

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2019 AND 2020**



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**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
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## INDEPENDENT AUDITORS' REPORT

Governing Board  
West San Gabriel Valley Benefits  
Joint Powers Authority  
Arcadia, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of West San Gabriel Valley Benefits Joint Powers Authority (the Authority), which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenditures, and change in net position, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, 2020 and 2019, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

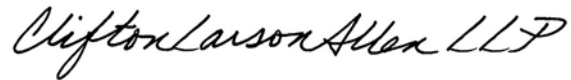
*Other Information*

Our audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The supplementary schedules of Annual Summary of Revenues and Expenses by Member District are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Governing Board  
West San Gabriel Valley Benefits  
Joint Powers Authority

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Glendora, California  
October 28, 2020

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019 AND 2020**

The following report reflects the financial condition and activities, of West San Gabriel Valley Benefits Joint Powers Authority (the Authority) for the fiscal year ended June 30, 2020. It is provided in order to enhance the information in the financial audit, and should be reviewed in concert with that report.

**Background and Governance**

The Authority was created on August 30, 1984 under a Joint Powers Agreement for the purpose of providing self-insured pools for benefits coverage. The JPA is governed by a board of directors comprised of one representative from each member district. Certain responsibilities, under the Authority's bylaws, have been delegated to elected officers. These officers are elected by the board of directors for a one-year term.

**Financial Highlights, FYE June 30, 2020**

Total revenues for fiscal year 2019-2020 were \$2,795,014, a decrease over fiscal year 2018-2019 of 2.7% or \$76,391. This decrease was due to a 15.9% decrease in interest income, offset by a 313.3% increase in Equity Refunds and 0.2% increase in deposit premiums for FYE June 30, 2020. Total operating expenses for fiscal year 2019-2020 were \$1,963,912, which decreased \$379,192 from the previous fiscal year 2018-2019. The decrease of operating expenses was mainly due to a decrease in benefit claims of 12.2%, a decrease in provision for incurred but not reported claims of 3,088.6% and a net increase of 0.7% in administration fees.

**Description of the Basic Financial Statements**

The Authority financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, using the accrual basis of accounting, which necessarily include amounts based upon reliable estimates and judgments. Each benefit plan is maintained as an individual enterprise fund and is considered as a separate accounting entity for the purpose of sharing in residual net position in accordance with Authority's bylaws.

The financial statements: statements of net position, statements of revenues, expenditures, and changes in net position, and the statement of cash flows are included along with notes to financial statements and required supplemental information to clarify unique accounting policies and financial information.

The statements of net position provide information on all of the Authority program assets and liabilities, with the difference reported as net position. Net position may be an indicator of the overall pool financial changes across years. The statements of revenues, expenditures, and changes in fund net position present information showing total revenues versus total expenses and the resulting effect on net position.

The assets, liabilities, revenues, and expenses for all funds are reported on a full accrual basis. West San Gabriel Valley Benefits Joint Powers Authority adopted GASB 34 for the fiscal year ended June 30, 2004.

CliftonLarsonAllen LLP has performed an independent audit examination of our financial statements in accordance with auditing standards generally accepted in the United States of America. Their opinion is included in the financial section of this report.

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019 AND 2020**

**Description of the Basic Financial Statements (Continued)**

**Financial Analysis**

**West San Gabriel Valley Benefits Joint Power Authority  
Balance Sheet**

	<u>June 30, 2018</u>	<u>Percentage</u>	<u>June 30, 2019</u>	<u>Percentage</u>	<u>June 30, 2020</u>	<u>Percentage</u>
Current Assets	\$ 6,152,887	100%	\$ 6,706,263	100%	\$ 7,419,735	100%
Total Assets	<u>\$ 6,152,887</u>	100%	<u>\$ 6,706,263</u>	100%	<u>\$ 7,419,735</u>	100%
Other Liabilities	\$ 2,103	0.0%	\$ 23,664	0.4%	\$ 11,055	0.1%
Estimated Liabilities for Incurred but not Reported Claims	<u>316,279</u>	5.1%	<u>319,793</u>	4.8%	<u>214,772</u>	2.9%
Total Liabilities	318,382	5.2%	343,457	5.1%	225,827	3.0%
Net Position	<u>5,834,505</u>	94.8%	<u>6,362,806</u>	94.9%	<u>7,193,908</u>	97.0%
Total Liabilities and Net Position	<u>\$ 6,152,887</u>	100%	<u>\$ 6,706,263</u>	100%	<u>\$ 7,419,735</u>	100%

**Pool Assets**

Current assets increased \$713,472 from \$6,706,263 as of June 30, 2019 to \$7,419,735 at June 30, 2020, which was generally the result of an increase in cash and an increase in in prepaid expenses.

Interest earnings from cash and cash equivalents are used to offset program costs and reduce the required member contributions. Cash of the pool increased in 2019-2020 by \$633,471 to \$6,754,734. Cash is maintained in the Los Angeles County Treasury through the Los Angeles County Office of Education. Funds are invested in a manner that will protect principal, allow for cash flow needs and optimize returns, and are in conformity with all federal, state, and local statutes governing such investment of public funds.

**Pool Liabilities**

Other liabilities decreased by \$12,609, from \$23,664 as of June 30, 2019 to \$11,055 at June 30, 2020. Estimated liabilities for incurred but not reported claims decreased by \$105,021 from \$319,793 at June 30, 2019 to \$214,772 at June 30, 2020.

**Revenues and Expenses**

Pool revenues consist entirely of contributions received from members and interest received on cash deposits which are offset by designated member refunds. Member contributions (deposit premiums) increased from \$2,766,584 in 2018-2019 to \$2,771,437 in 2019-2020, while interest income revenues decreased by \$19,777, resulting in interest income of \$104,661 in 2019-2020. Expenses decreased from \$2,343,104 for 2018-2019 to \$1,963,912 for 2019-2020. The changes in expenses were primarily a decrease of \$257,001 in benefit claims, a decrease of \$108,535 in provision for claims incurred but not reported, and a decrease of \$18,084 in administration fees. Total revenues exceeded total expenses by \$831,102 in 2019-2020, resulting in a 13.1% increase to net position, as compared to a \$528,301 increase in net position or 9.1% for 2018-2019.

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019 AND 2020**

**Description of the Basic Financial Statements (Continued)**

**West San Gabriel Valley Benefits Joint Powers Authority  
Statements of Revenues, Expenditures, and Changes in Net Position**

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2019	Percentage Change	Fiscal Year Ended June 30, 2020	Percentage Change
Revenues:					
Deposit Premiums	\$ 2,793,734	\$ 2,766,584	-1.0%	\$ 2,771,437	0.2%
Interest Income	87,423	124,438	42.3%	104,661	-15.9%
Equity Refund	(93,561)	(19,617)	-79.0%	(81,084)	313.3%
Total Revenues	<u>2,787,596</u>	<u>2,871,405</u>	3.0%	<u>2,795,014</u>	-2.7%
Operating Expenses:					
Benefit Claims Expense	2,156,210	2,110,733	-2.1%	1,853,732	-12.2%
Provision for Incurred but not Reported Claims	18,958	3,514	-81.5%	(105,021)	-3088.6%
Administration Fees	192,350	186,333	-3.1%	168,249	-9.7%
General Administration	41,387	42,524	2.7%	46,952	10.4%
Total Operating Expenses	<u>2,408,905</u>	<u>2,343,104</u>	-2.7%	<u>1,963,912</u>	-16.2%
Net Change in Net Position	378,691	528,301	39.5%	831,102	57.3%
Net Position - Beginning of Year	<u>5,455,814</u>	<u>5,834,505</u>	6.9%	<u>6,362,806</u>	9.1%
Net Position - End of Year	<u>\$ 5,834,505</u>	<u>\$ 6,362,806</u>	9.1%	<u>\$ 7,193,908</u>	13.1%

Net position is represented by cash deposits. These deposits are only restricted by the equivalent amount of the designated equity and may only be disbursed with the approval of the board of directors.

To augment the financial stability of the JPA, a confidence reserve is maintained equivalent to two months premium Dental and one month premium of Vision. This reserve acts as a buffer against unanticipated claims activity and protects against the need to react to events that affect the pool by allowing additional planning and response time. The designated equity acts as a further buffer to maintain the residual net position to potentially assist in the offset of potential assessments from deficit plan years.

**Total Revenues for the Fiscal Year Ended June 30, 2020**

Revenues consist entirely of deposit premiums, additional contributions by members and any interest earned on deposits at the Los Angeles County Office of Education. Projected Funding is calculated using 12 months of rolling claims experience with adjustments for product/service inflation and recognition of anticipated changes in claims based on enrollment estimates. The premium revenues for June 30, 2020 reflect a 0.2% increase from June 30, 2019 which is a result of increased premium contributions by member districts.



**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019 AND 2020**

**Description of the Basic Financial Statements (Continued)**

**Total Operating Expenses for the Fiscal Year Ended June 30, 2020**

Operating expenses decreased by 16.2% in 2019-2020. Benefits claims expenses decreased by 12.2%. The cost in the category of general administration increased by 10.4%. The provision for incurred but not reported claims reserve (Note 3) decreased, which is based on 12 month claims experience changes, is reflecting the costs of claims overall.

**Claims Expense**

The Authority has contracted with Total Compensation Systems, Inc. for their actuarial services to estimate required funding rates for the dental and vision plans. They have evaluated calendar year January 1, 2020 to December 31, 2020 and have forecasted the following two calendar years. The next year to be evaluated will be January 1, 2023 to December 31, 2023.

**Claims Administrator Expenses**

The Authority contracts with California Schools Dental Coalition, California Schools Vision Coalition and Medical Eye Services for claims administration. These administrators provide claims and eligibility services.

**Administrative Expenses**

The Authority contracts with Keenan and Associates, Inc. for overall JPA administrative and consulting services.

**General Administration Expenses**

General administration costs include the accounting functions of the JPA which includes the collection of revenue, the payment of expenses and presentation of financial statements for all board meetings. This function currently is performed by contract with Arcadia Unified School District.

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019 AND 2020**

**Budgetary Highlights**

The Authority's board of directors approves a budget and establishes rates and funding levels for all programs annually. Since the JPA is self-funded, the claims history and the eligible participants become the basis for determining the funding and budget levels.

Below are summaries of the budget information with a comparison to actual revenues and expenditures.

	Budget 2018-19	Actual June 30, 2019	Variance	Budget 2019-20	Actual June 30, 2020	Variance
<b>Revenues:</b>						
Deposit Premiums	\$ 2,815,416	\$ 2,766,584	\$ (48,832)	\$ 2,619,620	\$ 2,771,437	\$ 151,817
Interest	38,434	124,438	86,004	38,488	104,661	66,173
Equity Refund	-	(19,617)	(19,617)	-	(81,084)	(81,084)
<b>Total Revenues</b>	<b><u>\$ 2,853,850</u></b>	<b><u>\$ 2,871,405</u></b>	<b><u>\$ 17,555</u></b>	<b><u>\$ 2,658,108</u></b>	<b><u>\$ 2,795,014</u></b>	<b><u>\$ 136,906</u></b>
<b>Expenditures:</b>						
Expected Claims	2,289,728	2,114,247	(175,481)	2,307,142	1,748,711	(558,431)
Administration Fees	203,562	186,333	(17,229)	199,370	168,249	(31,121)
Financial Audit	6,800	6,800	-	7,100	7,100	-
Actuarial Study	-	-	-	3,100	3,100	-
Interest Allocation	1,080	1,080	-	1,112	1,112	-
Data Processing	4,071	4,071	-	4,071	4,071	-
Other Expense	1,000	-	(1,000)	1,000	-	(1,000)
Accounting Services	30,573	30,573	-	31,570	31,569	(1)
<b>Total Expenditures</b>	<b><u>\$ 2,536,814</u></b>	<b><u>\$ 2,343,104</u></b>	<b><u>\$ (193,710)</u></b>	<b><u>\$ 2,554,465</u></b>	<b><u>\$ 1,963,912</u></b>	<b><u>\$ (590,553)</u></b>

The budget variances for 2019-2020 indicate that the premium revenue increase was within predicted fluctuations and the claims expense decrease was outside predicted fluctuations due to Covid-19.

The financial report contained herein is designed to provide a general overview of the finances, activities and operations of the Authority. To obtain additional information, please feel free to contact the Authority c/o Arcadia Unified School District, 150 S. Third Ave., Arcadia, CA 91006, (626) 821-8300.

## **FINANCIAL SECTION**

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
STATEMENTS OF NET POSITION  
JUNE 30, 2019 AND 2020**

	2019	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 6,121,263	\$ 6,754,734
Accounts Receivable	238,723	162,869
Interest Receivable	34,264	19,241
Prepaid Expenses	312,013	482,891
Total Current Assets	<b>\$ 6,706,263</b>	<b>\$ 7,419,735</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 23,664	\$ 11,055
Estimated Liabilities for Incurred but not Reported Claims	319,793	214,772
Total Current Liabilities	343,457	225,827
<b>NET POSITION</b>		
Unrestricted:		
Undesignated	1,534,372	1,932,305
Designated Wellness Credit Fund	754,540	754,540
Designated Equity	4,073,894	4,507,063
Total Net Position	6,362,806	7,193,908
Total Liabilities and Net Position	<b>\$ 6,706,263</b>	<b>\$ 7,419,735</b>

See accompanying Notes to Financial Statements.

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2020**

	<u>2019</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Deposit Premiums	\$ 2,766,584	\$ 2,771,437
Return of Equity	(19,617)	(81,084)
Total Operating Revenues	<u>2,746,967</u>	<u>2,690,353</u>
<b>OPERATING EXPENDITURES</b>		
Administration Fees	186,333	168,249
Data Processing Fees	4,071	4,071
Financial Audit	6,800	7,100
Actuarial Fee	-	3,100
Accounting Services	30,573	31,569
Consulting Fees	1,080	1,112
Benefit Claims	2,110,733	1,853,732
Provision for Incurred but not Reported Claims	3,514	(105,021)
Total Operating Expenditures	<u>2,343,104</u>	<u>1,963,912</u>
<b>NET OPERATING INCOME</b>	403,863	726,441
<b>NONOPERATING INCOME</b>		
Interest Income	<u>124,438</u>	<u>104,661</u>
<b>CHANGE IN NET POSITION</b>	528,301	831,102
Net Position - Beginning of Year	<u>5,834,505</u>	<u>6,362,806</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 6,362,806</u>	<u>\$ 7,193,908</u>

See accompanying Notes to Financial Statements.

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2020**

	2019	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Collected from Members' Deposits	\$ 2,705,519	\$ 2,847,291
Cash Paid for Claims Benefits	(2,110,733)	(1,853,732)
Cash Paid for Operations	(311,495)	(398,688)
Cash Paid for Return of Equity	(19,617)	(81,084)
Net Cash Provided by Operating Activities	263,674	513,787
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income - County Treasury	122,267	119,684
Net Cash Provided by Investing Activities	122,267	119,684
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	385,941	633,471
Cash and Cash Equivalents - Beginning of Year	5,735,322	6,121,263
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 6,121,263	\$ 6,754,734
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net Operating Income	\$ 403,863	\$ 726,441
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Effect of Changes in Operating Assets and Liabilities:		
Receivables	(61,065)	75,854
Prepaid Expenses	(104,199)	(170,878)
Payables	21,561	(12,609)
Estimated Liabilities for Incurred but not Reported Claims	3,514	(105,021)
Net Cash Provided by Operating Activities	\$ 263,674	\$ 513,787

See accompanying Notes to Financial Statements.

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The West San Gabriel Valley Benefits Joint Powers Authority (the Authority) was formed on August 30, 1984, when certain districts joined together under the California Government Code to create a public agency. The Authority began operations on October 1, 1984 and functions on a claims servicing basis. As of June 30, 2020, the Authority was comprised of the following districts:

Arcadia Unified School District  
Rio Hondo Community College District  
Temple City Unified School District  
Valle Lindo Elementary School District

**Description of Programs**

The purpose of the Authority is to provide its members the services and other items necessary and appropriate for the establishment, operation and maintenance of a self-insurance system for employee health and welfare benefit claims, and a forum for discussion, study, development and implementation of recommendations of mutual interest regarding self-insurance including, but not limited to employee health and welfare benefits.

The Authority functions under a banking system, wherein each member district operates separately from other member districts. Each individual member district makes their premium deposit based primarily upon their respective scheduled insurance coverage. Coverage is supplied for dental and vision care for all participating member districts.

California Schools Dental Coalition provides dental services under a self-insured basis, as does California Schools Vision Coalition, for all districts. In addition, Temple City is also serviced by Medical Eye Service. Claims are administered by the providers of services and billed directly for each participating district. Payments are made directly to the provider by the Treasurer after approval by the board.

Each member district makes periodic deposit premiums, which are used for payment of, but not limited to the following:

Benefit claims  
Administration fees  
Accounting services  
Audit fees

As of June 30, 2020, four member districts participated in the program, with each member contributing deposit premiums established by the governing board.

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounting Policies**

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America (US GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certificated Public Accountants.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, expenditures are recorded at the time liabilities are incurred and income is recorded when earned.

**Fund Accounting**

The accounts of the Authority are organized on the basis of an enterprise fund, the operation of which is accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenditures. The Authority resources are allocated to and accounted for based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Authority accounts for operations that are financed and operated in a manner similar to a private enterprise, where the cost of providing services is allocated to the member districts. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents, for purposes of reporting cash flows, consists primarily of cash in the County Treasury, which is stated at cost. The Authority believes it is not exposed to any significant credit risk with this type of deposit.

**Receivables**

Receivables are recorded when the amount is earned, can be estimated and is expected to be collected. At June 30, 2020 and 2019, all receivables are considered fully collectible.

**Prepaid Expenses/Expenditures**

Payments made to vendors for goods or services that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which goods or services are consumed.



**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Operating and Nonoperating Income**

The operating revenue of the Authority consists of member districts' deposit premiums. The nonoperating income of the Authority consists of interest income.

**Estimated Liabilities for Incurred Accounting Policies**

The Authority estimates its liabilities for incurred but not reported claims on actual claims experience over a 12-month period and considers the liability as current.

**NOTE 2 CASH AND CASH EQUIVALENTS**

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

	2019	2020
Pooled Funds:		
Cash in County Treasury	\$ 6,121,263	\$ 6,754,734

**Cash in County Treasury**

In accordance with Education Code Section 41001, the Authority maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2020 is measured at 99.712% of amortized cost. The Authority's deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53601, 53635, 53534, and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follows. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2020**

**NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)**

**Cash in County Treasury (Continued)**

The investment pool has weighted average days-to-maturity of 590 days as of June 30, 2020. The County's Treasury Audit Committee requires an annual audit to determine compliance of the Treasurer with the approved investment policy. The pool sponsor's annual financial report may be obtained from the Los Angeles County Public Affairs Office, Kenneth Hahn Hall of Administration, 500 W. Temple St, Room 358, Los Angeles, CA 90012.

**NOTE 3 ESTIMATED LIABILITIES FOR INCURRED BUT REPORTED CLAIMS**

At the close of the fiscal years ended June 30, 2019 and 2020, the estimated liabilities for incurred but not reported claims was determined to be \$319,793 and \$214,772, respectively. The liabilities were determined by applying a factor, based on 12 months claim experience, of dental benefit claims and vision benefit claims. During 2019, factors of 15.8396% and 5.8747% were applied to dental and vision claims, respectively. During 2020, factors of 11.5735% and 11.6608% were applied to dental and vision claims, respectively.

The change in the estimated liabilities for incurred but not reported claims was \$3,514 and \$(105,021) between June 30, 2018 and 2019, and June 30, 2019 and 2020, respectively.

**NOTE 4 RELATED PARTY TRANSACTIONS**

The Authority engages the Arcadia Unified School District to maintain books and records of the Authority on the Los Angeles County Office of Education computer system. For these services, the Authority paid \$30,573 to the Arcadia Unified School District for the year needed June 30, 2019 and paid \$31,569 for the year ended June 30, 2020.

**SUPPLEMENTARY INFORMATION**

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
ANNUAL SUMMARY OF REVENUES, EXPENSES, AND NET POSITION BY MEMBER DISTRICT  
FISCAL YEAR ENDED JUNE 30, 2019**

	Total	Arcadia Unified School District	Rio Hondo Community College	Temple City Unified School District	Valle Lindo Elementary School District
<b>NET POSITION - JULY 1, 2018</b>	\$ 5,834,505	\$ 2,573,326	\$ 2,106,032	\$ 820,489	\$ 334,658
<b>OPERATING REVENUES</b>					
Deposit Premiums	2,766,584	819,174	1,038,164	745,468	163,778
Interest Income - County	124,438	54,059	45,329	18,181	6,869
Interest Income - Coalition	-	-	-	-	-
Return of Equity	(19,617)	-	-	-	(19,617)
Total Revenues	<u>2,871,405</u>	<u>873,233</u>	<u>1,083,493</u>	<u>763,649</u>	<u>151,030</u>
<b>OPERATING EXPENSES</b>					
Administration Fee - Direct:					
Dental Coalition	112,404	35,453	42,580	27,946	6,424
Vision Coalition	33,944	8,682	10,586	12,690	1,986
MESC	218	-	-	218	-
Keenan & Associates	39,767	12,430	15,246	9,829	2,263
Data Processing Fee	4,071	1,238	1,518	1,082	233
Financial Audit	6,800	2,069	2,535	1,807	389
Actuarial Fee	-	-	-	-	-
Accounting Services	30,573	9,300	11,399	8,127	1,747
Consultant Fee	1,080	329	403	287	61
Benefit Claims - Direct:					
Dental Coalition	1,801,797	563,174	690,765	445,324	102,534
Vision Coalition	308,568	79,018	96,350	115,125	18,075
MESC	368	-	-	368	-
Provision for Incurred but not Reported Claims	3,514	6,351	6,058	(9,708)	813
Total Operating Expenses	<u>2,343,104</u>	<u>718,044</u>	<u>877,440</u>	<u>613,095</u>	<u>134,525</u>
<b>NET POSITION - JUNE 30, 2019</b>	<u>\$ 6,362,806</u>	<u>\$ 2,728,515</u>	<u>\$ 2,312,085</u>	<u>\$ 971,043</u>	<u>\$ 351,163</u>

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
ANNUAL SUMMARY OF REVENUES, EXPENSES, AND NET POSITION BY MEMBER DISTRICT  
FISCAL YEAR ENDED JUNE 30, 2020**

	Total	Arcadia Unified School District	Rio Hondo Community College District	Temple City Unified School District	Valle Lindo Elementary School District
<b>NET POSITION - JULY 1, 2019</b>	\$ 6,362,806	\$ 2,728,515	\$ 2,312,085	\$ 971,043	\$ 351,163
<b>OPERATING REVENUES</b>					
Deposit Premiums	2,771,437	822,580	1,060,248	720,188	168,421
Interest Income - County	104,661	43,045	39,100	16,513	6,003
Interest Income - Coalition	-	-	-	-	-
Return of Equity	(81,084)	(81,084)	-	-	-
Total Revenues	<u>2,795,014</u>	<u>784,541</u>	<u>1,099,348</u>	<u>736,701</u>	<u>174,424</u>
<b>OPERATING EXPENSES</b>					
Administration Fee - Direct:					
Dental Coalition	100,336	32,234	37,122	24,696	6,284
Vision Coalition	28,500	8,064	8,622	10,144	1,670
MESC	190	-	-	190	-
Keenan & Associates	39,223	13,533	12,386	10,930	2,374
Data Processing Fee	4,071	1,405	1,286	1,134	247
Financial Audit	7,100	2,450	2,242	1,979	430
Actuarial Fee	3,100	1,070	979	864	188
Accounting Services	31,569	10,892	9,969	8,797	1,911
Consultant Fee	1,112	384	351	310	67
Benefit Claims - Direct:					
Dental Coalition	1,594,195	498,285	611,176	394,014	90,720
Vision Coalition	259,077	66,383	80,943	96,567	15,185
MESC	460	-	-	460	-
Provision for Incurred but not Reported Claims	(105,021)	(33,505)	(41,118)	(24,442)	(5,956)
Total Operating Expenses	<u>1,963,912</u>	<u>601,195</u>	<u>723,958</u>	<u>525,643</u>	<u>113,119</u>
<b>NET POSITION - JUNE 30, 2020</b>	<u>\$ 7,193,908</u>	<u>\$ 2,911,861</u>	<u>\$ 2,687,475</u>	<u>\$ 1,182,101</u>	<u>\$ 412,468</u>

**WEST SAN GABRIEL VALLEY BENEFITS  
JOINT POWERS AUTHORITY  
NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2019 AND 2020**

**NOTE 1 PURPOSE OF SCHEDULES**

The preceding financial statements are presented for informational purposes only. The annual summary of revenue and expenditures by member district reflects the individual activity of the participating district for the year and its respective share of the ending net position.

The following criteria were used allocating the related items:

The deposit premiums were allocated on a direct basis to the respective district.

Interest income for the years ended June 30, 2020 and 2019 was allocated by an independent consultant on a quarterly basis.

The administration fee, benefit claims, and benefit premiums were allocated on a direct basis to the respective district.

All other expenditures were allocated on a basis of the respective district's share of paid claims.

**OTHER INDEPENDENT AUDITORS' REPORT**



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

Governing Board  
West San Gabriel Valley Benefits Joint Powers Authority  
Arcadia, California

We have audited, in accordance with 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 West San Gabriel Valley Benefits Joint Powers Authority (the Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated REPORT DATE.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 the 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.



**CliftonLarsonAllen LLP**

Glendora, California  
October 28, 2020

