However, there are many global and national trends that are influencing the risk faced by members, and therefore the risk to CSRMA. Trends in the commercial insurance market, largely concerning the potential for catastrophic loss to businesses and therefore to the industry, likely will impact the cost of CSRMA's programs over the next several years.

There continues to be uncertainty surrounding COVID-19 and the potential long term effects the pandemic may have on the insurance market. We have already seen impacts on insurance premiums and restrictions of coverage in the form of "communicable disease" and "organic pathogens" exclusions. Employees working remotely have heightened the risk of security and data breaches and also created new workers' compensation hazards. CSRMA was quick to respond with risk control resources to mitigate these risks, but many unknowns remain.

The workers' compensation operating environment continues to be challenging due primarily to increases in the cost of medical care and prescription drugs combined with an aging workforce. To combat increasing costs to settle workers' compensation claims industrywide, CSRMA has implemented a Workers' Compensation Claims Management and Return to Work Program, and has focused risk control efforts on reducing the frequency and severity of work related injuries. The California legislature had enacted legislation to protect employees exposed to COVID-19. The full impact on the workers' compensation system is largely unknown at this time.

Natural catastrophes during the first six months of 2021, including a deep winter freeze, hailstorms, and wildfires, contributed to insured losses totaling \$42 billion globally, says Swiss Re Institute's preliminary sigma estimates. Nuclear jury verdicts, class action lawsuits and litigation funding and tort reform rollbacks are driving "Social Inflation" and are having a direct effect on claims-related losses and insurance costs, according to the Insurance Information Institute. The term "social inflation" refers to rising litigation costs and their impact on insurers' claim payouts, loss ratios and, ultimately, how much

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

policyholders pay for coverage. As a result of these market dynamics, the expectation is that there will continue to be upward pressure on property and liability insurance rates for all buyers of insurance, and most certainly for those exposed to catastrophic loss potential.

Wildfires fueled by climate change continue to shape the property insurance market in California. This has resulted in higher property premiums for CSRMA and the creation of a pooled layer in the property program in order to allow member agencies to maintain their current deductibles.

Ransomware continues to be one of the fastest growing crimes in America due to the wide availability of data online, and the commercial value of personal and confidential information. As a result of new regulations and the potential release of confidential information, class action suits are becoming more commonplace. The resulting damage could range from loss of reputation, financial loss or regulatory intervention.

CSRMA member agencies are not immune from workplace violence and/or so called "active shooter" situations. Fortunately, no such events have occurred within the CSRMA membership, however, there have been a growing number of incidents nationally, and to better prepare for any incidents at a member agency, CSRMA has purchased "Deadly Weapons Response Coverage" for members of the JPA that provides not only specialized coverage, but also services to assist both on a "pre and post" attack basis.

Interest earning funds are placed on deposit with CSRMA to pay expected claims in the pooled programs. The valuation of claims liabilities is discounted based on assumed earning rates. A divergence in the rate assumed for discounting claims liabilities and investment earnings can affect the ultimate claims liability recorded in the financial statements. To guard against possible divergence, pool deposit rates charged to members are set using a higher confidence level than that which is reported in the financial statements, and the dividend calculation utilized to return excess funds to the membership also uses a more conservative calculation of equity.

CSRMA's most frequent and severe claims continue to be costs associated with sewer back-ups. However, CSRMA has taken action both from an actuarial, underwriting and risk management standpoint to attempt to address and mitigate this exposure to both CSRMA and its membership. Employment Practices Liability is an evolving risk for which CSRMA is dedicating risk control and training resources. Finally, while CSRMA believes that it has properly addressed the three most probable catastrophic events facing its membership (earthquake, pollution liability, and possibly terrorism) through offers of coverage, or exclusions of coverage, there is no guarantee that a catastrophic event could not financially impact the Authority.

Request for Financial Information

This financial report is designed to provide a general overview of CSRMA's finances. This financial report seeks to demonstrate CSRMA's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to CSRMA, in care of Alliant Insurance Services, Inc., 100 Pine Street, 11th Floor, San Francisco, California, 94111.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

STATEMENTS OF NET POSITION

AS OF JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,077,847	\$ 3,253,305
Investments	206,692	2,139,305
Accounts receivable:		
Members	123,357	486,356
Interest	95,690	127,449
Prepaid expenses	<u>1,807,834</u>	<u>1,467,838</u>
Total Current Assets	7,311,420	7,474,253
Noncurrent Assets		
Investments	<u>23,798,613</u>	<u>22,263,738</u>
Total Assets	<u>31,110,033</u>	<u>29,737,991</u>
LIABILITIES		
Current Liabilities		
Accounts payable	137,330	118,692
Unearned revenue	3,081,258	2,553,008
Current portion of unpaid claims and claim adjustment expense	<u>5,000,000</u>	<u>5,000,000</u>
Total Current Liabilities	8,218,588	7,671,700
Noncurrent Liabilities		
Unpaid claims and claim adjustment expense	<u>16,469,193</u>	<u>14,853,220</u>
Total Liabilities	<u>24,687,781</u>	<u>22,524,920</u>
NET POSITION		
Unrestricted	<u>\$ 6,422,252</u>	<u>\$ 7,213,071</u>

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

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Member contributions	\$ 14,377,165	\$ 12,105,137
Retrospective contributions	79,590	1,039,268
Member fees	1,365,679	1,328,699
Other income	<u>17,550</u>	<u>36,650</u>
Total Operating Revenues	<u>15,839,984</u>	<u>14,509,754</u>
OPERATING EXPENSES		
Program expenses:		
Provision for unpaid claims and claim adjustment expenses	5,669,092	6,185,876
Excess insurance	7,353,302	5,499,273
Management consultants	373,789	362,511
Program directors fee	1,366,673	1,328,616
Dividends	1,344,560	1,292,953
Other program expenses	<u>322,177</u>	<u>411,591</u>
Total program expenses	16,429,593	15,080,820
General and administrative expenses	<u>154,667</u>	<u>185,747</u>
Total operating expenses	<u>16,584,260</u>	<u>15,266,567</u>
Operating income (loss)	(744,276)	(756,813)
NONOPERATING REVENUES		
Investment income	<u>(46,543)</u>	<u>1,567,047</u>
Change in Net Position	(790,819)	810,234
Net Position, Beginning of year	<u>7,213,071</u>	<u>6,402,837</u>
Net Position, End of year	<u>\$ 6,422,252</u>	<u>\$ 7,213,071</u>

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Cash received from members	\$ 16,731,233	\$ 15,005,578
Cash paid for claims	(4,053,119)	(4,366,009)
Dividends paid	(1,344,560)	(1,292,953)
Cash paid for Insurance	(7,693,298)	(5,628,066)
Cash paid to vendors	<u>(2,198,668)</u>	<u>(2,350,771)</u>
Net Cash Flows Provided (Used) by Operating Activities	<u>1,441,588</u>	<u>1,367,779</u>
Cash Flows From Investing Activities		
Investment income received	651,796	739,588
Payments for purchases of investments	(6,784,494)	(12,119,736)
Proceeds from sales and maturities of investments	<u>6,515,652</u>	<u>11,461,737</u>
Net Cash Flows Provided (Used) by Investing Activities	<u>382,954</u>	<u>81,589</u>
Net Increase (decrease) in Cash	1,824,542	1,449,368
Cash and Cash Equivalents - Beginning of year	<u>3,253,305</u>	<u>1,803,937</u>
Cash and Cash Equivalents - End of year	<u>\$ 5,077,847</u>	<u>\$ 3,253,305</u>
Reconciliation of Operating Income (loss) to Net Cash Provided (used) by Operating Activities		
Operating income (loss)	\$ (744,276)	\$ (756,813)
Adjustments to Reconcile Net Income (loss) to Net Cash Provided (used) by Operations:		
(Increase) Decrease in:		
Member receivable	362,999	316,962
Prepaid expenses	(339,996)	(128,793)
Increase (Decrease) in:		
Accounts payable	18,638	(62,306)
Unearned revenue	528,250	178,862
Claims liability	<u>1,615,973</u>	<u>1,819,867</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,441,588</u>	<u>\$ 1,367,779</u>
Supplementary Information		
Noncash Investing and Financing Transactions		
Change in fair value of investments	<u>\$ (551,892)</u>	<u>\$ 780,345</u>

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

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

California Sanitation Risk Management Authority (“the Authority”) was established by a Joint Powers Agreement on April 2, 1986 in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Code. The Authority operates common risk management and loss prevention programs related to public liability, property loss and workers’ compensation risk for member governmental agencies. Membership is limited to public entities with substantial wastewater operations. The Authority had 58 members as of June 30, 2021 and 2020.

For financial reporting purposes, the Authority is considered a stand-alone government that separately issues financial statements. Accordingly, the Authority is a joint venture governed by its member participants as a separate and specific activity in which member participants retain an ongoing financial responsibility.

Admission

Agencies applying for membership must be approved by a majority vote of the Executive Board Members present and voting, and by paying an appropriate entry fee or charge, as established by the Board of Directors.

Withdrawal

Agencies may withdraw upon advance written notice subject to the participation agreement of each program. The effect of withdrawal (or termination) for the pooling programs does not terminate the responsibility of the agency to continue paying its share of assessment or other financial obligations incurred by reason of its previous participation.

B. DESCRIPTION OF PROGRAMS

Workers’ Compensation

The Workers’ Compensation Program was established on July 1, 1990, to account for the provision of this coverage to participating members. The program year runs from July 1 to June 30. Funding is based on member deposits established by the Executive Board. The Authority has contracted with a third party administrator, Sedgwick, to administer claims on behalf of participating members. The excess insurance premiums ceded for the years ended June 30, 2021 and 2020 were \$1,436,170 and \$1,252,409, respectively. There were no excess claims recoverable for either year.

Self-insured coverage at June 30, 2021 and 2020:
JPA’s SIR: \$250,000
Excess Insurance: To Statutory Limits

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Property/Liability

Liability

In January 1987, the Pooled Liability Program was established for the purposes of creating a pool to share the costs of liability claims, administrative costs, and excess insurance for Members. The program year runs from January 1 to December 31. Funding for the calendar year program is based on member deposits established by the Executive Board. The Authority has contracted with a third party administrator, Carl Warren & Co., to administer claims on behalf of participating members. The excess insurance premiums ceded for the years ended June 30, 2021 and 2020 were \$1,954,784 and \$1,539,637, respectively. The Authority recovered \$500,000 from reinsurance in fiscal year 2018/19 and there were no excess claims recoverable in fiscal year 2019/20.

Self -insured coverage at June 30, 2021:

<i>Member Deductible:</i>	\$2,500 to \$500,000 liability per occurrence.
<i>JPA's SIR:</i>	\$500,000 per occurrence.
<i>Reinsurance/Excess Insurance:</i>	\$25 million per occurrence.

Property

Established in 1990, the Property Insurance Program allows members to benefit from group pricing and favorable coverage terms, including Boiler and Machinery coverage. The program year runs from July 1 to June 30 of each year with Alliant Insurance Services as the broker. The insurance premiums ceded for the years ended June 30, 2021 and 2020 were \$3,476,426 and \$2,248,491, respectively.

Primary Insurance

On January 1, 1989, the Primary Insurance Program (PIP) was established to provide for the group purchase of general and auto liability and auto physical damage coverage. The program year runs from January 1 to December 31 with Alliant Insurance Services as the broker. The insurance premiums ceded for the years ended June 30, 2021 and 2020 were \$485,922 and \$458,736, respectively.

C. BASIS OF ACCOUNTING

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

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

D. 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 include the projected claim losses and discount rate used in establishing the outstanding claims liability. Management's estimate of the claim liabilities is based on calculations reported by the actuary and the discount rate selected by the board, which is intended to be reflective of the Authority's long-term return on investments. The current discount rate used is discussed in Note 3 to the financial statements.

E. CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, cash and cash equivalents include cash in bank, cash with the Local Agency Investment Fund (LAIF), CAMP cash reserve and all highly liquid investments purchased with an original maturity of three months or less.

F. RECEIVABLES

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

G. INVESTMENTS

The Authority records its investments and cash in LAIF at fair value. Changes in fair value are reported as revenue in the Statements of Revenues, Expenses and Changes in Net Position. The effect of recording investments and LAIF at fair value is reflected as a net increase in the fair value of investments on the Statements of Revenues, Expenses and Changes in Net Position. Fair values of investments and LAIF have been determined by the sponsoring government based on quoted market prices. The Authority's investments in LAIF have been valued based on the relative fair value of the entire external pool to the external pool's respective amortized cost.

H. UNEARNED REVENUE/PREPAID EXPENSES

The policy year-end for the pooled liability program and primary insurance program is December 31. As such, certain revenues collected prior to the beginning of the fiscal year are treated as unearned and certain expenses benefiting the subsequent year as prepaid. This is to reflect a proper matching of revenues and expenses for the fiscal year-end financial statements.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

I. UNPAID CLAIMS LIABILITIES (CLAIMS RESERVES AND CLAIMS INCURRED BUT NOT REPORTED)

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

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

J. UNALLOCATED LOSS ADJUSTMENT EXPENSE

The liability for unallocated loss adjustment expense includes all costs expected to be incurred in connection with the settlement of unpaid claims that cannot be related to a specific claim. Management has estimated the accrual based on past experience and the amount is included in general and administrative expense.

K. EXCESS INSURANCE

The Authority purchases specific occurrence excess insurance from commercial carriers for the workers compensation and pooled liability programs. The coverage for losses above the corresponding policy year's specified self-insured retention (SIR) is limited to that policy year's excess coverage limit.

L. INCOME TAXES

The Authority's income is exempt from state and federal income taxes under Internal Revenue Service Section 115, which excludes income derived from the exercise of any essential governmental function and accrues to a state political subdivision. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

M. OPERATING AND NONOPERATING REVENUES

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities. Since California Sanitation Risk Management Authority (CSRMA) discounts claims liabilities, the pool considers anticipated investment income in determining if a premium deficiency exists. Operating revenue includes member contributions and fees, which are an integral part of the operations and financing of the covered risks and activities. Nonoperating income includes material activities that are not part of the core risk financing activities of the entity and investment income.

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

N. MEMBER CONTRIBUTIONS

Member contributions are recognized as revenues in the period for which insurance protection is provided. If the Authority's Board of Directors determines that the insurance funds for a program, including any anticipated investment income, are insufficient to pay losses, the Authority may impose a supplemental assessment on all participating members. Anticipated investment income is considered in determining supplemental assessments. Supplemental assessments are recognized as income in the period assessed.

O. SUBSEQUENT EVENTS

Management has considered subsequent events through November 23, 2021, the date which the financial statements were available to be issued, and noted no additional disclosures were required.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

2. CASH AND INVESTMENTS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
General Checking	\$ 77,343	\$ 344,025
Workers Compensation Trust	59,743	116,186
Pooled Liability Trust	623,850	59,137
CAMP Cash Reserve	514,485	158,668
Local Agency Investment Fund	<u>3,802,426</u>	<u>2,575,289</u>
Total Cash and Cash Equivalents	<u>\$ 5,077,847</u>	<u>\$ 3,253,305</u>

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

Local Agency Investment Fund

The Authority is a voluntary participant in Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the Authority's investment in this pool, which approximates cost, is reported in the accompanying financial statements based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours notice. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized.

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. This fund has an average life of 291 days. The monies held in the LAIF are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization.

LAIF is administered by the State Treasurer and 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.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

B. INVESTMENTS

Under provisions of the Authority's Investment Policy, and in accordance with Section 53601 of the California Government Code, the Authority may invest in the following types of investments:

- Obligations of the US Government, its agencies or instrumentality's
- Local Agency Investment Fund (California State Treasurer's Pool)
- Medium-term corporate notes
- Passbook savings account demand deposits
- State agency obligations
- Certain bankers acceptances
- Commercial paper "prime"
- Certificates of deposit
- Repurchase or reverse repurchase agreements

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. 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.

As of June 30, 2021 and 2020, the Authority had the following investments held in a managed portfolio:

June 30, 2021		Investment Maturities			
Investment Type	Fair Value	<1 year	1-2 years	2-5 years	>5 years
US Treasuries	\$ 7,758,910	\$ -	\$ 3,810,476	\$ 3,490,430	\$ 458,004
Municipal Bonds	1,144,955	-	-	1,144,955	-
Federal Agencies	9,780,337	2,890	643,711	1,386,128	7,747,608
Asset-Backed Security	638,188	-	-	638,188	-
Certificates of Deposit	203,802	203,802	-	-	-
Corporate Notes	4,479,113	-	1,333,366	3,145,747	-
	<u>\$24,005,305</u>	<u>\$ 206,692</u>	<u>\$ 5,787,553</u>	<u>\$ 9,805,448</u>	<u>\$ 8,205,612</u>

June 30, 2020		Investment Maturities			
Investment Type	Fair Value	<1 year	1-2 years	2-5 years	>5 years
US Treasuries	\$ 6,064,695	\$ -	\$ -	\$ 3,898,015	\$ 2,166,680
Municipal Bonds	188,295	-	-	124,979	63,316
Federal Agencies	8,646,664	-	83,123	1,611,349	6,952,192
Asset-Backed Security	1,026,400	-	450,086	576,314	-
Certificates of Deposit	2,031,242	1,822,557	208,685	-	-
Corporate Notes	6,445,747	1,971,587	-	4,474,160	-
	<u>\$24,403,043</u>	<u>\$ 3,794,144</u>	<u>\$ 741,894</u>	<u>\$10,684,817</u>	<u>\$ 9,182,188</u>

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

B. INVESTMENTS (CONTINUED)

Credit Risk

The primary investment objective of the Authority's Investment Policy is to preserve capital by investing in securities in accordance with the Government Code while maintaining an appropriate level of risk. It limits investments in medium-term corporate notes to A-AAA ratings issued by nationally recognized statistical ratings organizations. As of June 30, 2021 and 2020, the Authority's investments in corporate notes were rated by Standard and Poor's. The following is the rating by Standard and Poor's:

June 30, 2021										
Investment Type	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB+	NR
US Treasuries	\$ 7,758,910	\$ -	\$ 7,758,910	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal Bonds	1,144,955	79,689	348,966	312,607	62,225	241,608	-	-	-	99,860
Federal Agencies	9,780,337	-	9,780,337	-	-	-	-	-	-	-
Asset-Backed Security	638,188	638,188	-	-	-	-	-	-	-	-
Certificates of Deposit	203,802	-	-	-	-	-	203,802	-	-	-
Corporate Notes	4,479,113	-	404,587	214,532	-	667,561	655,116	1,336,039	1,201,278	-
	\$24,005,305	\$ 717,877	\$18,292,800	\$ 527,139	\$ 62,225	\$909,169	\$ 858,918	\$1,336,039	\$1,201,278	\$99,860

June 30, 2020										
Investment Type	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB+	NR
US Treasuries	\$ 6,064,695	\$ -	\$ 6,064,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal Bonds	188,295	-	-	-	63,316	-	124,979	-	-	-
Federal Agencies	8,646,664	-	8,646,664	-	-	-	-	-	-	-
Asset-Backed Security	1,026,400	433,186	-	-	-	-	-	-	-	593,214
Certificates of Deposit	2,031,242	-	-	-	-	1,822,557	208,685	-	-	-
Corporate Notes	6,445,747	-	407,810	-	-	1,158,792	1,741,503	2,154,243	983,399	-
	\$24,403,043	\$433,186	\$15,119,169	\$ -	\$ 63,316	\$2,981,349	\$ 2,075,167	\$2,154,243	\$983,399	\$593,214

Concentration of Credit Risk

The Authority's investment policy places investment limits at the time the investment decision is made on certain securities as follows:

Realized Gains and Losses

The Authority had realized losses of \$114,688 on the sale of investments for the year ended June 30, 2021 and realized gains of \$58,468 for the year ended June 30, 2020. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments and realized gains and losses of the current period include unrealized amounts from the prior periods.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

B. INVESTMENTS (CONTINUED)

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized 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. Investments' fair value measurements at June 30, 2021 and 2020 are as shown below:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)*	Significant Unobservable Inputs (Level 3)
<u>June 30, 2021</u>				
US Treasuries	\$ 7,758,910	\$ 7,758,910	\$ -	\$ -
Municipal Bonds	1,144,955	-	1,144,955	-
Federal Agencies	9,780,337	-	9,780,337	-
Asset-Backed Security	638,188	-	638,188	-
Certificates of Deposit	203,802	-	203,802	-
Corporate Notes	4,479,113	-	4,479,113	-
Total Investments	<u>\$ 24,005,305</u>	<u>\$ 7,758,910</u>	<u>\$ 16,246,395</u>	<u>\$ -</u>

	Fair Value	Fair Value Measurements at Reporting Date		
		In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)*	Significant Unobservable Inputs (Level 3)
<u>June 30, 2020</u>				
US Treasuries	\$ 6,064,695	\$ 6,064,695	\$ -	\$ -
Asset Backed Securities	1,026,400	-	1,026,400	-
Municipal Bonds	188,295	-	188,295	-
Federal Agencies	8,646,664	-	8,646,664	-
Certificates of Deposit	2,031,242	-	2,031,242	-
Corporate Notes	6,445,747	-	6,445,747	-
Total Investments	<u>\$ 24,403,043</u>	<u>\$ 6,064,695</u>	<u>\$ 18,338,348</u>	<u>\$ -</u>

*The fair value of these Level 2 securities is based on a market approach with prices obtained from nationally-recognized pricing services.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

3. UNPAID CLAIMS LIABILITIES

The following represents changes in claims liabilities for the Authority during the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 19,853,220	\$ 18,033,353
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	4,992,227	4,633,404
Increase/(decrease) in provision of insured events of prior years	<u>676,865</u>	<u>1,552,472</u>
Total incurred claims and claim adjustment expenses	<u>5,669,092</u>	<u>6,185,876</u>
Payments:		
Claim and claim adjustment expenses attributable to insured events of the current year	367,200	394,302
Claim and claim adjustment expenses attributable to insured events of the prior years	<u>3,685,919</u>	<u>3,971,707</u>
Total Payments	<u>4,053,119</u>	<u>4,366,009</u>
Total unpaid claims and claims adjustment expenses	<u>\$ 21,469,193</u>	<u>\$ 19,853,220</u>

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

3. UNPAID CLAIMS LIABILITIES (CONTINUED)

The components of unpaid claims and claim adjustment expenses as of June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Claims reserves	\$ 10,296,673	\$ 9,197,024
Claims incurred but not reported (IBNR)	9,901,299	9,546,214
Unallocated loss adjustment expenses (ULAE)	<u>1,271,221</u>	<u>1,109,982</u>
	21,469,193	19,853,220
Current portion	<u>(5,000,000)</u>	<u>(5,000,000)</u>
Non-current portion	<u>\$ 16,469,193</u>	<u>\$ 14,853,220</u>

At June 30, 2021 and 2020, \$23,957,591 and \$22,226,191 of unpaid claims and claim adjustment expenses were presented at their net present value of \$16,469,193 and \$19,853,220, respectively. These claims were discounted at an annual rate of 2.5% for workers compensation claims and 2.5% for liability claims as determined by the Board.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT**

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	Workers Compensation		Liability		Totals	
	2021	2020	2021	2020	2021	2020
Unpaid claims and claim adjustment expenses at beginning of year	\$ 15,838,540	\$ 15,153,942	\$ 4,014,680	\$ 2,879,411	\$ 19,853,220	\$ 18,033,353
Incurred claims and claim adjustment expenses:						
Provision for insured events of the current year	3,862,501	3,656,772	1,129,726	976,632	4,992,227	4,633,404
Increase/(decrease) in provision of insured events of prior years	(976,601)	62,811	1,653,466	1,489,661	676,865	1,552,472
Total incurred claims and claim adjustment expenses	2,885,900	3,719,583	2,783,192	2,466,293	5,669,092	6,185,876
Payments:						
Claim and claim adjustment expenses attributable to insured events of the current year	367,200	391,502	-	2,800	367,200	394,302
Claim and claim adjustment expenses attributable to insured events of the prior years	2,162,625	2,643,483	1,523,294	1,328,224	3,685,919	3,971,707
Total Payments	2,529,825	3,034,985	1,523,294	1,331,024	4,053,119	4,366,009
Total unpaid claims and claims adjustment expenses	\$ 16,194,615	\$ 15,838,540	\$ 5,274,578	\$ 4,014,680	\$ 21,469,193	\$ 19,853,220
Claims reserves	\$ 6,991,418	\$ 7,001,191	\$ 3,305,255	\$ 2,195,833	\$ 10,296,673	\$ 9,197,024
Claims incurred but not reported (IBNR)	8,169,413	7,904,319	1,731,886	1,641,895	9,901,299	9,546,214
Unallocated loss adjustment expenses (ULAE)	1,033,784	933,030	237,437	176,952	1,271,221	1,109,982
	16,194,615	15,838,540	5,274,578	4,014,680	21,469,193	19,853,220
Current portion	(3,500,000)	(3,500,000)	(1,500,000)	(1,500,000)	(5,000,000)	(5,000,000)
Non-current portion	\$ 12,694,615	\$ 12,338,540	\$ 3,774,578	\$ 2,514,680	\$ 16,469,193	\$ 14,853,220

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
CLAIMS DEVELOPMENT INFORMATION – WORKERS COMPENSATION**

AS OF JUNE 30, 2021

	Fiscal Years Ended June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1. Premiums and investment revenue:										
Earned	\$ 4,212,725	\$ 4,379,645	\$ 4,055,442	\$ 3,593,549	\$ 4,188,642	\$ 5,423,753	\$ 5,804,462	\$ 5,536,076	\$ 5,430,714	\$ 5,969,299
Ceded	(399,312)	(424,284)	(460,803)	(425,019)	(471,592)	(503,763)	(540,409)	(530,300)	1,252,409	1,436,170
Net earned	<u>3,813,413</u>	<u>3,955,361</u>	<u>3,594,639</u>	<u>3,168,530</u>	<u>3,717,050</u>	<u>4,919,990</u>	<u>5,264,053</u>	<u>5,005,776</u>	<u>6,683,123</u>	<u>7,405,469</u>
2. Unallocated expenses	551,211	635,478	898,310	766,078	481,351	771,935	739,417	954,365	1,020,454	817,260
Dividends	-	-	-	-	-	-	-	-	-	-
3. Estimated incurred claims and expenses, end of policy year										
Incurred	2,887,945	2,315,271	2,580,733	2,531,778	3,032,931	2,928,006	3,878,756	3,832,813	3,464,419	3,862,501
Ceded Claims	-	-	-	-	-	-	-	-	-	-
Net incurred claims	<u>2,887,945</u>	<u>2,315,271</u>	<u>2,580,733</u>	<u>2,531,778</u>	<u>3,032,931</u>	<u>2,928,006</u>	<u>3,878,756</u>	<u>3,832,813</u>	<u>3,464,419</u>	<u>3,862,501</u>
4. Paid (cumulative) as of:										
End of policy year	614,005	379,117	330,782	243,766	455,719	420,439	666,871	242,730	391,502	367,200
One year later	1,369,221	968,090	964,867	661,233	1,098,723	1,387,585	1,292,017	554,870	814,851	
Two years later	2,086,107	1,431,463	1,468,776	1,124,723	1,849,270	1,697,205	2,049,673	880,245		
Three years later	2,270,514	1,933,252	1,875,410	1,694,901	2,281,743	1,952,802	2,309,335			
Four years later	2,800,876	2,422,995	2,347,017	1,822,290	2,531,359	2,164,736				
Five years later	2,464,564	2,308,274	2,962,958	1,888,352	2,827,485					
Six years later	2,653,853	2,330,724	3,018,017	1,988,107						
Seven Years Later	2,709,705	2,331,449	3,069,989							
Eight Years Later	2,756,289	2,331,960								
Nine Years Later	3,303,999									
5. Reestimated ceded claims and expenses:	-	-	-	-	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of policy year	2,887,945	2,315,271	2,580,733	2,531,778	3,032,931	2,928,006	3,878,756	3,832,813	3,464,419	3,862,501
One year later	3,292,249	2,442,521	2,377,087	2,373,731	2,871,463	3,525,187	4,291,637	3,160,972	3,443,052	
Two years later	3,435,137	2,514,255	2,810,138	2,422,623	3,406,414	3,430,621	4,018,034	2,951,414		
Three years later	3,313,455	2,910,407	2,945,059	2,666,667	3,586,847	3,179,479	3,950,106			
Four years later	3,368,081	3,025,765	3,522,373	2,620,429	3,896,291	3,199,451				
Five years later	3,187,581	2,780,755	3,779,729	2,568,951	4,119,582					
Six years later	3,227,762	2,710,828	3,644,622	2,580,877						
Seven years later	3,277,618	2,599,637	3,818,777							
Eight Years Later	3,417,371	2,630,365								
Nine Years Later	3,521,235									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	<u>\$ 633,290</u>	<u>\$ 315,094</u>	<u>\$ 1,238,044</u>	<u>\$ 49,099</u>	<u>\$ 1,086,651</u>	<u>\$ 271,445</u>	<u>\$ 71,350</u>	<u>\$ (881,399)</u>	<u>\$ (21,367)</u>	<u>\$ -</u>

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
CLAIMS DEVELOPMENT INFORMATION – LIABILITY**

AS OF JUNE 30, 2021

	Fiscal Years Ended June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1. Premiums and investment revenue:										
Earned	\$2,336,268	\$2,033,288	\$1,762,851	\$1,696,081	\$1,898,693	\$2,078,706	\$1,924,425	\$1,661,262	\$1,627,830	\$4,310,525
Ceded	(1,302,683)	(1,305,608)	(1,300,001)	(1,337,370)	(1,345,173)	(1,357,059)	(1,387,131)	(1,425,263)	(1,539,637)	(1,954,784)
Net earned	<u>1,033,585</u>	<u>727,680</u>	<u>462,850</u>	<u>358,711</u>	<u>553,520</u>	<u>721,647</u>	<u>537,294</u>	<u>235,999</u>	<u>88,193</u>	<u>2,355,741</u>
2. Unallocated expenses	900,170	808,025	740,906	909,617	896,043	836,476	871,217	1,006,441	1,253,516	864,709
Dividends	436,709	361,868	378,088	-	-	-	-	-	-	1,344,560
3. Estimated incurred claims and expenses, end of policy year										
Incurred	1,074,579	978,819	752,751	758,365	757,651	781,369	780,739	801,281	933,709	1,129,726
Ceded Claims	-	-	-	-	-	-	-	-	-	-
Net incurred claims	<u>1,074,579</u>	<u>978,819</u>	<u>752,751</u>	<u>758,365</u>	<u>757,651</u>	<u>781,369</u>	<u>780,739</u>	<u>801,281</u>	<u>933,709</u>	<u>1,129,726</u>
4. Paid (cumulative) as of:										
End of policy year	-	48,309	5,756	3,377	41,278	3,792	183,412	94,241	2,800	-
One year later	371,978	571,573	105,423	56,606	254,942	170,495	1,092,059	411,075	895,845	
Two years later	450,442	762,248	158,294	185,325	1,118,267	368,251	1,283,602	456,147		
Three years later	1,410,535	868,819	158,294	204,281	1,314,135	736,348	1,679,601			
Four years later	1,301,330	1,185,031	158,294	212,286	1,667,972	844,263				
Five years later	1,351,848	1,185,031	158,294	294,557	1,677,051					
Six years later	1,383,458	1,185,031	158,294	317,567						
Seven Years Later	1,385,365	1,185,031	158,294							
Eight Years Later	1,385,416	1,185,031								
Nine Years Later	1,385,416									
5. Reestimated ceded claims and expenses:	-	-	-	-	-	-	-	-	-	-
6. Reestimated net incurred claims and expenses:										
End of policy year	1,074,579	978,819	752,751	758,365	757,651	781,369	780,739	801,281	933,709	1,129,726
One year later	1,779,077	1,195,425	881,726	635,744	1,018,198	771,496	1,857,695	1,354,507	2,392,119	
Two years later	1,277,767	1,075,743	404,860	353,310	1,610,392	1,015,192	1,930,815	1,365,850		
Three years later	1,629,998	1,073,904	280,983	268,660	1,873,112	1,545,051	2,071,527			
Four years later	1,445,570	1,064,809	165,524	270,337	1,960,783	1,608,011				
Five years later	1,398,035	1,185,030	158,294	394,365	2,038,455					
Six years later	1,497,833	1,185,030	158,294	401,597						
Seven years later	1,490,285	1,185,030	287,313							
Eight Years Later	1,385,415	1,185,030								
Nine Years Later	1,385,415									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	<u>\$ 310,836</u>	<u>\$ 206,211</u>	<u>\$ (465,438)</u>	<u>\$ (356,768)</u>	<u>\$ 1,280,804</u>	<u>\$ 826,642</u>	<u>\$ 1,290,788</u>	<u>\$ 564,569</u>	<u>\$ 1,458,410</u>	<u>\$ -</u>

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

AS OF JUNE 30, 2021

1. RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

The schedule represents the changes in claims liabilities for the past year for the Authority's workers' compensation and pooled liability program.

2. CLAIMS DEVELOPMENT INFORMATION

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

The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the Authority including overhead, dividends and claims expense not allocable to individual claims.
3. This line shows the Authority's gross incurred claims and allocated claim adjustment expense (both paid and accrued), claims assumed by reinsurers and net incurred claims and allocated adjustment expenses as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). The original estimate of ceded claims was not available.
4. This section shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section shows how each policy year's net incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claim, reevaluation of existing information on known claims and emergence of new claims not previously known.
7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally estimated. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. This is the third year of the presentation and development of this information.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

COMBINING SCHEDULE OF NET POSITION

JUNE 30, 2021

	Workers'			Primary	
	Compensation	Liability	Property	Insurance	Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 3,181,830	\$ 1,847,222	\$ 20,074	\$ 28,721	\$ 5,077,847
Investments	129,515	75,191	817	1,169	206,692
Accounts receivable:					
General	1,827	121,334	98	98	123,357
Interest	54,448	40,620	354	268	95,690
Prepaid expenses	9,838	1,476,641	2,811	318,545	1,807,834
Total Current Assets	3,377,457	3,561,007	24,154	348,801	7,311,420
Noncurrent Assets					
Investments	14,912,449	8,657,472	94,084	134,609	23,798,613
Total Assets	18,289,906	12,218,479	118,238	483,410	31,110,033
LIABILITIES					
Current Liabilities					
Accounts payable	-	137,330	-	-	137,330
Unearned revenue	-	2,739,999	-	341,259	3,081,258
Current portion of unpaid claims and claim adjustment expense	3,500,000	1,500,000	-	-	5,000,000
Total Current Liabilities	3,500,000	4,377,329	-	341,259	8,218,588
Noncurrent Liabilities					
Unpaid claims and claim adjustment expense	12,694,615	3,774,578	-	-	16,469,193
Total Liabilities	16,194,615	8,151,907	-	341,259	24,687,781
NET POSITION					
Unrestricted	\$ 2,095,291	\$ 4,066,572	\$ 118,238	\$ 142,151	\$ 6,422,252

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

AS OF JUNE 30, 2021

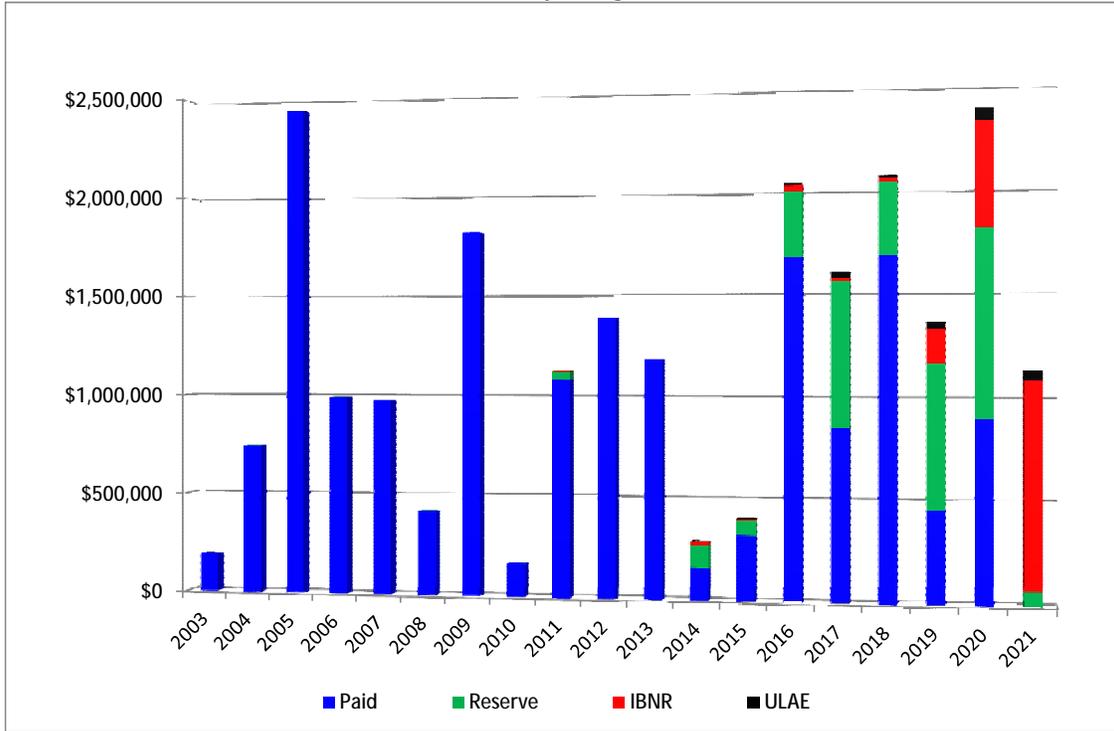
	Workers' Compensation	Liability	Property	Primary Insurance	Total
REVENUES					
Member contributions	\$ 5,998,292	\$ 4,327,705	\$ 3,513,972	\$ 537,196	\$ 14,377,165
Retrospective contributions	-	79,590	-	-	79,590
Member fees	414,058	641,162	182,249	128,210	1,365,679
Other income	8,774	7,020	878	878	17,550
Total Operating Revenues	6,421,124	5,055,477	3,697,099	666,284	15,839,984
OPERATING EXPENSES					
Program expenses:					
Provision for unpaid claims and claim adjustment expenses	2,885,900	2,783,192	-	-	5,669,092
Excess insurance	1,436,170	1,954,784	3,476,426	485,922	7,353,302
Management consultants	186,120	138,540	24,565	24,564	373,789
Program directors fee	414,058	640,928	183,126	128,561	1,366,673
Dividends	-	1,344,560	-	-	1,344,560
Other program expenses	217,082	85,241	11,927	7,927	322,177
Total program expenses	5,139,330	6,947,245	3,696,044	646,974	16,429,593
General and administrative expenses	47,362	81,745	12,779	12,781	154,667
Total operating expenses	5,186,692	7,028,990	3,708,823	659,755	16,584,260
Operating income (loss)	1,234,432	(1,973,513)	(11,724)	6,529	(744,276)
NONOPERATING REVENUES					
Investment income	(28,993)	(17,180)	4,074	(4,444)	(46,543)
Change in Net Position	1,205,439	(1,990,693)	(7,650)	2,085	(790,819)
Net Position, Beginning of year	889,852	6,057,265	125,888	140,066	7,213,071
Net Position, End of year	<u>\$ 2,095,291</u>	<u>\$ 4,066,572</u>	<u>\$ 118,238</u>	<u>\$ 142,151</u>	<u>\$ 6,422,252</u>

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

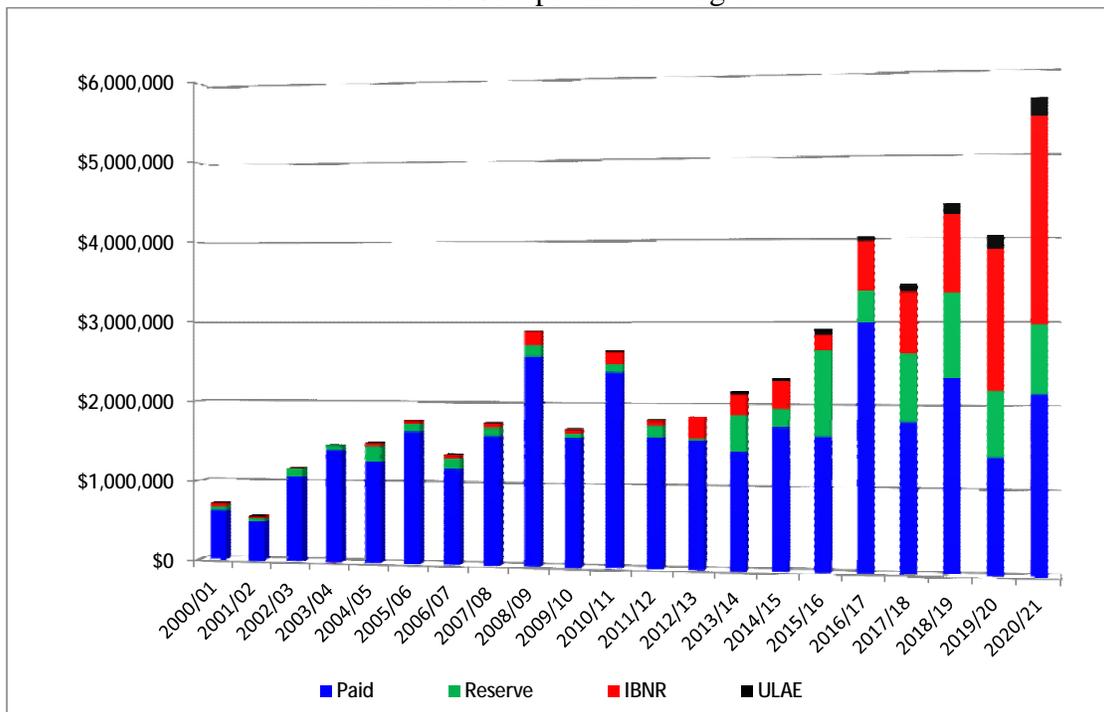
GRAPHICAL SUMMARY OF CLAIMS

AS OF JUNE 30, 2021

Liability Program



Workers' Compensation Program





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
California Sanitation Risk Management Authority
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 California Sanitation Risk Management Authority, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the California Sanitation Risk Management Authority's basic financial statements, and have issued our report thereon dated November 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered California Sanitation Risk Management Authority's internal control over financial reporting (internal control) to determine 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 California Sanitation Risk Management Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of California Sanitation Risk Management Authority's internal control.

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

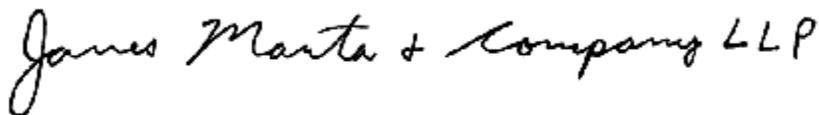
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Sanitation Risk Management Authority'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 statement amounts. 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
November 23, 2021

STATISTICAL SECTION

**STATISTICAL SECTION NARRATIVE
JUNE 30, 2021**

STATISTICAL SECTION

This part of the California Sanitation Risk Management Authority’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Authority’s overall financial health.

Financial Trends

These schedules and graphs contain trend information to help the reader understand how the Authority’s financial performance and well-being have changed over time. They highlight the change in net position over the past 10 years.

- Comparative Statement of Net Position and Changes in Net Position
- Financial Position Over Last 10 Years
- Financial History Over Last 10 Years

Demographic and Economic Information

These graphs offer information to help the reader understand the environment within which the Authority’s financial activities take place. The Workers’ Compensation and Pooled Liability claims experience is an indicator of the Provision for Claims and Claims Adjustment Expenses. Payroll history combined with the Workers’ Compensation claims experience is an indicator for premium revenue.

- Workers’ Compensation Program – Loss and Expenses Paid to Date and Future Reserve – Last 10 Years
- Workers’ Compensation Program – Total Incurred Over Last 10 Years
- Workers’ Compensation Program – Payroll History Over 10 Years
- Pooled Liability Program – Loss and Expenses Paid to Date and Future Reserve
- Pooled Liability Program – Program – Total Incurred Over Last 10 Years

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

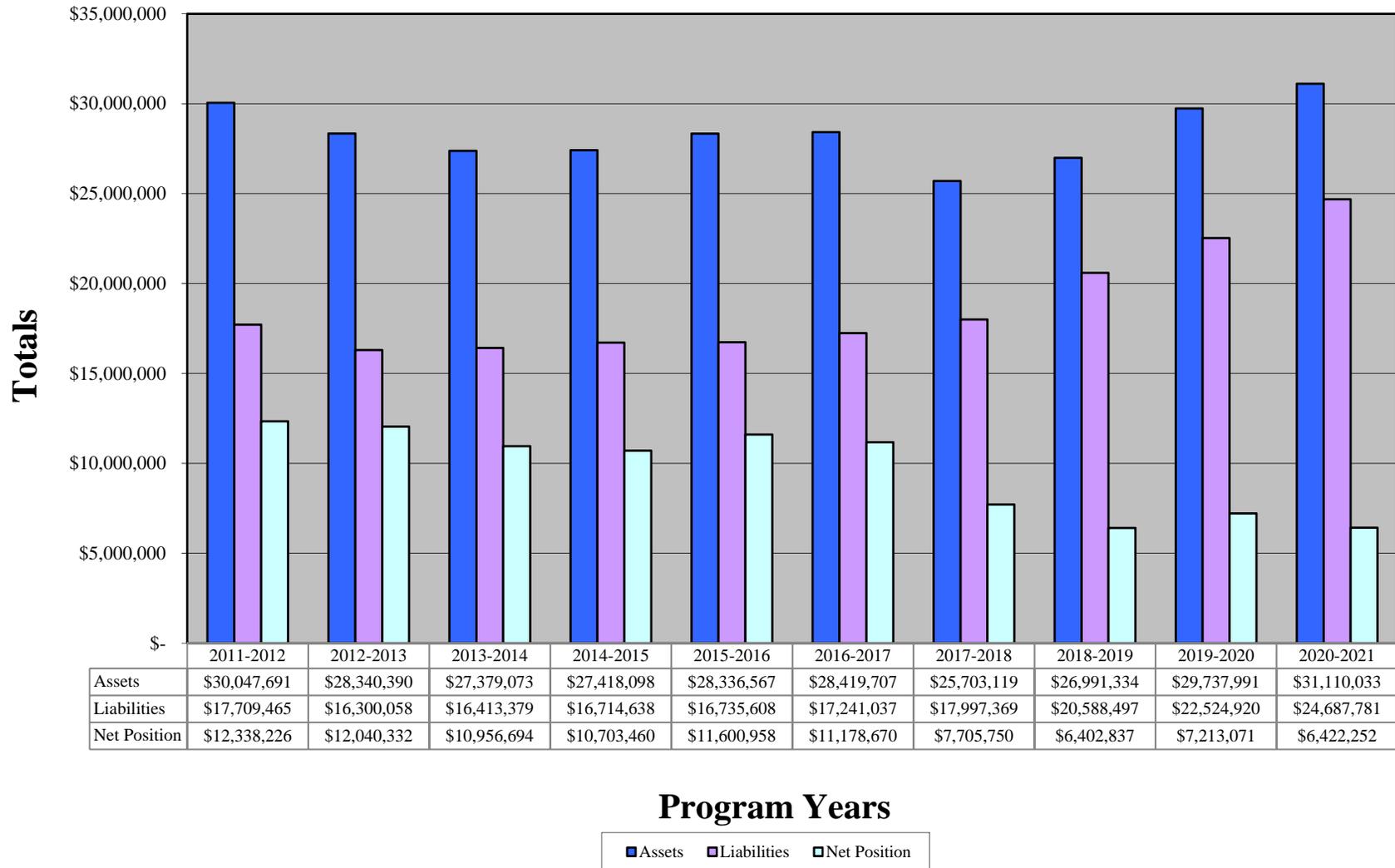
COMPARATIVE STATEMENT OF NET POSITION AND CHANGES IN NET POSITION
FISCAL YEAR END JUNE 30

Last Ten Fiscal Years
(Expressed in Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating Revenues										
Member Contributions	\$14,377	\$12,105	\$10,840	\$10,288	\$10,409	\$10,326	\$9,805	\$9,599	\$9,522	\$9,097
Retrospective Contribution	\$80	\$1,039	(\$138)	(\$1,198)	(\$630)	(\$401)	(\$521)	(\$420)	(\$1,185)	(\$1,978)
Member Fees	\$1,366	\$1,329	\$1,328	\$1,330	\$1,313	\$1,277	\$1,277	\$1,269	\$1,232	\$1,215
Other Income	\$18	\$37	\$39	\$34	\$40	\$46	\$58	\$48	\$18	\$73
<i>Total Operating Revenues</i>	<u>\$15,840</u>	<u>\$14,510</u>	<u>\$12,069</u>	<u>\$10,453</u>	<u>\$11,131</u>	<u>\$11,249</u>	<u>\$10,620</u>	<u>\$10,496</u>	<u>\$9,587</u>	<u>\$8,406</u>
Investment/Interest Income	(\$47)	\$1,567	\$1,206	(\$0)	\$35	\$595	\$276	\$317	\$65	\$473
Total Revenues	<u>\$15,793</u>	<u>\$16,077</u>	<u>\$13,274</u>	<u>\$10,453</u>	<u>\$11,167</u>	<u>\$11,844</u>	<u>\$10,896</u>	<u>\$10,813</u>	<u>\$9,652</u>	<u>\$8,879</u>
Operating/Program Expenses	\$16,430	\$15,081	\$14,225	\$13,780	\$11,443	\$10,780	\$11,013	\$11,754	\$9,805	\$12,317
General & Administrative Expenses	\$155	\$186	\$352	\$147	\$145	\$166	\$145	\$134	\$145	\$144
Total Expenses	<u>\$16,584</u>	<u>\$15,267</u>	<u>\$14,577</u>	<u>\$13,926</u>	<u>\$11,589</u>	<u>\$10,946</u>	<u>\$11,158</u>	<u>\$11,888</u>	<u>\$9,950</u>	<u>\$12,461</u>
Change in Net Position	<u>(\$791)</u>	<u>\$810</u>	<u>(\$1,303)</u>	<u>(\$3,473)</u>	<u>(\$422)</u>	<u>\$897</u>	<u>(\$262)</u>	<u>(\$1,075)</u>	<u>(\$298)</u>	<u>(\$3,582)</u>
Total Net Position - Unrestricted	<u>(\$791)</u>	<u>\$7,213</u>	<u>\$6,403</u>	<u>\$7,706</u>	<u>\$11,179</u>	<u>\$11,601</u>	<u>\$10,703</u>	<u>\$10,966</u>	<u>\$12,040</u>	<u>\$12,338</u>

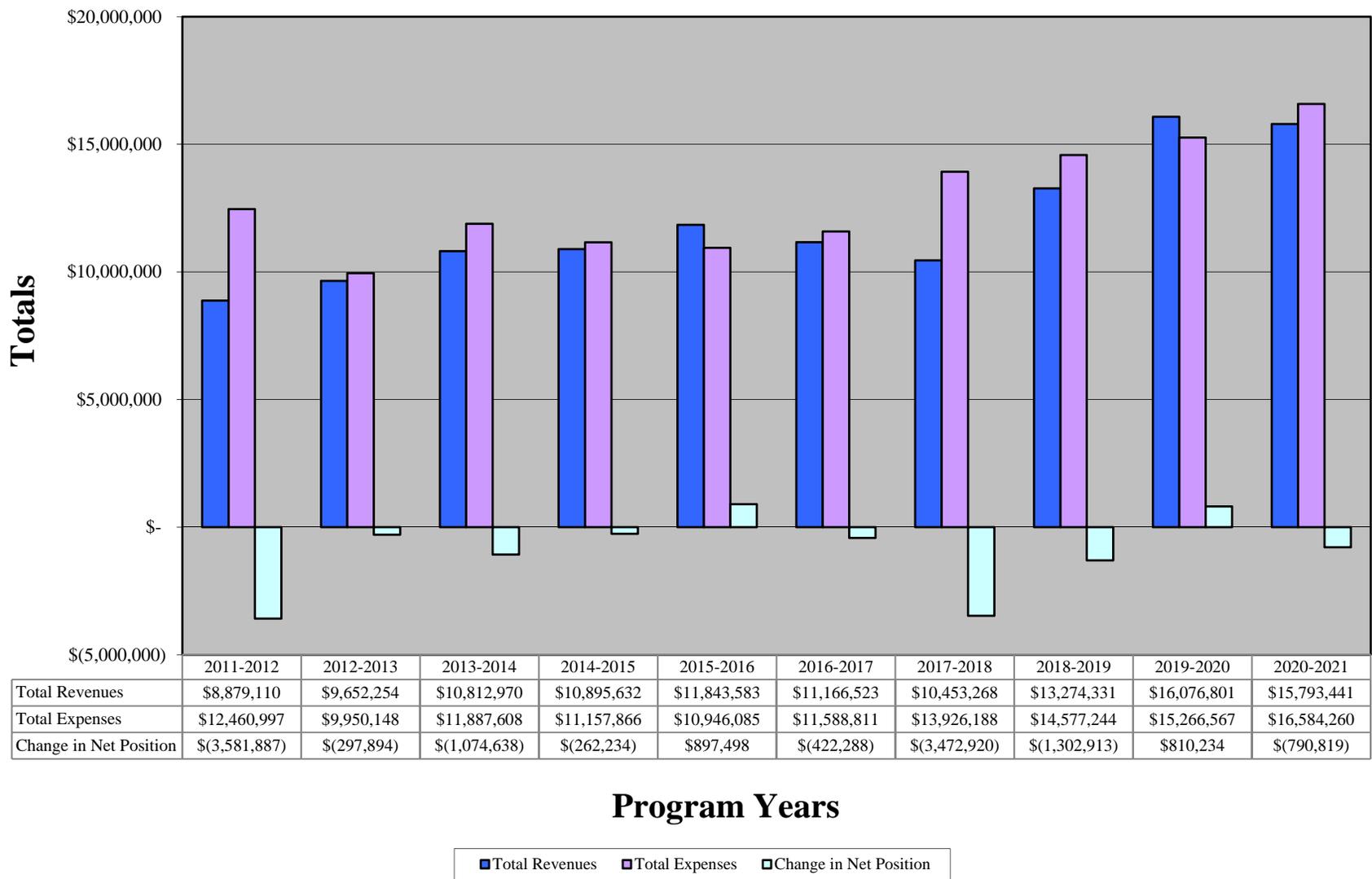
CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**FINANCIAL POSITION OVER LAST 10 YEARS
FISCAL YEAR END JUNE 30**



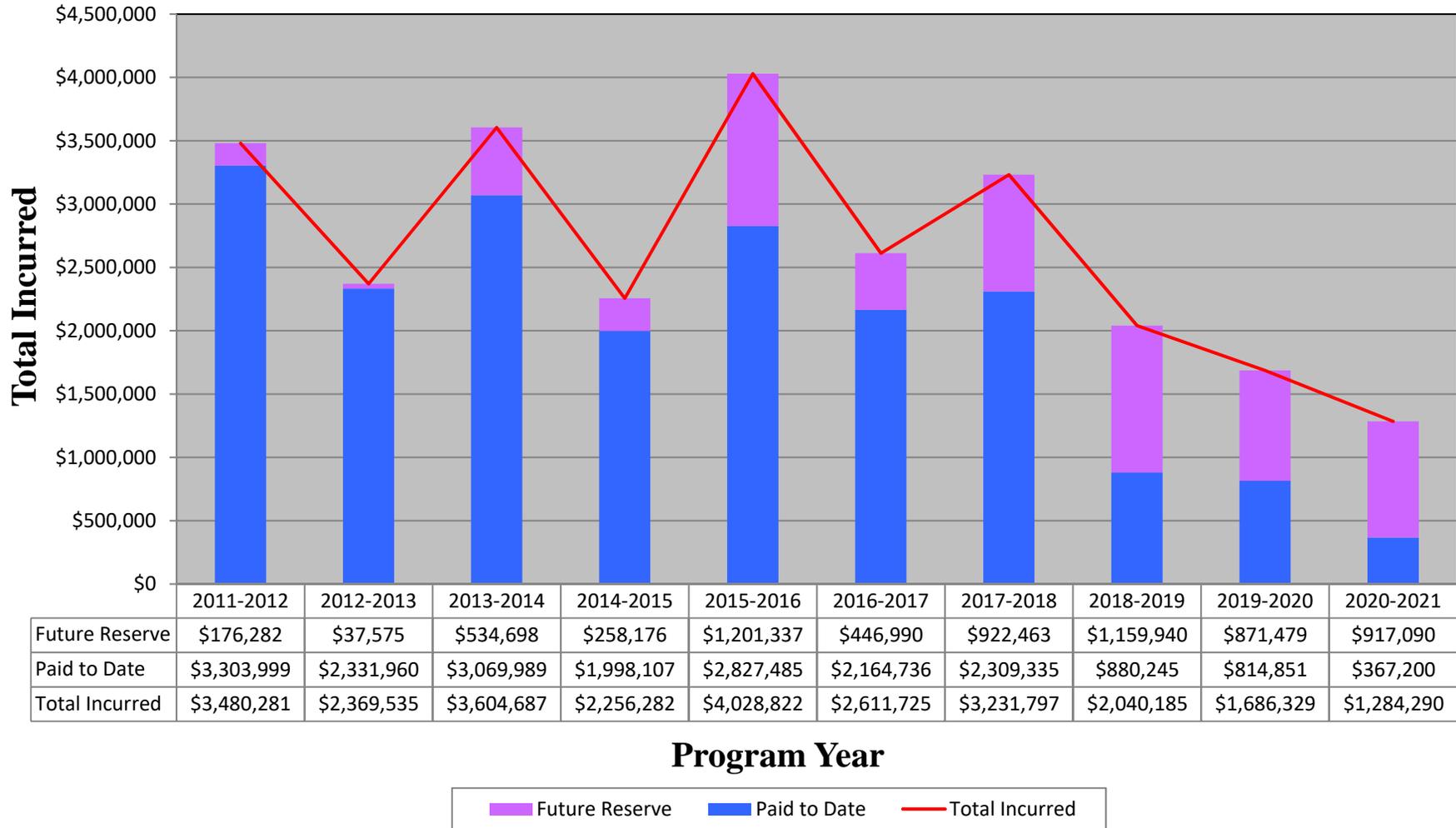
CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

FINANCIAL HISTORY OVER LAST 10 YEARS FISCAL YEAR END JUNE 30



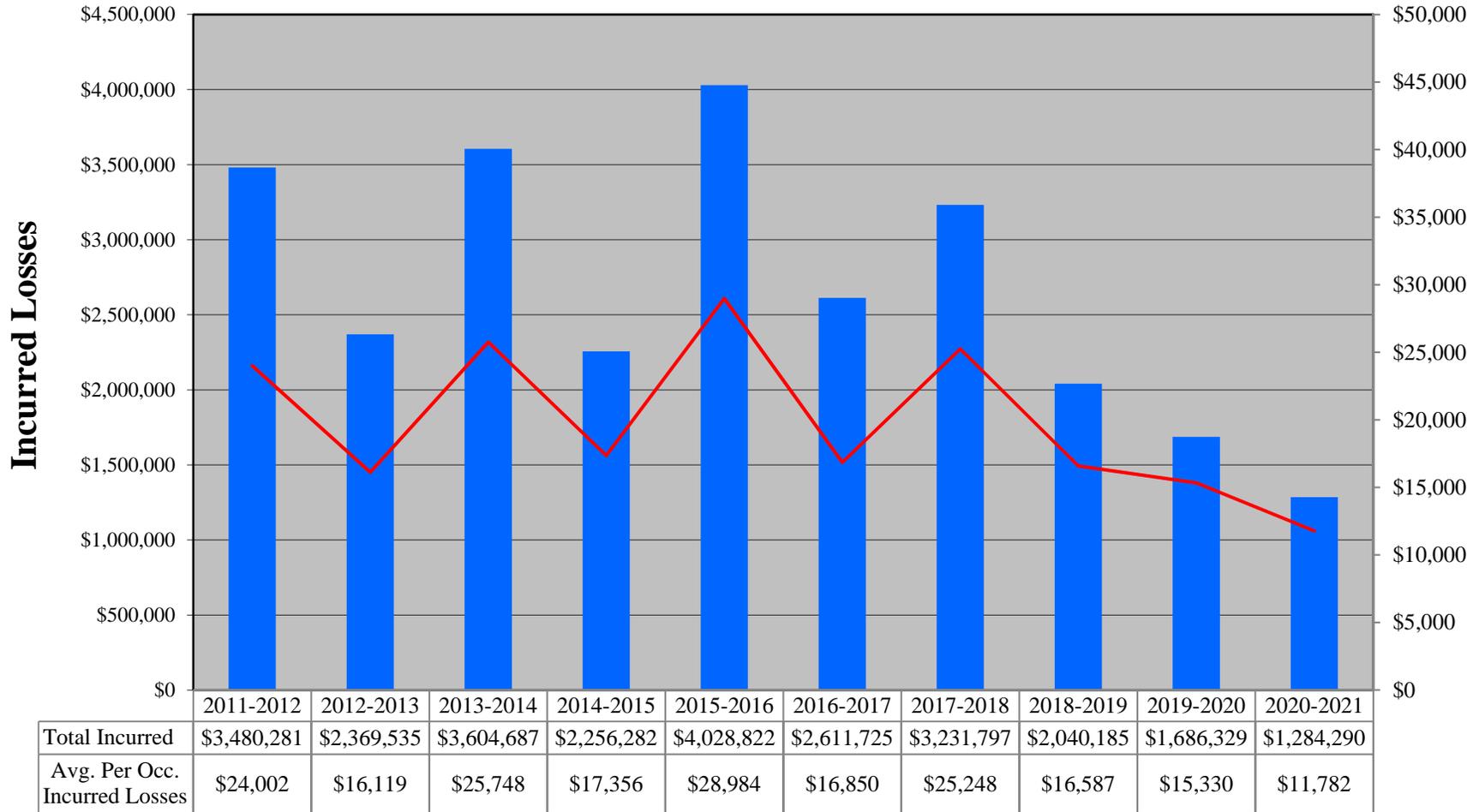
CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**WORKERS COMPENSATION PROGRAM - LOSSES AND EXPENSES PAID TO DATE AND FUTURE RESERVE
FISCAL YEAR END JUNE 30**



CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**WORKERS COMPENSATION PROGRAM - TOTAL INCURRED OVER LAST 10 YEARS
FISCAL YEAR END JUNE 30**

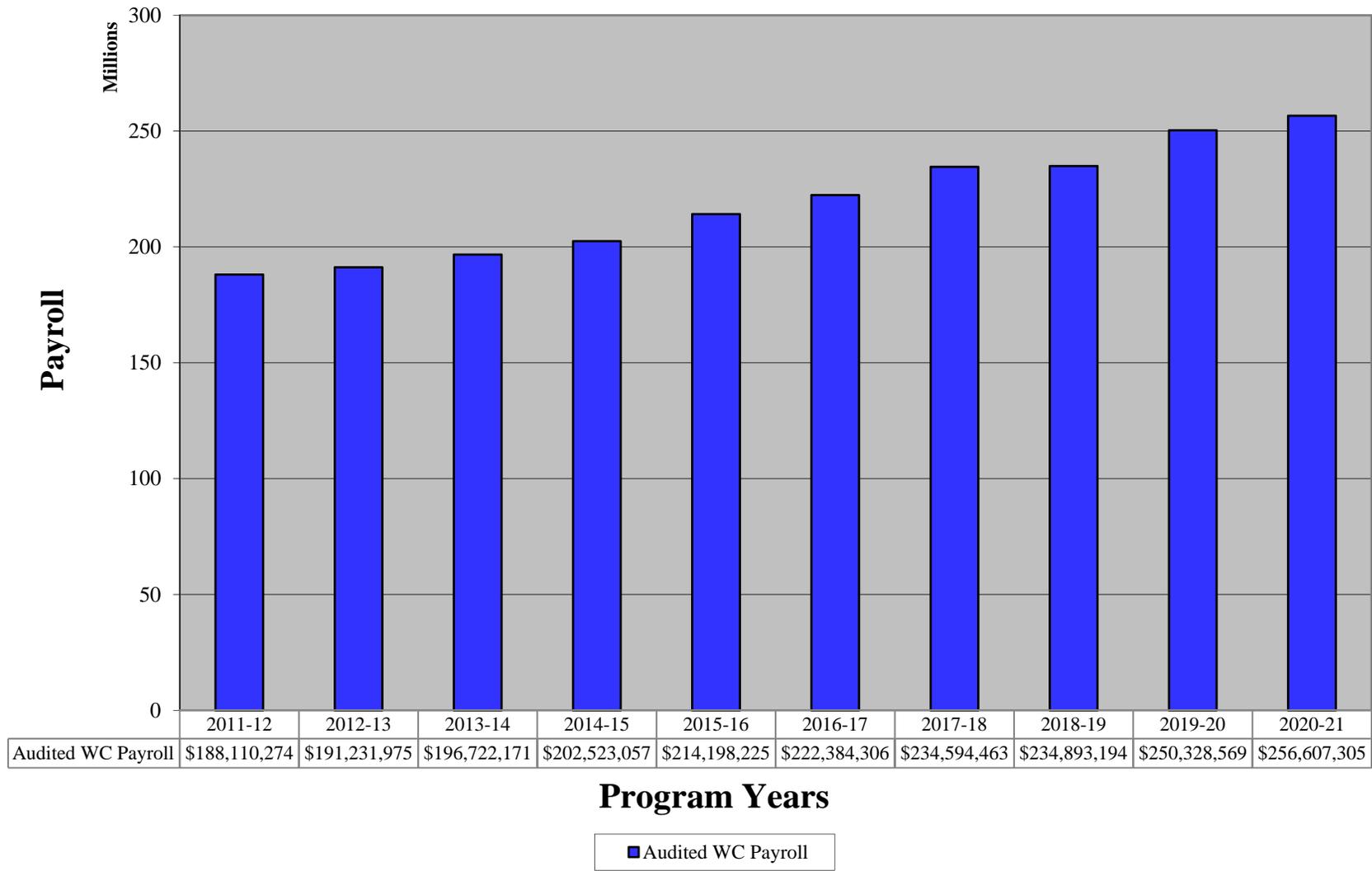


Program Years



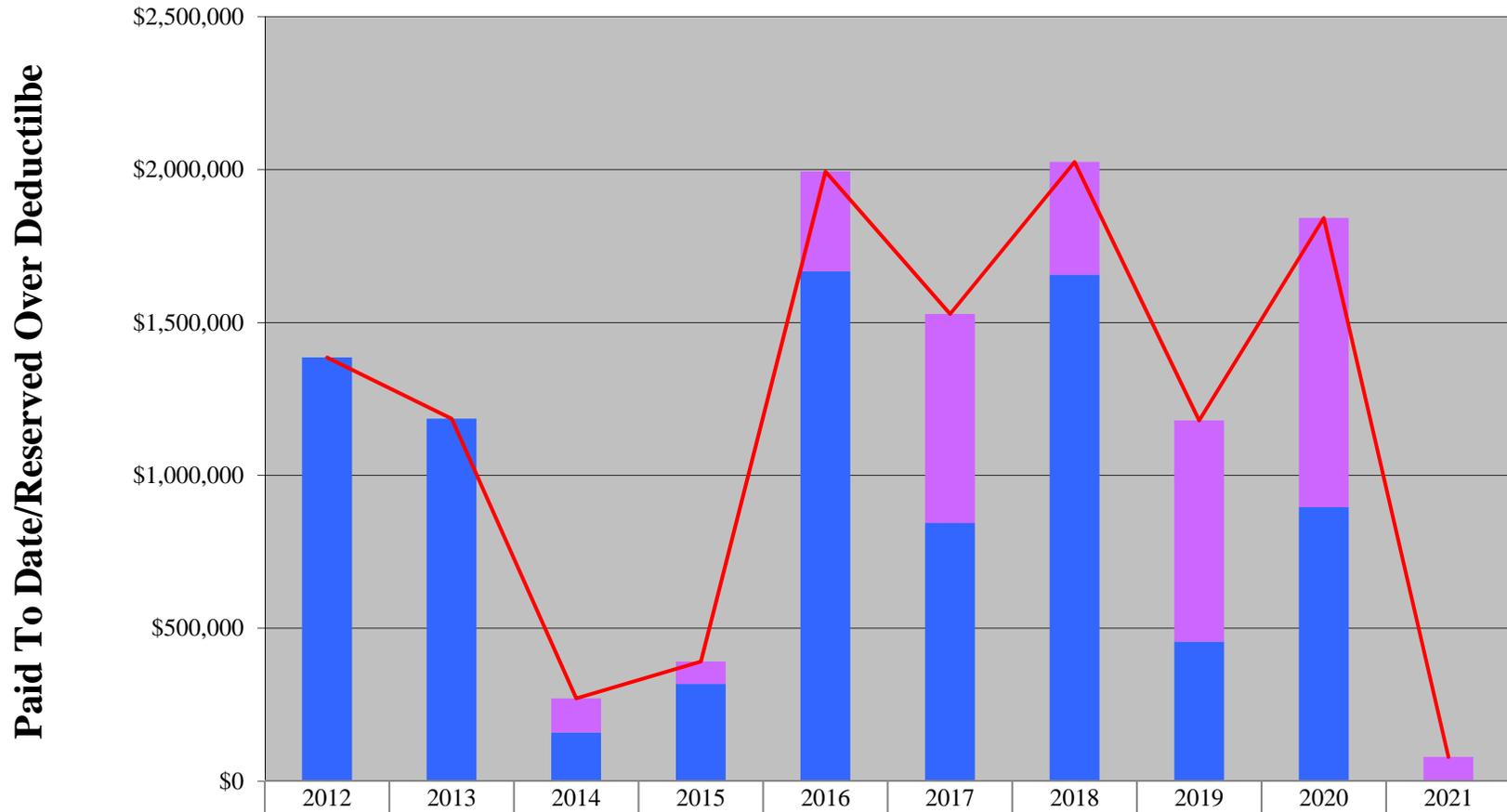
CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

WORKERS COMPENSATION PROGRAM - PAYROLL HISTORY OVER 10 YEARS
FISCAL YEAR END JUNE 30



CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**POOLED LIABILITY PROGRAM - LOSSES AND EXPENSES PAID TO DATE AND FUTURE RESERVE
FISCAL YEAR END JUNE 30**



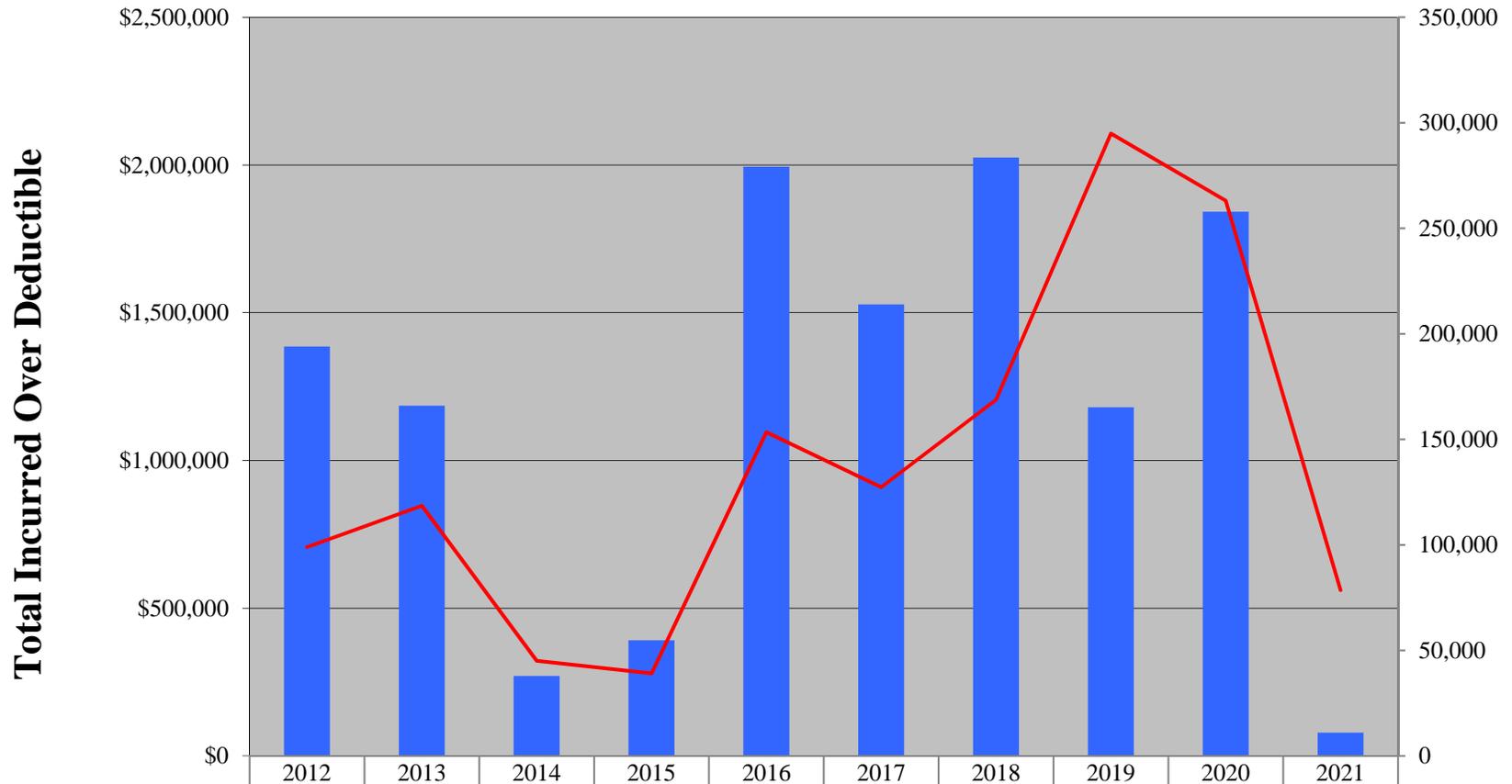
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Reserved Over Deductible	\$0	\$0	\$112,050	\$73,301	\$326,965	\$683,569	\$368,477	\$723,433	\$945,863	\$78,119
Total Paid Over Deductible	\$1,385,416	\$1,185,031	\$158,294	\$317,567	\$1,667,051	\$844,263	\$1,656,570	\$456,147	\$895,845	\$357
Total Incurred Over Deductible	\$1,385,416	\$1,185,031	\$270,344	\$390,868	\$1,994,016	\$1,527,831	\$2,025,047	\$1,179,580	\$1,841,708	\$78,476

Program Years



CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**POOLED LIABILITY PROGRAM - TOTAL INCURRED OVER DEDUCTIBLE OVER LAST 10 YEARS
FISCAL YEAR END JUNE 30**



Total Incurred Over Deductible	\$1,385,41	\$1,185,03	\$270,344.	\$390,867.	\$1,994,01	\$1,527,83	\$2,025,04	\$1,179,57	\$1,841,70	\$78,476.4
Avg. Per Occ. Incurred Losses Over Deductible	98,958	118,503	45,057	39,087	153,386	127,319	168,754	294,895	263,101	78,476

Program Years





James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**COMMUNICATION WITH THOSE CHARGED
WITH GOVERNANCE**

Board of Directors
California Sanitation Risk Management Authority
San Francisco, California

We have audited the financial statements of California Sanitation Risk Management Authority as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated November 23, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 7, 2020, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of California Sanitation Risk Management Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this; we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by California Sanitation Risk Management Authority is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ended June 30, 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. However, we have identified new accounting standards that will be applicable in subsequent years and are included in Attachment A.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the estimate of claim liabilities.

Management's estimate of the claims liabilities is based on an independent actuarial study. We evaluated the key factors and assumptions used to develop the claims liabilities and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting California Sanitation Risk Management Authority's financial statements relate to accounting policies affecting claims liabilities.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements identified as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material misstatements identified as a result of our audit procedures. All adjustments made to the financial statements were provided by management and are attached to this letter.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to California Sanitation Risk Management Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated November 23, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with California Sanitation Risk Management Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as California Sanitation Risk Management Authority's auditors.

This report is intended solely for the information and use of the Board of Directors and management of California Sanitation Risk Management Authority and is not intended to be and should not be used by anyone other than these specified parties.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 23, 2021

Attachment A – Upcoming Changes in Accounting Standards As of June 30, 2021

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Authority in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Authority. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB Statement No. 87, Leases

Effective for the fiscal year ending June 30, 2022

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

We do not expect this standard to have any significant impact on the Authority.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period

Effective for the fiscal year ending June 30, 2022

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

We do not expect this standard to have any significant impact on the Authority.

GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61

Effective for the fiscal year ending June 30, 2021

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

We do not expect this standard to have any significant impact on the Authority.

GASB Statement No. 91, Conduit Debt Obligations

Effective for the fiscal year ending June 30, 2023

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

We do not expect this standard to have any significant impact on the Authority.

GASB Statement No. 92, Omnibus 2020

Effective dates vary

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports – *Effective for the fiscal year ending June 30, 2022*
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan – *Effective for the fiscal year ending June 30, 2022*

- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits – *Effective for the fiscal year ending June 30, 2022*
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements – *Effective for the fiscal year ending June 30, 2022*
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition – *Effective for the government acquisitions occurring in reporting periods beginning after June 15, 2021*
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers – *Effective for the fiscal year ending June 30, 2022*
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature – *Effective for the fiscal year ending June 30, 2022*
- Terminology used to refer to derivative instruments. – *Effective for the fiscal year ending June 30, 2022*

The Authority is currently assessing the financial statement impact of GASB 92.

GASB Statement No. 93, Replacement of Interbank Offered Rates

Effective for the fiscal year ending June 30, 2022

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

We do not expect this standard to have any significant impact on the Authority.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

Effective for the fiscal year ending June 30, 2023

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

We do not expect this standard to have any significant impact on the Authority.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

Effective immediately

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of the preceding statements have been updated to reflect the impact of the issuance of GASB 95.

The Authority is currently assessing the financial statement impact of GASB 95.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

Effective for the fiscal year ending June 30, 2023

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

We do not expect this standard to have any significant impact on the Authority.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

Effective for the fiscal year ending June 30, 2021

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

We do not expect this standard to have any significant impact on the Authority.

Adjusting Journal Entry JE # 3

To adjust claims related accounts with claims reconciliation with new actuary amounts

✓	2300.25	Claims Reserves:Claims Reserves - WC	9,773.00	
✓	5215	Change in Claim Liability	356,075.00	
✓	5215	Change in Claim Liability	1,259,898.00	
✓	2300.24	Claims Reserves:Claims Reserves - Liab		1,109,422.00
✓	2500.24	Claims IBNR:Claims IBNR - Liab		89,991.00
✓	2500.25	Claims IBNR:Claims IBNR - WC		265,094.00
✓	2600.24	Claims ULAE:Claims ULAE - Liab		60,485.00
✓	2600.25	Claims ULAE:Claims ULAE - WC		100,754.00
Total			<u>1,625,746.00</u>	<u>1,625,746.00</u>

Reclassifying Journal Entry JE # 1

To reclass payables

✓	2000	Accounts Payable	137,330.00	
✓	2000.24	Accounts Payable:Accounts Payable - Liab		137,330.00
Total			<u>137,330.00</u>	<u>137,330.00</u>



OFFICERS:

Craig Murray, *President*
805.684.7214
Sandeep Karkal, *Vice President*
415.892.1694

PAST PRESIDENTS:

Greg Baatrup
2018-2020
Paul Bushee
2014-2018

MANAGEMENT REPRESENTATION LETTER

November 23, 2021

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

This representation letter is provided in connection with your audit of the financial statements of California Sanitation Risk Management Authority as of June 30, 2021 and 2020 and for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of California Sanitation Risk Management Authority in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 23, 2021:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 20, 2020, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We acknowledge that we are responsible for distributing the issued report as well as the communication with governance letter and internal control letter to all governing board members.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have reviewed and approved the adjusting and reclassifying journal entries reflected in the audit statements and Attachment A.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes,⁷ and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- California Sanitation Risk Management Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which California Sanitation Risk Management Authority is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- California Sanitation Risk Management Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims in the accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims in accordance with accounting principles generally accepted in the United States of America.
- We believe the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- The methods of measurement or presentation have not changed from those used in the prior period.
- When the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position and Graphical Summary of Claims no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Required Supplementary Information

- With respect to the Management Discussion & Analysis, Reconciliation of Claims Liabilities by Type of Contract and Claims Development Information accompanying the financial statements:
- We acknowledge our responsibility for the presentation of the Management Discussion & Analysis, Reconciliation of Claims Liabilities by Type of Contract and Claims Development Information in accordance with U.S. GAAP, GASB-10 and GASB-30.
- We believe the Management Discussion & Analysis, Reconciliation of Claims Liabilities by Type of Contract and Claims Development Information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP, GASB-10 and GASB-30.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the Management Discussion & Analysis, Reconciliation of Claims Liabilities by Type of Contract and Claims Development Information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances:

Use of a Specialist

The work of a specialist has been used by the entity.

We agree with the findings of specialists in evaluating the valuation of claims liabilities and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.



Dennis Mulqueeney, Program Administrator



Seth Cole, Program Administrator

Adjusting Journal Entry JE # 3

To adjust claims related accounts with claims reconciliation with new actuary amounts

✓	2300.25	Claims Reserves:Claims Reserves - WC	9,773.00	
✓	5215	Change in Claim Liability	356,075.00	
✓	5215	Change in Claim Liability	1,259,898.00	
✓	2300.24	Claims Reserves:Claims Reserves - Liab		1,109,422.00
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✓	2500.25	Claims IBNR:Claims IBNR - WC		265,094.00
✓	2600.24	Claims ULAE:Claims ULAE - Liab		60,485.00
✓	2600.25	Claims ULAE:Claims ULAE - WC		100,754.00
Total			<u>1,625,746.00</u>	<u>1,625,746.00</u>

Reclassifying Journal Entry JE # 1

To reclass payables

✓	2000	Accounts Payable	137,330.00	
✓	2000.24	Accounts Payable:Accounts Payable - Liab		137,330.00
Total			<u>137,330.00</u>	<u>137,330.00</u>

DISTRICT MANAGER-ENGINEER

MARK THOMAS & COMPANY, INC.

BENJAMIN T. PORTER, P.E.

DISTRICT COUNSEL

ATKINSON • FARASYN, LLP.

MARC HYNES



BOARD OF DIRECTORS

WILLIAM A. BOSWORTH

PATRICK S. KWOK

ANGELA S. CHEN

TAGHI S. SAADATI

20863 STEVENS CREEK BOULEVARD, SUITE 100

CUPERTINO, CALIFORNIA 95014-2154

PHONE (408) 253-7071 • Fax (408) 253-5173

NOTICE OF VACANCY IN OFFICE

CUPERTINO SANITARY DISTRICT

NOTICE IS HEREBY GIVEN that a vacancy exists on the Sanitary Board of the Cupertino Sanitary District. The term will run to December 31, 2022.

Pursuant to law, the remaining members intend to conduct a brief interview and may appoint a person to fill the vacancy on the Board at its meeting on _____, 2022, at 7:00 o'clock P.M. via teleconference call.

Residents of the District interested in being considered for appointment to the office should file an application with the District on or before 5:00 o'clock P.M., _____, 2022, setting forth their name, address, expression of intent in being appointed to the position, relevant personal and professional background and qualifications for the position. For further application instructions please contact Board Staff at the District office at (408) 253-7071.

Dated: _____, 2022



Board Member Application

Contact Information

Name	
Street Address	
City, State, ZIP	
Home Phone	
Other Contact Phone	
E-Mail Address	

Eligibility

Candidates must be at least 18 years of age, a citizen of the State, a resident of the District in which he/she is seeking office, a registered voter, and not otherwise disqualified from holding a civil office by the Constitution or laws of the State.

Do you meet all eligibility requirements stated above?

<input type="checkbox"/> Yes	
<input type="checkbox"/> No, please explain:	

Convictions

Have you ever been convicted of a felony?

<input type="checkbox"/> No	
<input type="checkbox"/> Yes, please explain:	

Agreement and Signature

By submitting this application, I affirm that the facts set forth in it are true and complete. I understand that if I am accepted as a Member of the Board of the Cupertino Sanitary District, any false statements, omissions, or other misrepresentations made by me on this application may result in my immediate dismissal.

Name (printed)	
Signature	
Date	

Our Policy

It is the policy of this organization to provide equal opportunities without regard to race, color, religion, national origin, gender, sexual preference, age, or disability.

Please provide written responses to the questions on the following page. Thank you for completing this application form and for your interest in serving our District.

INSTALLER'S

A_G_R_E_E_M_E_N_T

WITHOUT REIMBURSEMENT

THIS AGREEMENT, made this _____ day of _____, 2021, between the CUPERTINO SANITARY DISTRICT of Santa Clara County, California, a public corporation duly organized and existing under Part I Division 6 of the Health and Safety Code of the State of California, hereinafter called "District," and Taylor Morrison, owner, hereinafter called "Installer";

W_I_T_N_E_S_S_E_T_H

WHEREAS, Installer is the owner of a certain real property, currently referred to as Parcel A, located at 21267 Stevens Creek Boulevard, Cupertino, CA (APN 326-27-042 and APN 326-27-043) and wishes to construct 70 single-family residential townhouses and 18 single-family residential rowhouses on Parcel A, which is part of a larger development which includes a mixed-used development with 20,000 square feet of commercial space with 131 senior assisted living apartments, 27 memory care apartments and 48 below market rate affordable senior independent living units, known as Westport Cupertino;

WHEREAS, Westport Cupertino is split into three parcels known as Parcel A, Parcel B, and Parcel C which all have different owners;

WHEREAS, the owner for Parcel B will enter into a future Installers Agreement with the District for the commercial, senior assisted living, and memory care apartments;

WHEREAS, the owner for Parcel C has requested to pay separate Sewer Connection and Treatment Plant fees for the senior independent living units on "Parcel C" as part of Cupertino Building Department permit BLD-2021-1586 and those fees will not be included as part of this Installer's Agreement;

WHEREAS, District is the owner and operator of a certain sanitary sewer system along Mary Avenue which will provide service to Westport Cupertino;

WHEREAS, Installer desires to connect to the District sanitary sewer main along Mary Avenue;

WHEREAS, District has determined that one (1) of the existing sanitary sewer laterals shall be replaced with 8" PVC SDR26 pipe and will become a new sewer mainline.

WHEREAS, District has determined two (2) of the existing sewer laterals will not be utilized as part of this redevelopment and therefore shall be abandoned and removed from the sewer mainline.

WHEREAS, District has determined that the proposed on-site sewer infrastructure will service more than one parcel and therefore must be owned by the District.

NOW, THEREFORE, IT IS AGREED, as follows:

- 1) **SEWER CONSTRUCTION:** Installer shall install, or cause to be installed, the said sanitary improvements in strict accordance with the plans, profiles, and specifications approved by District. Installer further hereby agrees to pay any and all costs in connection with the construction of said sanitary sewer facilities, including, but not limited to, materials, work, inspection, supervision, legal, engineering, recording, and all incidental expenses before final acceptance thereof by District.

This project will consist of rehabilitating existing sewer facilities as well as new installations to service the development. Installer shall construct the on-site sewer system, which once accepted, will be owned and maintained by the District. These facilities include:

- A. Existing sewer rehabilitation per Cupertino Building Department BLD-2021-0382 (Cupertino Sanitary District Permit #21-057):
- i. Installer shall replace existing 8" sanitary sewer lateral with new 8" PVC SDR26 sanitary sewer lateral as shown on Sheet C400. Lateral connects into existing SSMH T-314 on Mary Avenue
 1. This current lateral will become a new sewer mainline segment once on-site sewer is constructed.
 2. Segment will be SSMH D2 to T-314
 - ii. Existing laterals that are tied into manhole T-315 and T-316 shall be abandoned and disconnected from the sanitary sewer mainline.
- B. New Construction
- i. Per Cupertino Building Permit BLD-2021-0403 (Cupertino Sanitary District Permit #21-059):

Pipe Segments						
USMH (CuSD Name)	USMH (Kimley Horn Name)	DSMH (CuSD Name)	DSMH (Kimley Horn Name)	Length (feet)	Diameter (in)	Material
-	SSFI A	-	SSMH A1	100	4	PVC SDR26
-	SSMH A1	-	SSMH A1.1	11	8	PVC SDR26
-	SSMH A1.1	-	SSMH A2	199	8	PVC SDR26
-	SSFI A2	-	SSMH A2	159	8	PVC SDR26
-	SSMH A2	-	SSMH C1	34	8	PVC SDR26
-	SSMH C1	-	SSMH C2	211	8	PVC SDR26
-	SSMH C2	-	SSMH C3	202	8	PVC SDR26
-	SSMH C3	-	SSMH B2	42	8	PVC SDR26
-	SSFI A3	-	SSMH A3	32	8	PVC SDR26

-	SSMH A3	-	SSMH A4	127	8	PVC SDR26
-	SSMH A4	-	SSMH A5	63	8	PVC SDR26
-	SSMH A5	-	SSMH B1	171	8	PVC SDR26
-	SSFI E1	-	SSMH A3	114	8	PVC SDR26
-	SSFI F1	-	SSMH A4	114	8	PVC SDR26
-	SSFI B2	-	SSMH B1	58	8	PVC SDR26
-	SSMH B1	-	SSMH B2	142	8	PVC SDR26
-	SSMH B2	-	SSMH B3	40	8	PVC SDR26
-	SSMH B3	-	SSMH D1	120	8	PVC SDR26
-	SSMH D1	-	SSMH D2	88	8	PVC SDR26

2) PAYMENT BY INSTALLER:

Installer shall pay to District, prior to execution of this agreement by District, all applicable Sewer Development, Treatment Plant Capacity, District administration, and Peak Wastewater Flow Mitigation fees. The Sewer Development and Treatment Plant Capacity Fees are non-refundable. The Peak Wastewater Flow Mitigation fee is estimated and paid as a deposit with final determination made upon completion of the District's analysis of the Installer's impact on the District's peak wastewater flow. The District administration fees are paid as a deposit and will cover District staff time for plan review, inspection, construction oversight, and construction management as defined in the District's Operation Code. The fees have been determined as follows:

1)	Sewer Development Fee	\$866,536
2)	Treatment Plant Capacity Fee	\$219,736
3)	Peak Wastewater Flow Mitigation Fee	\$96,558
4)	District Administration, Engineering, & Inspection Fee	\$100,000

Total Due: \$1,282,830

3) FINAL DESIGN PHASE:

Installer shall submit final plans at the 65% and at the 100% design phases to allow the District to review, provide comments and approve onsite sewer improvements. The design shall conform to the District's standards. Installer shall install, or cause to be installed, the said sanitary improvements in strict accordance with the plans, profiles and specifications approved by the District. Installer's engineer shall submit final plans for District review and approval. Construction may not proceed until the District has approved said sewer improvement plans and other conditions of this Agreement are met.

4) INSPECTION:

Installer hereby agrees to provide and assure said District and its employees and any person or persons designated by it the right to inspect said sanitary sewer facilities and the plans, materials and work thereof at any reasonable time or times before, during or after such are installed.

5) CCTV INSPECTIONS:

- A. Installer shall perform closed circuit televised video (CCTV) inspection of all newly constructed sewer mainlines and laterals in accordance with NASSCO PACP & LACP standards.
- B. Installer shall provide the CCTV report for District's review.

6) DEPOSIT:

Installer hereby agrees to deposit, in cash, with District, prior to execution of this agreement by District, a sum to be determined by District in accordance with its current schedule of fees. Said deposit is to be used by District to pay for District's costs for examination of plans, checking of specifications, inspection and other similar engineering charges, together with all costs of administration, supervision, legal, recording, Peak Wastewater Flow Mitigation, and other incidental expenses in connection therewith. Any balance of said sum remaining on deposit after payment of all such charges and costs shall be refunded to Installer. No interest shall be paid by District on the money so refunded. If such deposit is insufficient to pay all such

charges and costs, Installer hereby agrees to pay all such charges and costs in excess of the sum so deposited prior to the acceptance of said sanitary sewer improvements by District.

- 7) COMPLIANCE WITH ORDINANCES, RULES AND REGULATIONS:
Installer shall comply with all District ordinances, rules and regulations, as now or hereafter amended. Installer must also comply with all State, County, City, and other agency regulations, rules and ordinances affecting, in any manner, the construction of sanitary sewer facilities, and shall obtain any and all necessary permits and shall pay all fees and charges relating thereto or required therefor.
- 8) TRANSFER OF TITLE:
Upon completion of the construction of said sanitary sewer facilities by Installer and final approval thereof by District, title to said sanitary sewer facilities shall be transferred and conveyed to District. In furtherance thereof, Installer shall execute any and all documents deemed necessary by District for transferring of title thereto simultaneously with the execution of this agreement but to become effective as hereinafter provided. The documents shall thereupon be deposited with the Secretary of said District, in trust, with instructions to deliver same to District upon its approval of said sanitary sewer facilities as constructed, it being the intention of the parties hereto that such transfer of title shall become effective only upon the final acceptance of said sanitary sewer facilities by the Sanitary Board of the District. Installer waives any and all rights or claim he may have to or for any other consideration from District for said transfer of title, except as is otherwise provided by this agreement.
- 9) INDEMNIFICATION:
Installer shall defend, indemnify and hold District, the District Engineer, Mark Thomas & Co. Inc., the County of Santa Clara and the City in which the referred to real property is situated, their officers, agents and employees, free and harmless from any liability or claim of liability for costs and expenses incurred, directly, or indirectly, by Installer in the construction of the sanitary sewer facilities which are the subject of this agreement. Installer further agrees to require its contractor to maintain full insurance coverage of not less than standard limits, and to defend, indemnify and hold District, the District Engineer, Mark Thomas & Co. Inc., the County of Santa Clara and the City in which the referred to real property is situated, their officers, agents and employees, free and harmless from any damage or claim of damage for injury to person or property arising from the activities of Installer and his contractor in the performance of this agreement.
- 10) SCOPE OF AGREEMENT:
This writing constitutes the entire agreement between the parties, and no modification or waiver of all or any part thereof shall be valid unless in writing and signed by both parties hereto. Waiver by either party of any breach of this agreement shall not be deemed waiver of any subsequent breach of the same or of any other provision of this agreement. If any part of this agreement is held to be indefinite or uncertain or unenforceable, such determination shall not invalidate any other part of this agreement. This agreement shall bind and inure to the benefit of the heirs, administrators, successors, and assigns of the parties hereto.

IN WITNESS WHEREOF, the undersigned have executed this agreement the day and year first above written.

“DISTRICT”
CUPERTINO SANITARY DISTRICT
Santa Clara County, California

By: _____
President of the Sanitary Board of said District

(SEAL)

ATTEST:

Secretary of said District

“INSTALLER”
WESTPORT CUPERTINO,
A California Limited Liability Company

By: _____
Name and Title

JOHN M. GATTO



In honor of 21 years of service with Cupertino Sanitary District
from 2000 – 2021

Served as Member of the Board and throughout the years as
Secretary and President

Served on the San Jose/Santa Clara Treatment Plant Advisory
Committee for 15 years, CASA Legislative Committee for 11 years,
and WateReuse for five years demonstrating his commitment to
advocating for the District and environment

DRAFT

**OFFICE OF THE COUNTY COUNSEL
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M E M O R A N D U M

TO: Form 700 Filing Officials for Santa Clara County Local Agencies

FROM: James R. Williams, County Counsel *JRW*
Tiffany Lennear, Clerk of the Board of Supervisors *TL*

RE: Filing of Statements of Economic Interests - Form 700

**STATUTORY DEADLINE TO NOTIFY CLERK OF THE BOARD OF THE
CURRENT FILERS IN YOUR AGENCY: FEBRUARY 1, 2022**

**TIMEFRAME TO DISTRIBUTE EMAIL & REFERENCE MATERIALS
TO YOUR DESIGNATED FILERS: FEBRUARY 9, 2022**

**STATUTORY DEADLINE FOR YOUR FILERS TO FILE THEIR
ANNUAL FORM 700s: APRIL 1, 2022**

DATE: January 20, 2022

All officers, employees, and consultants of your agency who are in a position that makes or participates in making decisions that may foreseeably have a material effect on any financial interest of the position holder, must file a Form 700 annually—by April 1st this year. The positions designated to file Form 700s should be accurately listed in your agency's Conflict of Interest Code.

This memorandum discusses the Filing Official's Responsibilities for the Annual Filing, as well as throughout the year. **In addition, please refer to the enclosed checklist for the Filing Official's use to assist in tracking the required steps and timeframes of the Annual Filing process.**

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I. Filing Official Must Provide List of Filers to Clerk of the Board by Tuesday, February 1st

State law requires that each Filing Official notify the Clerk of the Board annually with the name and position title of every designated employee and consultant in your department who must file a Form 700. In future, this due date has been updated to December 15th of each year. You need to use eDisclosure's built-in "List of Filers" report to make sure eDisclosure accurately reflects your agency's current filers and then submit an email to the Clerk of the Board's Office with your "List of Filers" report, certifying in the body of your email that you have verified the List is accurate.

To access and update the "List of Filers" report from eDisclosure:

1. Login to eDisclosure: <https://www.southtechhosting.com/SantaClara/eDisclosure/>
2. On the menu on the left-hand side of the screen, select "Filer Reports"
3. A new screen will appear. In the "Report" drop-down menu, select "List of Filers" and click "Get Report" (you do not have to mark or change any other fields)
4. The report will appear showing the following information for each filer listed in eDisclosure for your agency: last name, first name, middle name, position/category, division (optional), email address, login ID, and start date.
5. Review the report for the following:
 - a. Ensure all listed Form 700 filers have the correct information.
 - If anyone has incorrect information, such as an email address, fix the individual's information in eDisclosure (on the Filer Management page, highlight the filer's name and click on the Account Info button). (Note: you need to contact the Clerk of the Board at form700@cob.sccgov.org to change or correct a filer's name (e.g., changed due to marriage or divorce, first and last name erroneously swapped when entered, or is otherwise in the system incorrectly).)
 - If a filer has moved to a different designated position in your agency, process the change using the transfer button in eDisclosure entering the actual end date the person was in the prior designated position and the start date the person began in the current designated position. This does not trigger any filing notice to the individual. (See c. below for a person who is listed and is no longer in any designated position in your agency.)
 - b. Ensure all individuals currently holding a designated position in your agency are listed on the report.

- As part of your check, you should refer to your agency's conflict of interest code which lists each of your agency's designated positions.
 - If anyone who holds a designated position listed on your agency's conflict of interest code is not listed on the eDisclosure report:
 - Refer to *Handout on Filing Official's Responsibilities re Assuming Office* for guidance.
 - Use sample email for Assuming Office to email the individual regarding the Assuming Office Form 700 requirement.
 - Add the individual into eDisclosure with the actual start date they began in the designated position.
 - "Log a Note" in eDisclosure indicating the delay in notification to the filer about the Assuming Office Form 700 requirement.
- c. Check if any individuals are listed who no longer have a Form 700 filing requirement with your agency.
- If anyone who is no longer in a designated position is listed on the eDisclosure report:
 - Refer to *Handout on Filing Official's Responsibilities re Leaving Office* for guidance.
 - If necessary, obtain an updated email address for the person and update the person's email address in eDisclosure.
 - Use sample email for Leaving Office to email the individual regarding the Leaving Office Form 700 requirement. If you are unable to obtain an email address, mail notice to the individual.
 - Click "Leave Office" in eDisclosure and enter the actual date the individual left the position.
 - "Log a Note" in eDisclosure indicating the delay in notification to the filer about the Leaving Office Form 700 requirement and add the mailing address if you had to mail notice to the individual.
6. Once you have updated eDisclosure, run the report again. Once the report accurately reflects your current Form 700 filers, submit the report by February 1, 2022 to form700@cob.sccgov.org. Indicate in the body of your email that you have verified that the list of filers in eDisclosure is up-to-date.

PLEASE NOTE: The list of filers from eDisclosure will list all current, active filers; it will not list filers who may have a leaving office statement due, as they are not considered "active" filers.

For questions related to updating eDisclosure, please contact form700@cob.sccgov.org.

II. After List of Filers is accurate in eDisclosure, Filing Official Must Provide Materials to Designated Filers (distribution to occur between February 9 and February 10, 2022)

Please Use the Sample Email to Send to Your Filers with Links to Materials.

A. Sample Email to Distribute to your Filers

We are providing a sample email for you to send to your filers to explain the process.

Once you have confirmed that your list of filers is correct, please ensure that the email and reference materials are distributed between February 9 and February 10 to filers who need to submit an annual statement this year (see below about filers who are not required to submit an annual statement this year). This ensures they receive your instructions and reference materials prior to receiving the automated annual filing notice from eDisclosure.

➤ **Do not send your email to individuals who assumed office on or after October 1, 2021.**

Under the law, any filer who assumed office or whose filing requirement began on or after October 1, 2021, does not need to complete an annual statement in 2022. Since those individuals had to complete an Assuming Office Form 700 since October 1, 2021, the eDisclosure automated notice of annual filing due April 1, 2022 will not go to these individuals. (This does not apply to people who just transferred from one designated position to another designated position.)

B. Information for Filers

One of your regulatory responsibilities as a Filing Official is to provide the necessary forms prescribed by the Fair Political Practices Commission (FPPC). The sample email to your filers includes the URLs to reference materials so you can send the reference information in paperless format to your filers. **Your email must include the links to all of the reference materials, so filers are properly informed of what and how they are required to complete the Form 700 under penalty of perjury.**

(1) Attach Your Agency's Conflict of Interest Code to Email to Filers

You should attach or link to your agency's conflict of interest code in the email to your filers so they can see exactly what their position is required to disclose. The disclosure requirements for a filer's position will appear to the filer in eDisclosure as well.

(2) Link to Form 700 Instruction Pages

To encourage filers to access the Form 700 in eDisclosure, the sample email includes a link to an excerpted version of the Form 700 with just the Instruction pages.

(3) Links to FPPC Materials

The email includes links to the following FPPC reference materials for your filers:

- **Frequently Asked Questions: Form 700 Disclosure (11/21)**
- **2021/2022 Form 700 Reference Pamphlet**
- **Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans (01/21)**

III. Annual Filing Deadline and Filer Penalties

As set by law, annual Form 700s must be filed no later than **Friday, April 1, 2022**.

A penalty against the filer in the amount of \$10 per day after the April 1st deadline up to \$100 may be assessed. Additionally, if a matter is referred to the FPPC Enforcement Division for failure to file or failure to include all required economic interests, the fine may be substantially higher.

IV. County's eDisclosure System

The County of Santa Clara Clerk of the Board's Office uses eDisclosure, an electronic Form 700 system which allows: filer management by Filing Officials; record-keeping and processing by the Clerk of the Board's office; and password-protected, savable, online completion and submission of Form 700s by filers.

eDisclosure will send an email notice in mid-February only to those filers required to file an annual Form 700 in 2022. The annual Form 700 due April 1, 2022 is for the period since the individual's last Form 700 through December 31, 2021. eDisclosure keeps track of the coverage period for Form 700s, based on the dates entered for each filer by the Filing Official.

You should have all of your filers with Internet access use the link to eDisclosure to fill out their Form 700s. eDisclosure assists filers in filling out the Form accurately and completely (benefitting both the filer and the Filing Official). It allows the filer to copy over information that is still applicable from prior Forms completed in eDisclosure, and save information to return later to complete.

Forms e-filed in eDisclosure will automatically be submitted directly to the Clerk of the Board's office so there is no further action required by the Filing Official. As the Filing Official, you will receive a copy of the automated confirmation email sent when a filer has e-

filed their Form 700. The filer does not need to sign an e-filed Form, and you do not need to submit a paper copy of an e-filed Form.

V. Filing Official’s Responsibilities regarding Paper-Submitted Forms

Filers who choose not to e-file in eDisclosure will need to submit a paper Form 700 with original signature to you as the Filing Official (copies, facsimiles, pdfs, and Forms electronically signed outside eDisclosure are not acceptable). You are responsible for collecting, checking, date-stamping, copying for your agency’s records, and forwarding the original paper Forms to the Clerk of the Board’s office.

We recommend that you request that all designated filers in your agency who choose to submit their Form 700s via paper return their original Forms to you well in advance of the due date to permit you with time to review paper-submitted Forms for completeness (recommended internal due date for paper-submitted forms: Wednesday, March 16, 2022).

- (1) For paper Forms submitted, before you submit the Forms to the Clerk of the Board, you need to determine that the Form is complete as to the following:**
 - (a) Ensure the correct year’s Form is used**—for annual filings due in 2022, each page must say **FPPC Form 700 (2021/2022)** in the bottom-right corner.
 - If a prior year’s form is used, you need to inform the individual they need to re-do the form on the current year’s form. This is because the FPPC updates the Form each year, based on legal updates, and because the pre-printed calendar year dates throughout the form for reporting interests will only work if the correct year’s form is used. Dates may not be manually changed on the Form.
 - (b) On the Cover Page, confirm the following:**
 - *Name*: the filer’s name is legible and matches how the filer’s name is entered in eDisclosure;
 - *Section 1*: the agency name is listed under “Agency Name” (no abbreviations) and matches the way it is listed on your agency’s conflict of interest code;
 - *Section 1*: the filer’s position title is listed under “Your Position” (no abbreviations) and matches the way it is listed on your agency’s conflict of interest code;
 - *Section 2*: the correct jurisdiction box is checked – either “County of” with “Santa Clara” written in; or “Other” with “portions of Santa Clara County” written in;
 - *Section 3*: the correct type of statement is marked – “Annual” for the annual filing; additionally, if someone started on October 1, 2020 or after, their start date must also be entered in the blank in “The period covered is __/__/__ through December 31, 2021”;
 - *Section 4*: the filer has checked in the Schedule Summary each Schedule that

has been filled out (do not submit blank schedules) or has marked “none”;

- *Section 4*: total number of pages lists the correct number of total pages, including the Cover Page (with no blank Schedules counted);
- *Section 5*: the verification info includes an email address, residential or business street address (must be a street name, city, state, zip code) of the filer, date, and required original signature.

(c) On each Schedule page, confirm the following:

- the filer’s first and last name are listed in the box at the top right on each Schedule page that has been filled out and submitted.

(2) If a Form is not complete or in the proper format, as listed above, you need to notify the filer that the Form is not complete and that they need to make corrections before you can accept it. The filing deadline remains April 1, 2022.

You should not make the corrections on your own. The Form is filed under penalty of perjury by the filer and it is the filer’s responsibility to accurately complete the Form.

(3) Once you have received a Form that is in the proper format and complete, you must:

- (a) Date-stamp the Form on the upper-right corner of the Cover Page with the date you received it as complete.**
- (b) Make a copy for your agency’s records.**
- (c) Forward the original Form to the Clerk of the Board’s office** at Clerk of the Board, Attn: Form 700s, 70 W. Hedding Street, 10th Floor, San Jose, CA 95110.

Original signatures are required for all paper-submitted Forms to the Clerk.

VI. Agency Review of Forms

The Form 700 is a public document intended to alert public officials and members of the public to the types of financial interests that may create conflicts of interest. Your Agency’s Form 700s, whether submitted electronically or via paper, should be reviewed by an Agency Manager for content so potential conflicts can be noted. For example, if an individual has a financial interest, such as spousal income, in a particular company, the manager should be aware of this so that if a project arises that involves that company, the manager/agency can evaluate if the individual should not be assigned to the project due to a conflict of interest. A filer’s financial activities could result in a conflict not only under the Political Reform Act, but also other State or local laws, as well as your agency’s employment policies.

VII. Consultants

Consultants are included in the definition of those public officials who must file Form 700s. California Code of Regulations §18700.3(a) defines consultant for purposes of Political Reform Act disclosure.

Under the Political Reform Act, it is not the business or firm providing services to your agency that is considered the consultant. Each *individual* working for the firm who meets the definition of consultant must individually file Form 700s for their personal economic interests.

As the Filing Official, it is your responsibility to ensure that each consultant with your agency who is required to file is notified of their Form 700 filing requirement, and is completing an assuming, annual, and leaving Form 700. Any consultants in your agency who are required to file are to be entered in eDisclosure under the position title “Consultant.”

Please refer to the enclosed handout on “Local Agency Filing Official's Responsibilities Regarding Consultants' Form 700 Filing Requirements” for detailed instructions.

VIII. Assuming Office, Leaving Office, and Transfers Throughout the Year

As the Filing Official, you are required under the law to notify the Clerk of the Board's Office within 10 days of any change (e.g., filers assuming office, leaving office, or changing from one designated position to another designated position). (2 CCR § 18115.) You can satisfy this requirement by simply updating eDisclosure with the appropriate information when it happens (adding a filer for assuming office, indicating a leaving office date for leaving office, or transferring a filer from one designated position to another designated position within your agency).

If someone assumes a designated position during the year, the law requires the individual to complete and submit an Assuming Office Form 700 within 30 days of assuming the position.

Likewise, if a designated filer leaves their position during the year, the law requires the individual to complete and submit a Leaving Office Form 700 within 30 days of leaving office.

If an individual is moving from one designated position to another designated position within your agency, a leaving and assuming Form 700 is not required.* However, you need to process this change when it happens using the “transfer” button in eDisclosure to update the filer's record. On the next Form 700 that the individual files, it will show both position titles the individual held and the time period they held each position.

** There are limited exceptions in which filing is required at the time of the transfer, as discussed in the Transfers handout.*

Please refer to the enclosed handouts for detailed instructions on your responsibilities as the Filing Official in each situation:

- “Local Agency Filing Official’s Responsibilities Regarding Assuming Office”
- “Local Agency Filing Official’s Responsibilities Regarding Leaving Office”
- “Local Agency Filing Official’s Responsibilities Regarding Transfers Throughout the Year”

IX. Newly-Created Designated Positions

Under the law, if your agency creates a new position that makes or participates in making decisions that may foreseeably have a material effect on any financial interest of the position holder, the position is considered a “designated” position and any individual holding the position must file a Form 700. This requirement applies as soon as the new position is created.

If an individual is simply moving from an already designated position within your agency to the newly-created designated position, a leaving/assuming Form 700 is not required, but the individual will need to be “transferred” to the newly-created designated position in eDisclosure.

However, if an individual was not previously filing for a designated position in your agency, they are required to file an Assuming Office Form 700 within 30 days of assuming the newly-created designated position. **By law, this individual’s filing requirement begins as soon as they assumes the newly-created designated position, even if the position is not yet added to your conflict of interest code.**

Because newly-created designated positions will not be reflected on your agency’s conflict of interest code or in eDisclosure, there are 3 required steps, summarized below.

Please refer to the enclosed handout “Local Agency Filing Official’s Responsibilities Regarding Newly-Created Designated Positions” for further details.

- (1) Because the newly-created designated position is not yet in your agency’s conflict of interest code, the position has no assigned disclosure requirement. Your agency needs to determine if the position will file under the broadest category in your code (default by law) or if the agency will put in writing a more limited disclosure requirement for the newly-created position.
- (2) Please contact the Office of the County Counsel (kim.forrester@cco.sccgov.org) and Clerk of the Board’s Office (form700@cob.sccgov.org) prior to processing a Form 700 for a filer holding a newly-created designated position title not yet on your conflict of interest code so that the Clerk of the Board’s Office can add the position title in eDisclosure. Once the Clerk of the Board’s Office has added the position title, it is your responsibility to enter the filer’s information and start date under that position title in eDisclosure.

- (3) Your agency needs to update its conflict of interest code within 90 days to reflect the newly-created designated position and the position's disclosure requirement. Local agencies' conflict of interest code updates must be submitted to Kim Forrester in the Office of the County Counsel for review and processing for approval by the code-reviewing body (the Board of Supervisors). A local agency's conflict of interest code amendment is not effective by law until it has been approved by the Board of Supervisors.

X. Contacts for Assistance

As the Filing Official, you can answer your filers' questions relating to filing deadlines and the general process for the Form 700.

If your filers have questions regarding filling out the Form 700 (i.e., what is reportable and what isn't), filers should be advised to refer to the reference materials provided to them via links in the email sent by you, or contact the Fair Political Practices Commission by calling toll free 1-866-275-3772 (1-866-ASK-FPPC) or emailing advice@fppc.ca.gov. This is included in the email to filers.

If you as the Filing Official have questions regarding processing of the Form 700s and eDisclosure, you may contact the Clerk of the Board's office at (408) 299-6441 or form700@cob.sccgov.org.

For questions regarding conflict of interest code updates, contact Kim Forrester in the Office of the County Counsel at kim.forrester@cco.sccgov.org.

**CUPERTINO SANITARY DISTRICT
MEETING/EVENT SCHEDULE**

Item 12.A.

<p align="center"><u>FEBRUARY 2022</u></p> <p>02/02: 1st Regular Meeting 02/07: TAC 02/10: TPAC 02/16: 2nd Regular Meeting</p>	FEBRUARY 2022						
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2 1 st Regular Meeting	3	4	5
	6	7 TAC	8	9	10 TPAC	11	12
	13	14	15	16 2 nd Regular Meeting	17	18	19
	20	21	22	23	24	25	26
	27	28					

<p align="center"><u>MARCH 2022</u></p> <p>03/02: 1st Regular Meeting 03/07: SCCSDA 03/08: TAC 03/10: TPAC 03/16: 2nd Regular Meeting</p>	MARCH 2022						
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2 1 st Regular Meeting	3	4	5
	6	7 SCCSDA	8 TAC	9	10 TPAC	11	12
	13	14	15	16 2 nd Regular Meeting	17	18	19
	20	21	22	23	24	25	26
	27	28	29	30	31		

<p align="center"><u>APRIL 2022</u></p> <p>04/06: 1st Regular Meeting 04/11: TAC 04/11-14: CWEA Annual Conference (Kwok attending) 04/14: TPAC 04/20: 2nd Regular Meeting</p>	APRIL 2022						
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1	2
	3	4	5	6 1 st Regular Meeting	7	8	9
	10	11 TAC	12	13	14 TPAC	15	16
	17	18	19	20 2 nd Regular Meeting	21	22	23
	24	25	26	27	28	29	30