

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA



ADOPTED BUDGET

For the Fiscal Year
July 1, 2024 to June 30, 2025

PRISM
Public Risk Innovation,
Solutions, and Management

ADOPTED BUDGET
FOR THE FISCAL YEAR JULY 1, 2024 TO JUNE 30, 2025

EXECUTIVE COMMITTEE

Name	Entity
Barbara Lubben	Yolo County
Karen Caoile	Contra Costa County
Mark Howard	ACCEL
Scott H. De Moss	Glenn County
Scott Schimke	GSRMA
Aaron Holmberg	Inyo County
Richard Egan	Lassen County
Heather Rose	Mendocino County
Tanya Moreno	San Joaquin County
Lance Sposito	Santa Clara County
Janell Crane	Sonoma County
Michael Pott	Chief Operating Officer & PRISM General Counsel

SENIOR MANAGEMENT

Gina Dean	Chief Executive Officer
Michael Pott	Chief Operating Officer
Juemin Zhang	Chief Actuarial Officer
Puneet Behl	Chief Financial Officer
Tom Pelster	Chief Information Officer
Heather Fregeau	Chief Claims Officer – Liability & Property
Jennifer Hamelin	Chief Claims Officer – Workers' Compensation
Rick Brush	Chief Member Services Officer

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For the Fiscal Year 2024/25

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June 7, 2024

Members, Board of Directors
Folsom, California

Ladies and Gentlemen:

We respectfully submit Public Risk Innovation, Solutions, and Management (also referred to as PRISM) proposed budget for fiscal year 2024/25 for your approval.

Budget Priorities

PRISM's budget continues to be driven by its mission and our core values of providing competitive, adaptable, resolute, equitable and stable products and services that address the unique risk financing needs of California's public entities. PRISM Affiliate Risk Captive (PRISM ARC), a blended component unit of PRISM, is a captive insurance company domiciled in Utah established to take certain risks of various PRISM programs.

The hard market conditions in many of our programs continues to be challenging for our members in terms of stabilizing cost increases. As a result we are continuing to evaluate ways to reduce risk (whether that be through providing new services, accessing data to better identify trends, or evaluating legislative opportunities) to ultimately reduce and/or stabilize costs for the members. Equity in sharing those costs amongst the members is also a high priority.

Our Information Technology Department received approval in the May 2020 Executive Committee meeting to move forward with the development of a proprietary claims system using a development partner and low-code platform. The project began in July of 2020 with the discovery phase of gathering all project requirements. Software development began in March of 2021. The phase one deployment of the new system to PRISM users occurred in November of 2023 with the general liability (GL1 and GL2) claims being the first to be migrated on to the platform. Expenditures in advance of the launch were on budget at \$4.2M. An additional \$350k has been budgeted in FY24/25 to continue development and implementation of the system to accommodate workers' compensation claims.

PRISM continues to increase information on its website and functionality for managing our pool (pool information management system). Development continues to expand member facing information and reporting, completion of the prospect and additional named covered party applications, improved contact management (including, self-service options), and new projects to collect additional workers' compensation related data and improve the payroll audit process.

The need for comprehensive and accurate data continues to be of high importance to the insurance marketplace as the renewal process becomes increasingly challenging. As reinsurance reporting requirements continue to increase for all of the major programs, Data & Analytics (D&A) is focused on providing additional information, reports, and data as needed. Work includes more interaction with our data providers, more frequent collection and submission of data, additional reports, and new supplemental exhibits to the claim summary reports and bordereaux reports.



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The D&A team will continue to respond to requests from the markets, provide additional information as it becomes needed, and work with the membership (and their data providers) to improve the timeliness and loss data quality of member experience data.

Significant Trends

While each PRISM program has unique characteristics, there are some significant trends impacting the pool overall. Significant cost drivers for PRISM are: 1) the cost of excess and reinsurance in the open market, 2) loss history which influences actuarial estimates of the cost of future losses, 3) prevailing interest rate returns on PRISM's investments, and 4) changes in the coverage base and membership (e.g. covered payroll, total insured value). PRISM expects the operating environment in the coming year to be similar to current conditions with the exception of the interest rates as described below.

Market

The insurance market as a whole continues to be in a hard market cycle, meaning that there is less competition and capacity among carriers which drives up rates for excess and reinsurance.

Losses

Losses have had broadly adverse development over the past few years, especially with respect to property and liability programs. Increased property losses this past year were driven in large part by weather-related events, while liability losses increased due to both the frequency of claims filed and increased legal and settlement costs (i.e. the severity of losses). Overall, increases in loss history are worked into the actuarial estimates and serve to increase policy rates.

Interest Rates

Prevailing interest rates stabilized in FY22/23 after sharp increases in previous years. Many of PRISM's older holdings have matured and monies were reinvested in higher yield assets in FY23/24. As a result revenue projections increased, but PRISM governance largely kept the pool's discount rates on premiums consistent with the prior year. When discount rates increase, rates charged for coverage may be decreased while maintaining funding at a steady confidence level.

Coverage Base

The hard insurance market has brought more members to PRISM programs as risk financing on the open market becomes unaffordable. These new members expand the coverage base which drives an increase in both revenue and expenses to the pool.

While some relief is expected from future investment earnings, all other significant cost drivers continue to increase PRISM's rates (cost per unit of coverage). These increased rates are then applied to the increased coverage base (number of units covered) resulting in an overall increase in both revenue and expenses to the pool. For FY24/25, PRISM continues to modify and adapt its program structures based on both market forces and member needs.

Cash Flows and Debt

Due to the nature of PRISM's operations, we collect a large amount of premium upfront and use it to pay for reinsurance premiums, risk programs and the payment of claims on retained risk over a long period of time. Therefore, PRISM has a very large Treasury that is invested by professional asset managers. As a result, PRISM has no debt and no plans to acquire debt.

Acknowledgements

We would like to thank the PRISM staff for their dedication and service providing quality programs and services to PRISM members. We would also like to thank our Board of Directors and the members of all PRISM committees for their support and efforts to make PRISM one of the largest and best run risk pools in the nation.

Sincerely,



Gina Dean
Chief Executive Officer



Puneet Behl, CPA
Chief Financial Officer



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**PRISM
California**

For the Fiscal Year Beginning

July 01, 2023

Christopher P. Morill

Executive Director

Organization and Reporting Entity

The Public Risk Innovation, Solutions, and Management (PRISM) is a Joint Powers Authority organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Code. The purpose of PRISM is to develop and fund insurance programs, as determined by member counties and other public entities. Such programs may include the creation of insurance funds, including primary and excess insurance funds, the pooling of self-insured claims and losses, purchase of insurance, including reinsurance, and the provision of necessary administrative services.

PRISM is under the control and direction of the Board of Directors, which consists of representatives of the member counties and other public entities. For purposes of control and daily management, PRISM annually elects an Executive Committee consisting of a President, Vice President, and nine Directors. The immediate past president and legal advisor are non-voting members of the Executive Committee. The Executive Committee has appointed a Chief Executive Officer. The Executive Committee is responsible for the oversight of the Excess Workers' Compensation, General Liability 1, MROCIP, and the Miscellaneous Programs. Six program committees have oversight of the other major programs. Additionally, PRISM Affiliate Risk Captive (PRISM ARC), a captive insurance company domiciled in Utah, began operations on July 1, 2016. PRISM ARC was established so that PRISM could transfer to PRISM ARC risks pertaining to its corridor retentions at a discount. PRISM ARC is a component unit of PRISM and is therefore consolidated into its budget and financial results.

The budget includes all programs operated by PRISM and PRISM ARC. The budget conforms to generally accepted governmental accounting standards including the unique requirements for state and local governments set forth by the Governmental Accounting Standards Board (GASB). PRISM follows a zero-based budgeting process where all the expenses must be justified for the new year. The accounting records and the budget are prepared and maintained using the accrual basis of accounting. Revenues (insurance and pooled premium) are recognized when earned, and expenses for claims are recognized when known or estimated, rather than when paid. The cost of acquiring capital assets is recognized through depreciation expense over the life of the asset. By approving the Capital Outlay Budget, governance is authorizing PRISM to make the capital asset purchase. PRISM's governing board determines which capital projects move forward based on the needs of the organization and as advised by PRISM management. All projects are consider "funded" in the year they are approved via the Capital Outlay Budget.

Basis of Accounting

PRISM is a single enterprise fund, a proprietary fund used to report an activity for which a fee is charged to external users for goods or services. As such, PRISM's revenue and expenses are driven by members' (counties and public entities) insurance needs. Revenue and expense vary annually based on insurance market conditions, the amount of insurance coverage obtained and the member participation in programs, which varies from year to year. Sources of revenues are member payments for coverage, called Premiums for Transferred Risk, where the amount is used to purchase insurance and Contributions for Retained Risk which is risk pool funding. Other items, like Broker Fees are pass-through where we collect (revenue) and pay out (expense) in similar amounts. Within this single enterprise fund, PRISM operates nine major insurance programs, each as a separate self-balancing set of accounts. The budget also covers a Miscellaneous Program for other

programs offered to member and non-member public entities on a pass-through basis, and budgets for general administration and the operation of PRISM's building.

Market

The insurance market operates in cycles that tend to shift every few years. When rates are high and the competition is low, we are said to be in a hard market. When rates are low and competition is aggressive, we are in a soft insurance market. The hard market is expected to continue into FY24/25 and is particularly affecting property and casualty programs. The Property Program is renewing with an overall 25.8% increase, while the GL1 and GL2 Programs are projected to renew with a 25% - 35% increase. The liability market is being driven by the continued increase in high-dollar claims resulting from higher plaintiff demands, significant jury verdicts, litigation financing, and overall inflation, all of which have also raised the value of claim settlements in recent years. These trends are affecting all public entities: counties, cities, schools and special districts, particularly in California. And as it affects the industry, it also affected PRISM. For example, per the Insurance Information Institute the total cost of liability claims in the United States increased about 11% annually from 2010-2020. Claims reserved at over \$1M more than doubled from 2018-2023. Recent Property losses in California have been driven by disastrous wild fires and severe winter storms and resulted in a decrease in market capacity for property coverage. These increases in both frequency and severity have shown up in PRISM's own loss experience. However, due to the size of our liability programs, and the economies of scale, we were able to leverage the volume we bring to the reinsurance markets to mitigate insurance increases.

Membership

There are two classes of membership, county members and public entity members. Each member has adopted the Joint Powers Agreement and has been approved by the Board of Directors.

County membership is available to California counties whose supervisors are members of the California State Association of Counties (CSAC). Currently there are 55 member counties. Each County member is entitled to appoint one representative to the Board of Directors. County members have nine positions on the Executive Committee.

Public entity membership is open to any other California public entity. Public entity members have seven voting seats (and three alternates) on the Board of Directors. Two seats on the Executive Committee are designated for public entity members. See member table in the overview chart section of the budget for trend information on member participation in PRISM programs.

Organization

PRISM maintains sixteen committees to govern its operations. Representatives from member entities are elected or appointed to serve on these committees. Six committees (PRISMHealth, Employee Benefits, General Liability 2, Medical Malpractice, Primary Workers' Compensation, and Property) govern their respective insurance programs and report to the PRISM Board of Directors for informational purposes. The Excess Workers' Compensation and General Liability 1 Programs are directly governed by the Underwriting Committee, Executive Committee, and Board of Directors. Other committees have been established to assist in providing operational direction to PRISM including:

Claims Review - Advises Executive Committee and Board regarding claims-related matters related to the EWC and GL1 Programs.

Claims Review 2 - Advises Executive Committee and Board regarding claims-related matters related to the GL2 Program.

Finance – Provides direction on PRISM financial matters including the Annual Comprehensive Financial Report (ACFR), annual budget, and investment portfolio. The Finance Committee also serves as PRISM's Audit Committee.

Legislative – Reviews and provides input on legislative issues that could impact PRISM's operations.

Technology – Provides direction on technology solutions, systems and investments of PRISM.

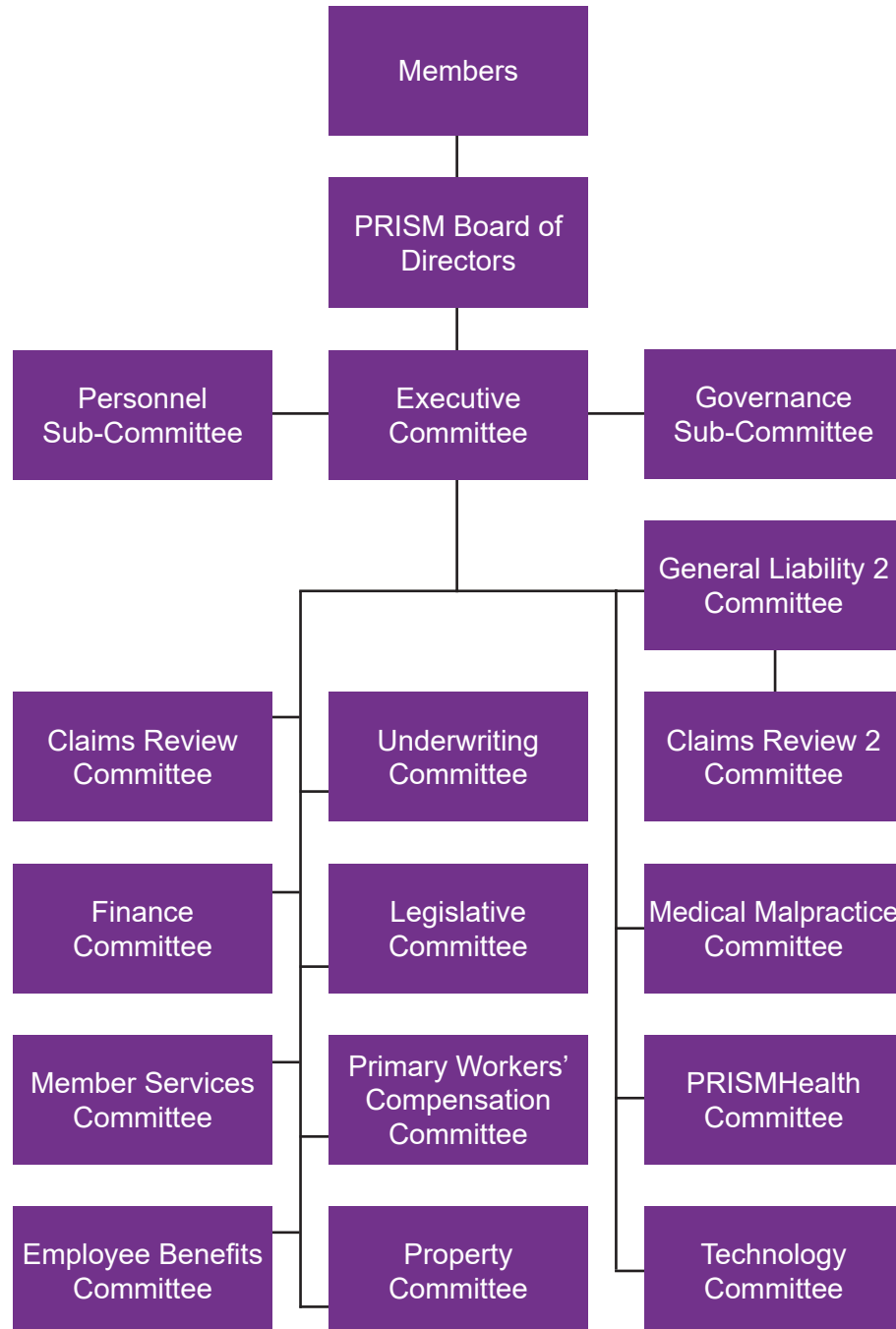
Member Services – Provides guidance to staff in creation and implementation of new programs and risk management services to be provided to the PRISM members.

Personnel Sub-Committee – Provides direction to the Executive Committee on matters relating to personnel.

Governance Sub-Committee – Aids in reviewing and making recommendations to the Executive Committee for appointments of committee members.



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT
(PRISM)**



Mission Statement

The Board of Directors has adopted the following Mission Statement:

PRISM is a member-directed risk sharing pool of public agencies committed to providing risk coverage programs and risk management services, which drive member stability, efficiency, and best practices.

Vision Statement

PRISM will continue to be internationally recognized as a leading risk sharing pool for its member-directed operating philosophy and commitment to member fiscal sustainability. PRISM will continue to influence and shape the future of the risk management profession.

Core Values

PRISM is dedicated to preserving a member-directed culture, defining standards for quality and performance throughout the industry, and ensuring programs and services are:

- **C**ompetitive in scope and price over the long term.
- **A**daptable and customized to meet member needs, based on high-quality standards.
- **R**esolute in delivering timely solutions that address present and emerging risks.
- **E**quitable in allocating costs and services between various members in a fair and consistent manner.
- **S**table in supporting cost-effective, fiscally prudent operations and long-term solvency, and in building long-term relationships with members and program/service partners.

Budget Process

The budget process consists of activities that develop, implement and evaluate a plan for the provision of services to fulfill our mission and purpose. The budget process:

- Incorporates a long-term perspective;
- Links fiscal planning with the strategic goals of each major program;
- Involves and promotes effective communication with members; and
- Provides incentives to PRISM's management and employees.

Each year, each governing committee establishes specific short and long term goals for their program. These can be found in the program budget policies that are in each program section of the budget.

PRISM utilizes its committee structure to involve many participants in the development and oversight of PRISM's Budget. The Finance and Executive Committees have a major role in the budget process by providing general direction for the preparation of the budget and adopting policies and providing ongoing input. Each program committee is also involved by adopting policies and providing input for each of PRISM's programs. The Board of Directors is ultimately responsible for review and adoption of PRISM's budget, and any budget revisions.

PRISM's budget includes revenue and expense categories for premium growth due to new members or additions to coverage by existing members, and the related expenses including actuarial adjustments for existing or new coverage. PRISM has been delegated to the CEO to transfer from this category at the PRISM-wide budget level into any program budget as needed to cover these expenses and any dividend expense not included when the budget is adopted.

A budget revision is prepared by PRISM staff whenever additional spending authority is required, or there is a major change in a program budget. The budget revision is reviewed first by the Finance Committee and then by the Executive Committee who will make a recommendation to the Board of Directors at the next meeting. Budget revisions have to be approved by the Board of Directors.

2024/25**Budget Calendar**

PRISM strives to make its budgeting process transparent and open to the public. Members of the public are welcome at all governing and Committee meetings and time is set aside in each meeting for public comment. Agendas are posted publically in advance of each meeting.

January 2024

- Major budget items are presented to the Executive Committee for discussion and direction.
- Throughout the spring, governing committees review and revise the budget policies and program goals for the upcoming fiscal year.

April 2024

- Personnel and salary items are presented to the Personnel Sub-Committee.
- The Personnel Sub-Committee presents a recommendation to the Executive Committee on personnel matters.
- The Finance Committee reviews and approves or revises the General Administration and Building budgets.
- Staff revises the General Administration and Building budgets based on the Finance Committee's recommendations.
- The Finance Committee recommends approval of the General Administration and Building budgets to the Executive Committee.

May 2024

- The Executive Committee reviews and approves or revises the General Administration and Building budgets.
- The Finance Committee reviews and approves or revises the final consolidated (all programs) proposed budget.
- Staff revises the final consolidated (all programs) proposed budget based on the Finance Committee's recommendations.
- The Finance Committee recommends approval of the final consolidated proposed budget to the Executive Committee.

June 2024

- The Executive Committee reviews and approves or revises the final consolidated proposed budget.
- After any proposed changes are completed, the Executive Committee presents a recommendation to Board of Directors to approve the final consolidated (all programs) budget.
- The Board of Directors reviews and approves or revises the final budget.

As necessary, staff will prepare budget revisions, present them to the Finance and Executive Committees for review, and if recommended, to the Board of Directors.

PRISM LONG-TERM GOALS

Community, Outreach and Influence

1. PRISM will strengthen its influence as a leader in promoting the importance of sound risk management and a risk management environment, which maintains the long-term health and stability of public agencies.
2. PRISM will support members and the public agency community in building competency in risk management.
3. PRISM will continue to grow member utilization of PRISM partner programs and services.

Member Programs and Services

4. PRISM will offer a full suite of innovative, cost cutting programs and services that address members' needs, and will be vigilant in identifying and developing solutions for emerging risk.

Organizational Development and Sustainability

5. PRISM will expand its membership base to offer members even greater cost savings.
6. PRISM will improve service to members through advanced use of technology and the development of quality data and analysis.
7. PRISM will ensure there is equality in membership as described in our Core Values

PRISM senior managers hold bi-monthly meetings to review progress or impediments to achieving each milestone which in turn leads to achievement of organizational goals. Additionally, PRISM staff reports progress made on each milestone to the Board of Directors at their June and October meetings. For a copy of the complete Strategic Plan including all milestones and status detail, see: <https://www.prismrisk.gov/about-prism/prism-long-term-strategic-goals-milestones/>.

Guiding Long-Term Fiscal Policies

The following long-term fiscal policies were developed to give PRISM members a competitive advantage. These policies have guided PRISM through the ups and downs of the economic cycles and the constantly changing insurance market. These policies are designed to keep PRISM in a sound financial position and protect the resources members have invested in PRISM.

1. Provide members with the benefits from volume discounts.
2. Blend self-insurance with the purchase of insurance.
3. Provide the opportunity of premium dividends to our members.
4. Structure programs that are responsive to member needs.
5. Maintain long-term relationships.
6. Maintain financial strength

Volume Discounts

PRISM's insurance programs shall seek to obtain volume discounts from members joining together. Pooling arrangements and the purchase of insurance can both benefit from volume discounts.

Pooling

Larger retained risk pools results in:

- More predictable losses
- Higher actuarial confidence
- The ability to assume more risk
- Insulation from insurance market cycles

Insurance Purchase

Volume purchasing can result in:

- Lower insurance rates
- Better coverage agreements

Blending Self-Insurance with the Purchase of Insurance and Transfer of Risk

PRISM's insurance programs shall seek to blend the best of self- insurance or pooling with the best of insurance purchase and transfer of capped risk to PRISM ARC. The benefits of blending pooling with the purchase of insurance and transfer of risk are as follows.

Pooling

- Contributions stay with members
- The pool earns investment income
- Members have the potential for dividends

- Pooling eliminates insurance cost
- Members retain program control:
 - Members define coverage agreements
 - Members control the claims

Insurance

- Provides protection from catastrophic losses
- Protects pool funding
- Reinsurance can:
 - Offer broad coverage agreements
 - Lower acquisition costs
 - No taxes or fees

Transfer of Risk to PRISM ARC

- PRISM ARC accepts transfer of capped risk by various PRISM programs at discounted premiums.

Dividends to Members

Retaining risk through the many PRISM risk pools has allowed PRISM to return \$48.7M in dividends to members during the past ten years.

Structure Programs That Are Responsive to Members Needs

PRISM has nine major programs designed to serve our members as follows:

1. Primary Workers' Compensation (PWC)
2. Excess Workers' Compensation (EWC)
3. General Liability, Program 1 (GL1)
4. General Liability, Program 2 (GL2)
5. Property
6. Master Rolling Owner Controlled Insurance Program (MROCIP)
7. Medical Malpractice
8. PRISMHealth
9. Dental

The structure of each of these programs has changed over the years based on market conditions and member needs. Each program structure has taken the best of pooling and purchase of insurance to create a program responsive to current member needs.

Long-term Relationships

Many PRISM programs have benefited from long-term relationships with various underwriters. Multi-year agreements have stabilized costs, improved coverage and saved premium resources. Long-term programs have proven to be effective in both hard and soft insurance markets. In addition, PRISM seeks to maintain or increase member participation in its programs. PRISM has consistently increased member participation

and currently has 55 county members and approximately 2,000 public entity members (counties, cities, school districts, fire departments, etc.) participating in its programs. See member table in the overview chart section of the budget for trend information on member participation in PRISM programs.

Maintain Financial Strength

Balanced Budget

The overall PRISM budget is a balanced budget, meaning that budgeted revenue exceeds expenditures and provides a budgeted increase to net position.

Target Equity Funding

PRISM has established target equity guidelines for the major pooled programs and the General Administration program, which assist in keeping equity (net position) at levels designed to meet future claims obligations of that particular program. Most of these ranges are based on confidence levels higher than the expected discounted claims liabilities because of the high degree of uncertainty in actuarial estimates (due to the possibility of occasional catastrophic claims) and inconsistent or inaccurate case reserving. A confidence level of 50% means half the time claim costs will come in lower, but conversely, half the time claim costs will be higher.

If a program has net position above the target equity range, a plan is put in place to lower premiums or provide dividends over time to return to the target range. If the program has net position below the target equity range, a plan is put in place to increase premiums or collect additional funds over time to return to the target range. Where the program is within its target equity range and efforts to stay within the range, is a significant measure of the program's performance. This benchmark is closely monitored, year over year, by the governing committees. The target equity ranges are shown as the last line on each program's budget, as applicable.

Capitalization and Debt Policy

The original capitalization of PRISM in October 1979 was provided by certificates of participation by the founding member counties. PRISM has paid off these certificates of participation and has incurred no debt since the extinguishment of these obligations. While PRISM's governing documents do allow for debt capitalization, PRISM has no immediate plans to use debt to finance its operations. There are no legal debt limits that apply to PRISM.

Investment Policy

PRISM blends self-insurance (or pooling) with the purchase of insurance and transfer of risk to PRISM ARC. PRISM retains the risk for the self-insured portion, and thus retains member premiums (sometimes for decades) to satisfy future claim liabilities. PRISM has an investment policy designed for safety and liquidity of invested funds while providing a reasonable yield. PRISM ARC maintains its own investment policy which is reviewed annually and updated by PRISM ARC Board of Directors.

PRISM accounts for the cash and investments within each of the programs. Investment income is allocated to the programs based on projected earnings from the portfolio of investments and the average projected investment balances in each program. Inter-program borrowing expense is based on the established internal borrowing rate, which reflects the anticipated yield on investments.

PRISM Long-Term Operating Financial Plans

Long-term operating financial plans for PRISM are executed in the framework of the long-term fiscal policies discussed in the previous section.

Core to the future success of any risk-financing entity is the recognition that accumulation and maintenance of sufficient net position (i.e. equity) allows for flexibility when there are shifts in external cost drivers. To that end, each of PRISM's major programs have developed target equity thresholds to guide funding decisions which impact future program equity. When equity is above the target funding guidelines, the program may give money back to the members in the form of a dividend.

Expectations for External Cost Drivers

With respect to external cost drivers, for the next three years we expect the following:

1. **The insurance market will remain in a hard market cycle.** While the increase in prevailing interest rates could result in more underwriters looking to expand business, adverse loss development in liability and property claims will keep commercial underwriting standards strict and competition low.
2. **Losses for liability programs will remain elevated over historic levels; workers' compensation losses will be stable.** The average value of PRISM's top 75 liability claims in the GL1 program have increased by over 50% over the past 3 years. This is consistent with results seen by PRISM's contemporaries in California. Management expects that adverse loss development will not continue at such an extreme rate, but that the current environment likely reflects a new norm. Workers' compensation claims have been relatively stable and we expect them to remain so.
3. **Membership and coverage base will remain stable.** This is predicated by past membership growth and acknowledges that public agencies will continue to need the coverages provided by PRISM. Given that membership will remain stable, the related coverage base (e.g. covered payroll for workers' compensation) will likely grow somewhat relative to inflation.
4. **Interest rates will stabilize.** Heavy investment in fixed income securities means that there is interest rate risk when prevailing rates go up or down and a mark-to-market adjustment must be made, but such investments always pay the stated coupon rate except in cases of default. Accordingly, PRISM expects positive realized interest rate returns on its fixed income investments which are held to maturity. Future finance projections have built in a modest increase in interest rates reflective of the current investment market.

Efforts to Stabilize Cost

Loss Portfolio Transfer

In FY19/20, the GL1 Program entered into a reinsurance arrangement with MultiStrat Reinsurance (MS Re). The agreement transferred all of the GL1 Program's unpaid claims as of April 1, 2019, for claims that occurred on or after July 1, 2007 (excluding Primary General Liability legacy claims), as well as the next 5 years of go-forward claims (2019/20 – 2023/24) within the pooling layer. This agreement was extended in the 2022/23 fiscal year through June 30, 2026, with structural changes to the Experience Adjustment Calculation and Premium Rate Credit Layer.

The reinsurance arrangement is structured such that PRISM and MS Re share risk within certain corridors and above certain aggregate limits. Part of PRISM's risk arising from the LPT is reinsured by ARC. The reinsurance arrangement has enabled the GL1 Program to gradually increase the rates to re-build the Program surplus and avoid significant assessments of the members.

Transfer of Risk to Captive

Where deemed appropriate, PRISM transfers risk to its wholly-owned captive, PRISM Affiliate Risk Captive (ARC), for a discounted premium. ARC then invests those premiums in higher-risk, higher-yield investments than those available to PRISM under California code. This arrangement increases investment earnings to the organization as a whole, ultimately translating to lower premiums to the PRISM membership because significant up-front premium discounts are provided to the members.

National Expansion

ARC was organized as a not-for-profit corporation in the State of Utah on June 24, 2016. ARC has been providing insurance coverages to agencies outside of state of California since 2020. The captive is structured such that a government outside of California may purchase coverage from ARC which is then reinsured by PRISM. This effectively allows for limited participation in the General Liability 1 (GL1) Program by out of state entities, referred to as "participants".

Five participants purchased GL1 coverage year to date in FY23/24 and it is expected a few will be added by the fiscal year end. Underwriting for each participant is conducted independently of the PRISM membership and is written to subsidize the GL1 Program both via the coverage premiums and administration fees. We expect to continue this national expansion to grow the pool and to diversify risk whenever good prospects for coverage are identified.

Program Internal Guarantee Account

To protect the various PRISM Programs staff is working on the development of an internal guarantee fund: Program Internal Guarantee Account (PIGA). This internal fund would collect premiums from the programs and provide limited coverage in the event that aggregate coverage limits are breached, or a carrier becomes insolvent and is unable to pay losses. Conceptually, this should eliminate or reduce the need for retrospective assessments to members. PIGA is still in the development phase and its utility and participation will be driven by the various committees which govern PRISM's Programs.

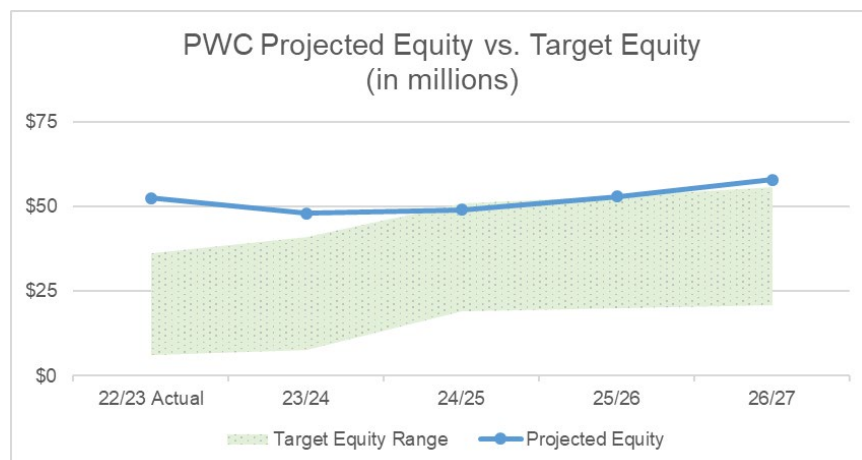
Commutation and Impact on Net Position

During FY23/24 the PRISM Executive Committee approved a settlement agreement with AmTrust, a reinsurer for the PWC, EWC, GL1, and GL2 Programs during the period from 2011-2017. The agreement ends years of disputes over coverage. It calls for AmTrust to pay PRISM \$150M to commute the reinsurance agreements, meaning the affected PRISM Programs took back the outstanding liabilities for all existing and future claims payments attributable to the AmTrust layers in those policy years. Estimates of the claims to be commuted back to PRISM was calculated to be \$285M. That exceeds the \$150M to be paid by AmTrust, resulting in a loss to the affected programs. The equity projections below and the estimated actual results for FY23/24 included in the budget include an estimate of the loss to PRISM as a whole totaling \$135M. An assessment is also estimated in FY23/24 to be collected from the members in the GL2 Program.

Equity Projections by Major Program

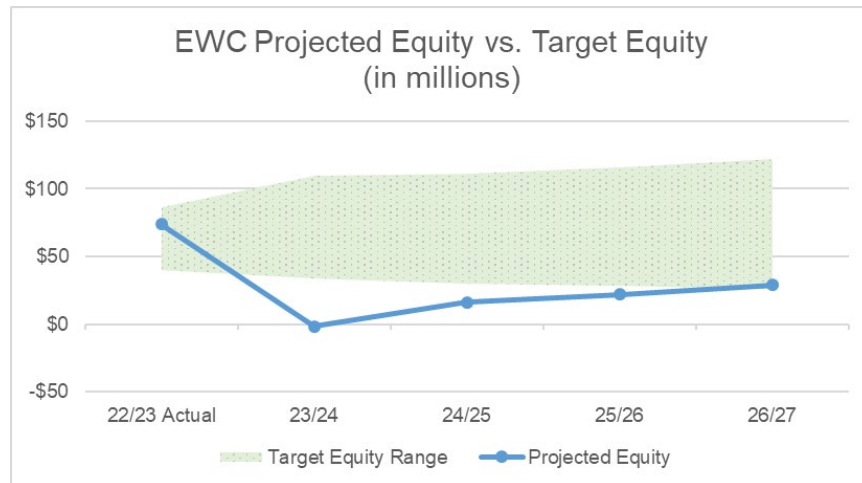
Primary Workers' Compensation (PWC)

Equity in the Program is expected to be maintained over the target range through FY23/24 despite a projected decrease in net position of \$4.6M (this includes an estimated loss of \$8.4M from the commutation). Moving forward, equity growth in the program is expected as retained risk and ULAE continue to be funded at the 90% and 80% confidence levels, respectively. Actual cost of claims and ULAE are expected to be less than the funded amounts and the difference should be retained as net position. This Program does not discount its liabilities and is not anticipating significant investment returns as part of its projections.



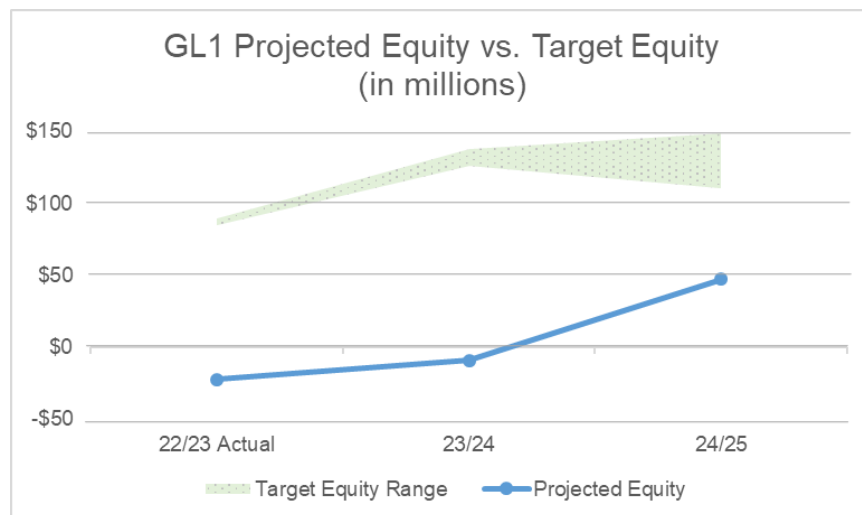
Excess Workers' Compensation (EWC)

Losses realized from the commutation in FY23/24 are estimated at \$98.8M for the EWC Program. The resulting decrease in net position is expected to put the Program below its target equity range. Levying an assessment was considered and the recommendation for the Board of Directors is to not declare an assessment since the Net Position will improve to a positive position in 24/25 and grow to reenter its target equity range in a few years without intervention. The EWC Program currently transfers most risk to outside carriers, with a few, relatively small, corridors retained by the pool. Projections for increased equity in the EWC Program are driven by expected investment returns and funding of the retained corridors at a higher than expected confidence level – between 80% and 85%.



General Liability 1 (GL1)

As discussed prior, the GL1 Program has entered into a reinsurance agreement with MultiStrat Reinsurance (MS Re). The reinsurance arrangement has enabled the Program to gradually increase the rates to re-build the Program surplus. Staff projects that the GL1 Program will be in a net surplus position of \$47.3M at the end of the FY24/25 and will continue to increase from there as new premiums are collected at higher confidence levels.



The GL1 Program wrote off much of the amounts owed from AmTrust (\$5M) as bad debt in FY22/23, so there was no significant impact to equity resulting from the FY23/24 commutation. The Program net position is projected to stay below its target equity range through the 24/25 fiscal year. Net position projections for subsequent years are still in process.

General Liability 2 (GL2)

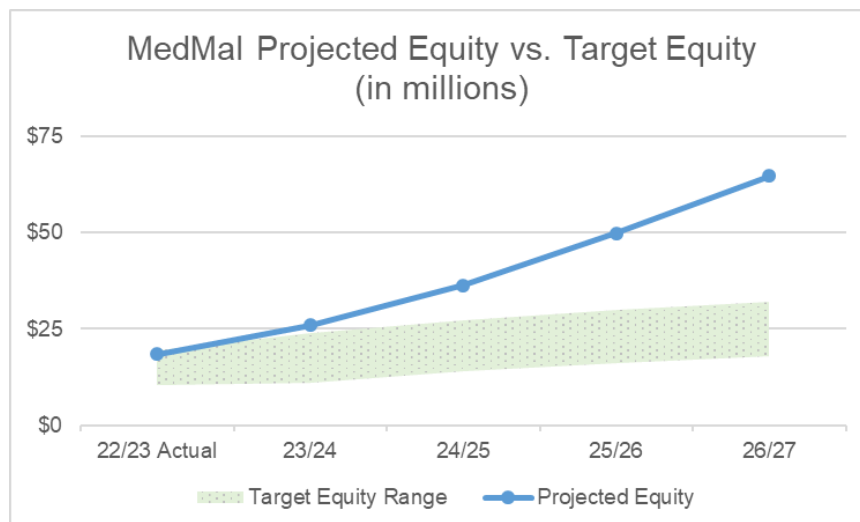
The GL2 Program does not retain any risk; all risk historically has been transferred to reinsurers. Given the fully insured status of the Program, no target equity level was established and minimal net position was retained therein – just \$3.6M at the end of FY22/23. This equity was not enough to absorb losses from the AmTrust commutation of \$24.7M. Accordingly, the GL2 Committee is considering an assessment of \$25M - \$33M to be declared in FY23/24 to bring equity positive at year end.

Property

The Property Program began retaining risk in the primary SIR-\$10M layer with the 22/23 policy year. The Program’s healthy net position was used the first two years (22/23 and 23/24) to subsidize member premiums. Contributions fell short of the primary layer losses, resulting in an erosion of net position from \$52.4M at the end of FY21/22 to a projected \$9M at the end of FY23/24. Increased collections are anticipated to cover losses and stabilize net position for 2024/25. The Property Program has not yet adopted an official target equity policy.

Medical Malpractice (MedMal)

The MedMal Program currently retains risk excess of member deductible to \$3.5M per occurrence. Risk above this layer are transferred with a relatively small corridor being reinsured by PRISM ARC. Projections for increased equity are driven by expected investment returns and funding of the retained risk at the 80% confidence level. Since the equity in this Program is above and estimated to be above the funding range in the years shown, future dividends may be considered.



Overall Outlook

In accordance with PRISM's long-term fiscal policies, the pool will:

- continue to leverage its size to secure volume discounts on insurance purchases,
- fund pooled risk above the expected confidence level,
- transfer risk to PRISM ARC when appropriate, and
- plan for a balanced budget where revenues exceed expenses and build towards maintaining program equity within target ranges.

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA



CONSOLIDATED BUDGET

For the Fiscal Year
July 1, 2024 to June 30, 2025

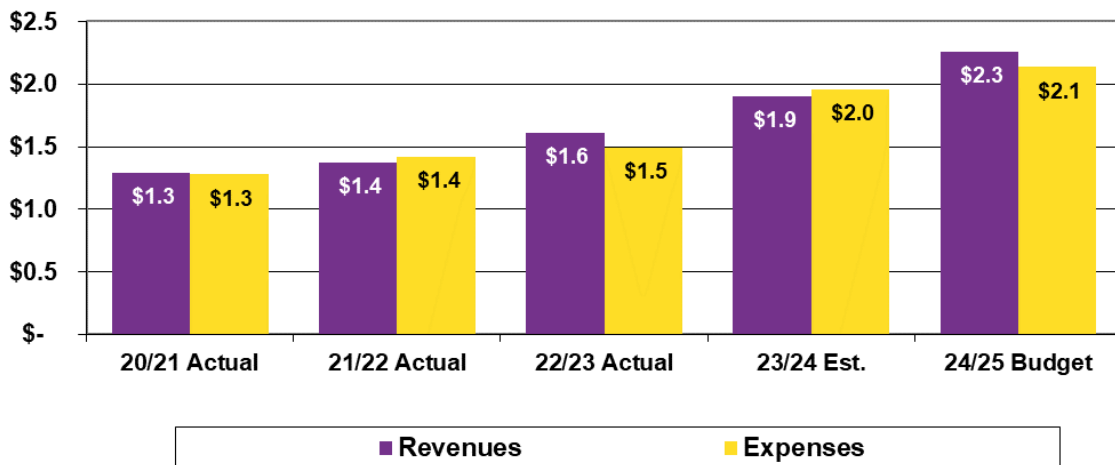
PRISM Budget

The budget has \$131.5M increase in net position before dividends, and a dividend expense of \$8.5M, producing an \$123M increase to net position. This is a balanced budget, meaning that budgeted revenue exceeds expenditures and provides a budgeted increase to net position. Included are the consolidated and individual program budgets. Highlights of the 2024/25 proposed budget are as follows:

- Total revenues are budgeted at \$2.3B, an increase of \$415M over budgeted 2023/24.
- Total expenses are budgeted at \$2.1B, an increase of \$391M. Expenses include returning dividends of \$8.5M to members.
- Net position is projected to increase to \$332M at June 30, 2025.

Revenues and expenses for the 2024/25 budget and the past four years are as follows:

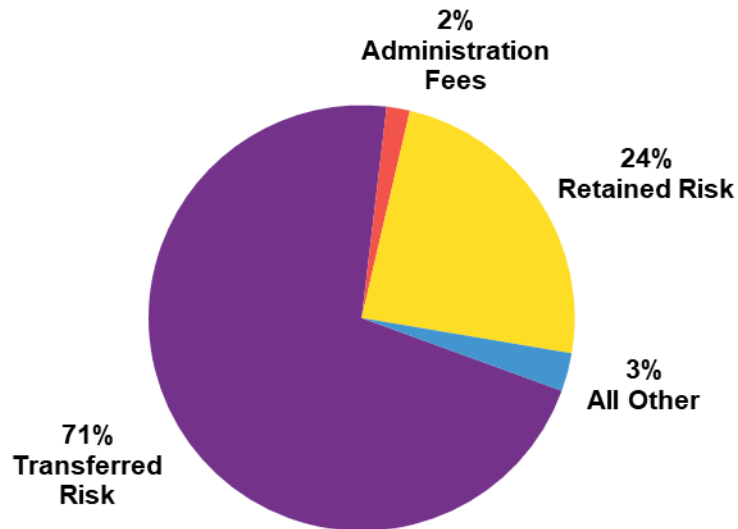
**Revenues and Expenses
Fiscal Years 2021-2025
(in Billions)**



Revenues

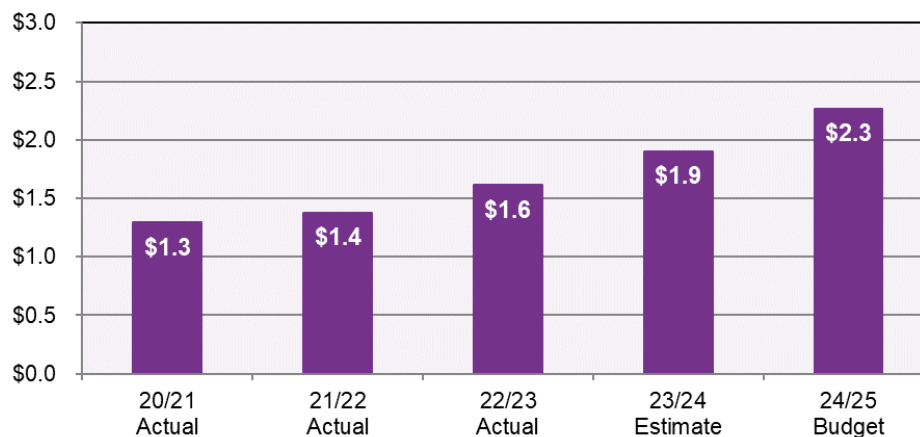
Sources of revenues are illustrated in the following chart:

Total Revenues by Category



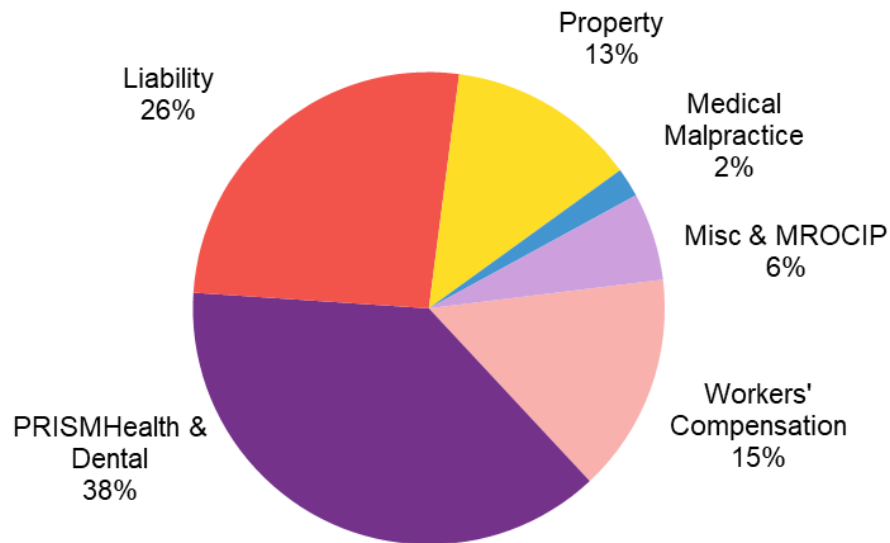
The \$2.3B in revenues represents a \$415M or 22% increase over the 23/24 budget, and a 75% increase over the last five years. Growth in membership, new programs, and additional pool funding and higher premiums for transferred risk accounts for much of the increase in revenues and expenses year over year. The following chart illustrates the growth of PRISM revenues:

Total Revenue Trends (in Billions)



The following chart shows revenues by program.

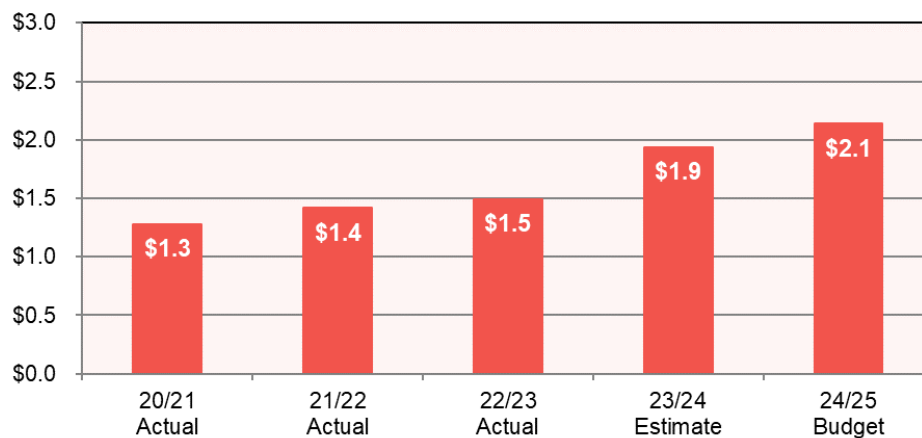
2024/25 Budgeted Revenues by Program



Expenses

PRISM expenses for fiscal year 2024/25 are budgeted to be \$2.1B and have increased \$391M or 22% over last year's budget. The following chart illustrates the increase of PRISM expenses:

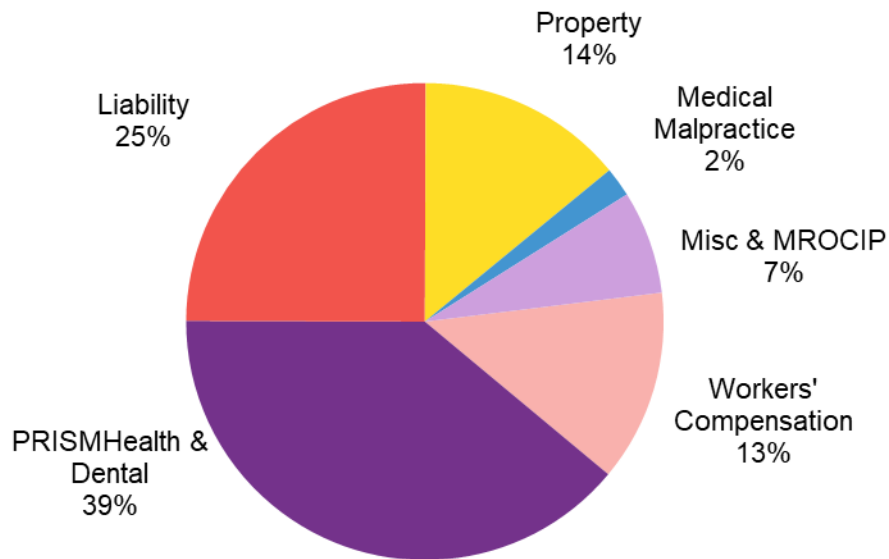
Total Expense Trends (in Billions)



Budgeted expenses support all PRISM programs. These programs include primary and excess workers' compensation programs, a property program, a medical malpractice program, two employee benefits programs and some ancillary programs.

The distribution of expenses by program is illustrated in the following chart:

2024/25 Budgeted Expenses by Program

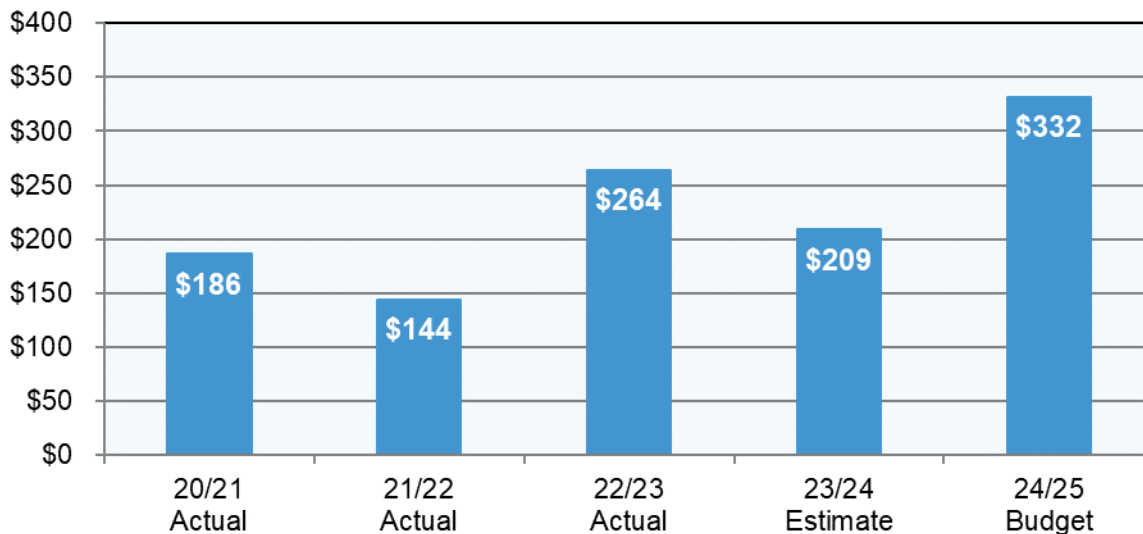


Net Position

Net position is calculated by adding total Assets and Deferred Outflow of Resources, and then subtracting Liabilities and Deferred Inflow of Resources. Net Position represents investment in capital assets as well as unrestricted fund balance available for future operations or distribution. The projected Net Position at June 30, 2025 is \$332M. The budget includes a return of net position in the form of dividends of \$8.5M.

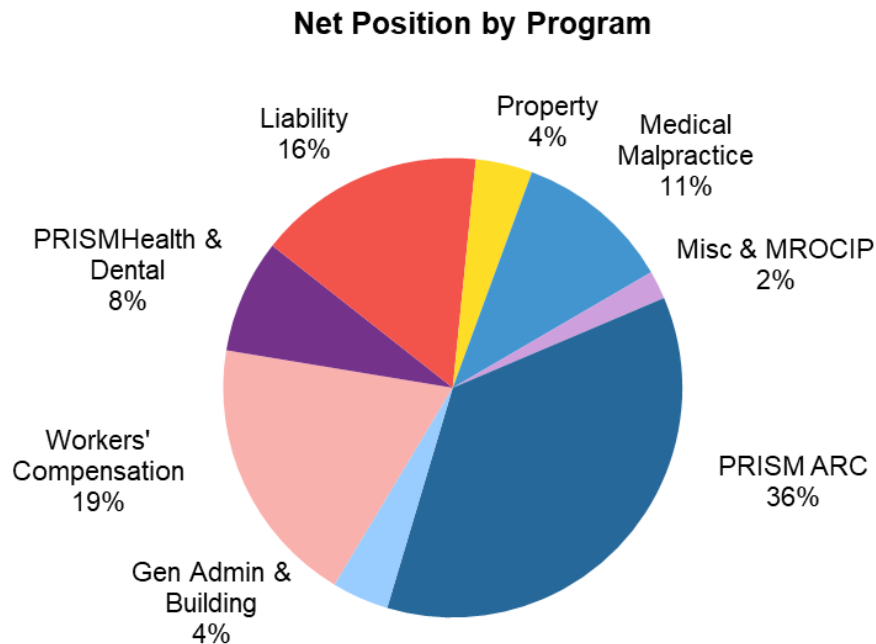
The five-year comparison of the Net Position balance is illustrated in the following chart:

Total Net Position Trends (in Millions)



The causes of year over year changes in Net Position vary by program. Significant program-specific changes in Net Position are discussed in the individual program budgets.

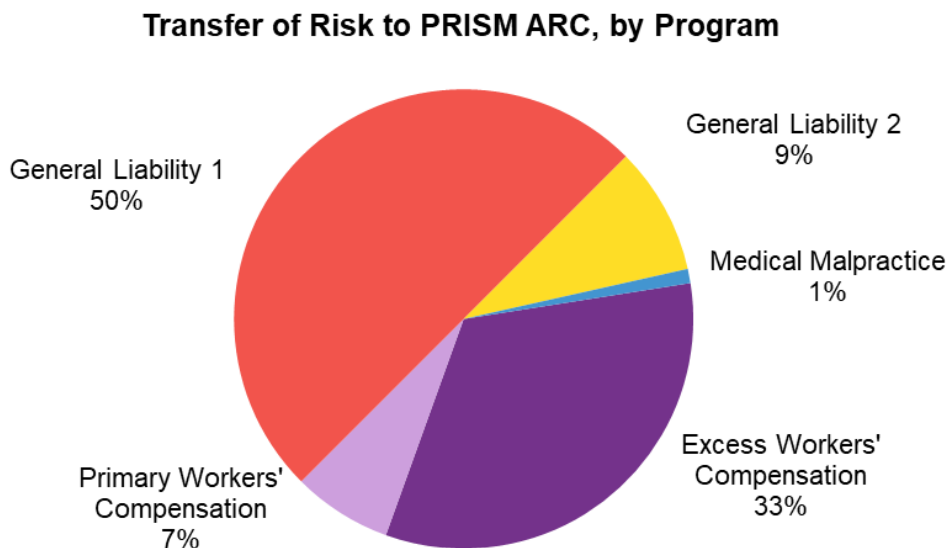
The distribution of 2024/25 budgeted Net Position by program is illustrated in the following chart:



Transfer of Risk to Captive (PRISM ARC)

PRISM ARC is a captive insurance company domiciled in Utah. PRISM transfers its program corridor retentions, which is capped risk, to PRISM ARC at a discounted rate.

The distribution of 2024/25 transfer of risk to PRISM ARC by program is illustrated in the following chart:



Capital Budget

The Capital Outlay Budget presents our anticipated investments in proprietary claims system development cost, property, equipment, and software. The related depreciation and amortization of capital assets represents less than 1% of PRISM's combined budget. The proprietary claims system will be used to house PRISM's claims for most major programs. The new system will be designed specifically to meet the needs of PRISM from an excess perspective. Additionally, the system will be designed with direct member use and the expansion of PRISM nationally in mind. This allows the system to be more adaptable and accommodate the needs of PRISM with regard to reinsurer reporting and member needs. Overall the new system will save PRISM between \$300-\$500K annually.

Member Participation

PRISM provides insurance programs and risk management services for its county and public entity members. Member participation is counted in terms of units. If a member participates in one program, it is considered one unit. If a member participates in three different programs, it is considered three units. The table indicates both the number of members participating as well as the number of units, i.e., total programs in which the members participate. Maintaining and increasing membership at both the program and entity wide level is an overall goal, and a measure of the strength and vitality of PRISM. Of note is that some of our public entity members are Joint Powers Authorities (JPA) that cover many members

	Fiscal Year-End								
	2017	2018	2019	2020	2021	2022	2023	2024	Budgeted 2025
Member Units									
Primary Workers' Comp	39	39	38	39	38	37	37	36	36
Excess Workers' Comp	171	175	171	181	183	180	182	182	180
Primary General Liability	33	22	21	0	0	0	0	0	0
General Liability 1	114	125	122	132	123	125	134	133	133
General Liability 2	15	18	17	18	18	18	25	27	29
Property	98	105	100	110	107	104	118	115	114
Medical Malpractice	51	52	52	52	52	52	51	51	52
Master Owner Controlled Ins.	15	16	16	18	18	17	6	7	5
PRISMHealth	32	37	36	42	42	44	45	48	48
Dental	153	154	154	171	171	170	174	178	183
Total Member Units	721	743	727	763	752	747	772	777	780
Member Counties	55	55	55	55	55	55	55	55	55
Member Public Entities	273	288	283	306	305	305	308	315	309
Total Members	328	343	338	361	360	360	363	370	364

PRISM's 55 member counties represent 95% of the 58 counties in the state. While the public entity membership currently consists of 309 organizations, including cities, school districts, special districts, and other JPAs, the actual number of public entities accessing the coverage and services of PRISM is approximately 2,000.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Line Item Summary for All Programs
July 1, 2024 to June 30, 2025**

	ACFR Actual 2022/23	Estimated 2023/24	Budget 2023/24	Percent of Total Revenue or Total Expense	Budget 2024/25	Percent of Total Revenue or Total Expense	Budget Increase (Decrease) CY Compared to PY Budget	Percentage Change
REVENUES:								
Premiums for Transferred Risk	\$ 1,120,966,044	\$ 1,318,680,966	\$ 1,329,373,282	72%	\$ 1,555,853,229	69%	\$ 226,479,947	17%
Dividend Income	2,496,674	2,674,276	2,000,000	0%	3,500,000	0%	1,500,000	75%
Broker Fees	20,660,470	17,966,004	17,449,208	1%	23,910,415	1%	6,461,207	37%
Contributions for Retained Risk	383,724,426	440,633,890	414,492,120	22%	529,237,143	23%	114,745,023	28%
Member Growth	0	0	0	0%	50,000,000	2%	50,000,000	100%
Investment Income	23,153,070	52,890,041	15,800,000	1%	30,942,000	1%	15,142,000	96%
Financing Charges	117,013	394,937	236,500	0%	307,000	0%	70,500	30%
Administration Fees	31,243,022	35,032,272	36,026,685	2%	37,875,936	2%	1,849,251	5%
Member Services	28,613,524	30,120,806	29,946,515	2%	28,922,750	1%	(1,023,765)	-3%
Tenant Income	429,092	478,345	446,000	0%	478,035	0%	32,035	7%
Other Income	467,093	3,254,522	160,000	0%	175,000	0%	15,000	9%
TOTAL REVENUES	1,611,870,428	1,902,126,059	1,845,930,310	100%	2,261,201,508	100%	415,271,198	22%
EXPENSES:								
Member Dividends	7,009,958	13,186,276	8,512,000	0%	8,518,000	0%	6,000	0%
Insurance Purchased	1,157,311,419	1,294,688,117	1,321,195,433	76%	1,555,853,229	73%	234,657,796	18%
Broker Fees	15,913,548	17,959,662	17,449,208	1%	23,910,415	1%	6,461,207	37%
Provision for Claims	248,272,426	450,034,532	319,164,558	18%	415,608,931	19%	96,444,373	30%
Unallocated Loss Adjustment Expense	(9,742,000)	586,000	3,897,000	0%	3,753,000	0%	(144,000)	-4%
Member Growth Premium/Provision for Claims	0	0	0	0%	50,000,000	2%	50,000,000	100%
Program Services	47,331,983	153,723,469	46,495,975	3%	48,190,601	2%	1,694,626	4%
Member Services	2,552,773	3,024,612	3,024,616	0%	2,507,600	0%	(517,016)	-17%
General Administration Expense	21,637,614	22,618,462	24,865,206	1%	27,111,878	1%	2,246,672	9%
Building Operation Expense	330,853	493,518	804,460	0%	706,000	0%	(98,460)	-12%
Depreciation	1,462,904	1,027,073	1,453,029	0%	1,583,662	0%	130,633	9%
Delegated to Committees	0	0	545,000	0%	520,000	0%	(25,000)	-5%
TOTAL EXPENSES:	1,492,081,478	1,957,341,721	1,747,406,485	100%	2,138,263,316	100%	390,856,831	22%
Net Increase or (Decrease)	119,788,950	(55,215,662)	98,523,825		122,938,192		24,414,367	
NET POSITION - JULY 1	144,038,472	263,827,419	287,503,733		208,611,754			
NET POSITION - JUNE 30	263,827,422	208,611,757	386,027,558		331,549,946			

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Combining Budget for All Programs
July 1, 2024 to June 30, 2025**

COMBINING 2024/25 BUDGET	PRIMARY WORKERS' COMP.	EXCESS WORKERS' COMP.	GENERAL LIABILITY 1	GENERAL LIABILITY 2	PROPERTY	MEDICAL MALPRACTICE	MR OCIP	PRISMHEALTH	DENTAL	MISC. PROGRAMS	TOTAL ALL INSURANCE PROGRAMS
REVENUES:											
Premiums for Transferred Risk	\$ 39,397,250	\$ 200,140,881	\$ 252,133,080	\$ 234,818,086	\$ 166,581,210	\$ 14,871,328	\$ 10,000,000	\$ 736,304,600	\$ 0	\$ 127,272,101	\$ 1,781,518,536
Dividend Income	0	0	0	0	3,500,000	0	0	0	0	0	3,500,000
Broker Fees	935,938	4,350,276	4,767,725	1,795,326	0	16,900	0	8,288,250	3,756,000	0	23,910,415
Contributions for Retained Risk	23,873,205	11,068,527	63,175,203	0	119,485,981	28,294,920	0	12,500,000	45,174,000	0	303,571,836
Member Growth	0	0	0	0	0	0	0	0	0	0	50,000,000
Investment Income	2,576,000	7,687,000	0	270,000	1,781,000	1,724,000	0	208,000	398,000	118,000	14,762,000
Financing Charges	100,000	100,000	0	100,000	7,000	0	0	0	0	0	307,000
Administration Fees	7,905,528	10,922,424	7,842,459	5,412,118	2,463,448	1,901,159	140,000	1,288,800	0	0	37,875,936
Member Services	0	0	0	0	0	0	0	28,595,950	0	0	28,595,950
Tenant Income	0	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	74,787,921	234,269,108	327,918,467	242,395,530	293,818,639	46,808,307	10,140,000	787,185,600	49,328,000	127,390,101	2,244,041,673
EXPENSES:											
Member Dividends	6,500,000	0	0	0	0	0	0	18,000	2,000,000	0	8,518,000
Insurance Purchased	39,397,250	200,140,881	252,133,080	234,818,086	166,581,210	14,871,328	10,000,000	736,304,600	0	127,272,101	1,781,518,536
Broker Fees	935,938	4,350,276	4,767,725	1,795,326	0	16,900	0	8,288,250	3,756,000	0	23,910,415
Provision for Claims	10,408,074	3,000,000	4,376,079	0	115,900,000	19,791,000	0	0	45,174,000	0	198,649,153
Unallocated Loss Adjustment Expense	1,328,000	747,000	816,000	659,000	88,000	115,000	0	0	0	0	3,753,000
Program Services	8,951,040	1,746,011	1,281,000	1,197,000	4,304,000	807,500	0	28,734,950	34,800	67,000	47,123,301
Member Services	0	0	0	0	0	0	0	0	0	0	0
General Administration Expense	0	0	0	0	0	0	0	0	0	0	0
Building Operation Expense	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0
Financing Expenses	0	0	2,200,000	0	0	0	5,000	0	0	0	2,205,000
Member Growth Prem/Prov for Claims	0	0	0	0	0	0	0	0	0	0	50,000,000
Delegated to Committees	50,000	50,000	50,000	50,000	25,000	25,000	0	25,000	0	0	275,000
TOTAL EXPENSES	67,570,302	210,034,168	265,623,884	238,519,412	286,898,210	35,626,728	10,005,000	773,370,800	50,964,800	127,339,101	2,115,952,405
TRANSFERS:											
Transfers in (out) to:											
General Administration	(5,013,750)	(7,625,078)	(5,441,279)	(3,293,917)	(981,374)	(859,916)	(55,870)	(631,577)	(388,663)	(14,200)	(24,305,624)
Claims System	(1,027,580)	(482,123)	(295,286)	(207,903)	(30,130)	(66,295)	0	0	0	0	(2,109,317)
Investment Fees	(41,008)	(122,380)	0	(4,298)	(28,353)	(27,448)	0	(3,308)	(6,335)	(1,870)	(235,000)
Building Rent	0	0	0	0	0	0	0	0	0	0	0
TOTAL TRANSFERS	(6,082,338)	(8,229,581)	(5,736,565)	(3,506,118)	(1,039,857)	(953,659)	(55,870)	(634,885)	(394,998)	(16,070)	(26,649,941)
Net Increase or (Decrease)	1,135,281	16,005,359	56,558,018	370,000	5,880,572	10,227,920	79,130	13,179,915	(2,031,798)	34,930	101,439,327
NET POSITION - JULY 1, 2024	47,913,647	(1,675,243)	(9,208,912)	6,142,916	9,029,047	25,909,831	394,640	4,826,555	10,720,661	5,469,007	99,522,148
NET POSITION - JUNE 30, 2025	49,048,928	14,330,116	47,349,106	6,512,916	14,909,619	36,137,751	473,770	18,006,470	8,688,863	5,503,937	200,961,475

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Combining Budget for All Programs
July 1, 2024 to June 30, 2025**

COMBINING 2024/25 BUDGET	TOTAL ALL INSURANCE PROGRAMS	GENERAL ADMIN	IRON POINT BUILDING	CAPTIVE (PRISM ARC)	ELIMINATION	CONSOLIDATED BUDGET
REVENUES:						
Premiums for Transferred Risk	\$ 1,781,518,536	\$ 0	\$ 0	\$ 0	\$(225,665,307)	\$ 1,555,853,229
Dividend Income	3,500,000	0	0	0	0	3,500,000
Broker Fees	23,910,415	0	0	0	0	23,910,415
Contributions for Retained Risk	303,571,836	0	0	225,665,307	0	529,237,143
Member Growth	50,000,000	0	0	0	0	50,000,000
Investment Income	14,762,000	600,000	0	18,000,000	(2,420,000)	30,942,000
Financing Charges	307,000	0	0	0	0	307,000
Administration Fees	37,875,936	0	0	0	0	37,875,936
Member Services	28,595,950	326,800	0	0	0	28,922,750
Tenant Income	0	0	478,035	0	0	478,035
Other Income	0	175,000	0	0	0	175,000
TOTAL REVENUES	2,244,041,673	1,101,800	478,035	243,665,307	(228,085,307)	2,261,201,508
EXPENSES:						
Member Dividends	8,518,000	0	0	0	0	8,518,000
Insurance Purchased	1,781,518,536	0	0	0	(225,665,307)	1,555,853,229
Broker Fees	23,910,415	0	0	0	0	23,910,415
Provision for Claims	198,649,153	0	0	216,959,778	0	415,608,931
Unallocated Loss Adjustment Expense	3,753,000	0	0	0	0	3,753,000
Program Services	47,123,301	0	0	1,067,300	0	48,190,601
Member Services	0	2,507,600	0	0	0	2,507,600
General Administration Expense	0	27,111,878	0	0	0	27,111,878
Building Operation Expense	0	0	706,000	0	0	706,000
Depreciation	0	1,147,340	436,322	0	0	1,583,662
Financing Expenses	2,205,000	0	215,000	0	(2,420,000)	0
Member Growth Prem/Prov for Claims	50,000,000	0	0	0	0	50,000,000
Delegated to Committees	275,000	200,000	20,000	25,000	0	520,000
TOTAL EXPENSES	2,115,952,405	30,966,818	1,377,322	218,052,078	(228,085,307)	2,138,263,316
TRANSFERS:						
Transfers in (out) to:						
General Administration	(24,305,624)	24,455,624	0	(150,000)	0	0
Claims System	(2,109,317)	2,109,317	0	0	0	0
Investment Fees	(235,000)	235,000	0	0	0	0
Building Rent	0	(551,923)	551,923	0	0	0
TOTAL TRANSFERS	(26,649,941)	26,248,018	551,923	(150,000)	0	0
Net Increase or (Decrease)	101,439,327	(3,617,000)	(347,364)	25,463,229	0	122,938,192
NET POSITION - JULY 1, 2024	99,522,148	14,500,569	2,078,496	97,510,542	(5,000,000)	208,611,754
NET POSITION - JUNE 30, 2025	200,961,475	10,883,568	1,731,132	122,973,771	(5,000,000)	331,549,946

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA



PROGRAM BUDGETS

For the Fiscal Year
July 1, 2024 to June 30, 2025

Primary Workers' Compensation

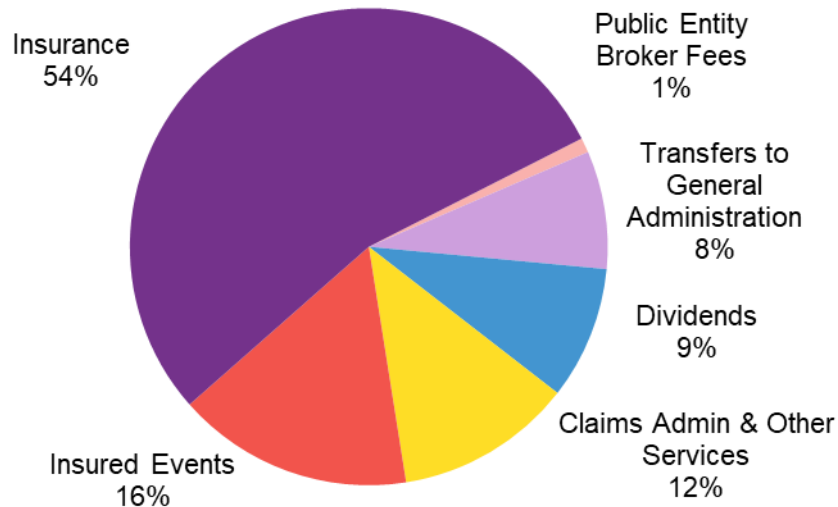
The objective of the Primary Workers' Compensation (PWC) Program is to provide members with an option to eliminate the Excess Workers' Compensation (EWC) self-insured retention and purchase first dollar coverage. The Program pools the first \$10k of loss expense, and then has excess coverage in place to cover the next \$115k of loss. Above \$125k, members participate in the EWC Program. Since this is a first dollar program, the PWC Program also includes the cost of claims administration.

Program Revenue Summary:

Number of Members	36
Covered Payroll	\$3 Billion
Pool Premium	\$12.1 Million
Insurance	\$22.3 Million
Premium to ARC	\$17.1 Million
Public Entity Broker Fees	\$936 Thousand
ULAE Premiums	\$11.8 Million
Administration and Fees	\$8 Million
Projected Investment Income	\$2.6 Million

A summary of the PWC Program budget is as follows:

Primary Workers' Compensation Program Expenses Summary



The PWC Program suffered a financial loss of \$8.4M due to AmTrust commutation in 2023/24. The proposed budget would result in an ending net position of \$49M at June 30, 2025. The target equity range approved by the Board of Directors is from \$19.2M to \$51M.



Primary Workers' Compensation (PWC) Program Budget Policy

Program Goals for the PWC include the following:

Short Term Goals

- Continue to evaluate new service offerings.
- Continue with the development of marketing and educational materials for members.
- Re-evaluate the risk tolerance and the balance between pooling and transferring risk to the commercial insurance market, with a heavier emphasis on pooling.
- Continue looking for ways to increase engagement with PWC members to include evaluating the benefits of providing an annual PWC workshop.
- Enhance the new committee member onboarding experience.
- Evaluate the cost-benefit of rotating meetings in northern and southern California.
- Continue to review program policies and make revisions where appropriate.
- Continue to evaluate transfer of risk opportunities in the PRISM ARC captive.
- Evaluate the level of control / authority PRISM asserts on the following areas: Claims, Audits, and Underwriting.
- Develop PRISM's claims system for PWC TPAs' claims administration.

Medium Term Goals

- Preserve a structure that minimizes/eliminates assessment risk.
- Reach resolution on claims in dispute with CIGA on claims they have denied asserting "other insurance" is available.
- Retain 100% of current members and show strategic growth regarding payroll and number of members.
- Continue work on Strategic Goals as updated.

Long Term Goals

- Each member receives annual claims analysis report with benchmark data (frequency, severity, deviation from norm).
- TPAs have consistency in claims handling practices.
- The PWC risk tolerance is low to very low. We will protect pool assets through appropriate risk transfer with a bias toward risk transfer rather than pooling in order to provide members with a guaranteed cost program when possible.

Budget Policies for the PWC Program include the following:



Revenues

- Premiums for retained risk are calculated based on each member's actuarially determined estimate of the discounted ultimate cost of claims. The actuarial confidence level and discount rate is determined annually by the PWC Committee.
- Premiums for transferred risk are calculated based on each member's estimated payroll and experience rate, as determined by the Program's actuary. A two-year smoothing technique is used to minimize rate changes.
- At the end of each year, members are required to update payroll estimates with actual payroll totals. Adjusting for actual payroll is commonly referred to as the payroll audit. Premium changes resulting from the prior year's payroll audit are recognized in the current year as additional or return premiums due to or from each member.
- Unallocated Loss Adjust Expense (ULAE) premium is based on an estimate from the Program's actuaries of the cost of external TPA Fees and Self Insurance Plans fees for the life of the claim, at the confidence level determined annually by the PWC Committee.
- Broker fees are charged to all public entity members. The amount charged is based on our broker contract and is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100,000 of premiums, plus 5% of premiums from \$100,000 to \$1,000,000, and 3% of premiums excess of \$1,000,000.
- The Risk Management Subsidy Program was created to offset the direct costs members incur from securing external risk management products and services. Unless a member opts out, the Risk Management Subsidy is \$1,000 each year.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. The estimated earnings rate is also the rate established by the Inter-Fund Borrowing Policy.
- Members may elect to pay their premium on a monthly or quarterly basis. Finance fees are charged based on the internal borrowing rate approved in the Inter-Fund Borrowing Policy and the term of the financing.
- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense will reduce the current budget year's Administration fees charged to the members, unless otherwise determined by the Committee. Program costs are defined below.

Expenses

- The PWC Committee annually considers returning available net position to members in the form of member dividends. The PWC Committee generally evaluates the amount of net position available for dividends as the balance in excess of the 90% confidence level.



- PWC insurance premiums include the cost of insurance for claims transferred to an insurance company. Coverage limits are determined annually by the PWC Committee. Claim costs in excess of \$125,000 are covered by the EWC Program.
- The provision for claims current and the provision for claims prior years, is the actuarial adjustment to claim liabilities.
- The Provision for ULAE accrues the cost not directly associated with specific claims but related to claims administration and settlement for the remaining life of the claims, and is charged as part of the Admin Fee. The provision includes both the actuarial amount related to the external TPA fees and Self Insurance Plans Fee and the internal (PRISM) program administration costs.
- The Claims Administration line item provides for the fees to the approved PWC claims administrators (Third Party Administrators). TPA contracts are reviewed and considered for renewal by the PWC Committee.
- Member claims audits are scheduled for each TPA every two years, or as determined by the PWC Committee.
- Other program expenses include legal, ISO fees, employment practices legal consulting services, managed care oversight services, and any other expenses approved by the PWC Committee.
- Banking services and fees are used to maintain separate claim bank accounts for each TPA.
- The California State Office of Self-Insurance Plans assessment fees are levied by the Department of Industrial Relations to pay for the self-insured employer assessments for:
 - Workers' Compensation Administration Revolving Fund
 - Uninsured Employers Benefits Trust Fund
 - Subsequent Injuries Benefits Trust Fund
 - Workers' Compensation Fraud Account
 - Occupational Safety and Health Fund
 - Labor Enforcement and Compliance Fund
- The claims system expense includes the cost to operate our claims system.
- An expense budget of \$50,000 has been delegated to the PWC Committee for any unforeseen budget expenses. The PWC Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.
- Deficits in any program's net cash and investment balance occasionally result from delays in payments from reinsurance carriers and others. In those instances, the cash flow needs of the program are met by other PRISM programs via interfund borrowing. Interest is paid on interfund borrowing in accordance with the annually adopted internal borrowing rate. This interest expense will be covered from the program's net position.

Transfers

- Transfers out to the general administration program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a three-year average of staff time.



- A risk management subsidy of \$1,000, per member, plus any additional amounts elected by members, is transferred to the general administration program and added to each member's risk management subsidy account balance.
- The claims system transfer is based on program usage.
- Investment Fees are charged on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRIMARY WORKERS' COMPENSATION PROGRAM
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 34,230,617	\$ 34,716,543	\$ 34,716,543	\$ 34,029,163	\$ 39,397,250	\$ 5,368,087	16%	Includes corridor deductible in the \$10 - \$125k layer reinsured by PRISM ARC; includes Placement Broker Fee
Payroll Adjustment, Excess Insurance	(171,087)	1,956,236	1,956,236	0	0	0	0%	
Contributions for Retained Risk	9,502,405	10,398,553	10,398,553	10,200,342	12,113,405	1,913,063	19%	Billed at 90% confidence level undiscounted.
Payroll Adjustment, Pool Premiums	(69,343)	612,970	612,970	0	0	0	0%	
ULAE Premium	9,378,060	8,414,500	8,414,500	8,270,500	11,759,800	3,489,300	42%	Billed at 80% CL; discounted at 1.5%
Public Entity Broker Fees	825,609	816,548	816,548	762,836	935,938	173,102	23%	
Administration Fees	6,882,961	8,512,630	8,512,630	8,494,379	7,905,528	(588,851)	-7%	Incl. Schools LC Fee
Investment Income	1,537,955	2,749,664	4,607,493	1,383,750	2,576,000	1,192,250	86%	
Member Finance Fees	49,800	180,256	180,256	29,000	100,000	71,000	245%	
TOTAL REVENUES	62,166,977	68,357,900	70,215,729	63,169,970	74,787,921	11,617,951	18%	
EXPENSES:								
Member Dividends	6,500,000	0	6,500,000	6,500,000	6,500,000	0	0%	
Retained and Transferred Risk								
Insurance Premium Expense	34,230,617	34,716,543	34,716,543	34,029,163	39,397,250	5,368,087	16%	Includes Placement Broker Fee
Primary W.C. Reinsurance Prem. PR Audit	(171,087)	1,956,236	1,956,236	0	0	0	0%	
Public Entity Broker Fees	825,609	816,548	816,548	762,836	935,938	173,102	23%	
Provision for Claims, Current Year	8,935,000	8,797,000	8,797,000	8,357,904	10,408,074	2,050,170	25%	Provision for claims at expected
Provision for Claims, Prior Years	(2,416,494)	261,807	429,235	0	0	0	0%	Provision for prior year claims
Provision for ULAE	(9,488,000)	2,439,000	(950,000)	1,443,000	1,328,000	(115,000)	-8%	Actuarial adjustment to the liability for future claims administration
CA State W.C. Assessments	2,205,350	2,073,542	2,073,542	2,800,000	2,650,000	(150,000)	-5%	DIR fees based on indemnity payments. In 24/25, increase expected in DIR base & TD rates and indemnity payments
Total Retained and Transferred Risk	34,120,994	51,060,675	47,839,104	47,392,903	54,719,262	7,326,359	15%	
Program Administration								
Claims Administration	5,209,203	2,663,375	5,396,343	5,396,343	5,911,790	515,447	10%	TPA fees to administer claims for the life of the claim. Contract renewal 5% base incr, plus volume incr.
ISO Index Fees	53,235	26,391	48,197	90,000	90,000	0	0%	Claims indexing service
Member Claims Audits	51,183	46,525	72,900	110,700	89,250	(21,450)	-19%	TPA's locations audited on biannual basis; less files this year
Legal Fees	21,755	13,300	20,000	50,000	50,000	0	0%	Legal advice and litigation
Banking Services and Fees	50,858	13,000	20,000	75,000	30,000	(45,000)	-60%	
Managed Care Program Monitoring	120,000	60,000	120,000	120,000	120,000	0	0%	Incl bill review fee monitoring and negotiating
PWC Workshop / Symposium	0	0	2,000	0	10,000	10,000	0%	
Other Program Expense	673	0	8,356,209	0	0	0	0%	Loss from Amtrust Commutation
Total Program Administration	5,506,908	2,822,590	14,035,649	5,842,043	6,301,040	458,997	8%	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	0%	Available with two-thirds vote of PWC Committee
TOTAL EXPENSES	46,127,901	53,883,266	68,374,753	59,784,946	67,570,302	7,785,356	13%	

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRIMARY WORKERS' COMPENSATION PROGRAM
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	\$ (4,701,779)	\$ (4,803,599)	\$ (4,803,599)	\$ (4,803,599)	\$ (5,013,750)	\$ (210,151)	4%	
PRISM Claims System Costs	(941,511)	(1,595,958)	(1,595,958)	(1,595,958)	(1,027,580)	568,378	-36%	
Investment Fees	(31,367)	(12,516)	(24,857)	(44,280)	(41,008)	3,272	-7%	External investment management fees
TOTAL TRANSFERS	(5,674,657)	(6,412,073)	(6,424,414)	(6,443,837)	(6,082,338)	361,499	-6%	
Net Increase or (Decrease)	10,364,418	8,062,561	(4,583,438)	(3,058,813)	1,135,281	4,194,094	-137%	
NET POSITION - JULY 1	42,132,667	52,497,085	52,497,085	49,267,199	47,913,647			
NET POSITION - JUNE 30	52,497,085	60,559,646	47,913,647	46,208,386	49,048,928			
Target Equity								
Low Range	6,260,988	7,622,898	7,622,898	7,622,898	19,180,000			
High Range	36,281,396	40,974,766	40,974,766	40,974,766	51,010,000			

Excess Workers' Compensation

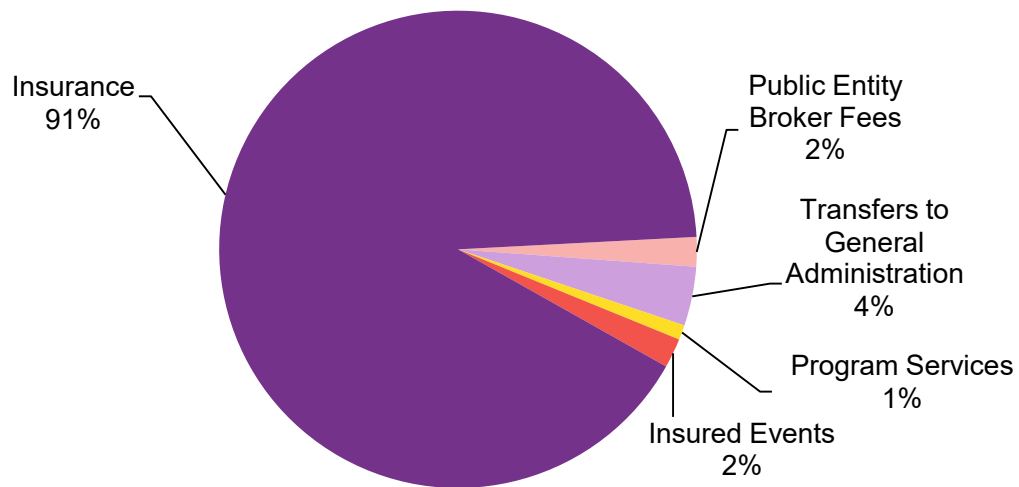
The objective of the Excess Workers' Compensation (EWC) program is to provide members an affordable Excess Workers' Compensation Program. The EWC Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Program Revenue Summary:

Number of Members	180
Covered Payroll	\$39.4 Billion
Pool Premium	\$11.1 Million
Insurance	\$123.6 Million
Premium to ARC	\$76.6 Million
Public Entity Broker Fees	\$4.4 Million
Administration and Fees	\$11 Million
Projected Investment Income	\$7.7 Million
Loss Prevention Subsidy	\$1,000 per member

A summary of the EWC Program budget is as follows:

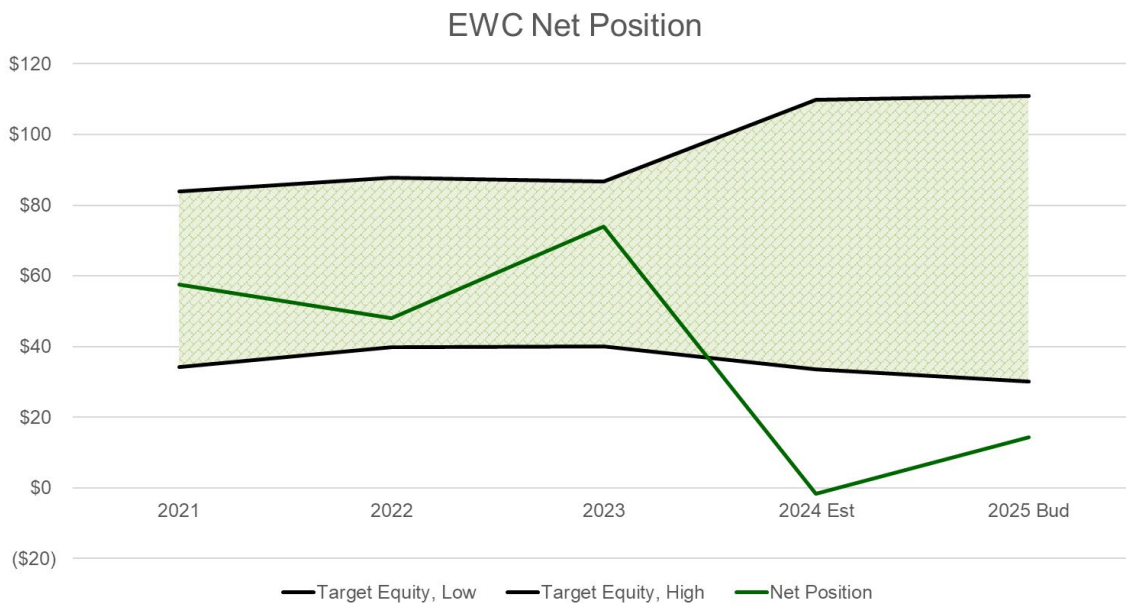
Excess Workers' Compensation Program Expenses Summary



As discussed in the PRISM Long-Term Operating Financial Plans section of the report, losses realized from the commutation in FY23/24 are estimated at \$98.8M for the EWC program. The resulting decrease in net position is expected to put the program at \$14.3M at June 30, 2025 - below its target equity range of \$30.2M to \$111M.

Levying an assessment was considered and the recommendation for the Board of Directors is to not declare an assessment since the Net Position will improve to a positive position in 24/25 and grow to reenter its target equity range in a few years without intervention. The EWC program currently transfers most risk to outside carriers, with a few, relatively small, corridors retained by the pool. Projections for increased equity in the EWC program are driven by expected investment returns and funding of the retained corridors at a higher than expected confidence level – between 80% and 85%.

The EWC program net position and target equity range, in millions, are shown in the graph below for the five years ending June 30, 2025.



Excess Workers' Compensation (EWC) Program Budget Policy

Program Goals for the EWC Program include the following:

Short Term Goals

- Re-evaluate the risk tolerance and the balance between pooling and transferring risk to the commercial insurance market, with a heavier emphasis on pooling.
- Continue to evaluate and develop service offerings to the members to assist and support their risk management efforts in mitigating/preventing loss. Set rates for the upcoming year at a level designed to keep the Program's Net Position within the target funding range.
- Evaluate ways to mitigate the Program's long-term exposure to uncollectible reinsurance.
- Use multi-year underwriting matrices, wherever possible, to help ensure renewal pricing from underwriters with a "not-to-exceed" target amount of 10% for the upcoming year.
- Continue to monitor the long-term discount assumption and make conservative adjustments, as needed.
- Implement the adoption of monthly reporting of loss data in order to have up to date data for the renewal process and carrier discussions.
- Continue work on the data & analytics platform to allow for benchmarking of claims data, with additional members being brought onboard and new functionality being provided in 2024/25
- Continued focus on settling claims, including those with high-exposure, via Compromise and Release.
- Utilize data scientist to create automated claim summaries to aid PRISM claims staff, and develop models to identify claims trends and mitigation points.
- Continue to consider risk transfer opportunities to the PRISM Captive.
- Implement more program control in claims, audit, and underwriting, to reduce the cost of claims and, ultimately, member premium contributions.

Long Term Goals

- Maintain funding levels in accordance with the Target Funding Guidelines.
- Maintain an equitable distribution of costs amongst the members through a premium allocation process, with appropriate consideration for exposure and loss experience within the pool layer and excess layers.
- Maintain stable pricing year-over-year striving not-to-exceed a 10% variance.
- The EWC risk tolerance is between neutral and high. We will protect pool assets through appropriate risk transfer with a bias toward more risk transfer in a soft market and less risk transfer in a hard market. There is a bias toward risk transfer when losses are less predictable and a bias toward risk retention when losses are more predictable, in order to mitigate the Program's exposure



to uncollectible reinsurance, and when considering concentration of risk.

- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters, actuaries, claims administrators, etc.).
- Continue legislative efforts and collaboration to mitigate the expansion of workers' compensation benefits that results in increased costs to the Program and membership.

Budget Policies for the EWC Program include the following, established by the Board of Directors:

Revenues

- Premiums for retained risk and transferred risk are calculated based on participating member's self-insured retention, payroll and loss data. Based on actuarial information and market conditions, the Underwriting and Executive Committees advise on program funding mechanisms including how much risk to self-fund and at what discount rate and confidence level, and how much risk to transfer. Funding includes consideration of the Target Equity Guidelines adopted by the Board. Final funding decisions and premium allocation methodologies are approved by the Board of Directors.
- At the end of each year, members are required to update payroll estimates with actual payroll totals. Adjusting for actual payroll is commonly referred to as the payroll audit. The effect of the payroll audit will increase or decrease premium revenues for transferred and retained risk recognized in the previous year. Premium changes resulting from the prior year's payroll audit are recognized in the current year as additional premiums due to, or from, each member.
- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k to \$1M, and 3% of premiums excess of \$1M. Broker fees or commissions may also be charged to members for reinsurance placements and are considered part of the cost and premium for transferred risk.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. Most members choose to contribute at least \$1,000 each year to this Program.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Members may elect to pay their premium on a monthly or quarterly basis. Finance fees are charged based on the internal borrowing rate and the term of the financing.



- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense will reduce the current budget year's Administration fees charged to the members. Program costs are defined below.

Expenses

- Upon recommendation of the Underwriting and Executive Committees, the Board may annually consider returning available net position to members in the form of member dividends.
- Premium for transferred risk is the expense for insurance purchased based on the risk financing decisions made.
- The provision for claims, current year, and provision for claims prior years' are the actuarial adjustments to claim liabilities.
- The provision for ULAE (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim, and is charged as part of the admin fee.
- Member claims audits are scheduled for each member or Third Party Administrator (TPA) every two years, or as determined by the Claims Review Committee, unless the member has opted out of the claims audit program.
- A claims audit for PRISM's Claims Department is scheduled every two years.
- Each member is entitled to a subsidy of \$2,000 towards the cost of member actuarial studies.
- Other program expenses include program actuarial and consulting costs, legal advice services, labor law and employment practices services, ISO fees, Critical Incident Counseling Services, and any other expenses approved by the various committees.
- There is a \$50,000 contingency budget line item for unforeseen expenses, which is available for use with a two-thirds vote of the Executive Committee.
- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Board will determine how to fund for these services.
- Deficits in any program's net cash and investment balance occasionally result from delays in payments from reinsurance carriers and others. In those instances, the cash flow needs of the program are met by other PRISM programs via interfund borrowing. Interest is paid on interfund borrowing in accordance with the annually-adopted internal borrowing rate. This interest expense will be covered from the program's net position.

Transfers

- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs, based on a three-year average of staff time.
- The administrative costs of the Program are typically set in conjunction with the March Board of Directors meeting as a way to aid members in budgeting by



Adopted: June 2, 2011
Last Amended: May 1, 2024

reducing variability in their premiums. Any variance within 2.5% of the set amount and the final administrative costs are adjusted from the Program's Net Position. If the variance falls outside of the 2.5% range, the total budgeted number is brought back to the Board of Directors in June for further action.

- Based on member election, a risk management subsidy of \$1k per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account balance.
- The PRISM Claims System transfer is based on program usage.
- Investment Fees are charged to the programs based on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
EXCESS WORKERS' COMPENSATION PROGRAM
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premium for Transferred Risk	\$ 166,244,995	\$ 180,230,786	\$ 180,230,786	\$ 179,604,279	\$ 200,140,881	\$ 20,536,602	11%	Includes corridors transferred to PRISM ARC and Placement Broker Fee
Payroll Audit, Excess Premiums	6,283,193	9,908,247	9,908,247	0	0	0	0%	
Contribution for Retained Risk	5,922,038	9,331,072	9,331,072	10,534,525	11,068,527	534,002	5%	Billed at 80% confidence level, 3.75% discount factor for 24/25; incl. PIGA in 24/25 Bud.
Payroll Adjustments, Retained Risk	(147,876)	366,680	366,680	0	0	0	0%	
Administration Fees	9,401,352	10,989,797	10,989,797	11,013,201	10,922,424	(90,777)	-1%	Includes Schools Loss Control Fee; admin set in March
Public Entity Broker Fees	3,688,259	3,904,694	3,904,694	3,880,508	4,350,276	469,768	12%	
Investment Income	2,745,794	5,521,946	11,471,946	2,661,875	7,687,000	5,025,125	189%	
Member Finance Fees	33,914	98,492	98,492	124,000	100,000	(24,000)	-19%	
Other Income	0	3,000,000	3,000,000	0	0	0	0%	
TOTAL REVENUES	194,171,669	223,351,713	229,301,713	207,818,388	234,269,108	26,450,720	13%	
EXPENSES:								
Retained and Transferred Risk								
Excess Workers' Comp. Premiums	166,244,995	180,230,786	180,230,786	179,604,279	200,140,881	20,536,602	11%	Includes Placement Broker Fee
Payroll Adjustments	6,283,193	9,908,247	9,908,247	0	0	0	0%	
Public Entity Broker Fees	3,688,259	3,904,694	3,904,694	3,880,508	4,350,276	469,768	12%	
Provision for Claims, Current Year	5,047,552	3,159,415	3,159,415	3,908,900	3,000,000	(908,900)	-23%	
Provision for Claims, Prior Years	(21,113,410)	(1,220,005)	(440,108)	0	0	0	0%	
Provision for ULAE	249,000	0	126,000	1,016,000	747,000	(269,000)	-26%	Cost to run off the claims
Total Retained and Transferred Risk	160,399,589	195,983,138	196,889,034	188,409,687	208,238,157	19,828,470	11%	
Program Administration								
Legal Fees	154,331	57,492	85,000	600,000	60,000	(540,000)	-90%	Includes fees for litigation with reinsurers, reduced due to resolution w/ Amtrust
ISO Index Fees	309,503	158,294	281,676	395,000	395,000	0	0%	Claims indexing service
Member Claims Audits	761,611	354,189	850,736	864,262	1,018,011	153,749	18%	More member and interim audits scheduled for 24/25
PRISM Claims Audits	0	0	16,200	16,200	0	(16,200)	-100%	Next audit due in 2025/26
Crisis Management Services	0	0	25,000	100,000	50,000	(50,000)	-50%	
Member Actuarial Studies	180,575	91,500	220,000	209,000	223,000	14,000	7%	
Other Program Expense	(227,351)	0	98,767,594	0	0	0	0%	Loss from Amtrust Commutation
Total Program Administration	1,178,668	661,475	100,246,206	2,184,462	1,746,011	(438,451)	-20%	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	0%	Available with a two-thirds vote of Executive Committee
TOTAL EXPENSES	161,578,257	196,644,613	297,135,240	190,644,149	210,034,168	19,390,019	10%	

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
EXCESS WORKERS' COMPENSATION PROGRAM
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	\$ (6,494,533)	\$ (7,166,082)	\$ (7,166,082)	\$ (7,166,082)	\$ (7,625,078)	\$ (458,996)	6%	
PRISM Claims System Costs	(291,395)	(498,225)	(498,225)	(498,225)	(482,123)	16,102	-3%	
Investment Fees	(61,966)	(25,592)	(49,691)	(85,180)	(122,380)	(37,200)	44%	External investment management fees
TOTAL TRANSFERS	(6,847,894)	(7,689,899)	(7,713,998)	(7,749,487)	(8,229,581)	(480,094)	6%	
Net Increase or (Decrease)	25,745,518	19,017,202	(75,547,525)	9,424,752	16,005,359	6,580,607	70%	
NET POSITION - JULY 1	48,126,764	73,872,282	73,872,282	75,465,737	(1,675,243)			
NET POSITION - JUNE 30	73,872,282	92,889,484	(1,675,243)	84,890,489	14,330,116			
Target Equity								
Low Range	40,000,000	33,577,000	33,577,000	33,577,000	30,200,000			
High Range	86,800,000	109,857,000	109,857,000	109,857,000	111,000,000			

General Liability 1

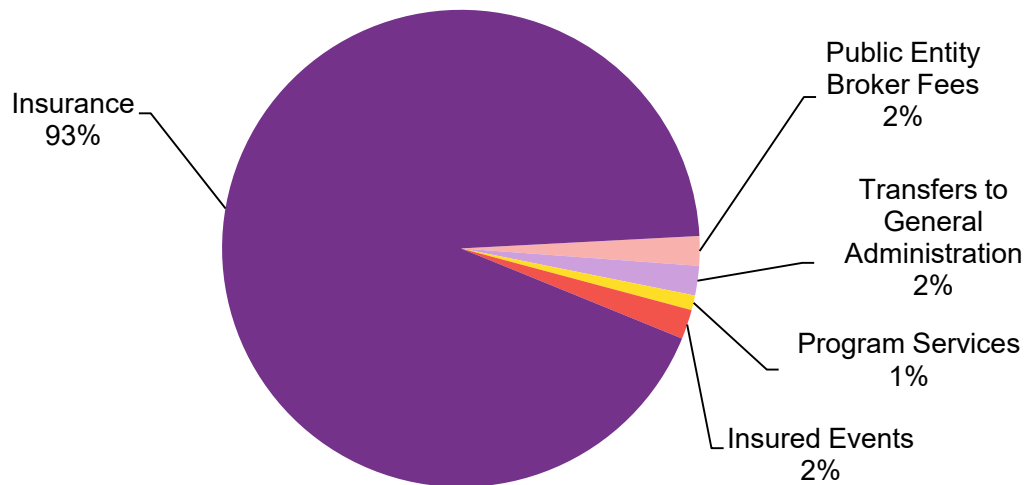
The objective of the General Liability 1 (GL1) Program is to provide members with a long-term, stable and financially strong alternative to traditional insurance. The GL1 Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Program Revenue Summary:

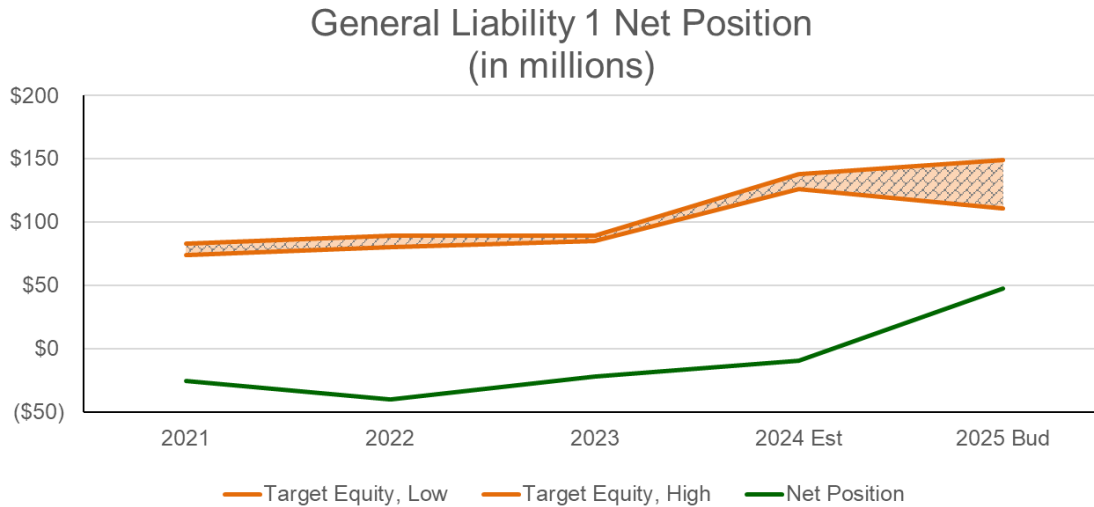
Number of Members	133
Covered Payroll	\$8.9 Billion
Pool Premium	\$63.2 Million
Insurance	\$142.7 Million
Premium to ARC	\$109.5 Million
Public Entity Broker Fees	\$4.8 Million
Administration and Fees	\$7.8 Million
Loss Prevention Subsidy	\$1,000 per member

A summary of the GLI Program budget is as follows:

General Liability 1 Program Expenses Summary



The GL1 Program proposed budget would result in an ending net position of \$47.3M at June 30, 2025. This is a significant improvement over prior years, but still below the program’s target equity range.



The Net Position of the General Liability 1 program is expected to increase in 2024/25 as contributions for retained risk are expected to exceed claims costs for the policy year as estimated at the expected confidence level. Actual claims development will vary from actuarial estimates and may be favorable or adverse.



General Liability 1 (GL1) Program Budget Policy

Program Goals for GL1 include the following:

Short Term Goals

- Re-evaluate the risk tolerance and the balance between pooling and transferring risk to the commercial insurance market, with a heavier emphasis on pooling.
- Continue to evaluate and develop service offerings to the members to assist and support their risk management efforts in mitigating/preventing loss.
- Set rates for the upcoming year at an 85% confidence level to increase the net position so that the pool's funding is within the target funding range in three to five years.
- Continue accomplishing action items as outlined on the GL1 Program Strategic Plan approved by the Executive Committee and coordinate the efforts of the Claims Review Committee, Risk Control, and D&A Departments, as needed.
- Continue to increase the use of standardized PRISM GL codes for general liability loss data to allow for better claims analysis and trend identification. Evaluate options to increase the usage of PRISM GL codes among the GL1 membership.
- Implement the adoption of monthly data reporting among the GL1 Program membership.
- Continue work on the data & analytics platform to allow for benchmarking of claims data, with additional members being brought onboard and new functionality being provided in 2024/25.
- Use multi-year underwriting matrices, where possible, to help stabilize renewal pricing from underwriters.
- Continue to monitor the long-term discount assumption, and make conservative adjustments, as needed.
- Continue to evaluate transfer of risk opportunities in the PRISM captive.
- Market the Program nationwide to improve the diversity of the Program exposure.
- Evaluate alternative insurance options, including insurance linked securities, to mitigate rate increases during the hard market.
- Assist members in evaluating increased SIR levels to assist with budget stability and premium savings.
- Analyze GL1 loss data and evaluate creating different rating groups within the GL1 allocation.
- Determine the optimal level of control/authority PRISM should have to assert more program control in claims, audit, and underwriting, to reduce the costs of claims and, ultimately, member premium contributions.



Long Term Goals

- Maintain funding levels in accordance with the Target Funding Guidelines.
- Maintain an equitable distribution of costs amongst the members through a premium allocation process with appropriate consideration for exposure and loss experience within the pool layer and excess layers.
- Maintain stable pricing year-over-year, striving not to exceed a 15% variance.
- The GL1 risk tolerance is low to neutral. We will protect pool assets through appropriate risk transfer with a bias toward more risk transfer in a soft market and less risk transfer in a hard market. There is a bias toward risk transfer when losses are less predictable and a bias toward risk retention when losses are more predictable and less volatile.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters, actuaries, claims administrators, etc.).
- Work with lobbyist and other public entities on advancing tort reform ideas.

Budget Policies for the GL1 Program include the following established by the Board of Directors:

Revenues

- Premiums for retained risk and transferred risk are calculated based on participating member's self-insured retention, exposure, and loss data. Based on actuarial information and market conditions, the Underwriting and Executive Committees advise on program funding mechanisms including how much risk to self-fund, and at what discount rate and confidence level, and how much risk to transfer. Funding includes consideration of the Target Equity Policy adopted by the Board. Final funding decisions and premium allocation methodologies are approved by the Board of Directors.
- Premium in the GL1 Program is not subject to adjustment based on actual payroll.
- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k to \$1M, and 3% of premiums excess of \$1M. Broker fees or commissions may also be charged to members for reinsurance placements and are considered part of the cost and premium for transferred risk.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. Most members choose to contribute at least \$1,000 each year to this program.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.



- Members may elect to pay their premium on a monthly or quarterly basis. Finance fees are charged based on the internal borrowing rate and the term of the financing.
- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense will flow to the Program's Net Position. Program costs are defined below.

Expenses

- Upon recommendation of the Underwriting and Executive Committees, the Board may annually consider returning available net position to members in the form of member dividends.
- Premium for transferred risk is the expense for insurance purchased based on the risk financing decisions made.
- The provisions for claims, current year, and provision for claims prior years' are the actuarial adjustments to claim liabilities.
- The provision for ULAE (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim and is charged as part of the admin fee.
- Member claims audits are scheduled for each member or Third Party Administrator (TPA), every two years, or as determined by the Claims Review Committee, unless the member opts out of the claims audit program.
- A claims audit for the PRISM's Claims Department is scheduled every two years.
- Each member is entitled to subsidy of \$2,000 towards the cost of member actuarial studies.
- Other program expenses include program actuarial and consulting costs, legal expenses, ISO fees and any other expenses approved by the various committees.
- There is a \$50,000 contingency budget line item for unforeseen expenses, which is available for use with a two-thirds vote of the Executive Committee.
- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Board will determine how to fund for these services.
- Deficits in any program's net cash and investment balance occasionally result from delays in payments from reinsurance carriers and others. In those instances, the cash flow needs of the program are met by other PRISM programs via interfund borrowing. Interest is paid on interfund borrowing in accordance with the annually-adopted internal borrowing rate. This interest expense will be covered from the program's net position.



Transfers

- Transfers out to the General Administration Program are used to pay for the PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a three-year average of staff time.
- The administrative costs of the Program are typically set in conjunction with the March Board of Directors meeting as a way to aid members in budgeting by reducing variability in their premiums. Any variance within 2.5% of the set amount and the final administrative costs are adjusted from the program's Net Position. If the variance falls outside of the 2.5% range, the total budgeted number is brought back to the Board of Directors in June for further action.
- Based on member election, a risk management subsidy of \$1,000 per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account.
- The PRISM Claim system transfer is based on program usage.
- Investment Fees are charged to the program based on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL LIABILITY 1 PROGRAM
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 173,801,546	\$ 224,829,841	\$ 224,829,841	\$ 193,016,300	\$ 252,133,080	\$ 59,116,780	31%	Incl. Corridor deductible reinsured by PRISM ARC and Placement Broker Fee
Contributions for Retained Risk	2,354,525	3,258,085	3,258,085	47,630,022	63,175,203	15,545,181	33%	Billed at 85% confidence level, 2.5% discount factor; incl. PIGA in 24/25 Bud.
Public Entity Broker Fees	3,157,241	4,484,179	4,484,179	3,990,623	4,767,725	777,102	19%	
Investment Income	0	350	662	633,125	0	(633,125)	-100%	Investment earnings projected in 25/26 on positive cash
Administration Fees	6,420,455	6,869,742	6,869,742	7,271,653	7,842,459	570,806	8%	Includes Schools loss control fee; set in March
Other Income	3,867	1,352	1,352	0	0	0	0%	
TOTAL REVENUES	185,737,634	239,443,549	239,443,861	252,541,723	327,918,467	75,376,744	30%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	208,916,988	209,225,533	209,225,533	193,016,300	252,133,080	59,116,780	31%	Incl. Placement and LPT Broker Fees
Public Entity Broker Fees	3,044,288	4,477,837	4,477,837	3,990,623	4,767,725	777,102	19%	
Provision for Claims, Current Year	1,273,400	2,407,842	2,407,842	11,579,736	4,376,079	(7,203,657)	-62%	Claims expense
Provision for Claims, Prior Years	(55,621,492)	1,566,620	1,566,620	0	0	0	0%	
Provision for ULAE	(489,000)	0	719,000	691,000	816,000	125,000	18%	Including DBD
Total Retained and Transferred Risk	157,124,183	217,677,832	218,396,832	209,277,659	262,092,884	52,815,225	25%	
Program Administration								
Financing Expenses	322,630	1,032,518	2,341,685	0	2,200,000	2,200,000	0%	Interest paid to other programs due to negative cash; not billed back to members
ISO Fees	2,182	6,279	12,558	5,000	8,000	3,000	60%	
Member Claims Audits	132,229	34,005	95,000	155,000	180,000	25,000	16%	
PRISM Claims Audit	23,200	0	20,000	20,000	0	(20,000)	-100%	Next due in 2025/26
Legal Expenses	420,673	311,793	425,000	600,000	835,000	235,000	39%	
Crisis Management Services	1,362	735	50,000	100,000	100,000	0	0%	
Bank Fees	3,393	3,053	6,755	6,000	6,000	0	0%	Allocated to DBD members only
Member Actuarial Studies	135,105	55,500	148,500	148,500	152,000	3,500	2%	
Other Program Expense	5,002,500	0	0	0	0	0	0%	2022/23 ACFR \$5M is write-off of bad debt
Total Program Administration	6,043,274	1,443,884	3,099,498	1,034,500	3,481,000	2,446,500	236%	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	0%	Available with two-thirds vote of the Executive Committee
TOTAL EXPENSES	163,167,457	219,121,716	221,496,330	210,362,159	265,623,884	55,261,725	26%	

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL LIABILITY 1 PROGRAM
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	\$ (4,573,489)	\$ (4,847,135)	\$ (4,847,135)	\$ (4,847,135)	\$ (5,441,279)	\$ (594,144)	12%	
Claims System Costs	(104,750)	(186,015)	(186,015)	(186,015)	(295,286)	(109,271)	59%	
Investment Fees	(16,429)	(5,728)	(13,079)	(20,260)	0	20,260	-100%	External investment management fees
TOTAL TRANSFERS	(4,694,668)	(5,038,878)	(5,046,229)	(5,053,410)	(5,736,565)	(683,155)	14%	
Net Increase or (Decrease)	17,875,509	15,282,955	12,901,302	37,126,154	56,558,018	19,431,864	52%	
NET POSITION - JULY 1	(39,985,723)	(22,110,214)	(22,110,214)	18,255,408	(9,208,912)			
NET POSITION - JUNE 30	(22,110,214)	(6,827,259)	(9,208,912)	55,381,562	47,349,106			
Net Position Designated for:								
Unrestricted Net Position	(46,106,558)	(33,423,603)	(35,805,256)	34,287,231	19,252,762			
Premium Rate Credit, accrued but not received at period end	23,996,344	26,596,344	26,596,344	21,094,331	28,096,344			
Total Net Position	(22,110,214)	(6,827,259)	(9,208,912)	55,381,562	47,349,106			
Target Equity								
Low Range	85,107,000	126,100,000	126,100,000	126,100,000	110,800,000			
High Range	89,500,000	137,900,000	137,900,000	137,900,000	149,100,000			

General Liability 2

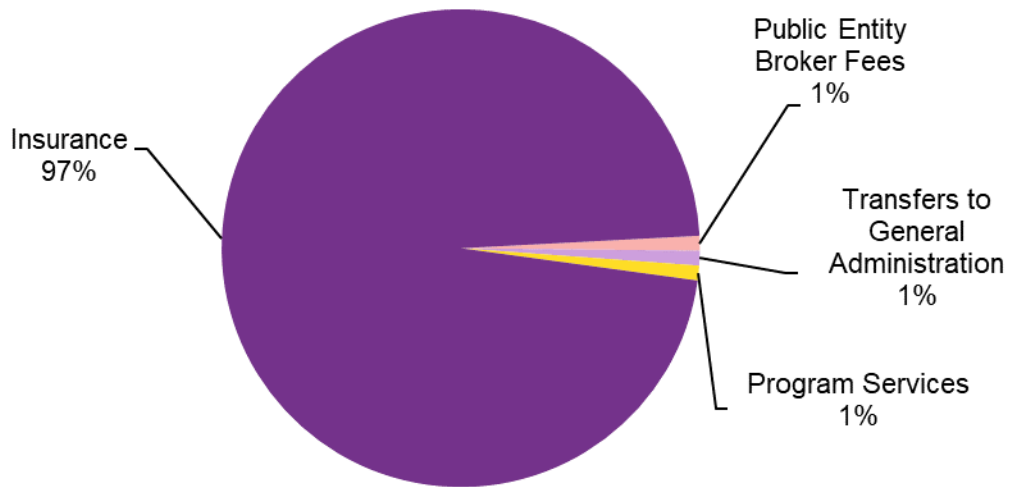
The objective of the General Liability 2 (GL2) Program is to provide members who can afford a high self-insured retention an affordable excess liability program with limited pool exposure, and insured coverage when available.

Program Revenue Summary:

Number of Members	29
Insurance	\$214.2 Million
Premium to ARC	\$20.6 Million
Public Entity Broker Fees	\$1.8 Million
Administration and Fees	\$5.5 Million
Projected Investment Income	\$270 Thousand

A summary of the General Liability 2 Program budget is as follows:

General Liability 2 Program Expenses Summary



The GL2 Program suffered a financial loss of \$25M due to AmTrust commutation in fiscal year 2023/24. A projected assessment of \$30 million has been included in the 2023/24 revenues. The proposed budget would result in an ending net position of \$6.5M at June 30, 2025. This is assuming that an assessment of \$30M will be approved in fiscal year 2023/24.



General Liability 2 (GL2) Program Budget Policy

Program Goals for the GL2 Program include the following:

Short Term Goals

- Increase service offerings to the members.
- Eliminate aggregate coverage limits where possible.
- Use multi-year underwriting matrices, wherever possible, to help ensure stable renewal pricing from underwriters.
- Evaluate different risk financing strategies in challenging renewal times; such as evaluating pooling/risk sharing, evaluate SIR changes, and assess different corridor retentions, IMCDs, and layering strategies.
- Annually consider amendments to the MOC to address areas in which clarification is helpful in an effort to avoid coverage questions in the future.
- Evaluate whether to establish Target Funding Guidelines to assist the Committee in making program funding decisions and building up program net position. Continue to evaluate transfer of risk opportunities to the PRISM Captive.

Long Term Goals

- Maintain an equitable, market-based premium allocation with appropriate consideration given to exposure and loss experience. A market based allocation is designed to avoid adverse selection by the members.
- Maintain stable pricing year-over-year, striving to not exceed a 10% variance overall, or 15% variance by member.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters).
- Expand program to new members, which may include pools or individual members from other states.

Budget Policies for the GL2 Program include the following:

Revenues

- Based on market conditions, coverage for the Program is provided by insurance, or a combination of insurance and an aggregate pool or Mega Fund, individual member corridor deductibles (IMCDs) when appropriate, which provides coverage between the member's SIR and the insured layer.
- The allocation of premiums between participating members is approved annually by the GL2 Committee.
- Broker fees are charged to all public entity members. The amount charged is based on the broker contract and is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of



premiums from \$100k - \$1M, and plus 3% of premiums excess of \$1M. Currently the broker is refunding a portion of broker fees to the Program to offset program expenses.

- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense could flow to the program's net position, on committee's discretion. Program costs are defined below.
- The Risk Management Subsidy Program was created to offset the direct costs members incur from securing external risk management products and services. Unless a member opts out, the Risk Management Subsidy is \$1,000 each year.

Expenses

- GL2 premiums for transferred risk include the cost of insurance for claims in excess of each member's SIRs and the GL2 Pool or Mega Fund. Policy limits are determined annually by the GL2 Committee. Members can obtain optional excess insurance through the Miscellaneous Programs that extend coverage limits.
- The provision for claims provides for claims costs within any corridor deductible or Mega Fund layer.
- The provision for Unallocated Loss Adjustment Expenses (ULAE) accrues the costs not directly associated with specific claims, but related to claims administration and settlement processes for the remaining life of the claims. ULAE includes salaries and other internal costs of the PRISM's claims department.
- The legal services line item provides for coverage opinions and other services provided to the GL2 Committee.
- Claims audits will be done every two years and paid for through the premium allocation.
- A claims audit for the PRISM's Claims Department is scheduled every two years.
- Each member is entitled to a subsidy of \$2,000 towards the cost of member actuarial studies.
- Other program expenses include consulting costs, ISO fees and any other expenses approved by the GL2 Committee.
- An expense budget of \$50,000 has been delegated to the GL2 Committee for any unforeseen budget expenses. The GL2 Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.
- The program has adopted a policy to provide Crisis Incident Management Services. Annually, the GL2 Committee will determine how to fund for these services.



- Deficits in GL2 program net cash and investment balance occasionally result from delays in payments from reinsurance carriers and others. In those instances, the cash flow needs of the program are met by other PRISM programs via intercompany borrowing. Interest is paid on intercompany borrowing in accordance with the annually-adopted internal borrowing rate. This interest expense will be covered from the programs net position.

Transfers

- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a three-year average of staff time.
- Based on member election, a risk management subsidy of \$1,000 per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account balance.
- The Claims System transfer was established based on program usage.
- Investment Fees are charged on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL LIABILITY 2 PROGRAM
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 147,305,485	\$ 182,406,891	\$ 182,406,891	\$ 177,110,105	\$ 234,818,086	\$ 57,707,981	33%	Includes Placement Broker Fee
Contributions for Retained Risk (Assessment)	0	0	30,000,000	0	0	0	0%	Potential Assessment from AmTrust settlement
Public Entity Broker Fees	6,009,433	1,453,852	1,453,852	1,540,520	1,795,326	254,806	17%	
Investment Income	0	0	0	0	270,000	270,000	0%	
Member Finance Fees	26,879	97,384	97,384	77,000	100,000	23,000	30%	
General Administration Fees	4,234,662	4,213,841	4,213,841	4,255,909	5,412,118	1,156,209	27%	
TOTAL REVENUES	157,576,459	188,171,968	218,171,968	182,983,534	242,395,530	59,411,996	32%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	151,886,343	182,348,072	182,348,072	168,932,256	234,818,086	65,885,830	39%	Includes Placement Broker Fee
Public Entity Broker Fees	1,375,464	1,453,852	1,453,852	1,540,520	1,795,326	254,806	17%	
Provision for ULAE	14,000	0	569,000	601,000	659,000	58,000	10%	
Total Retained and Transferred Risk	153,275,807	183,801,924	184,370,924	171,073,776	237,272,412	66,198,636	39%	
Program Administration								
ISO Fees	19,730	4,239	8,477	15,000	20,000	5,000	33%	
Member Actuarial Studies	26,000	20,000	41,800	41,800	42,000	200	0%	
Legal Services	340,837	399,520	1,020,000	595,000	975,000	380,000	64%	
Member Claims Audit	109,875	50,000	83,000	115,000	60,000	(55,000)	-48%	
Crisis Management Services	0	0	50,000	100,000	100,000	0	0%	
Financing Expense	387,553	846,585	1,693,170	500,000	0	(500,000)	-100%	
Other Program Expense	0	793,226	25,491,870	0	0	0	0%	2023/24 Amtrust and QBE write-off of bad debt
Total Program Administration	883,995	2,113,569	28,388,317	1,366,800	1,197,000	(169,800)	-12%	
Appropriation Delegated to GL2 Committee	0	0	0	50,000	50,000	0	0%	Available with two-thirds vote of GL2 Committee
TOTAL EXPENSES	154,159,802	185,915,493	212,759,241	172,490,576	238,519,412	66,028,836	38%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(2,663,142)	(2,788,904)	(2,788,904)	(2,788,904)	(3,293,917)	(505,013)	18%	
Claims System Costs	(61,041)	(111,282)	(111,282)	(111,282)	(207,903)	(96,621)	87%	
Investment Fees	(10,217)	(4,689)	(9,214)	0	(4,298)	(4,298)	0%	External investment management fees
TOTAL TRANSFERS	(2,734,400)	(2,904,875)	(2,909,400)	(2,900,186)	(3,506,118)	(605,932)	21%	
Net Increase or (Decrease)	682,257	(648,400)	2,503,327	7,592,772	370,000	(7,222,772)	-95%	
NET POSITION - JULY 1	2,957,332	3,639,589	3,639,589	3,594,477	6,142,916			
NET POSITION - JUNE 30	3,639,589	2,991,189	6,142,916	11,187,249	6,512,916			

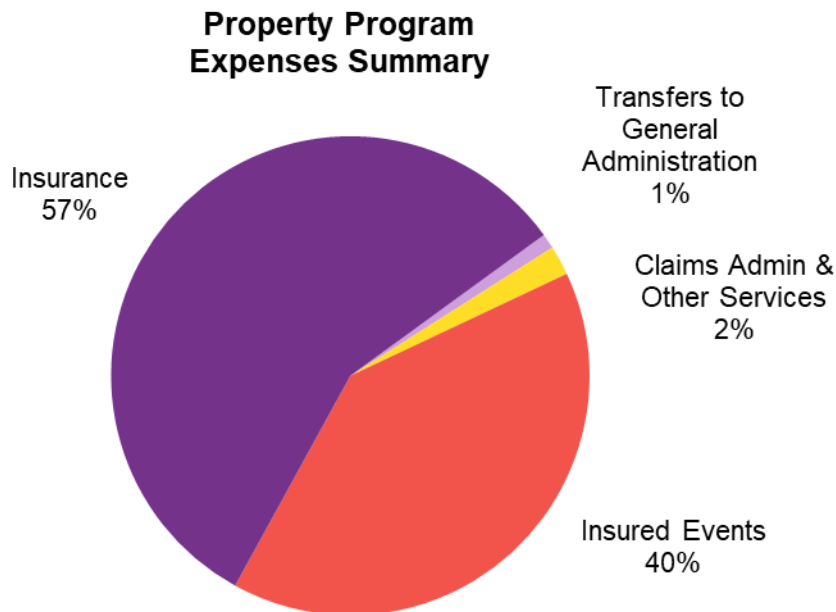
Property

The objective of the Property Program is to provide a broad range of all-risk property coverage to members, including flood and earthquake. Members’ property is divided into groups known as “towers”. The program self-insures the primary layer of \$10M per occurrence, per tower with a \$120M annual aggregate. Insurance is purchased for layers above the primary layer, with some exceptions.

Program Revenue Summary:

Number of Members		114
Member Deductibles	\$25,000 to \$250,000	
Insured Values		\$106.6 Billion
Pool Premium		\$119.5 Million
Insurance		\$166.6 Million
Claims Administration		\$3.5 Million
Administration and Fees		\$2.5 Million
Projected Investment Income		\$1.8 Million

A summary of the Property Program budget is as follows:



The Property program began retaining risk in the primary SIR-\$10M layer with the 22/23 policy year. The Program’s healthy net position was used the first two years (22/23 and 23/24) to subsidize member premiums. Contributions fell short of the primary layer losses, resulting in an erosion of net position from \$52.4M at the end of FY21/22 to a projected \$9M at the end of FY23/24. Increased collections are anticipated to cover losses and stabilize net position at \$14.9M at June 30, 2025.



Property Program Budget Policy

Program Goals for the Property Program include the following:

Short-term Goals

- Increase service offerings to the members.
- Seek out new markets and annually evaluate risk retention options.
- Continue to implement the Committee's policy to address frequency and severity of losses at vacant buildings.
- Continue to evaluate the quality of claims services.
- Continue to evaluate transfer of risk opportunities in PRISM's Captive.
- Evaluate adding public entity members to County towers or developing new public entity towers to address the continued growth of the Program.

Long-term Goals

- Maintain beneficial long-term relationships with insurance markets.
- Maintain program stability through strategies of broad spread of risk and market-based premium allocation.
- Maintain superior quality services in claims, underwriting and loss control.
- Continue to evaluate coverage and structure enhancements.
- Expand the Program to out-of-state participants who will increase the Program's diversity and fit with the Program's risk appetite.

Budget Policies for the Property Program include the following:

Revenues

- Premiums for retained and transferred risk are allocated based on each member's insured values, exposures, deductibles and coverage elections. Any difference between the collected premium for retained and transferred risk and premium expenses paid, is retained as a Property Program Stabilization Fund.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in PRISM's Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Ceding commissions, refunded by the primary carrier will be added to the Program's net position.
- Any unspent money from the funding of the retained layers will flow to the Program's net position.



- Members may elect to pay their premium on a monthly or quarterly basis. Member finance fees are charged based on the internal borrowing rate and the term of the financing.
- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense will flow to the Program's net position. Program costs are defined below.

Expenses

- Property insurance premiums include the cost of primary and excess insurance. The primary includes the annual primary layer pool funding and aggregate premium and a provision for claim handling payments within the primary layer.
- Other program expenses include consulting costs, legal expenses, property appraisal services, and any other expenses approved by the Property Committee.
- The Risk Management Subsidy Program was created to offset the direct costs members incur from securing external risk management products and services. Unless a member opts out, the Risk Management Subsidy is \$1,000 per year.
- PRISM's premium billing to members is based on the fiscal year of July 1st through June 30th. The insurance premiums are for a policy period of March 31st through March 31st, and premiums are due to the carriers within 30 days. This timing difference requires PRISM to finance a portion of the cost of insurance. PRISM internally borrows funds from the treasury to pay these premiums until member billings are collected in July. The finance expenses are the costs to the PRISM Treasury to internally borrow funds for the Property Program. An expense is recognized each fiscal quarter based on the average daily balance of the funds borrowed times the internal borrowing rate approved by the Board of Directors each March.
- The Risk Management Services line item of \$350,000 is available for services approved by the Property Committee.
- The Appraisal Services line item is for the Program's portion of expenses associated with appraisal of buildings valued between \$250,000-\$1,000,000. Since the appraisal policy was amended to extend the frequency of appraisals from 5 to 10 years, the Program's financial responsibility is significantly reduced starting in the 2017/18 year and may increase for additional appraisals again in the 2024/25 year.
- An expense budget of \$25,000 has been delegated to the Property Committee. The Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.
- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Property Committee will determine how to fund for these services.



Adopted: May 20, 2010
Last Amended: May 31, 2024

- The Property Committee has approved an actuarial subsidy for members in the program. Each member that has a study completed will be eligible for reimbursement of up to \$2,000 once per fiscal year.

There is a Claims Administration line item in the budget to pay a third-party claims administrator (TPA) to handle claims for the Program. The TPA contract is reviewed and considered for renewal by the Property Committee.

- Deficits in any program's net cash and investment balance occasionally result from delays in payments from reinsurance carriers and others. In those instances, the cash flow needs of the program are met by other PRISM programs via interfund borrowing. Interest is paid on interfund borrowing in accordance with the annually-adopted internal borrowing rate. This interest expense will be covered from the program's net position.

Transfers

- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM's programs based on a 3-year average of staff time.
- Based on member election, a risk management subsidy of \$1,000 per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account.
- Investment fees are charged on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PROPERTY PROGRAM
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 107,949,166	\$ 96,684,226	\$ 138,329,528	\$ 126,512,925	\$ 166,581,210	\$ 40,068,285	32%	
Premiums for Claims Admin	2,000,000	2,000,000	2,000,000	2,000,000	3,500,000	1,500,000	75%	
Retained Risk	78,745,405	69,295,465	98,295,465	91,270,144	119,485,981	28,215,837	31%	24/25 includes pooled risk up to \$10M per occurrence plus retentions & quota shares.
Stabilization Funds	0	54,553	54,553	0	0	0	0%	2023/24 \$55k is from new member addition
Investment Income	1,984,014	3,752,426	4,150,027	404,375	1,781,000	1,376,625	340%	
Member Finance Fees	1,703	6,800	6,800	6,500	7,000	500	8%	
Administration Fees	1,477,648	1,098,320	1,441,926	1,881,750	2,463,448	581,698	31%	Includes School Loss Control Fee and Risk Control grants pass thru item
TOTAL REVENUES	192,157,936	172,891,789	244,278,299	222,075,694	293,818,639	71,742,945	32%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	104,445,368	96,684,226	138,329,528	126,512,925	166,581,210	40,068,285	32%	Incl. \$124.9M that is already prepaid to carriers but will be an expense on the 24/25 financial statements
Provision for claims	102,539,873	74,279,420	125,758,751	86,512,000	115,900,000	29,388,000	34%	Claims for primary layer pool expensed as incurred
Provision for ULAE	5,000	0	3,000	54,000	88,000	34,000	63%	
Total Retained and Transferred Risk	206,990,241	170,963,646	264,091,280	213,078,925	282,569,210	69,490,285	33%	
Program Administration								
Financing Expenses	0	0	500,000	0	0	0	0%	Interest on interfund borrowing rate
Legal Services	2,691	3,395	12,000	20,000	20,000	0	0%	
Claims Admin	2,363,277	1,594,855	3,508,681	2,000,000	3,500,000	1,500,000	75%	Increase based on actual expense in previous year
PRISM Claims Audits	6,250	0	0	0	20,000	20,000	0%	No audit in FY 23/24
Crisis Management Services	0	0	50,000	100,000	100,000	0	0%	
Member Actuarial Studies	0	0	0	0	182,000	182,000	100%	Approved by the committee in March 2024
Property Appraisals	15,317	26,817	131,670	131,670	132,000	330	0%	
Risk Management/LP Services	350,000	385,000	385,000	385,000	350,000	(35,000)	-9%	Includes Risk Control Grants, pass thru item
Total Program Administration	2,737,535	2,010,067	4,587,351	2,636,670	4,304,000	1,667,330	63%	
Appropriation for Property Committee	0	0	0	25,000	25,000	0	0%	Available with two-thirds vote of Property Committee
TOTAL EXPENSES	209,727,776	172,973,714	268,678,631	215,740,595	286,898,210	71,157,615	33%	
TRANSFERS:								
Transfers in (out) to:								
Transfers out to Administration	(667,665)	(685,403)	(685,403)	(685,403)	(981,374)	(295,971)	43%	
PRISM Claims System Costs	(8,666)	(18,274)	(18,274)	(18,274)	(30,130)	(11,856)	65%	
Investment Fees	(24,034)	(15,271)	(30,828)	(12,940)	(28,353)	(15,413)	119%	External investment management fees
TOTAL TRANSFERS	(700,365)	(718,948)	(734,505)	(716,617)	(1,039,857)	(323,240)	45%	
Net Increase or (Decrease)	(18,270,205)	(800,872)	(25,134,837)	5,618,482	5,880,572	262,090	5%	
NET POSITION - JULY 1	52,434,089	34,163,884	34,163,884	24,140,044	9,029,047			
NET POSITION - JUNE 30	34,163,884	33,363,012	9,029,047	29,758,526	14,909,619			
Net Position Designated for:								
Margin for Claim Development	5,657,387	5,711,940	5,711,940	5,657,387	5,711,940			
Undesignated	28,506,497	27,651,072	3,317,107	24,101,139	9,197,679			
Total Net Position	34,163,884	33,363,012	9,029,047	29,758,526	14,909,619			

Medical Malpractice

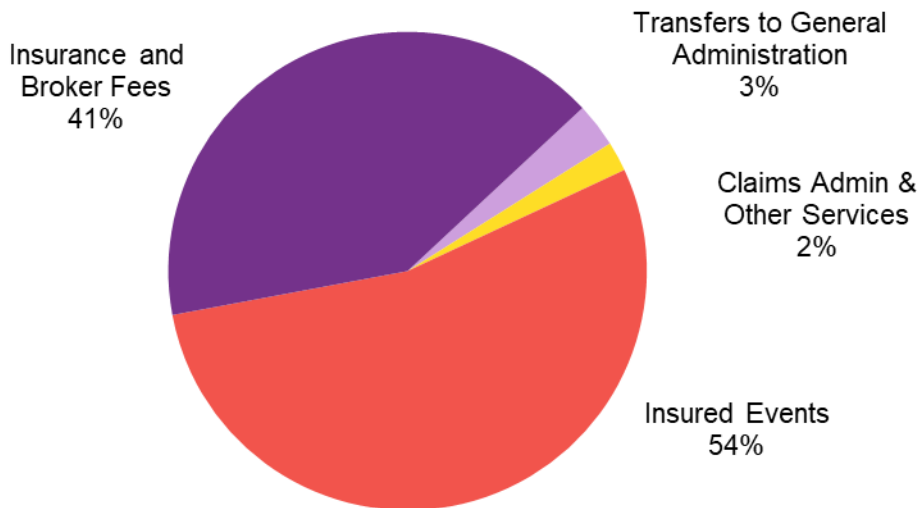
The objective of the Medical Malpractice Program is to provide members with the broadest possible General Liability and hospital or medical facilities professional liability coverage and limits at the lowest rates available. The Medical Malpractice Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Program Revenue Summary:

Number of Members	52
Pool Premium	\$28.7 Million
Insurance and Broker Fees	\$12.9 Million
Premium to ARC	\$1.9 Million
Claims Administration	\$584 Thousand
Administration and Fees	\$1.3 Million
Projected Investment Income	\$1.7 Million
Loss Prevention Subsidy	\$1,000 per member

A summary of the Medical Malpractice Program budget is as follows:

Medical Malpractice Program Expenses Summary



The Medical Malpractice Program budgeted an increase in its Net Position by \$10.2M in 2024/25. Rates for the program are developed such that contributions for retained risk plus investment income are budgeted to exceed claims costs. Actual claims development will vary from current estimates and may be favorable or adverse.



Medical Malpractice Program Budget Policy

Program Goals for the Medical Malpractice Program include the following:

Short Term Goals

- Re-evaluate the risk tolerance and the balance between pooling and transferring risk to the commercial insurance market, with a heavier emphasis on pooling.
- Evaluate potential changes to the actuarial rating models and premium allocation methodologies.
- Increase service offerings to the members.
- Continue to monitor the activity of jail/civil rights claims covered by the Program.
- Staff and George Hills/RMS to continue working with members and Wellpath to review the coverage limits provided to members.
- Engage members in exploring the feasibility of establishing a new JPA for jail medical services.
- Evaluate the feasibility of providing program claims administration (Program II) and oversight of member claim administration (Program I) in-house.
- Continue to consider risk transfer opportunities to the PRISM Captive.

Long Term Goals

- Maintain stable pricing year over year, striving not to exceed a 10% variance overall, or 15% variance by member.
- Maintain multi-year relationships with carriers, brokers and underwriters where possible.
- Maintain an equitable distribution of costs among the members and Program 1 and Program 2, through a premium allocation process with appropriate consideration for exposure and loss experience within the pool and excess layers.
- Monitor the long-term actuarial discount assumption, compared to the projected investment earnings rate.
- Create a Medical Malpractice claims module in PRISM's proprietary claims system.

Budget Policies for the Medical Malpractice Program include the following:

Revenues

- Premiums for retained risk and transferred risk are actuarially determined based on each member's exposure, claims experience and SIR or deductible. Each year the Medical Malpractice Committee determines the appropriate funding level and discount rate.



- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k - \$1M, and plus 3% of premiums excess of \$1M. Broker fees or commissions may also be charged to members for reinsurance placements and are considered part of the cost and premium for transferred risk.
- The Risk Management Subsidy Program was created to offset the direct costs members incur from securing external risk management products and services. Unless a member opts out, the Risk Management Subsidy is \$1,000 each year.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Claims administration fees are based on negotiated fee contracts approved by the Committee. Claims administration fees are allocated within each Program separately based on each members retained and transferred risk premiums.
- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense will reduce the current budget year's Administration fees charged to the members. Program costs are defined below.

Expenses

- The Medical Malpractice Committee annually considers returning available monies resulting from net position to members in the form of member dividends.
- Medical Malpractice premiums for transferred risk include the cost of reinsurance and or excess insurance.
- The Provision for Claims (current), and the Provision for Claims (prior years), are the actuarial adjustments to claim liabilities.
- The Provision for ULAE (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim.
- Program and member claims audits are scheduled every two (2) or as determined by the Medical Malpractice Committee.
- Each Program 1 member is entitled to a subsidy of \$2k towards the cost of member actuarial studies.
- The Medical Malpractice Committee provides a loss prevention seminar. The Committee will reimburse the travel expenses for up to three (3) representatives from each member when the seminar is held in person.
- Other program expenses include legal expenses and any other expenses approved by the Medical Malpractice Committee.
- An expense budget of \$25k has been delegated to the Medical Malpractice Committee for any unforeseen budget expenses. The Medical Malpractice



Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.

- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Medical Malpractice Committee will determine how to fund for these services.
- Deficits in any program's net cash and investment balance occasionally result from delays in payments from reinsurance carriers and others. In those instances, the cash flow needs of the program are met by other PRISM programs via interfund borrowing. Interest is paid on interfund borrowing in accordance with the annually-adopted internal borrowing rate. This interest expense will be covered from the program's net position.

Transfers

- Transfers out to the general administration program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a three-year average of staff time.
- Investment fees are charged based on the average daily balance of program funds.
- Based on member election, a risk management subsidy of \$1k per member, plus any additional amounts elected by members, is transferred to the general administration program and added to each member's risk management subsidy account balance.
- The Claims System transfer is based on program usage.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MEDICAL MALPRACTICE PROGRAM
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premium for Transferred Risk	\$ 10,326,523	\$ 12,716,105	\$ 12,716,105	\$ 13,006,638	\$ 14,871,328	\$ 1,864,690	14%	
Contribution for Retained Risk	18,318,612	23,718,721	23,718,721	24,077,758	28,294,920	4,217,162	18%	80% Confidence Level, discounted at 3%; incl. PIGA in 24/25 Bud.
Public Entity Broker Fees	12,321	17,547	17,547	12,721	16,900	4,179	33%	
Investment Income	819,478	1,987,943	3,292,570	871,250	1,724,000	852,750	98%	
Member Finance Fees	316	0	0	0	0	0	0%	
Claims Administration Fees	526,834	557,327	560,000	557,281	584,484	27,203	5%	
Administration Fees	1,210,294	1,358,396	1,406,723	1,384,512	1,316,675	(67,837)	-5%	
TOTAL REVENUES	31,214,379	40,356,039	41,711,666	39,910,160	46,808,307	6,898,147	17%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	10,223,158	12,692,671	12,692,671	13,006,638	14,871,328	1,864,690	14%	
Public Entity Broker Fees	12,321	17,547	17,547	12,721	16,900	4,179	33%	
Provision for Claims - Current Year	9,582,848	15,437,644	15,437,644	17,617,000	19,791,000	2,174,000	12%	Estimated at expected discounted
Provision for Claims - Prior Year	4,814,743	167,627	4,167,627	0	0	0	0%	
Provision for ULAE	(33,000)	0	119,000	92,000	115,000	23,000	25%	
Total Retained and Transferred Risk	24,600,070	28,315,489	32,434,489	30,728,359	34,794,228	4,065,869	13%	
Program Administration								
ISO Index Fees	0	0	0	500	500	0	0%	
Legal Expenses	36,651	22,127	125,000	25,000	125,000	100,000	400%	Legal - coverage counsel
Claims & Loss Prevention Administration	526,834	278,664	560,000	560,000	600,000	40,000	7%	
Member Actuarial Studies	8,000	4,000	8,800	8,800	22,000	13,200	150%	
Claim Audits	0	0	10,000	10,000	10,000	0	0%	
Crisis Management Services	0	0	50,000	100,000	50,000	(50,000)	-50%	
Total Program Administration	571,485	304,791	753,800	704,300	807,500	103,200	15%	
Appropriation Delegated to Med Mal Committee	0	0	0	25,000	25,000	0	0%	Available with two-thirds vote of Med Mal Committee
TOTAL EXPENSES	25,171,554	28,620,280	33,188,289	31,457,659	35,626,728	4,169,069	13%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(925,864)	(994,179)	(994,179)	(994,179)	(859,916)	134,263	-14%	
Claims System Costs	(49,614)	(81,371)	(81,371)	(81,371)	(66,295)	15,076	-19%	
Investment Fees	(19,014)	(8,817)	(17,329)	(27,880)	(27,448)	432	-2%	External investment management fees
TOTAL TRANSFERS	(994,492)	(1,084,367)	(1,092,879)	(1,103,430)	(953,659)	149,771	-14%	
Net Increase or (Decrease)	5,048,332	10,651,392	7,430,498	7,349,071	10,227,920	2,878,849	39%	
NET POSITION - JULY 1	13,431,002	18,479,333	18,479,333	21,592,361	25,909,831			
NET POSITION - JUNE 30	18,479,333	29,130,725	25,909,831	28,941,432	36,137,751			
Target Equity								
Low Range	10,287,000	11,137,000	11,137,000	11,137,000	14,130,000			
High Range	19,378,000	23,824,000	23,824,000	23,824,000	27,318,000			

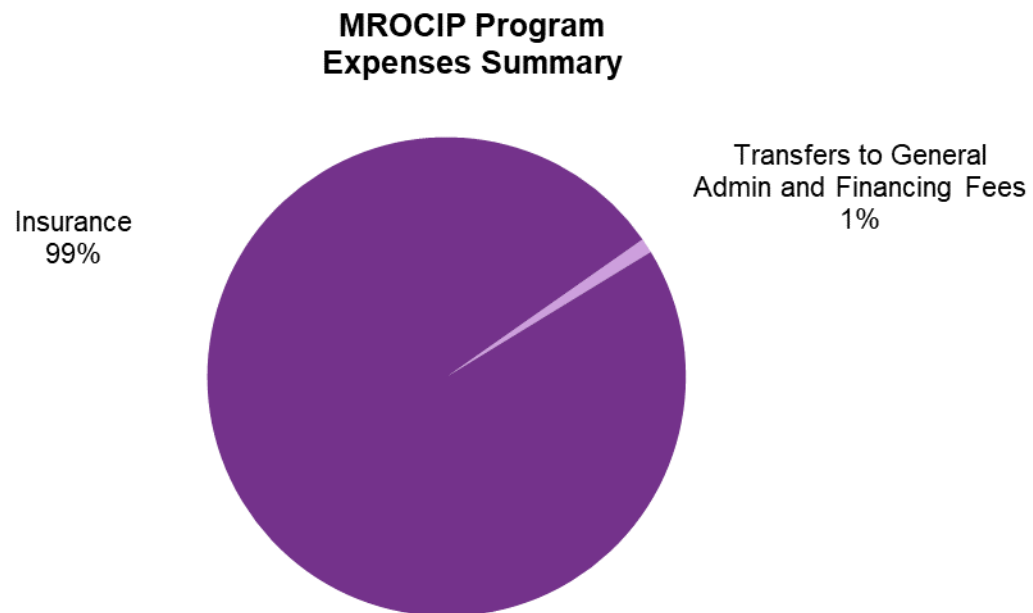
Master Rolling Owner Controlled Insurance Program

The Master Rolling Owner Controlled Insurance Program (MROCIP) enables members to purchase workers compensation and general liability coverage for all eligible parties working on their construction projects. The program incepted in January 2013, and currently has five projects either approved or in progress.

Program Revenue Summary:

Insurance	\$10 Million
Administration and Fees	\$140 Thousand

A summary of the MROCIP Program budget is as follows:



As budgeted, collections for Administration Fees are greater than the related expenses, resulting in an increase in Net Position of \$79k.



Master Rolling Owner Controlled Insurance Program (MR OCIP) Program Budget Policy

Program Goals for MR OCIP include the following:

Short-Term Goals

- Increase service offerings to the members.
- Communicate information about the Program to members.
- Continue to expand member participation in the Program, with a target towards county jails and schools.
- Evaluate offering a “liability-only” option.
- Evaluate expanding the program out of state by offering stand-alone placements in the short-term.

Long-Term Goals

- Maintain beneficial long-term relationships with insurance markets.
- Maintain program stability through strategies of broad spread of risk and market-based premium allocation.
- Maintain superior quality services in claims, underwriting and loss control.
- Consider future opportunities for outside of California prospects.

Budget Policies for the MR OCIP include the following:

Revenues and Expenses

- Premiums for Retained and Transferred Risk, and other program charges are calculated based on each project’s construction values, payrolls, exposures, and coverage elections.
- Program finance fees are based on the internal borrowing rate.
- Administration fees are .03% of the Estimated Construction Project Value.
- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a 3-year average of staff time.
- Investment fees are charged on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MASTER ROLLING OCIP PROGRAM
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 5,071,948	\$ 1,710,711	\$ 4,412,256	\$ 10,000,000	10,000,000	\$ 0	0%	
Investment Income	13,383	0	0	10,000	0	(10,000)	-100%	
Administration Fees	102,502	23,400	23,400	140,000	140,000	0	0%	
TOTAL REVENUES	5,187,833	1,734,111	4,435,656	10,150,000	10,140,000	(10,000)	0%	
EXPENSES:								
Retained and Transferred Risk								
Insurance Purchased	5,688,282	1,710,711	4,412,256	10,000,000	10,000,000	0	0%	2022/23 ACFR includes paid aggregate catch-up for prior years' losses
Financing Expenses	0	1,895	13,949	0	5,000	5,000	0%	
Total Retained and Transferred Risk	5,688,282	1,712,606	4,426,205	10,000,000	10,005,000	5,000	0%	
TOTAL EXPENSES	5,688,282	1,712,606	4,426,205	10,000,000	10,005,000	5,000	0%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(49,120)	(51,507)	(51,507)	(51,507)	(55,870)	(4,363)	8%	
Investment Fees	(212)	(10)	(80)	(320)	0	320	-100%	External investment management fees
TOTAL TRANSFERS	(49,332)	(51,517)	(51,587)	(51,827)	(55,870)	(4,043)	8%	
Net Increase or (Decrease)	(549,780)	(30,013)	(42,136)	98,173	79,130	(19,043)	-19%	
NET POSITION - JULY 1	986,557	436,776	436,776	424,676	394,640			
NET POSITION - JUNE 30	436,776	406,764	394,640	522,849	473,770			

PRISMHealth

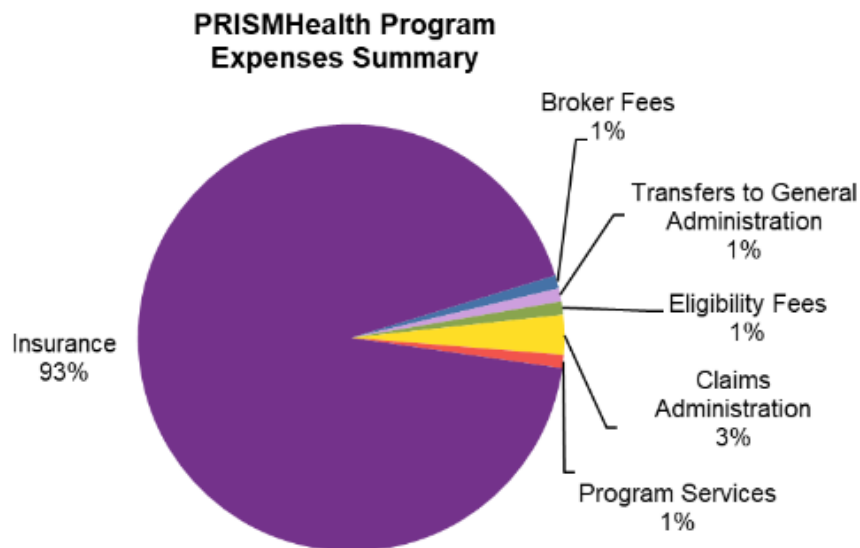
The PRISMHealth Program was formed to provide PRISM members with a more cost-efficient alternative to their current health and benefit plans.

The PRISMHealth Program creates value and long-term stability for members by securing the lowest fixed cost plan components and combining employers with similar risk profiles in a financially stable pool. In addition, the Program offers employers the flexibility to match current plan design and product offerings at lower rates for both active and retired employees. The Program has consistently outperformed the marketplace since its inception and competes effectively with standalone plans, as well as CalPERS.

Program Revenue Summary:

Number of Members	48
Insurance	\$736.3 Million
Claims Administration	\$24.3 Million
PRISMHealth Reserves	\$12.5 Million
Broker Fees	\$8.3 Million
Eligibility Fees	\$4.3 Million
Administration and Fees	\$1.3 Million
Projected Investment Income	\$208 Thousand

A summary of the PRISMHealth Program budget is as follows:



The PRISMHealth program budgeted a contribution from members totaling \$12.5M to begin building reserves, with the objective of building sufficient equity to pool losses in the future. The net position at June 30, 2025, is budgeted at 18M.



Adopted: April 20, 2011
 Last Amended: February 7, 2024

PRISMHealth Program Budget Policy

Program Goals for the PRISMHealth Program include the following:

Short Term Goals

- Finalize formal Strategic Plan
- Increase Program communication of products and services
- Increase Member participation in committee meetings
- Monitor carrier and vendor performance
- Continue to present health care cost containment strategies
- Pharmacy Benefit Manager Selection and Education
- Conduct more online Healthcare related webinars
- Leverage Data Analytics and Reporting
- Conduct Annual Member Stakeholder Meetings
- Establish Healthcare Chat on PRISM website

Long Term Goals

- Expansion of Value Programs (Carrum, Livongo, Hinge, etc.)
- Maintain appropriate funding levels and stable pricing within the Program
- Increase member specific, benefits related information on the PRISM website
- Evaluate Retiree Solutions to include Medicare education and review of plan options
- Growth of Navigator and Dynamic Copay solutions
- Value proposition for “jumbo” prospects
- Audit of high-cost claims

Budget Policies for the PRISMHealth Program include the following:

Revenues

- The transferred risk premiums for PRISMHealth insurance is based on the benefit level selected by each member and their actual claims experience. A per employee, per month rate is established for each member.
- PRISMHealth Committee has established additional services and associated rates necessary to manage the PRISMHealth Program. These services pertain to the administration of the PRISMHealth Program. The services and rates are outlined below and included in the following addendum, they will also be updated annually by service and the amount of the fixed cost.
 - Claim administration and eligibility fees are based on a per employee, per month rate. The rates may vary based on group size and/or products purchased by the member.



Adopted: April 20, 2011
 Last Amended: February 7, 2024

- Broker fees are based on a per employee, per month rate with the exception of pharmacy, which is based on a per member, per month rate. The fee paid by the member varies based on the size of each member.
- TPA and vendor fees are based on a per employee, per month rate.
- PRISM Administration rates are based on a per employee, per month rate.

Expenses

- The health insurance premiums transferred to the PRISMHealth Program partner, Self Insured Schools of California (SISC), equals the per employee, per month premium referred to in the section below. Risk for member healthcare cost have been transferred to SISC.
- Other PRISMHealth Program revenues that pass through as an expense include:
 - Claims Administration and TPA Fees
 - Broker Fee Expense
 - Eligibility Administration Expense (fixed costs are outlined on page 3)
 - ACA Compliance (PCORI and RxDC reporting)
- The PRISMHealth Symposium expense provides for the operating cost of seminars conducted to update members on current health industry issues. The cost includes reimbursements of travel costs incurred by members to attend the seminar.
- The PRISMHealth Program workshops/webinars are designed to train and update program members on services available through the PRISMHealth Program.
- Other program administration costs include legal expenses and actuary expenses. An expense budget of \$25,000 has been delegated to the PRISMHealth Committee for any unforeseen budget expenses. The PRISMHealth Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.

Transfers

- Transfers out to the general administration program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a three-year average of staff time.
- Investment Fees are charged on the average daily balance of program funds invested.



Adopted: April 20, 2011
 Last Amended: February 7, 2024

PRISMHealth 2024 Fixed Administrative Costs:

Carrier/Vendor	Scope of Services	Non-Kaiser Plans	Kaiser Plans
Alliant	Broker Consultant Program Management	Jumbo (2,000+): \$3.00 PEPM Large (1,000-1,999): \$5.00 PEPM Mid-Market (250-999): \$8.00 PEPM Small Group: \$11.00 PEPM	Jumbo (2,000+): \$3.00 PEPM Large (1,000-1,999): \$4.00 PEPM Mid-Market (250-999): \$7.00 PEPM Small Group: \$10.00 PEPM
Alliant Pharmacy Consultation	RX Consultant	\$0.85 PMPM	
Alliant Underwriting	Program Underwriting	\$3.00 PEPM	
Accolade	Healthcare Navigator	\$18.45 PEPM	
Anthem Blue Cross	Provider Network Claims Administration	\$51.64 to \$55.01 PEPM	
Benefit Coordinators Corporation (BCC)	Benefits Administration – TPA	\$7.00 PEPM	
Blue Shield of California	Provider Network Claims Administration	\$47.89 PEPM	
BRMS	Benefits Administration – TPA	\$7.50 PEPM	
Businessolver	Benefits Administration – TPA	\$7.05 PEPM	
Carrum Health	Surgical Benefit	\$0.75 PEPM	
Deerwalk	Program Data Analytics	\$0.35 PEPM	
Pinnacle Claims Management	MexicoSelect Network	\$3.72 to \$5.00 PEPM	
PRISM	Pool Administration Governance	\$2.00 PEPM	
SISC	Pool Access and Administration	\$2.75 PEPM	
Surest	Dynamic Copay	\$57.50 PEPM	
UMR	TPA	\$25.49 PEPM	
Workterra	Benefits Administration – TPA	\$6.75 PEPM	

PEPM: Per Employee, Per Month; PMPM: Per Member, Per Month

PRISMHealth 2024 Fee for Service Costs:

Carrier/Vendor	Scope of Services	
Hinge Health	MSK Program	Chronic Program – \$995 PPPY Acute Program – \$250 PPPY Surgery Program – a \$995 PPPY
Livongo (Teledoc)	Diabetes Management	\$71.00 PPPM

PPPM: Per Participant, Per Month; PPPY: Per Participant, Per Year

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRISMHEALTH PROGRAM
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 596,761,850	\$ 317,535,507	\$ 635,071,014	\$ 663,328,000	\$ 736,304,600	\$ 72,976,600	11.0%	Paid directly to SISC
Third Party Administrator Fees	3,550,348	1,827,420	3,654,839	3,837,000	4,282,500	445,500	11.6%	Workterra/BCC/Business Solver/Pinnacle/BRMS
ASO Fees for PRISMHealth Program	24,239,597	12,758,484	25,516,969	25,292,000	24,093,450	(1,198,550)	(4.7%)	Carrier admin service organizations
Broker Fees	4,419,705	2,278,299	4,556,598	4,662,000	8,288,250	3,626,250	77.8%	Fee increase for Alliant (additional staff, service increase)
Administration Fees	986,314	507,106	1,014,212	1,028,000	1,288,800	260,800	25.4%	
PRISMHealth Reserves	0	0	0	0	12,500,000	12,500,000	100.0%	Premium contribution to build PRISM pool in the future
Healthcare Reform Reinsurance Fee and PCORI Fee	197,849	104,598	209,196	209,000	220,000	11,000	5.3%	ACA Compliance (PCORI and RxDC reporting)
Investment Income	176,275	239,064	412,043	104,375	208,000	103,625	99.3%	
Other Income	324,328	31,003	63,456	0	0	0	0.0%	
TOTAL REVENUES	630,656,265	335,281,481	670,498,327	698,460,375	787,185,600	88,725,225	12.7%	
EXPENSES:								
Member Dividends (Interest on Outstanding Balances)	13,284	0	12,000	12,000	18,000	6,000	50.0%	Interest payable on Uncashed Dividend Balances
Retained and Transferred Risk								
Health Premiums, SISC	596,761,850	317,535,507	635,071,014	663,328,000	736,304,600	72,976,600	11.0%	
Claims Admin. ASO Fees	24,239,597	12,758,484	25,516,969	25,292,000	24,093,450	(1,198,550)	(4.7%)	
Broker Fees	4,419,705	2,278,299	4,556,598	4,662,000	8,288,250	3,626,250	77.8%	
Third Party Administration Fees	3,550,348	1,827,420	3,654,839	3,837,000	4,282,500	445,500	11.6%	
Healthcare Reform Reinsurance Fee and PCORI Fee	197,849	104,598	209,196	209,000	220,000	11,000	5.3%	
Total Retained and Transferred Risk	629,169,348	334,504,308	669,008,616	697,328,000	773,188,800	75,860,800	10.9%	
Program Administration								
PRISM Actuarial, Consulting and Other	48,000	24,000	48,000	34,000	34,000	0	0.0%	
PRISMHealth Symposium and Technician Workshop	19,774	0	105,000	105,000	105,000	0	0.0%	EB Workshop
Other Misc. Expense	22,465	0	0	0	0	0	0.0%	
Total Program Administration	90,239	24,000	153,000	139,000	139,000	0	0.0%	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	0.0%	Available with two-thirds vote of PRISMHealth Committee
TOTAL EXPENSES:	629,272,871	334,528,308	669,173,616	697,504,000	773,370,800	75,866,800	10.9%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(561,535)	(594,641)	(594,641)	(594,641)	(631,577)	(36,936)	6.2%	
Investment Fees	(2,706)	(1,091)	(2,271)	(3,340)	(3,308)	32	(1.0%)	External investment management fees
TOTAL TRANSFERS	(564,241)	(595,732)	(596,912)	(597,981)	(634,885)	(36,904)	6.2%	
Net Increase or (Decrease)	819,153	157,441	727,799	358,394	13,179,915	12,821,521	3577.5%	
NET POSITION - JULY 1	3,279,603	4,098,756	4,098,756	3,775,965	4,826,555			
NET POSITION - JUNE 30	4,098,756	4,256,197	4,826,555	4,134,359	18,006,470			
Balance in Admin Carryover	1,211,027	0	1,475,327	1,520,574	1,990,242			
Unrestricted Net Position	2,887,729	4,256,197	3,351,228	2,613,785	16,016,228			
Total Net Position	4,098,756	4,256,197	4,826,555	4,134,359	18,006,470			

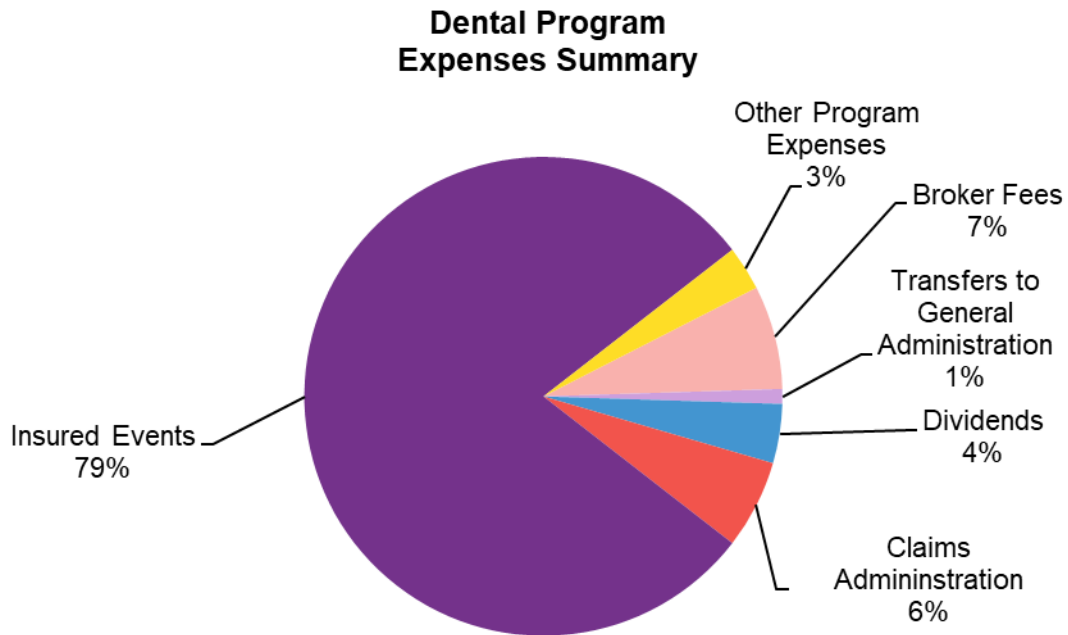
Dental

The Dental Program was created to provide members with comprehensive dental coverage and flexible benefit plan designs at the lowest possible rates. As a joint purchasing program, PRISM is able to leverage the size of its pooled participants to achieve volume pricing that is significantly lower than what individual public agencies could qualify for on their own.

Program Revenue Summary:

Number of Members	183
Pool Premium	\$43.8 Million
Broker Fees	\$3.8 Million
Pass Through Premium	\$550 Thousand
Eligibility Fees	\$832 Thousand
Projected Investment Income	\$398 Thousand

A summary of the Dental Program budget is as follows:



Two million is budgeted for return to members via dividend in 2024/25, resulting in a planned decrease of \$2M in the program’s net position.



Adopted: May 17, 2012
 Last Revised: February 15, 2024

PRISM Dental Program Budget Policy

Program Goals for the PRISM Dental Program include the following:

Short Term Goals

- Monitor the results of the approved reduction in program equity
- Delta Dental Network/Provider Communication
- Market review for program competitiveness
- Build out Member resources and accessibility
- Review Target Funding Policy & Claim Margin Analysis
- Review future capabilities of BCC Administration – CalPERS Connectivity

Long Term Goals

- Maintain appropriate funding levels and stable pricing within the Program
- Maintain multi-year relationships with carriers and vendors
- Increase program participation
- Promote and communicate Member Services available to Dental members
- Conduct Employee Benefits Forum

Budget Policies for the PRISM Dental include the following:

Revenues

- The retained risk premiums for the PRISM's Dental Program are based on the benefit level selected by each member, and the member's actual claims experience. A per month, per employee rate is established for each member.
- The PRISM Employee Benefits Committee has established other rates necessary to manage the PRISM Dental Program. These rates include the following:
 - Program TPA eligibility fees are based on a per employee, per month rate.
 - Broker fees can be based on a per employee, per month rate or a compensation percentage. The rate varies based on the size and complexity of each member.

Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury.



Adopted: May 17, 2012
Last Revised: February 15, 2024

Expenses

- Dental claim expenses equals the actual dental expenses paid for program members. The expense includes an accrual for outstanding claims incurred, and an allowance for claims incurred but not reported (IBNR).
- PRISM Dental Program revenues that pass through as a like expense include:
 - Claims Administration Fees
 - Third Party Administration Fees
 - Broker Fees
 - Eligibility Administration expense
 - DHMO premiums
- Other program administration costs include legal expenses and actuary expenses.

Transfers

- Transfers out to the General Administration budget are used to pay for the PRISM's staff, loss prevention, and all other administrative costs. The investment income earned from dental premiums pay for the general administration cost of the Program. The Employee Benefits Committee established this procedure to operate the Dental Program without any direct administration fees.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
DENTAL PROGRAM
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Contribution For Retained Risk	\$ 42,801,341	\$ 22,748,655	\$ 45,497,310	\$ 42,983,000	\$ 43,792,000	\$ 809,000	2%	Includes the TPA fees
PRISM DHMO Pool Pass Thru Revenue	0	0	0	550,000	550,000	0	0%	
Eligibility Administration	1,089,649	646,149	1,292,298	760,000	832,000	72,000	9%	
Broker Fees	2,547,902	1,366,293	2,732,585	2,600,000	3,756,000	1,156,000	44%	Alliant Program Underwriting Fee added 1/1/2025
Investment Income	236,572	459,512	754,772	157,500	398,000	240,500	153%	
TOTAL REVENUES	46,675,465	25,220,608	50,276,965	47,050,500	49,328,000	2,277,500	5%	
EXPENSES:								
Member Dividends	0	6,000,000	6,000,000	2,000,000	2,000,000	0	0%	
Retained and Transferred Risk								
Provision for Claims Current Year	36,484,122	18,490,408	39,007,266	40,113,000	40,868,000	755,000	2%	
PRISM DHMO Pool Pass Thru Expense	0	0	0	550,000	550,000	0	0%	
Claims Administration TPA Fees	2,437,630	1,240,815	2,616,098	2,870,000	2,924,000	54,000	2%	Paid to Dental provider
Eligibility Administration	1,089,649	646,149	1,292,298	760,000	832,000	72,000	9%	Paid to TPA for maintaining eligibility and billing
Broker Fees	2,547,902	1,366,293	2,732,585	2,600,000	3,756,000	1,156,000	44%	Fee increase for Alliant (additional staff, service increase)
Total Retained and Transferred Risk	42,559,303	21,743,665	45,648,247	46,893,000	48,930,000	2,037,000	4%	
Program Administration								
Actuarial, Consulting and Legal	4,800	2,400	4,800	4,800	4,800	0	0%	
Employee Benefit & Health Symposiums	4,626	0	30,000	30,000	30,000	0	0%	
Other Program Expense	3,532	5,158	6,652	0	0	0	0%	
Total Program Administration	12,958	7,558	41,452	34,800	34,800	0	0%	
Contingency Delegated to Governing Committee	0	0	0	25,000	0	(25,000)	-100%	Available with two-thirds vote of Employee Benefits Committee
TOTAL EXPENSES	42,572,261	27,751,223	51,689,699	48,952,800	50,964,800	2,012,000	4%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(395,937)	(375,381)	(375,381)	(375,381)	(388,663)	(13,282)	4%	
Investment Fees	(4,113)	(1,995)	(3,893)	(5,040)	(6,335)	(1,295)	26%	External investment management fees
TOTAL TRANSFERS	(400,050)	(377,376)	(379,274)	(380,421)	(394,998)	(14,577)	4%	
Net Increase or (Decrease)	3,703,154	(2,907,991)	(1,792,008)	(2,282,721)	(2,031,798)	250,923	-11%	
NET POSITION - JULY 1	8,809,516	12,512,669	12,512,669	11,834,989	10,720,661			
NET POSITION - JUNE 30	12,512,669	9,604,678	10,720,661	9,552,268	8,688,863			
Net Position Designated for:								
Program Stabilization Funds - member designated	593,510	571,329	584,217	541,242	558,441			
Dental IBNR & Claim Fluctuation Reserves	5,200,000	5,200,000	5,200,000	5,300,000	5,200,000			
Admin Carryover	(64,142)	0	269,904	(414,843)	238,106			
Unrestricted Net Position	6,783,301	3,833,349	4,666,539	4,125,869	2,692,315			
Total Net Position	12,512,669	9,604,678	10,720,661	9,552,268	8,688,863			

Miscellaneous Programs

PRISM offers various other insurance coverage to public agencies. These services include the following employee benefits programs:

- Life and Disability programs
- Employee Assistance programs
- Paid Family Leave
- Vision

PRISM's platform offers consolidated billing with online eligibility and enrollment.

Other coverage include:

- Aviation
- Master Crime
- Catastrophic Inmate Medical
- Course of Construction
- Equipment Maintenance Management Program
- Optional Excess Liability
- Cyber Liability
- Pollution Liability
- Special Events
- Watercraft

PRISM offers these coverages to members through a group purchase program at competitive rates with no administrative fees as part of the program costs.



Miscellaneous Programs Program Budget Policy

A. Employee Benefits Miscellaneous Programs

Program Goals for the Employee Benefits Misc. Programs include the following:

Short Term Goals

- Increase overall participation in Misc. Programs
- Increase communication on available program features
- Select a new EAP Carrier Option
- Assess and build on current EAP/Behavioral Health offerings
- Promote Paid Family Leave and Group Voluntary Benefits
- Establish an EB Forum for discussion of EB related topics

Long Term Goals

- Maintain stable and competitive pricing
- Obtain multi-year agreements where ever possible
- Review future capabilities of BCC and the connectivity of PRISM ancillary and non-PRISM Healthcare programs

Budget Policies for the Employee Benefits Misc. Programs include the following:

Revenues

- In addition to the nine major coverage programs, the PRISM provides group purchase insurance programs to offer members protection from other various exposures. These programs include:
 - Life/Accidental Death & Dismemberment (AD&D)
 - Long Term Disability (LTD)
 - Short Term Disability (STD)
 - Paid Family Leave
 - Group Voluntary Benefits
 - Vision
 - Employee Assistance Plan (EAP)
- The transferred risk premiums for Life, Accidental Death and Dismemberment (AD&D) Long Term Disability (LTD), and Short Term Disability (STD) are based on the benefit level selected by each member.
 - Life and AD&D insurance rates are based on the volume levels selected by each member.
 - LTD rates are based on the benefit level selected by each member. The rate is applied to the monthly payroll reported by each member.



- Short-Term Disability rates are also based on the benefit level selected by each member and is applied to the monthly payroll.
- Paid Family Leave and Group Voluntary Benefits are voluntary programs whose premium are paid via employee payroll deduction by the entity.
- Vision rates are based on the benefit level selected by each member. Benefit levels determine the schedule of benefits provided and the covered services.
- Employee Assistance Program (EAP) rates are based on the benefit level selected by each member. Benefit levels determine the benefits provided per incident, per employee. EAP premiums are billed quarterly, in advance by the PRISM.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. The estimated earnings rate is also the rate established by the Inter-Fund Borrowing Policy, wherein a Program can temporarily borrow funds from the PRISM Treasury.

Expenses

- The Life, AD&D, LTD, STD and Vision premium payments are pass through to the insurance companies in which the programs contract as approved by the Employee Benefits Committee.
- EAP premium payments also pass through to the insurance companies in which the Program contracts, as approved by the Employee Benefits Committee. Premium expense invoices are computed quarterly, based on each members set rate for their benefit level and the reported number of employees eligible for the EAP.

Transfers

- Transfers out to the general administration program are used to pay for the PRISM staff, and all other administrative costs. The investment income earned from the Life, AD&D, LTD, STD and Vision Programs pay for the general administration cost of the Program. Investment income from stabilization funds used for general administration fees is limited to a minimum of \$5k and a maximum of \$10k per stabilization account.
- Transfers out for EAP administration fees is paid from investment income earned from the timing differences created by billing members quarterly, and paying the insurance companies monthly. The Employee Benefits Committee established this procedure to operate the EAP without any direct administration fees.
- Investment Fees are charged on the average daily balance of program funds invested.



B. Property and Casualty Miscellaneous Programs

Program Goals for the Property and Casualty Misc. Programs include the following:

Short Term Goals

- Ensure an efficient system is in place for premium billings
- Enhance program information provided on the website
- Obtain and review program loss experience on a quarterly basis
- Evaluate ways to improve the equitability of the cyber allocation based on how the allocation accounts for exposure or member efforts to mitigate cyber vulnerabilities

Long Term Goals

- Maintain stable and competitive pricing from year to year
- Continue to evaluate new opportunities to develop coverage programs that meet members' changing risk-management needs
- Explore establishing aggregated pooling layers where it makes sense
- Maintain long-term relationships with the coverage markets
- Obtain multi-year agreements where ever possible

Revenues

- In addition to the ten major coverage programs, the PRISM provides group purchase insurance programs to offer members protection from other various exposures. These programs include:
 - Aviation
 - Bond/Crime
 - Catastrophic Inmate Medical
 - Course of Construction
 - Equipment Maintenance Management Program
 - Optional Excess Liability
 - Cyber Liability
 - Pollution Liability
 - Special Events
 - Vendor Contractors'
 - Watercraft
 - Fiduciary Liability

Expenses

- The revenue from the group purchase of the Miscellaneous Programs listed above pass through as premium expense.



Adopted: May 16, 2011
Last Amended: June 6, 2024

Transfers

- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. Any investment income from any timing differences for the collection of premiums and the timely payment of premiums expenses is transferred to the general administration fund.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MISCELLANEOUS PROGRAMS
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Aircraft Dividend	\$ 496,674	\$ 591,212	\$ 591,212	\$ 0	\$ 0	\$ 0	0%	Received from insurance carriers and paid out to members
Inmate Medical Dividend	0	83,064	83,064	0	0	0	0%	Received from insurance carriers and paid out to members
EAP Premiums	1,974,700	1,078,678	2,207,060	2,329,600	2,597,000	267,400	11%	
Life, LTD and STD Premiums	28,934,168	14,421,880	29,192,142	26,178,000	29,500,000	3,322,000	13%	
Vision Premiums	4,665,911	0	8,680,000	8,680,000	7,040,000	(1,640,000)	-19%	
Optional Excess	29,559,658	38,352,371	38,352,371	40,201,000	52,812,500	12,611,500	31%	
Aviation Insurance	2,973,748	3,339,366	3,339,366	3,349,300	3,744,500	395,200	12%	
Watercraft Insurance	390,445	412,648	412,648	423,650	450,800	27,150	6%	
Course of Construction	0	0	0	221,501	221,501	0	0%	No projects covered in 22/23 and 23/24
Crime and Honesty Bonds	2,569,824	2,771,101	2,771,101	2,924,700	3,152,150	227,450	8%	
Pollution Liability Coverage	2,435,340	2,464,090	2,464,090	4,493,400	4,531,300	37,900	1%	
Inmate Medical	693,022	740,141	740,141	813,250	832,800	19,550	2%	
Paid Family Leave	784,052	886,122	886,122	3,400,000	1,800,000	(1,600,000)	-47%	PFL line of coverage started in 21/22
Cyber Liability	12,377,128	14,183,763	14,183,763	14,663,250	17,293,300	2,630,050	18%	
EMMP/SLIP/SPIP	2,674	0	0	38,000	38,000	0	0%	
Transferred Risk - Other	74,001	75,313	75,313	3,266,050	3,258,250	(7,800)	0%	Fiduciary Liability (FLIP) Coverage and Beazley Breach Response (BBR)
Member Finance Fees	4,401	12,005	12,005	0	0	0	0%	
Investment Income	58,334	137,354	240,235	23,750	118,000	94,250	397%	
Other	80	193,087	193,087	0	0	0	0%	
TOTAL REVENUES	87,994,160	79,742,194	104,423,719	111,005,451	127,390,101	16,384,650	15%	
EXPENSES:								
Aviation Dividend	496,674	591,212	591,212	0	0	0	0%	These are carrier dividends paid to members who had no claims
Inmate Medical Dividend	0	83,064	83,064	0	0	0	0%	These are carrier dividends paid to members who had no claims
Cyber Symposium	66,637	7,709	7,709	0	67,000	67,000	0%	6 member symposiums budgeted eff FY 24/25
Other Program Expense	4,809	55,000	118,664	0	0	0	0%	23/24 includes cyber-security healthchecks
Transferred Risk								
EAP Premium Expense	1,976,306	1,078,288	2,207,290	2,329,600	2,597,000	267,400	11%	
Life, LTD Premium Expense	28,934,168	14,421,880	29,192,142	26,178,000	29,500,000	3,322,000	13%	
Vision Premiums	4,665,911	0	8,680,000	8,680,000	7,040,000	(1,640,000)	-19%	
Optional Excess	29,525,093	38,201,390	38,201,390	40,201,000	52,812,500	12,611,500	31%	
Aviation Insurance	2,973,748	3,339,366	3,339,366	3,349,300	3,744,500	395,200	12%	
Watercraft Insurance	390,444	412,649	412,649	423,650	450,800	27,150	6%	
Course of Construction	0	0	0	221,501	221,501	0	0%	No projects covered in 21/22 and 22/23
Crime and Honesty Bonds	2,569,824	2,771,100	2,771,100	2,924,700	3,152,150	227,450	8%	
Pollution Liability	2,435,347	2,464,100	2,464,100	4,493,400	4,531,300	37,900	1%	
Inmate Medical	693,028	740,141	740,141	813,250	832,800	19,550	2%	
Paid Family Leave	908,841	787,308	787,308	3,400,000	1,800,000	(1,600,000)	-47%	
Cyber Liability	11,925,273	11,885,491	11,885,491	14,663,250	17,293,300	2,630,050	18%	
EMMP/SLIP/SPIP	2,674	0	0	38,000	38,000	0	0%	
Other	74,001	75,312	75,312	3,266,050	3,258,250	(7,800)	0%	
Total Transferred Risk	87,074,657	76,177,025	100,756,289	110,981,701	127,272,101	16,290,400	15%	
TOTAL EXPENSES	87,642,776	76,914,010	101,556,937	110,981,701	127,339,101	16,357,400	15%	

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MISCELLANEOUS PROGRAMS
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	\$ (14,200)	\$ (14,200)	\$ (14,200)	\$ (14,200)	\$ (14,200)	\$ 0	0%	
Internal Investment Fees	(701)	(493)	(1,168)	(760)	(1,870)	(1,110)	146%	External investment management fees
TOTAL TRANSFERS	(14,901)	(14,693)	(15,368)	(14,960)	(16,070)	(1,110)	7%	
Net Increase or (Decrease)	336,483	2,813,491	2,851,414	8,790	34,930	26,140	297%	
NET POSITION - JULY 1	2,281,111	2,617,593	2,617,593	2,754,968	5,469,007			
NET POSITION - JUNE 30	2,617,593	5,431,084	5,469,007	2,763,758	5,503,937			
Net Position Designated for:								
Life Stabilization Fund	964,774	964,774	1,002,964	1,002,964	1,045,367			
LTD Stabilization Fund	1,045,136	1,045,136	1,086,942	1,086,942	1,133,335			
Cyber Stabilization Fund	778,056	3,076,056	3,076,056	778,056	3,076,056			
Unrestricted Net Position	(170,373)	345,118	303,045	(104,204)	249,179			
Total Net Position	2,617,593	5,431,084	5,469,007	2,763,758	5,503,937			

PRISM Affiliate Risk Captive (PRISM ARC)

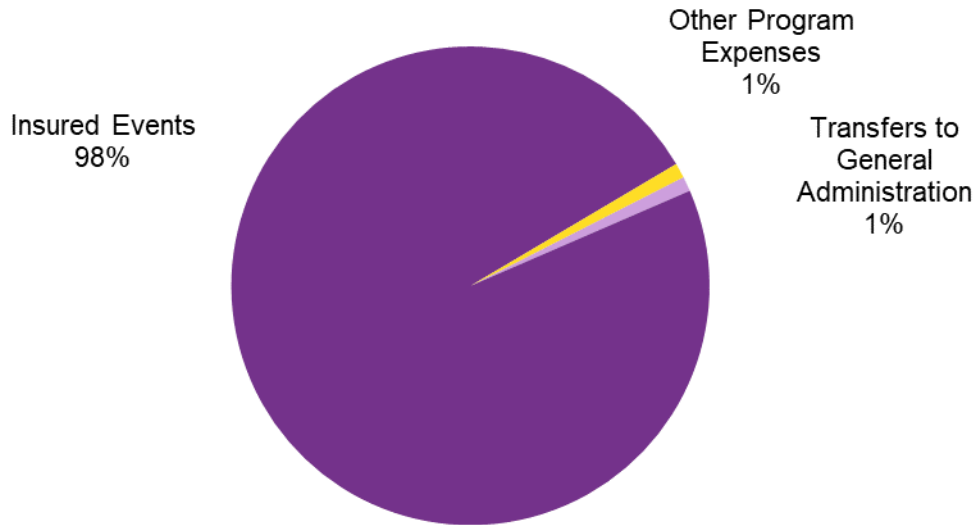
PRISM ARC is a captive insurance company formed by PRISM and is accounted for as a blended component unit. The Captive covers fixed corridors of PRISM and collects revenue from PRISM programs as follows:

Program Revenue Summary:

Primary Workers' Compensation	\$17.1 Million
Excess Workers' Compensation	\$76.6 Million
General Liability 1	\$109.5 Million
General Liability 2	\$20.6 Million
Medical Malpractice	\$1.9 Million
Projected Investment Income	\$18 Million

A summary of the Captive’s budget is as follows:

PRISM Affiliate Risk Captive Expenses Summary



The Net Position of PRISM ARC is budgeted to increase from an estimated \$97.5M at June 30, 2024 to \$123M at the end of the 2024/25 fiscal year. This 26% increase is expected as revenues for retained risk are established at a higher confidence level while the related expenses are budgeted at the expected confidence level. Premiums and expenses related to out of state participants are a passthrough item for ARC and are not estimated on the budget.

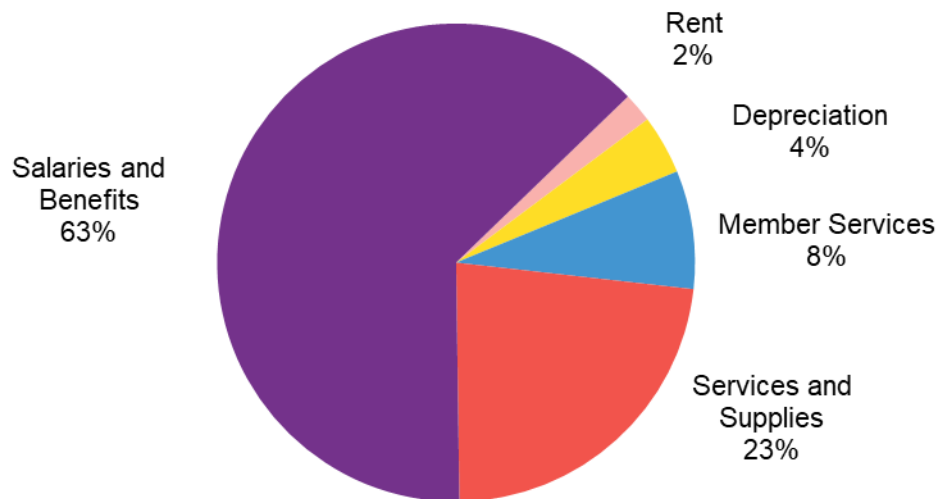
**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
CAPTIVE
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premium for Transferred Risk	\$ 2,729,234	\$ 5,130,381	\$ 5,565,373	\$ 0	\$ 0	\$ 0	0%	Includes broker and administration fees from ARC participants
Contribution for Retained Risk	215,829,609	214,959,058	214,959,058	178,215,829	225,665,307	47,449,478	27%	
Investment Income	15,969,911	32,009,774	56,907,667	10,000,000	18,000,000	8,000,000	80%	
Other Income	0	0	8,500	0	0			
TOTAL REVENUES	234,528,753	252,099,212	277,440,598	188,215,829	243,665,307	55,449,478	29%	
EXPENSES:								
Transferred Risk	2,729,234	5,130,381	5,565,373	0	0	0	0%	Includes broker fees for ARC participants
Provision for Claims Current Year	95,387,016	107,834,844	107,834,844	146,896,018	216,959,778	70,063,760	48%	
Provision for Claims Prior Year	59,831,989	132,563,132	138,000,000	0	0	0	0%	
Total Retained and Transferred Risk	157,948,238	245,528,357	251,400,217	146,896,018	216,959,778	70,063,760	48%	
Program Administration								
Audit Services	19,800	20,400	20,400	20,400	22,300	1,900	9%	
Legal Service	18	0	10,020	10,000	10,000	0	0%	
Board Meetings	18,938	1,025	15,000	15,000	15,000	0	0%	
Utah Captive Fees	6,375	7,500	7,500	8,000	8,000	0	0%	
Investment Management Fees	707,335	417,997	802,583	850,000	1,000,000	150,000	18%	External investment management fees; includes custody fees
Banking Fees	47	0	8,500	2,000	2,000	0	0%	
Management Services	150,000	150,000	150,000	150,000	150,000	0	0%	
Office Supplies, Website & Advertising	4	0	0	10,000	10,000	0	0%	
Total Program Administration	902,517	596,921	1,014,003	1,065,400	1,217,300	151,900	14%	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	0%	
TOTAL EXPENSES	158,850,755	246,125,278	252,414,220	147,986,418	218,202,078	70,215,660	47%	
Net Increase or (Decrease)	75,677,998	5,973,934	25,026,379	40,229,411	25,463,229	(14,766,182)	-37%	
NET POSITION - JULY 1	(8,193,835)	67,484,163	67,484,163	59,759,504	92,510,542			
NET POSITION - JULY 1 (Capital Stock)	8,500,000	8,500,000	8,500,000	5,000,000	5,000,000			
NET POSITION - Additional Paid in Capital	0	(3,500,000)	(3,500,000)	3,500,000	0			
NET POSITION - JUNE 30	75,984,163	78,458,097	97,510,542	108,488,915	122,973,771			

General Administration

The general administration fund is used to pay the day to day operations of PRISM. These expenses include staff salaries and benefits, staff travel and support, PRISM meeting expenses, services and supplies, loss prevention, and depreciation of equipment and software. The allocation of general administration expenses is as follows.

General Administration Budget Expenses Summary



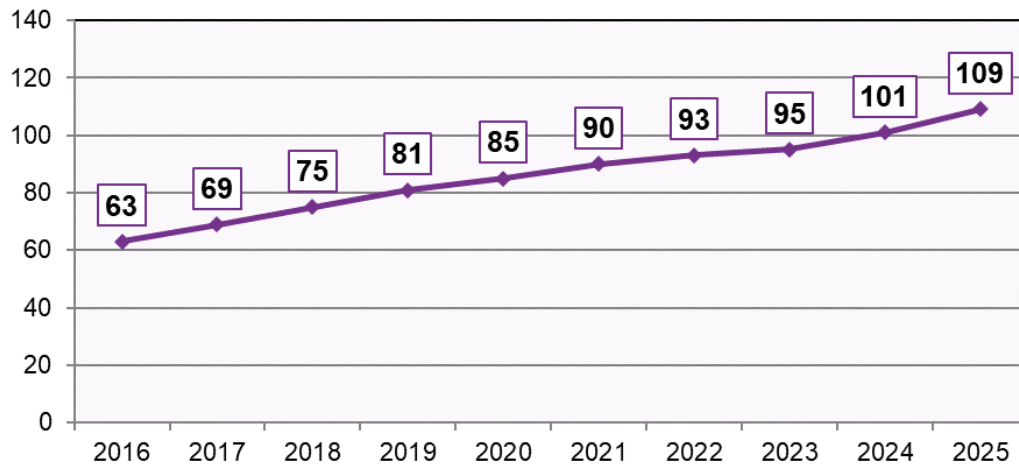
Highlights of the general administration budget are as follows:

- Salaries and benefits includes five new positions to be added in 2024/25:
 - 2 Employment Practices Liability (EPL) Attorneys
 - 1 Liability Claims Supervisor
 - 1 Data & Analytics Specialist
 - 1 Actuarial Analyst Senior Specialist

These positions spread technical work among staff, speed up product and project timelines, and bring EPL legal services in-house. These changes will bring employee count to 109 in 2024/25.

- The history of the number of authorized positions is illustrated on the following page. The count prior to 2023 excludes two positions included in the capital outlay budget for development of the proprietary claims system which began in 2020/21. Counts are as of July 1. Three positions were added mid-year during 2024.

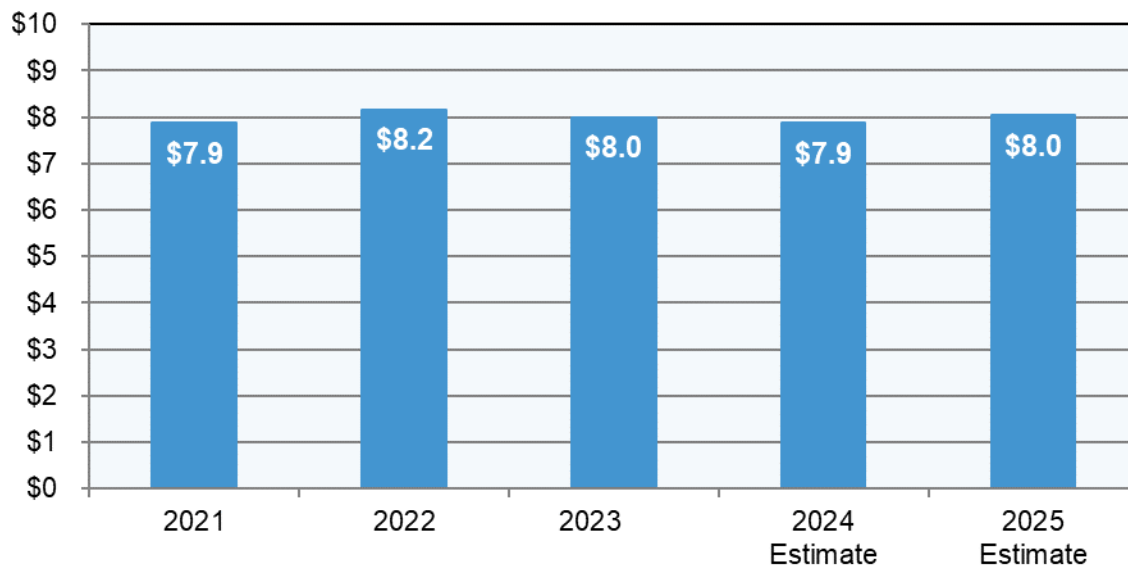
History of Authorized Staff Positions



Loss Preventions and Risk Management Subsidies

PRISM has a long history of providing loss prevention and Risk Management Subsidies to our members. The following chart illustrates the balance of subsidies amounts available to members.

Available Member Subsidy Balances (in Millions)

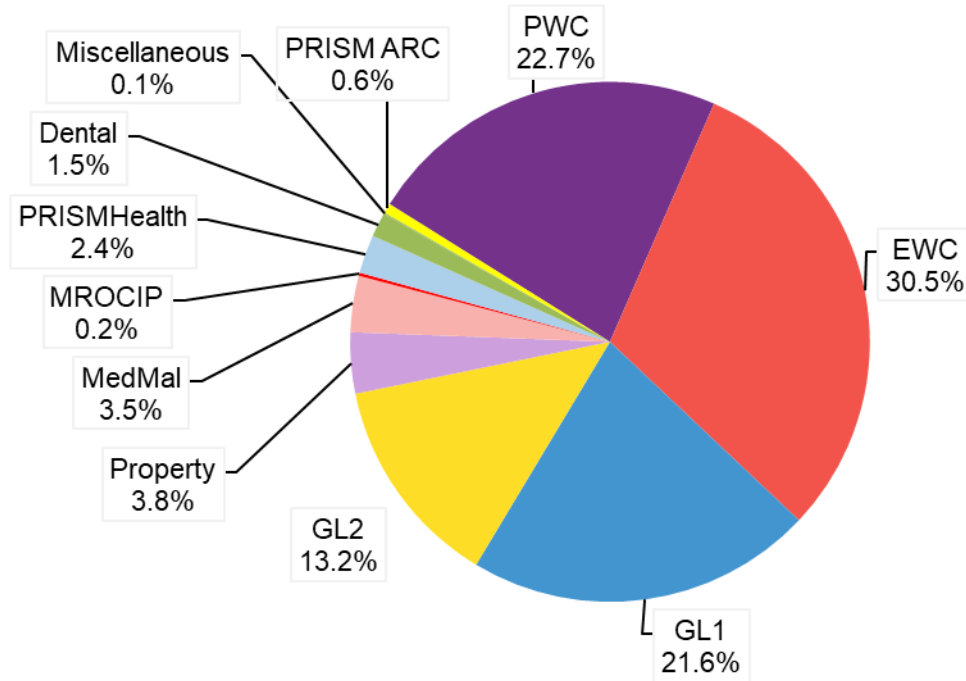


Fiscal Year Ending June 30,

General Administration Transfers

General Administration expenses are supported from transfers from all PRISM programs. Separate allocations are computed for loss prevention, the web based claims system, risk management subsidies, and general administration. The percentages of transfers from all programs are as follows.

General Administration Transfers by Program



Charges to PRISM programs from the General Administrative fund are based on expected costs during the budget period less any carryover approved in accordance with the Target Funding Guidelines. For fiscal year 2024/25 a carryover of \$3.6M was approved to be used to offset transfers from other programs. As a result, there is expected to be a \$3.6M decrease in the Net Position of the General Administrative fund.



Adopted: June 2, 2011
Last Revised: April 10, 2024

General Administration Program Budget Policy

Program Goals for General Administration include the following:

Short Term Goals

- Align staff activity to support program specific short and long-term goals.
- Update Performance Measures for all departments.
- Develop member and pool management functionality on the PRISM website.
- Expand data and analytics services provided to members.
- Annually update the Insurance Requirements in Contracts Manual.
- Provide legislative advocacy regarding issues affecting PRISM's industry.
- Provide the supervisory development training program to prepare technical staff for the next level of career advancement.
- Provide staff training on new data analytics software.
- Implement a comprehensive member outreach plan to increase utilization of existing member services by 10% year over year.
- Add Peer Support Services and Wellness Training to our recently launched ConcernPlus First Responder Program.
- Seek accreditation by International Accreditors for Continuing Education and Training (IACET)
- Enhance Member Service and Risk Control programs:
 - Continue marketing and utilization of the Enterprise Risk(ERC) program and engage more Enterprise Risk Consultants
 - Continue marketing efforts of Pass the Baton – A Risk Management Mentor Program and marketing of the Risk Management Practitioner Program
 - Market new services including Law Enforcement Programs, POST Courses, Sidewalk Assessment & Maintenance, Workforce Management Software, Road Maintenance GIS Software, and more.
 - Expand marketing the Risk Management Legal Advice Services.
 - Continue marketing of Employment Practices Liability services offered by the Eyres Law Group to all members.
 - Continue to expand Risk Control services to Educational Members.
- Develop and expand LMS services and training available through the Vector Solutions platform.
- Develop a strategy for creation of PRISM's first Annual Conference.
- Deliver annual employee performance reviews by June 15th of each year.
- Annually conduct PRISM strategic planning meeting with the Executive Committee and Committee Chairs.



Adopted: June 2, 2011
Last Revised: April 10, 2024

- Continue enhanced efforts to increase communication and contact with County membership through personal visits and Public Entity membership through webinars and personal visits.
- Internal Policies and Procedures inventory, document and update across all PRISM departments.
- Implementation of GASB Statement 101 related to recognition of compensated absences.

Long Term Goals

- Strengthen funding policies to avoid capital erosion.
- PRISM will take a leadership role in building a consortium of industry leaders/trade associations to bolster a career ladder for the risk management profession.
- Explore the development of new JPAs to assist the industry with claims services as well as jail medical services.
- Tighten standards for claims and risk control services.
- Implement quality control checks on TPA claim data entered in the claim system.
- Document organization wide policies and procedures.
- Compile department goals and align departmental goals to PRISM Strategic plan
- Develop processes to validate, streamline, and consolidate data throughout the organization.
- Develop loss data consistency throughout the claims reporting system and among members.
- Continue and improve professional development plans for all employees of PRISM.
- Foster and promote employee job satisfaction, engagement and professionalism.
- Continue to foster superior customer service to members.
- Continue to develop services in response to emerging trends.
- Continue to monitor our benefit package to ensure competitiveness with the market.
- Maintain accurate employment records in electronic archiving system.
- Promote effective policies for contracting for PRISM services, including long term contracting for board meetings.
- Maintain compliance with the Brown Act and governmental reporting requirements.

Budget Policies for General Administration include the following:

Revenues

Member services revenues are used to account for the fees for a variety of cost saving services approved by PRISM committees. The costs of providing these services are passed through to the members using the services. These services include:



Adopted: June 2, 2011
Last Revised: April 10, 2024

- Enterprise Risk Consultant Fees – Enterprise Risk Consultant fee revenue is generated from a program where highly-experienced Risk Managers, Finance, Human Resources, Risk Control Specialists are available for PRISM members to use during staff transitions or any other situation. This is a fee for service program pass thru for the PRISM financials.
- Strategic Planning- The PRISM Member Services department offers facilitating strategic planning sessions for their members at a discounted price.
- Claims System – Members of PRISM who have been using the ClaimsXPress claims system as their primary claims handling system will have the option to transition to our new proprietary claims system (Spectra). In addition, members never using PRISM's claims system will have the opportunity to do so. We are currently in the process of creating a pricing model for implementation and licensing. The direct cost of the system is billed to the participating members.
- Investment income is budgeted at an estimated earnings rate determined annually, based on the estimated portfolio yield on invested assets and expected cash flows, and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. The estimated earnings rate is also the rate established by the Inter-Fund Borrowing Policy, wherein a program can temporarily borrow funds from the PRISM Treasury.
- PLIP Income – The Executive Committee has approved a Personal Lines Insurance Program (PLIP) allowing PRISM and member employees to access group savings for personal insurance. The Program is operated in partnership with the California State Association of Counties (CSAC). Affinity fees are received quarterly and are shared equally with CSAC.
- Shared Cost Agreements – The Executive Committee has approved shared cost agreements, in which the cost of PRISM staff or services is shared with PRISM vendors.
- Reinsurer LP Subsidy –These are amounts received from some of the PRISM reinsurers to be used for certain loss prevention services. Corresponding expenses are reflected in this budget in the member services expense section
- Meeting Revenues – Voluntary contributions from PRISM partners and vendors, toward the cost of PRISM meetings and events, are recognized as meeting revenue.

Expenses

- Staff salaries and benefits are based on policies established by the Personnel Sub-Committee and approved by the Executive Committee. This includes approval of



Adopted: June 2, 2011
 Last Revised: April 10, 2024

authorized positions, salary classifications and pay ranges, benefit levels and other personnel matters. New staff positions, classifications changes, market adjustments to pay ranges, merit pay pool limits, and defined benefit and defined contribution rates are approved annually by the Personnel Sub-Committee and Executive Committee.

- Staff Travel – Employees are reimbursed for ordinary and necessary travel cost for authorized business-related purposes. Mileage cost is reimbursed at the rate established by the Internal Revenue Service. Other reimbursable travel costs include the actual cost for lodging, meals, and related ordinary and necessary incidental expenses.
- Authority Meeting Expenses – Members of the Board of Directors, or their alternates, are reimbursed for ordinary and necessary travel expenses. Reimbursements are based on the Travel Policy approved by the Board of Directors. A second county representative attending a Board of Directors meeting may be reimbursed for travel expenses, provided that the first county representative is a voting member of the Board of Directors.
- Executive and Committee Travel – Members of Authority committees and members interested in joining Authority committees are reimbursed for ordinary and necessary travel expenses to attend committee meetings and the conduct of other committee activities. Reimbursements are based on the Travel Policy approved by the Board of Directors.
- Audit Services – An independent audit examination of the PRISM Annual Comprehensive Financial Report (ACFR) is completed each year by a Certified Public Accountant. The Finance Committee selects the independent auditor. The audit contract is based on a Request for Proposal (RFP) process determined by the Finance Committee.
- General Admin Consulting includes internal audit costs relating to Enterprise Risk Assessment and Policies and Procedure development and peer review of internal actuarial work and other professional services.
- Legal Services – The Board of Directors and Authority committees may appoint Legal Counsel to provide legal services to the Board of Directors or Committees.
- Management Training – Management training expenses include the cost of periodicals and publications, education and scholarships, conferences and seminars, and membership dues. Management training expenses are approved by PRISM senior management.
- Computer Hardware, Software and Technical Support includes the cost of software licenses, annual maintenance and support and computer hardware less than the \$5,000 capitalization threshold for all systems except the claims system. This category also includes the cost of web-based conferencing, external computer



Adopted: June 2, 2011
 Last Revised: April 10, 2024

technical assistance and the costs associated with website design, hosting and support.

- Claims System – This includes the costs for data conversion, training, maintenance, cloud hosting, PRISM contract project management and depreciation on capitalized costs for the claims system, for both PRISM and its third-party administrators.
- Legislative advocacy services are provided by a third-party contract to represent the pooling industry’s interest, primarily at the State level.
- Investment expenses represent the cost of third-party investment management services to PRISM.
- All Captive (ARC) expenses are borne by the Captive, either directly or as transfer from ARC to the PRISM’s GA program. Every year, staff recommends the reasonable amount of ARC’s share in the GA expenses of the PRISM. Since the Captive is a blended component unit of the PRISM, its budget and actual financial results are combined with PRISM’s budget and financial results.
- Learning Management System Platform – An online training and safety/risk management platform is available to all members providing access to a wide range of training topics. The Platform also includes custom activity, credential tracking, a resource center, and file center functions. The cost for the Platform is included in the Administration Fee, allocated to all members.
- A variety of loss prevention monitoring, educational, and awareness services are provided to members as approved by the Board.
- Other ordinary and necessary expenses are estimated and approved through the regular budget process and according to the Budget Preparation and Management Policy.
- A Contingency amount is budgeted, and may be transferred to any line item with the approval of a two-thirds vote of the Executive Committee.

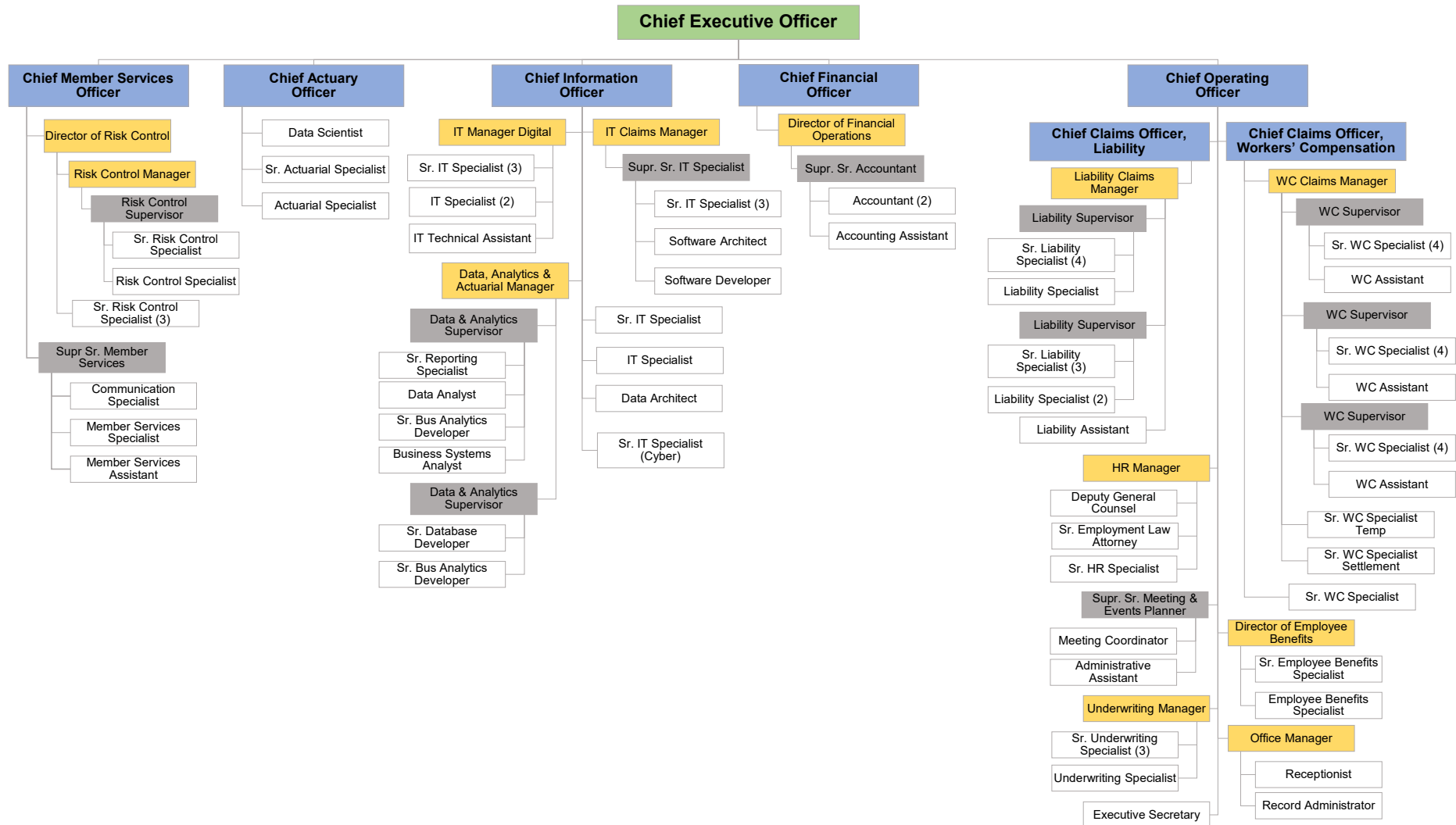
Transfers

- Transfers in from each PRISM program are used to pay for PRISM staff and all other administrative costs. These costs are reduced by carryovers as a result of a lower estimated cost for the current year and per PRISM’s General Administration Target Funding Guidelines. These administration costs are allocated to all PRISM programs based on a three-year average of staff time. The Captive is currently charged a flat administrative fee for the fiscal year recommended by staff and evaluated by the Finance Committee.
- Transfers in from relevant PRISM programs are used to pay for the cost of claim system. This cost is charged to those programs whose claims are administered through the system and to the extent of their use of the system.



Adopted: June 2, 2011
Last Revised: April 10, 2024

- A transfer in for investment fees reimburses the PRISM Treasury for the cost of third-party investment management services.
- PRISM rent is the share of rent for PRISM occupied premises and it is the transfer out from the GA program into the building program.



ADMINISTRATIVE DEPARTMENT

2024/25 Staffing Budget: \$3,341,444

Departmental Functions:

- Oversee administration of all PRISM operations, programs and services. Manage governance functions including preparation and distribution of meeting agendas, preparation of meeting minutes, and coordination of member travel and other meeting arrangements.
- Manage all staff service functions including Human Resources, payroll processing, and employee training.
- The offices of the CEO and COO are the face of the PRISM with our service partners, including our brokers, our insurers, and most importantly, our members.
- Responsible for the implementation of strategic initiatives.

Major Accomplishments in Fiscal 2023/24:

- Retained 99% of members at renewal of the programs, and have a three-year average of 99%.
- In spite of increasingly and continuing challenging times, successfully renewed all coverage programs, while maintaining broad coverage with only minor loss of limits or minor changes in coverage.
- Strategically utilized risk retention where limits were no longer available. Examples of this include implementation of continuing to pool the Primary Layer in the Property Program and retaining risk in pieces of the Excess Layers to avoid gaps in coverage.
- Successfully negotiated a two-year extension of the reinsurance arrangement with Multi Strat Re on the GL1 Program which provides additional time for the Program to rebuild its Net Position.
- Created a new program that would provide additional coverage for Programs when a carrier becomes insolvent.
- Continued to provide very high levels of customer service and improved customer satisfaction ratings.
- Began planning for 2025 Annual Conference.
- Continued oversight of significant strategic planning initiatives.
- Updated PRISM Employment Handbook and various PRISM employment policies.
- Held first hybrid board meeting in March 2024.



Major Goals for Fiscal 2024/25:

- Maintain high member satisfaction ratings with a 5% increase in satisfaction scores.
- Establish the value of PRISM with members' employees and continue to increase CEO and senior staff engagement with the members via member visits (virtual or in person), committee meetings, and conference attendance.
- Increase opportunities for member engagement, with an emphasis on member-to-member engagement.
- Continue to take a measured approach in looking for good opportunities to expand outside of California via PRISM's captive insurance company.
- Continue organizing member meeting opportunities including symposiums and a conference in 2025.
- Bring Employment Practices Legal advice service in-house.

A summary of the Administration Department's Performance Measures is presented on the following pages.

Administration Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY22/23	Actual FY22/23	Goal FY23/24	Actual FY23/24	Goal FY24/25
Branding and Outreach	Maintain high member satisfaction ratings with a 5% increase in member satisfaction survey scores.	Change in Member Survey Scores	5% Increase	2-4% Increase	5% Increase	1% Decrease	5% Increase
	Continue participation in PAFR program.	Received award from GFOA?	Yes	Yes	Yes	Yes	Yes
	Establish the value of PRISM with members' employees by increasing engagement with the members via CEO/Management member visits (virtual or in person) and orientation sessions with new member employees.	Estimated number of Member Contacts	93 (+20%)	261	313 (+20%)	***	***
	Hold meetings with all public entity members at least once every two years.	Were meetings held at least once every two years?	*	*	*	*	Yes
	Increase member utilization of the benchmarking tool/member dashboards by 20%.	Estimated year over year change in member logins to dashboard section of prismrisk.gov	+20%	+58%	+20%	+36%	+20%
Personnel and Office Management	Ensure continuity by retaining 95% of the staff.	Employee retention	95%	86%	95%	90%	95%
	Complete transition to new HR/payroll system in summer 2022.	Estimated % of completion	100%	100%	**	**	**
	Modify PRISM office space to accommodate all employees in Suite 200 so that Suite 175 is available for lease by fall 2022 and Suite 200 space has more work areas designed for collaboration and team-oriented work.	Estimated % of completion	100%	100%	**	**	**
ARC Captive Utilization	Continue to take a measured approach in looking for good opportunities to expand outside of California via PRISM's captive insurance company.	# of ARC Participants	3	3	4	9	14
Meetings	Compliance 100% of the time in meeting Brown Act deadlines for agenda and meeting materials.	% of agendas posted 3 days in advance of meeting	100%	100%	100%	100%	****
		% of meetings made available to the public - live or via Zoom	100%	100%	100%	100%	****
		% of meetings with time reserved for public comment at the beginning of each meeting	100%	100%	100%	100%	****

*Goal adopted in later period; n/a for this period.

**Goal was accomplished; n/a for future periods.

***Tracking individual member contacts is challenging. Management will continue to maintain engagement with members, but will drop this goal in favor of a goal to meet with all public entity members at least once every two years.

****PRISM will continue to comply with the Brown Act as required by law, but management has elected to remove this as a "goal" moving forward.

EMPLOYEE BENEFITS DEPARTMENT

2024/25 Staffing Budget: \$513,103

Director of Employee Benefits

Sr. Employee Benefits Specialist

Employee Benefits Specialist

Departmental Functions:

- Oversight of PRISMHealth & Employee Benefits Program Administration.
- Collaborate with Broker and Carrier partners in the representation of program initiatives.
- Educate Members on PRISMHealth and Employee Benefits offerings and important issues related to industry specific compliance.
- Attend and assist with Health and Benefits meetings addressing open enrollment, health fairs and implementation of new coverage offerings.
- Assist in resolving service issues for members and their employees within the Health and Benefits Programs.
- Maintain and audit complex Program Performance Reports for Health and Dental.
- Present and implement cost containment strategies.
- Assist Members in communicating program renewals to their governing bodies.

Major Accomplishments in Fiscal 2023/24:

- Conducted in-depth Strategic Planning with the PRISMHealth Committee and program members, with a focus on employee engagement, new/expanded cost containment solutions,
- Continued PRISMHealth and Dental program growth, with an increase in service levels to members and their employees/retirees.
- Implemented a new program Benefits Administrator, Benefit & Risk Management Services.
- Added the Blue Shield Payment Integrity Program as a post payment review for coordination of benefits and provider contract language adherence.
- Expanded coverage for Hinge Health Musculoskeletal and Livongo Diabetes management to non-Kaiser HMO plans.
- Increased participation in the PRISMHealth cost containment solutions.
- Successful implementation of our Healthcare Navigation tool, Accolade.
- Implemented the new Personal Lines Insurance Program partner, InsureOne.
- Implemented the new Dental carrier option, Ameritas, to address provider network deficiencies in rural California and to offer diversity in dental coverage options.
- Finalized MHN EAP transition to Concern, with 97% retention.
- Launched ConcernPlus First Responder program to enhance care and support for first responders and their families.
- Hosted the most successful Employee Benefits Symposium to date, with 55 different agencies in attendance.

Performance Measures for Fiscal 2024/25:

- Finalize PRISMHealth Strategic Plan and formalize formal process of annual evaluation.
- Prepare and issue an RFP for consideration of a new Pharmacy Benefit Manager.
- Increase continued visibility, education and communication of services available to members through the Employee Benefits programs.
- Review and evaluate Dental Program Target Funding Policy.
- Evaluate options to move the Vision Program to a fully self-funded pool arrangement.
- Expand Data Analytics & Reporting on value-add services (Carrum, Livongo, and Hinge) to include return on investment (ROI).
- Increase/Maintain high member satisfaction.
- Launch Employee Benefits Forum on PRISM website.
- Promote member growth in all Employee Benefits Programs.
- Create performance metrics for program Benefits Administrators as a way to enhance accountability and increase member satisfaction.
- Revamp all program marketing materials, including Member testimonials.

A summary of the Employee Benefits Department's Performance Measures is presented on the following page.

Employee Benefits Department Performance Measures

Area	Milestone or Outcome	Measure	Goal FY22/23	Actual FY22/23	Goal FY23/24	Actual FY23/24	Goal FY24/25
Branding and Outreach	Increase continued visibility and education of services available to members through the Employee Benefits programs.	Goal is ongoing					
	Build-out of Member resources and benefits information accessibility						
	Promote member growth in all Employee Benefits Programs.						
	Strengthen communication and collaboration with our Broker and Carriers.						
	Further implement the PRISMHealth direct member communication plan for important program announcements.	Estimated % of completion	100%	85%	85%	50%^	75%
	Increase PRISM visibility at Employee Benefits related conferences.	Number of events hosted or attended	4	4	4	6	8
	Increase web-based trainings and service presentations	Number of events conducted	*	*	4	7	10
Member Services	Increase/Maintain high member satisfaction.	Average Member Survey Score for EB Dept	4 out of 5	4.38 out of 5	4 out of 5	4.13 out of 5	4.5
	Launch new TPA partners, UMR, Accolade and Surest for Health program.	Estimated % of completion	100%	100%	**	**	**
	Conduct Aggregate Claim Surplus Review (Health Program)		100%	100%	**	**	**
	Add new Pharmacy Cost Containment Services - Weight Management Care and Omnipod Insulin Pumps		100%	100%	**	**	**
	Evaluate and Implement additional Benefits Administrator (Health Program)		100%	100%	**	**	**
	Review and evaluate Retiree Medicare plan options		*	*	75%	0%	****
	Expand Data Analytics & Reporting on Value Add services (Carrum, Livongo, Hinge) to include ROI		*	*	75%	80%	100%
	Implement Paid Family Leave Program		100%	100%	**	**	**
	Finalize MES Vision carrier transition to EyeMed		100%	100%	**	**	**
	Continue Delta Dental Network Analysis for access to care issues specific to rural Counties		80%	80%	100%	100%	**
	Conduct RFP for second Dental Carrier		100%	100%	**	**	**
	Implement New Dental Carrier		*	*	100%	100%	**
	Conduct RFP for replacement EAP Carrier for MHN		100%	100%	**	**	**
	Implement & Transition EAP members to Concern EAP		*	*	100%	100%	**
	Implement, Educate & Market Concern First Responder Services		*	*	100%	100%	**
	Establish PRISMHealth Focus Group to evaluate overall benefits communication strategy		*	*	100%	***	***
	Finalize Health Program MOU amendments and secure all signatures		75%	75%	100%	100%	**

*Goal adopted in later period; n/a for this period.

**Goal was accomplished; n/a for future periods.

***Goal superseded; formal Strategic Planning sessions held in lieu of establishing Focus Group.

****Goal delayed pending results of next Strategic Planning session.

^Goal changed somewhat with Strategic Planning; this reduced the estimated % of completion.

LIABILITY CLAIMS DEPARTMENT

2024/25 Staffing Budget: \$2,216,576

Departmental Functions:

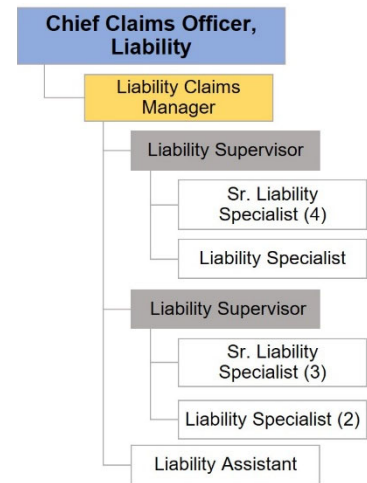
- Plan, organize and direct the claim functions throughout PRISM for the General Liability, Medical Malpractice, and Property Programs.
- Work with members, vendors and business partners to control claims costs.
- Provide coverage analysis to members, respond to subpoenas and public records act requests, assist with Brown Act questions, and review contracts.

Major Accomplishments in Fiscal 2023/24:

- Continued to develop processes for managing Property claims under new Program structure, including development of policies and continued direct oversight of Property Program TPA.
- Updated administrative documents in the Medical Malpractice program including first report, claims standards, and defense standards.
- Provided member training to members/TPAs regarding Addendum B Claims Administrative Standards.
- Finalized development of the PRISM Proprietary Claims system specific to GL and migrated to the new system.
- Reviewed and influenced the terms of various Program reinsurance contracts for the 2023/24 Program year.
- Coordinated with Claims Ad Hoc Committee, UW, and Exec. in the review and development of proposed changes to Addendum B Standards and GL MOC and MM MOC.
- Processed claim reimbursements to members within 30 days of receipt of all supporting documentation.

Performance Measures for Fiscal 2024/25:

- Continue collaborating with IT to monitor the in-house proprietary claims system including addressing any migration issues, development of, or update to existing, reports, and continued efficiencies the new system offers.
- Through audit and loss analysis process, continue to provide information on a timely basis to underwriting staff and committees to direct loss prevention and mitigation activities.
- Assist underwriting team with analysis of claims history for new potential GL members.
- Continue to be a resource to members for claims administration, coverage review, and risk mitigation efforts.
- Ongoing development of the Property Program processes and procedures.
- Begin working with IT on the development of the Property Program and Medical Malpractice lines of business in the in-house proprietary claims system



- Invoice excess reimbursements to reinsurers/excess carriers within five days of issuing payment. Oversee and follow up with those reinsurers to achieve at least 80% reimbursement within 30 days of invoice issuance.
- Collaborate with the PRISM Data Scientist on projects that will assist in the resolution of claims and continue to be a resource to Data and Analytics where needed.
- Review possibility of offering quarterly GL claims reviews with members.
- Begin to analyze the ability to bring Medical Malpractice claims handling in-house.
- Continue to work towards completion of Enterprise Risk Management task of documenting all processes/procedures within department.

A summary of the Liability Claims Department's Performance Measures is presented on the following page.

Liability Claims Department Performance Measures

Area	Milestone or Outcome	Measure	Goal FY22/23	Actual FY22/23	Goal FY23/24	Actual FY23/24	Goal FY24/25
Innovation and Improvement	Continue collaborating with IT to build the in-house proprietary claims system.	Goal is ongoing					
	Continue collaborating with IT to monitor the in-house proprietary claims system including addressing any migration issues, development of, or update to existing, reports, and continued efficiencies the new system offers.						
	Through audit and loss analysis process, continue to provide information on a timely basis to underwriting staff and committees to direct loss prevention and mitigation activities.						
	Assist Data and Analytics Department with determining key information needed for their use in developing analytical tools for Claims Department and members.						
	Continue to be a resource to members for claims administration, coverage review, and risk mitigation efforts.						
	Review possibility of offering quarterly GL claims reviews with members.	Estimated % of completion	100%	50%	100%	50%	100%
	Work with IT to develop a property line of business in the new proprietary claims system.		100%	30%	100%	40%	100%
	Completion of Enterprise Risk Management task of documenting all processes/procedures within department.		*	*	*	*	100%
Reporting and Analysis	Invoice excess reimbursements to reinsurers/excess carriers within five days of issuing payment. Oversee and follow up with those reinsurers to achieve at least 80% reimbursement within 30 days of invoice issuance.	Average days to invoice	5	5	5	5	5
		Estimated % reimbursed in 30 days	80%	85%	80%	80%	80%
	Analysis of bringing Medical Malpractice claims handling in-house	Estimated % of completion	*	*	*	*	100%

*Goal adopted in later period; n/a for this period.

WORKERS' COMPENSATION CLAIMS DEPARTMENT

2024/25 Staffing Budget: \$3,308,420

Departmental Functions:

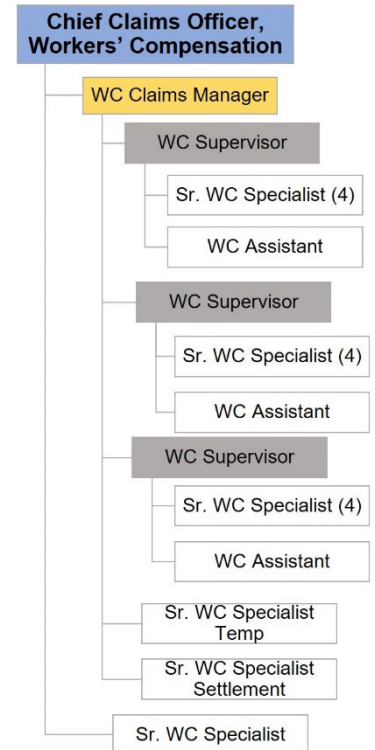
- Plan, organize and direct the claim functions throughout PRISM.
- Work with members, vendors and business partners to control claims costs.

Major Accomplishments in Fiscal 2023/24:

- Processed claim reimbursements to members within 30 days of receipt of all supporting documentation.
- PRISM's workers' compensation claims team continued to resolve difficult claims resulting in savings to the EWC program.
- Provided insight and guidance to Members on catastrophic claims to aide in best possible outcome for the injured worker.
- Continued to evaluate WC Member's use of Carve-Out Programs and provided performance metrics to the Claims Review Committee.
- Reviewed WC COVID-19 loss data from SIMS system and member data feeds on a monthly basis to aggregate data and provided updates to EWC Program reinsurers.
- Provided a one-time interim partial reimbursement to the EWC Members for the COVID-19 Occurrence Loss.
- Participated in quarterly file reviews with all PWC Program Members, and EWC Program Members as requested or needed.
- Conducted a department strategic planning session to identify future efficiencies and projects.
- Resumed working with the IT Department on gathering requirements for the Work Comp component of PRISM's Proprietary Claims system (Spectra).
- Reviewed and influenced the terms of various Program reinsurance contracts for the 2023/24 Program year.
- Continued to obtain reimbursements from CIGA and Riverstone for the EWC coverage periods that involved Castlepoint.
- Processed Bordereaux invoicing for PWC and EWC Programs monthly.
- Participated in the Peace Officer Mental Health Task Force.
- Through lobbying efforts, had a significant impact on a variety of bills introduced by the California legislature in 2023 and 2024.

Performance Measures for Fiscal 2024/25:

- Collaborate with IT to build the Work Comp component of the in-house proprietary claims system.



- Go-Live with the PRISM's internal use of the in-house claim system for excess reportable claims, and then begin to collaborate with the PWC TPAs to implement their use of the new claim system.
- Assist Data and Analytics Department with determining key information needed for their use in developing analytical tools for Claims Department and members.
- Evaluate WC members' use of Carve-Out Programs and provide metrics of performance to the Claims Review Committee.
- Continue to conduct quarterly file reviews with all PWC Program Members.
- Continue to conduct periodic file reviews with EWC Program Members as requested or needed.
- Through audit and loss analysis process, continue to provide information on a timely basis to underwriting staff and committees to direct loss prevention and mitigation activities.
- Update existing and develop new program reports to improve overall program management.
- Collaborate with the PRISM Data Scientist on projects that will assist in the resolution of claims.
- Implement WC Department strategic plan initiatives.

A summary of the Workers' Compensation Claims Department's Performance Measures is presented on the following page.

Workers' Compensation Claims Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY22/23	Actual FY22/23	Goal FY23/24	Actual FY23/24	Goal FY24/25
Innovation and Improvement	Through audit and loss analysis process, continue to provide information on a timely basis to underwriting staff and committees to direct loss prevention and mitigation activities.	Goal is ongoing					
	Assist Data and Analytics Department with determining key information needed for their use in developing analytical tools for Claims Department and members.						
	Influence and add value to our Members and claims outcomes						
	Continue participating in quarterly file reviews with PWC Program Members and as requested/needed for EWC Program Members						
	Work with Lobbyist to have an impact on bills introduced by the California Legislature (for all coverage areas)						
	Update existing and develop new program reports to improve overall program management.						
	Work with IT to develop a WC line of business in the new proprietary claims system.		Estimated % of completion	25%	***	100%	***
	Implement WC Department Strategic Plan	*		*	*	*	50%
Reporting and Analysis	Evaluate WC members' use of Carve-Out Programs and provide metrics of performance to the Claims Review Committee.	Are analysis and reports completed and delivered timely, then presented to the appropriate stakeholders?	Yes	Yes	Yes	Yes	Yes
	Establish PWC TPA Report Cards for key claims performance measures.		Yes	Yes	Yes	Yes	Yes

*Goal adopted in later period; n/a for this period.

**Goal was accomplished; n/a for future periods.

***Goal was paused; TBD for future periods.

ACTUARIAL SERVICES DEPARTMENT

2024/25 Staffing Budget: \$947,728

Chief Actuary
Officer

Data Scientist

Sr. Actuarial
Specialist

Actuarial Specialist

Actuarial Departmental Functions:

- Provide actuarial services for the major property and casualty programs including analysis of pooling layers and various insurance options
- Provide actuarial estimates of outstanding liabilities and recommendations on member premium rates for all major property and casualty programs
- Provide allocation models for each of the major P&C programs
- Provide analysis and/or analyzers for reinsured layers and reinsurance rating plans for the major P&C programs
- Provide all actuarial support for PRISM ARC
- Provide in-depth claims and loss analysis.
- Provide quarterly actuarial updates for GL1, EWC, and MM as needed
- Provide PWC and DBD quotes as well as other ad-hoc analyses as needed
- Provide actionable data insights to various programs and departments

Actuarial Major Accomplishments for Fiscal Year 2023/24

- All Major P&C Programs
 - Completed annual actuarial analysis for the major property and casualty programs, including timely recommendations on rates for the 2024/25 year
 - Completed annual actuarial analysis for the major property and casualty programs, including evaluation of outstanding liabilities and target funding
 - Analyzed and reevaluated trend methodologies and performed updated update trend analyses
 - Produced quarterly outstanding liability and projected equity estimates for the major P&C programs
 - Prepared program actuarial reports, including individual member reports for PWC & DBD, for Underwriting, the auditors and the PRISM member portal
 - Evaluated reinsurance structures and premium costs against self-insurance based on PRISM developed risk analyzers
 - Provided AmTrust Commutation estimates of outstanding liabilities for the affected programs
 - Incorporated the AmTrust liabilities into the current reserve evaluation for EWC, GL1 and PWC
 - In the process of developing a new analysis to evaluate the commuted liabilities for GL2
 - Provided general admin ULAE projections and outstanding estimates

- PRISM ARC
 - Completed PRISM ARC year-end study
 - Analyzed and recommended long term interest rate assumption for ARC
 - Calculated discount factors based on all past corridor transfers since ARC inception
 - Calculated discount factors based on the corridor transfers for the upcoming 2024/25 program year
 - Prepared the necessary filings for Utah Department of Insurance: Statement of Actuarial Opinion, Actuarial Opinion Summary, and Actuarial Report

- EWC
 - Prepared diagnostic loss development triangles to expand on loss development analysis and to assist in factor selections
 - Evaluated the appropriateness of WCIRB rating factors to the PRISM program
 - Expanded program performance report to reflect the pool, SIR, and excess layers separately
 - Developed and incorporated additional rate analyses excess of \$1M for all four rating groups' pool rates
 - Provided updated values of metrics used in Risk Advisory Identification Analysis

- GL1
 - Developed and incorporated additional rate analyses excess of \$1M for the two rating groups' pool rates
 - Provided the actuarial estimates and factors, cash flow projections and balance sheets necessary to evaluate the financial position and the Experience and Exposure Adjustment Clause update under the MsRe contract
 - Evaluated MsRe Impact on surplus positions since contract inception per member's request
 - Prepared quotes and pricing for several out of state prospects and renewing participants
 - Evaluated the credibility of the actuarial rated individual DBD members
 - Implemented changes to the DBD rating and allocation methodology
 - Analyzed the impact of AB 218/AB 452 to the GL programs
 - Provided updated value of metrics used in Risk Advisory Identification Analysis

- PWC
 - Provided support for the exploration/negotiation of the incentivized TPA fee model
 - Developed rate selection process that emphasize fairness and consistency of rate selection among the 26 individual actuarial rated members
 - Collaborated with Underwriting on messaging to PWC members with large increases. We moved one member to payroll rated to stabilize future rates
 - Provided additional ultimates and rates for PWC extending the program's retained limit to \$25k, and the program's overall limit to \$250k and \$300k

- Property
 - Various property data recoding as a result of more in-depth analysis of the data bucketing, poor data quality, and additional conversations with TPA
 - Property rate study expanded from one peril to by-peril analysis
 - Introduced more aspects of industry standard property actuarial analysis including the excess wind factor methodology to smooth out weather events
 - Expanded on the utilization of the catastrophe modeling data results into actuarial analysis
 - Provided self-funding estimates for the \$10M layer as well as additional primary layer indications for \$15M, \$20M and \$25M limits

- Medical Malpractice
 - Evaluated the rate study methodology
 - Created lag reporting triangle and investigation of loss date vs reporting date in the data
 - Reevaluated and restated AB 35 MICRA legislation's impact based on PRISM experience
 - Incorporated retroactive date into the CSR data

- Data Science
 - Analyzed the benefit of Compromise and Release settlements
 - Analyzed the relations between Eyres Law Group and EPL losses for the Member Engagement Initiative
 - Published the results of the two analyses in first edition of Wavelength
 - Developed text-mining algorithms to identify mediated GL1 claims
 - Developed an algorithm to extract body part info from claim description for Santa Barbara County
 - Created and automated workers' compensation claim reports
 - Fine-tuned and extended the logic for SAM claims identification
 - Further developed and updated the PRISM Actuarial Analysis Toolkit

Actuarial Performance Measures for Fiscal Year 2024/25:

- Provide annual actuarial analysis for the major property and casualty programs, including timely recommendations on rates for the 2025/26 year
- Provide annual actuarial analysis for the major property and casualty programs, including evaluation of outstanding liabilities and target funding
- Provide quarterly outstanding liability and projection estimates for the major P&C programs
- Prepare program actuarial reports including individual member reports for PWC & DBD for Underwriting, the auditors and PRISM member portal
- Provide analysis and/or analyzers for the major programs' reinsurance arrangements and plans
- Provide allocation models for each of the major programs
- Provide all actuarial support for the PRISM ARC
- Produce in-depth loss development factor analysis for all major P&C programs
- Produce in-depth trend factor analysis for all major P&C programs
- Provide general admin ULAE projections and outstanding estimates
- Provide PWC and DBD quotes as needed
- Provide renewing and prospective quotes for out of state participants as needed
- Update GL1 IMCD premium discount matrixes
- Continue to analyze various underwriting factors (territory, safety/non-safety) for the EWC and GL1 programs, as needed
- Continue to provide the Risk Advisory Identification Analysis for the EWC and GL1 programs
- Update the 4850 benefits analysis for PWC and EWC, subject to usable data
- Continue monitoring and analyzing AB 35 MICRA legislation impact to MedMal programs
- Continue monitoring and analyzing AB 218 /AB 452 impact to the GL programs
- Provide PWC and DBD quotes as needed
- Continue analysis of Compromise and Release settlements
- Evaluate reasonableness and fairness of the premium allocation process in EWC and GL1
- Explore stochastic reserving methods for low credibility programs

A summary of the Actuarial Department's Performance Measures are presented on the following page.

Actuarial Services Department Performance Measures

Area	Milestone or Outcome	Measure	Goal FY22/23	Actual FY22/23	Goal FY23/24	Actual FY23/24	Goal FY24/25
Innovation and Improvement	Develop and continue to provide the Risk Advisory Identification Analysis for EWC and GL1	Goal is ongoing					
	Develop and continue updating the PRISM Actuarial Analysis Toolkit						
	Analysis on the benefit of compromise and release settlements in the WC programs						
	Property rate study by-peril analysis						
	Continue monitoring and analyzing AB 218/ AB 452 legislation impact on GL programs						
	Develop a quarterly COVID-19 rating model	Estimated % of completion	100%	100%	**	**	**
	Perform loss rate comparison of new GL1 members to older members		100%	100%	**	**	**
	Perform a trend and driving factors analysis on EWC's loss experience		100%	100%	**	**	**
	Identified dangerous road condition claims for UCSB and PRISM collaboration project		100%	100%	**	**	**
	Develop text-mining algorithms to identify mediated GL1 claims		100%	100%	**	100% [#]	**
	Develop an algorithm to extract body part from claim information for Santa Barbara County		100%	100%	**	100% [#]	**
	Crte and automate workers' compensation claim reports		100%	100%	**	100% [#]	**
	Provide AmTrust Commutation estimates for assuming their outstanding liabilities		100%	100%	100%	100%	**
	Incorporate AB 35 MICRA legislation impact into MedMal rates		100%	100%	**	**	**
	Fine-tuned and extended the logic for SAM claims identification		*	*	*	100%	**
	Developed rate selection process for use going forward that emphasize fairness and consistency of rate selection among the 26 individual actuarial rated PWC members		*	*	*	100%	**
	Implemented changes to the DBD rating and allocation methodology		*	*	*	100%	**
	Evaluate reasonableness and fairness of the premium allocation process in EWC and GL1		*	*	*	*	100%

*Goal adopted in later period; n/a for this period.

**Goal was accomplished; n/a for future periods.

[#]Goal was accomplished in prior period(s); task was refreshed in current period.

Actuarial Services Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY22/23	Actual FY22/23	Goal FY23/24	Actual FY23/24	Goal FY24/25
Reporting and Analysis	Provide annual actuarial analysis for the major property and casualty programs, including timely recommendations on rates for the coming policy year	Are analysis and reports completed and delivered timely, then presented to the appropriate stakeholders?	Yes	Yes	Yes	Yes	Yes
	Provide annual actuarial analysis for the major property and casualty programs, including evaluation of outstanding liabilities and target funding		Yes	Yes	Yes	Yes	Yes
	Provide quarterly outstanding liability and projection estimates for the major P&C programs		Yes	Yes	Yes	Yes	Yes
	Provide analysis and/or analyzers for the major programs' reinsurance arrangements and plans		Yes	Yes	Yes	Yes	Yes
	Provide allocation models for each of the major programs		Yes	Yes	Yes	Yes	Yes
	Produce in-depth loss development factor analysis for the major programs		Yes	Yes	Yes	Yes	Yes
	Produce in-depth trend factor analysis for the major programs		*	*	*	Yes	Yes
	Prepare program actuarial reports including individual member reports for PWC & DBD for Underwriting, the auditors and PRISM member portal		Yes	Yes	Yes	Yes	Yes
	Provide all actuarial support for the PRISM ARC		Yes	Yes	Yes	Yes	Yes
	Provide general admin ULAE projections and outstanding estimates		Yes	Yes	Yes	Yes	Yes
	Provide PWC and DBD quotes as needed		Yes	Yes	Yes	Yes	Yes
	Update GL1 IMCD premium discount matrixes as needed		Yes	Yes	Yes	Yes	Yes
	Update the 4850 benefits analysis for PWC and EWC, subject to usable data		Yes	Yes	Yes	Yes	Yes
	Continue to update the size of loss distributions for all major programs		Yes	Yes	Yes	Yes	Yes
	Produce quarterly COVID-19 estimates for EWC and PWC		Yes	Yes	Yes	Yes	**
	Continue monitoring and analyzing AB 35 MICRA legislation impact to MedMal program		*	*	*	Yes	Yes
	Provide additional ultimates and rates for PWC extending the program's retained limit to \$25k, and the program's overall limit to \$250k and \$300k		Yes	Yes	Yes	Yes	Yes
	Provided self-funding estimates for the \$10M layer as well as additional primary layer indications for \$15M, \$20M and \$25M limits for the property program		Yes	Yes	Yes	Yes	**

*Goal adopted in later period; n/a for this period.

**Goal was accomplished; n/a for future periods.

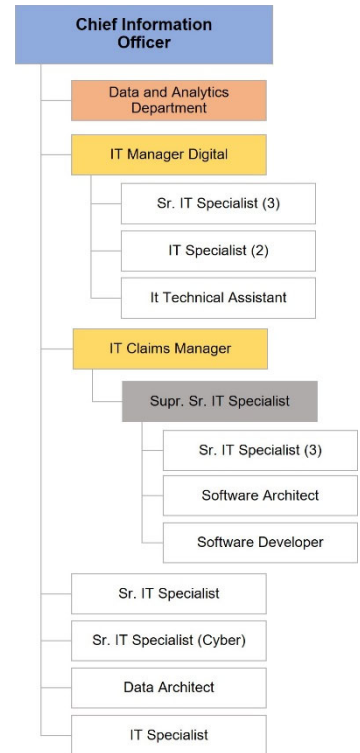
#Goal was accomplished in prior period(s); task was refreshed in current period.

INFORMATION TECHNOLOGY DEPARTMENT

2024/25 Staffing Budget: \$3,345,691

Departmental Functions:

- Provide technology direction and oversight to implement and support organizational goals.
- Maintain technology infrastructure to ensure efficient and secure operations of PRISM.
- Provide specialized reporting capabilities for claims handling.
- Provide first level of support for members who were on PRISM’s Insurity ClaimsXpress contract.
- Develop, maintain and provide full support of proprietary, in-house, claims system for all users.
- Provide project management, system conversion, and system upgrade support for members.
- Provide development and management of digital media and content – website, pool management, and communications.
- Support all software systems including Claims Management, Policy Management, Human Resource Management, Financial Management, and others.



Major Accomplishments in Fiscal 2023/24:

- Launched enhanced Prospect application and Notice of Potential Withdrawal application
- Provided members with access to self-service contact/user management features
- Provided staff/Alliant with easier access to membership related statistics
- Completed development of WC supplemental - Payroll Audit
- Expanded Report Center usage and increased number of reports available (i.e., coverage summary report)
- Provided support for 16 ClaimsXPress instances, as well as support 3 self-hosted members
- Terminated our contract with Insurity for ClaimsXPress maintenance, support, and cloud hosting
- Negotiated a new contract for ClaimsXPress cloud hosing services with Spear Technologies
- Migrated all 16 instances of ClaimsXPress to Spear Cloud saving the organization over \$800k annually
- Continued development of the new proprietary claims system (Spectra) for both WC and GL
- The PRISM GL Claims team went live on Spectra in October of 2023
- Collaborated to import and validate over 55k COVID-19 member claims from D&A, including financials
- Improved functionality and accuracy for 1099 and OCIP reporting, as well as incorporated new reporting requirements
- Enhanced custom reports and subscription process for reinsurers

- Created several new business rules for TPAs, members, and PRISM
- Provided new employee training for TPAs, members, and PRISM
- Supported the claims teams with several examiner reassignments. This involves transfer caseloads from one examiner to another
- Catastrophe claim cleanup project was done for the COVID-19 claim import
- Implemented information security improvements to further protect critical and sensitive data
 - Added additional threat protection services for more proactive cyber security
 - Upgraded backup software to include more advanced security tools
 - Improved patch management processes and procedures
 - Improved overall organizational risk score
 - Implemented password management tool
- Installed, configured and secured all infrastructure for new claims system
- Upgraded enterprise email system
- Implemented new phone, VOiP system (Zoom)
- Upgraded network infrastructure

Performance Measures for Fiscal 2024/25:

- Complete development of the Prospect and NOPW solutions
- Complete development of supplemental WC applications in support of collecting additional information needed for OSIP reporting
- Finish final phase of self-service contact/user management
- Implement redesigned user dashboards on the website
- Create a notification tool for members to inform us promptly about changes in Third-Party Administrators (TPAs), supplying relevant information and timing.
- Implement solution to better manage COI requests
- Reorganize and design the Resources and Services sections on the website
- Continue development of the new proprietary claims system
 - The PRISM GL Claims team will live in October 2023
- Evaluate and pursue development of the following claims system (ClaimsXpress) activities, if deemed appropriate
 - Continued enhancement and execution of bulk claim load for member submitted data and from the DNA database. As of 4/29/2024 we uploaded and updated financials for over 55k COVID-19 claims.
 - Continued report development and enhancements to ClaimsXpress as needed
- Improve organizational risk score (within security awareness platform)
- Implement virtual desktop technology to increase efficiency of PC management and lower long term cost of desktop computing
- Expand usage of Robotic Process Automation (RPA) to automate tasks and workflows that save staff hours
- Continued development of information security roadmap and digital strategy

A summary of the Information Technology Department's Performance Measures is presented on the following page.

Information Technology Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY22/23	Actual FY22/23	Goal FY23/24	Actual FY23/24	Goal FY24/25
Innovation and Improvement	Continued enhancement and execution of bulk claim load for member submitted data and from the DNA database	Goal is ongoing					
	Continued report development and enhancement of existing claims system						
	Enhance Coverage Data						
	Improve organizational risk score (within security awareness platform)						
	Continue development of the website portal's applications for prospects and additional named covered parties						
	Implement supplemental WC applications in support of WC Payroll Audit and collection of additional information needed for OSIP reporting	Estimated % of completion	10%	20%	100%	50%	100%
	Make Contact Management available to staff and members on the website		50%	25%	100%	75%	100%
	Develop redesigned user dashboards on the website		50%	100%	**	**	**
	Implement redesigned user dashboards on the website		25%	10%	50%	10%	100%
	Expand usage of Robotic Process Automation (RPA)		50%	10%	50%	10%	50%
Systems and Processes	Continue development of the new proprietary claims system	Delivery of minimum viable product	*	*	GL 100%	GL 100%	WC 50%
	Create notification tool for member TPA changes	Estimated % of completion	*	*	*	*	100%
	Implement solution for managing COI requests		*	*	*	*	100%
	Implementation of new HR system, expected go-live in August		100%	100%	**	**	**
	Complete development of the ANCP, Prospect, and Form Builder solutions		50%	50%	100%	75%	100%
	Migrate Corvel data to selected TPA(s) by 6/30/22		100%	100%	**	**	**
	Migrate Lake County data to new TPA by 5/1/23		100%	100%	**	**	**
	Migrate from Union Bank to US Bank for positive pay		0%	50%	100%	100%	**
	Implementation of the payment automation for IMCD and group corridors for GL2 and future GL1 members		100%	100%	**	**	**
	Change source code control platforms		100%	100%	**	**	**
	Implement virtual desktop technology		100%	0%	100%	0%	100%
	Migrate 16 ClaimsXPress instances to Spear Cloud		*	*	100%	100%	**
	Conference Room Upgrades		*	*	100%	100%	**
Oversight and Security	Develop information security roadmap	Estimated % of completion	25%	25%	50%	25%	50%
	Conduct security assessment		*	*	*	*	100%
	IT Policy Review		*	*	*	*	100%

*Goal adopted in later period; n/a for this period.

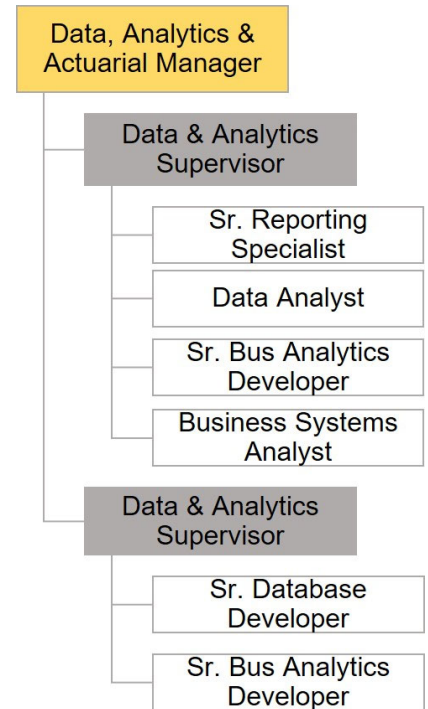
**Goal was accomplished; n/a for future periods.

DATA AND ANALYTICS DEPARTMENT

2024/25 Staffing Budget: \$1,411,435

Departmental Functions:

- Manage PRISM loss experience processing and reporting to support the renewal process and all actuarial and experience reporting needs.
- Work with data providers (members and TPAs) to improve the quality, timeliness, and availability of loss and exposure information provided.
- Manage the excess loss reporting process including PRISM Program Performance (PPP) reporting, Loss Portfolio Transfer (LPT) reports, COVID and CIGA reporting, and all Bordereaux (BDX) reports.
- Develop, deploy, and maintain reports, analytics, and data driven applications including performance reporting and benchmarking for PRISM members, partners, and staff.



Major Accomplishments in Fiscal 2023/24:

- Completed the annual loss data collection process for the major P&C programs and provided the annual and semi-annual loss data packages to the market, and provided actuarial study data for the Actuarial team for the P&C programs.
- Produced all quarterly informational CSRs, monthly and quarterly LPT reports and BDX, and PRISM Program Performance (PPP) reports for the Committees and Board.
- Produced all other ongoing reports (Covid, excess reportable, monthly experience, CIGA, actuarial loss runs, etc.) in a timely fashion.
- Created initial versions of repurposed PRISM Program Performance (PPP) reports to provide enhanced trend analyses.
- Hosted a Member Data Strategic Planning Meeting with PRISM staff to discuss issues and potential solutions with regard to collecting member data and allowing the department to free up more time to spend on analytic tools and products.
- Successfully transitioned liability reporting from PRISM’s old excess claim system (SIMS) to PRISM’s own proprietary new claim system Spectra.
- Developed and received Technology Committee approval on the Member Data Education Plan to educate the membership on the value of data, data quality, and how data and data systems function.
- Hosted a PRISM Perspectives Podcast on “What is your ROI on Data Quality”.
- In collaboration with PRISM’s website team, the department initiated work to create new “Analytics” pages on PRISM’s website to centralize access to PRISM’s analytic tools and provide materials, FAQs, and resources related to analytics.
- Began development on creating more simplified and targeted applications within the staff and member dashboards.

- Provided a number of demonstrations to members and committees on functionality of the member dashboards.
- Developed monthly loss analysis and performance reports that are posted to the website for members who provide monthly data.
- Created an ETL process to intake McLaren's monthly PRISM property loss runs.
- Transitioned the D&A production and development dashboard and reporting environments to a new platform (hardware, architecture, software, member portal, and updated versions of Qlik Sense, Nprinting, SenseOps and Vizlib).
- Created an "annual-only" loss data collection specification for members that only provide annual loss data to enhance efficiencies and limit time consumption in preparing the annual loss data packages.
- Created a new workers' compensation loss data specification incorporating changes in collaboration with the workers' compensation claims.
- Onboarded more members to provide monthly loss data extracts to become compliant with the monthly loss data requirements.
- Performed numerous reconciliation processes and reports on the AmTrust coverage layer losses.
- Created a database from our WC excess claims system for CCMSI to perform valuation assessments on the WC AmTrust data to potentially purchase reinsurance on the AmTrust commutation.
- Transitioned the data used for PWC reporting from SIMS summary data to transactional data, which allows for more detailed reporting and identification of non-covered amounts. Developing new standardized and automated PWC CSR and BDX using the transactional data.
- Deployed the initial excess Property components of the DnA database creating a single unified data source for property data needs.

Performance Measures for Fiscal 2024/25:

- Complete the Annual and Semi-Annual Loss Data Collection processes for the major programs accurately and on time in order to support the renewal and actuarial.
- Deliver all quarterly Claims Summary (CSR) and Loss Portfolio Transfer (LPT) reports, and monthly Bordereau (BDX) reports accurately, and on time. Add new reports as needed.
- Support the PRISM departments (primarily Data Science and Actuarial practices) information requirements.
- Continue to maintain and improve the DnA databases and develop and deploy new information products for the membership, partners, and staff.
- Transition all P&C major program members to monthly loss reporting (from annual).
- Transition to the new PRISM claim system (Spectra) as the source for workers' compensation excess loss data. Work with IT and Claims to support the development and deployment of the new system.

- Continue to expand upon the repurposed PRISM Program Performance (PPP) reports to provide enhanced insights on the performance of the programs.
- Continue to release materials in accordance with the Member Data Education Plan.
- Work with the website IT team to complete the development on the new “Analytics” pages on PRISM’s website.
- Complete development on the more simplified and targeted applications within the staff and member dashboards.
- Deploy the new standardized and automated Property CSR (this may happen by 7/1/24).
- Add Property excess payments, schedules and wildfire maps to the existing Property loss data in the DnA databases.
- Create Qlik data model to support Property reporting and dashboards and to provide the foundation for additional staff and member Property analysis.
- Develop and deploy initial Property reporting and analytics products.
- Begin transitioning the EWC data providers to the new workers’ compensation loss data specification.
- Develop a new (and significantly improved) reporting and analysis platform for PWC once the new CSR and BDX are completed.
- Implement Vizlib Writeback and Self-Service functionality to improve D&A dashboard capabilities and functionality.

A summary of the Data and Analytics Department’s Performance Measures are presented on the following page.

Data and Analytics Department Performance Measures

Area	Milestone or Outcome	Measure	Goal FY22/23	Actual FY22/23	Goal FY23/24	Actual FY23/24	Goal FY24/25
Innovation and Improvement	Transition all P&C major program members to monthly loss reporting (from annual).	Estimated % of completion	10%	10%	100%	90%	100%
	Transition to the new PRISM claim system as the source for excess loss reporting data for the GL programs. Working with IT Claims, support the development and deployment of the system.		50%	10%	70%	100%	**
	Transition to the new PRISM claim system as the source for excess loss reporting data for the EWC program. Working with IT Claims, support the development and deployment of the system.		*	*	*	*	100%
	Develop Member Services Dashboard and associated reports		*	30%	100%	100%	**
	Develop simplified dashboard applications to both PRISM staff and Members		*	*	*	75%	100%
	Create PRISM Program Performance (PPP) dashboards to PRISM staff and supporting automated data environment		25%	10%	20%	20%	50%
	Deploy the new Property CSR; add Property excess payments, schedules, and wildfire maps to the DnA databases; Create Qlik data models to support Property reporting and dashboards; Develop and deploy initial Property reporting and analytics products		*	*	*	*	100%
	Transition the WC data providers to the new WC loss data specification		*	*	*	*	75%
	Complete the transition of PWC Reporting to transactional PWC TPA instance data. Complete the new PWC CSR and BDx. Develop a new (and significantly improved) reporting and analysis platform for PWC		*	*	*	50%	100%
Reporting and Analysis	Support the renewal process by providing needed data, information, and reports to the reinsurance market.	Are analysis and reports completed and delivered timely, then presented to the appropriate stakeholders?	Yes	Yes	Yes	Yes	Yes
	Complete the Annual and Semi-Annual Loss Data Collection processes for the major programs accurately and on time.		Yes	Yes	Yes	Yes	Yes
	Deliver all quarterly Claims Summary (CSR) and Loss Portfolio Transfer (LPT) reports, and monthly Bordereau (BDx) reports accurately, and on time. Add new reports as needed.		Yes	Yes	Yes	Yes	Yes
	Continue to track and report on COVID-19 claim activity and develop database components and reports to accommodate the changing requirements.		Yes	Yes	Yes	Yes	Yes
	Continue to provide the PPP reports (PPR) for the Board and Executive and Underwriting Committees and add new exhibits to add value.		*	*	*	Yes	Yes
	Produce annual excess reportable reports, monthly CIGA tracking, monthly loss runs, and monthly Ed Tower reports.		Yes	Yes	Yes	Yes	Yes

*Goal adopted in later period; n/a for this period.

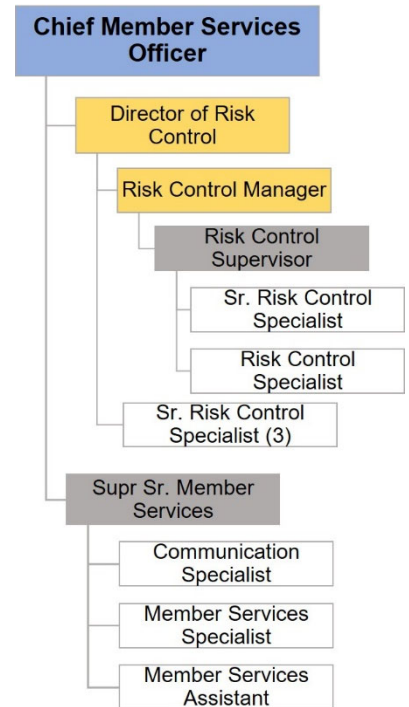
**Goal was accomplished; n/a for future periods.

MEMBER SERVICES DEPARTMENT

2024/25 Staffing Budget: \$2,184,692

Departmental Functions:

- Provide member directed risk management services that target and reduce exposure to losses
- Market existing services to ensure member awareness
- Evaluate new service offerings based on member demand, as well as staffing and funding considerations
- Provide on-demand training and risk control services that continually adapt to members' changing risk needs
- Develop/maintain information resources and best practices
- Maintain a library of training aids and programs
- Drive Member Engagement
- Participate in and conduct PRISM member meetings
- Oversee PRISM Communication Plan
- Participate in PRISM prospect evaluation process



Major Accomplishments in Fiscal 2023/24:

- Held Risk Control Open Forum and Perspectives – monthly online open forums for members for nearly 500 participants
- Created a Safety Management Certification Webinar series for 449 participants
- Provided Employment Practices Legal services to 638 member entities with nearly 1,800 contacts
- Vector Solutions course completions were over 590,000
- Delivered POST accredited Stress Management course for Correctional Officers and continued providing distance learning through POST
- Held two Cyber Symposiums for over 170 participants
- Added Benchmark Analytics as a Service Partner
- PRISMtv added 32 webcasts with 489 total platform viewers

Updates & Activity

- IRIC Manual
- Employment Practices Manuals
- Held 9 Board Member Orientations, 93 Member Meetings, and 16 New Member Service Orientations

Performance Measures and Goals for Fiscal 2024/25:

- Evaluate stop gap measures to fill risk management needs
- Continue to identify individuals at member agencies to send targeted resources and information (Three Deep campaign)
- Expand member engagement opportunities including hosting 6 symposiums, regional meetings and planning for a 2024/25 Annual Conference
- Develop methods to continually highlight available services to all members

A summary of the Member Services Department's Performance Measures is presented on the following page.

Member Services Department Performance Measures

Area	Milestone or Outcome	Measure	Goal FY22/23	Actual FY22/23	Goal FY23/24	Actual FY23/24	Goal FY24/25
Branding and Outreach	Evaluate stop gap measures to fill risk management needs	Goal is ongoing					
	Expand member networking opportunities	Number of events hosted or attended	135	168	160	166	160
		Estimated number of contacts	1200	1400	1300	1800	1500
	Develop methods to continually highlight available services to all members						
		New communication methods implemented	Yes	Yes	Yes	Yes	Yes
	Continue to identify individuals at member agencies to send targeted resources and information (Three Deep campaign)	Number of member contacts added	200	267	250	200	150

FINANCE DEPARTMENT

2024/25 Staffing Budget: \$1,109,999

Departmental Functions:

- Plan, organize and direct the investment and accounting functions throughout PRISM.
- Support program specific financial accounting, including financial statements, budgets, and claims reconciliations.
- Provide analysis and support to internal and external customers to support PRISM goals.
- Provide timely, transparent and easy to understand financial reporting to committees and members.



Major Accomplishments in Fiscal 2023/24:

- Participated in and received the Certificate of Achievement for Excellence in Financial Reporting (ACFR), and Distinguished Budget Award from the Government Finance officers Association (GFOA) and assisted in the preparation of the Popular Annual Financial Report (PAFR).
- Financial audit completed for 2022/23 with no findings and unqualified opinion.
- Successful renewal billing cycle of 1,066 invoices with a total value of \$1B with substantially all amounts collected within 60 days.
- Provided ad hoc calculations and other technical support to other departments commutation negotiations.
- Implemented GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*

Major Goals for Fiscal 2024/25:

- Obtain ACFR and budget awards from GFOA.
- Complete configuration of Intacct to produce ACFR reports and schedules or implement another solution for increasing reporting efficiency (e.g. Prosystems fx).
- Provide staff training to better utilize Intacct and Excel.
- Review and update written procedures for department's routine tasks and cross train personnel across desks.
- Create a formal process for the tracking of routine deliverables.
- Implement UiPath BOT processing for accounts payable tasks, or implement another solution to automate entry of bills.
- Integrate or otherwise facilitate data-sharing between Intacct and OpenGov, and Intacct and Spectra.
- Implement GASB Statement No. 101 *Compensated Absences*.

A summary of the Finance Department's Performance Measures is presented on the following page.

Finance Department Performance Measures								
Area	Milestone or Outcome	Measure	Goal FY22/23	Actual FY22/23	Goal FY23/24	Actual FY23/24	Goal FY24/25	
Systems and Processes	Complete configuration of Intacct to produce ACFR reports and schedules or implement another solution for increasing reporting efficiency (e.g. Prosystems fx).	Estimated % of completion	100%	50%	100%	60%	100%	
	Assist HR with implementation of new HR System		100%	100%	**	**	**	
	Implement UiPath BOT processing for accounts payable tasks, or implement another solution to automate entry of bills.		50%	0%	100%	0%	100%	
Reporting and Output	Obtain ACFR and budget awards from GFOA.	Received awards from GFOA?	Yes	Yes	Yes	Yes	Yes	
	Present financials to the Board by their October meeting that agree in substance to the final audited financials.	% difference between Net Position on Oct financials and final audit report	0.0%	0.0%	0.0%	8.7%^	0.0%	
	Provide claims reconciliations and funding numbers within quarterly specified time frames.	Were all figures and reports accurate and provided timely?	Yes	Yes	Yes	Yes	Yes	
	Provide aging of outstanding non-member invoices to other PRISM departments for follow up at least monthly.		Yes	Yes	Yes	Yes	Yes	
	Reconcile investment accounts timely and record all elements of investment activity with 99% percent accuracy (trivial rounding or timing differences are acceptable).	Estimated % of accuracy	99%	99%	99%	99%	99%	
	Produce all invoices/billings 100% consistent with authorized requests with respect to customer and amount.		100%	100%	100%	100%	100%	
	Ensure that invoice coding is correct on 95% of invoices resulting in only minor reclassification of expenses needed at closing (not counting routine accruals).		95%	100%	95%	100%	95%	
	Support HR payroll functions by processing all payroll on time and consistent with instructions and data provided by the HR department, including all employee and vendor payments.		100%	100%	100%	100%	100%	
	Ensure payroll-related transactions are properly coded in the accounting system and properly reported in the quarterly financial statements.		100%	100%	100%	100%	100%	
	Bill and collect 100% of renewal billing within 60 days of the new fiscal year.	% billed within 60 days of new fiscal year	100%	100%	100%	100%	100%	
		% collected within 60 days of new fiscal year	100%	99%	100%	99%	100%	
	Contact 100% of members via email and phone with invoices outstanding longer than 30 days.	Estimated % of members contacted	100%	100%	100%	100%	100%	
	Pay all invoices within the due date and claim reimbursements within 2 weeks.	Estimated % of payments released timely	100%	99%	100%	99%	100%	
Oversight and Compliance	Ensure that the investment portfolio holding are in line with the adopted investment policy at the end of each quarter.	Were holdings compliant with investment policy at the end of each quarter?	Yes	Yes	Yes	Yes	Yes	
	Exercise prudent cash management practices which maximize earnings.	Were cash flows monitored and excess funds moved to CAMP, LAIF or investments?	Yes	Yes	Yes	Yes	Yes	
	Re-evaluate Captive investment policy and management of assets.	Was investment policy reviewed at least once?	Yes	Yes	Yes	Yes	Yes	
	Ensure that cash is disbursed only upon proper authorization of management for 100% of transactions.	Were all payments authorized?	Yes	Yes	Yes	Yes	Yes	
	Ensure that 100% of payments are routed to the correct payee address (checks) or bank account information provided to Finance (ACH).	Number of check payments returned	0	0	0	0	0	
		Number of ACH/Wire payments returned	0	0	0	1	0	
		Number of check and ACH payments misdirected (i.e. actual dollars lost)	\$0	\$0	\$0	\$0	\$0	
	Collect signed Form W9 from 100% of new vendors before release of payment.	Were Forms W9 collected from all new vendors?	Yes	Yes	Yes	Yes	Yes	
	Ensure that Treasurer's Reports are 100% accurate and released timely on a quarterly basis per California Government Code Section 53646 (b) (1).	Were all filings completed accurately and timely?	Yes	Yes	Yes	Yes	Yes	
Yes			Yes	Yes	Yes	Yes		
Work with HR to ensure that quarterly and annual regulatory and tax filings are 100% accurate and filed timely.		Yes	Yes	Yes	Yes	Yes		

*Goal adopted in later period; n/a for this period.

**Goal was accomplished; n/a for future periods.

^Variance driven by change in actuarial estimates only.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
GENERAL ADMINISTRATION PROGRAM
ADOPTED BUDGET
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Member Services								
Enterprise Risk Consultant Fees	\$ 241,599	\$ 103,815	\$ 239,800	\$ 0	\$ 0	\$ 0	0%	Pass through program
Claims System Access	312,396	407,129	424,402	533,515	251,800	(281,715)	-53%	No new member implementation or customizations anticipated, more work in-house; pass thru item. Reduced cost for new Cloud Host provider for ClaimsXpress/SIMS and handling maintenance/support in-house
PRISM Drug and Alcohol Consortium	600	600	600	0	0	0	0%	
Investment Income	375,401	853,296	1,279,900	250,000	600,000	350,000	140%	Higher investment return rate in CY
PLIP Income	71,135	33,933	75,000	75,000	75,000	0	0%	
Shared Cost Agreements	127,609	0	145,721	160,000	170,000	10,000	6%	50% of 2 Employee Benefits Specialists; 2/3 salary for CIGA temp
Other Revenues	11,290	29,725	35,493	0	5,000	5,000	0%	JPA strategic Planning
TOTAL REVENUES	1,140,030	1,428,498	2,200,916	1,018,515	1,101,800	83,285	8%	
EXPENSES:								
Salaries and Benefits								
Regular Salaries	11,129,758	6,034,598	12,370,927	12,673,238	14,309,576	1,636,338	13%	See Schedule 1 for detail on Salaries and Benefits
Retirement	4,593,306	691,672	1,417,928	1,522,675	1,906,180	383,505	25%	ACFR 22/23 expense includes net pension liability adjustment under GASB 68
Employee Benefits	2,083,553	1,052,652	2,440,800	2,818,532	3,116,097	297,565	11%	Includes Benefit costs of new employees
Employment Taxes	160,074	84,139	172,485	217,594	221,724	4,130	2%	
Temporary Services	0	9,841	33,212	335,000	459,000	124,000	37%	Includes Data relationship mgr, CIGA and COVID temps
Employment Services	105,216	6,279	17,689	20,400	39,920	19,520	96%	
Total Salaries and Benefits	18,071,907	7,879,182	16,453,041	17,587,439	20,052,497	2,465,058	14%	
Services and Supplies:								
Staff Travel	199,725	143,407	358,518	383,720	382,600	(1,120)	0%	Includes travel to file reviews, settlements, etc.
Authority Meeting Expenses	271,467	248,794	553,825	553,825	509,950	(43,875)	-8%	
Committee Expenses	70,992	33,987	130,700	212,000	154,000	(58,000)	-27%	
Audit Service	76,000	74,600	88,000	88,000	90,000	2,000	2%	
Legal Counsel	164	46	15,000	30,000	65,000	35,000	117%	Includes \$25k for Amicus, EPL Legal and out of state employee consulting
Periodicals and Publications	6,131	6,276	16,200	6,050	7,325	1,275	21%	
Training and Education	5,377	2,938	50,000	127,756	145,846	18,090	14%	
Educational Scholarships	27,017	457	8,000	8,000	8,000	0	0%	
Conferences and Seminars	40,221	37,877	95,500	130,401	139,440	9,039	7%	
Membership Dues	53,567	37,565	63,016	63,016	71,920	8,904	14%	
Insurance Cert Tracking Serv- PRISM Expense	0	0	3,400	3,400	3,400	0	0%	
Office Supplies	11,489	8,355	21,300	55,700	58,200	2,500	4%	
Computer Supplies, Software and Annual Maint.	497,324	221,910	826,342	895,082	955,423	60,341	7%	Various softwares and maintenance; additional maintenance costs
Computer Hardware, Backup Data Center	159,257	124,004	185,100	293,300	162,750	(130,550)	-45%	Transition of hardware costs to maintenance
Web Conferencing	24,783	0	42,983	41,025	57,830	16,805	41%	Implementation of new VOIP provider (Zoom Phones)
Computer Technical Assistance	99,663	42,995	177,300	182,300	289,500	107,200	59%	Support for DnA portal as well as new managed security services

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
GENERAL ADMINISTRATION PROGRAM
ADOPTED BUDGET
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
Website Design/Hosting/Support	388,380	144,186	420,000	420,000	420,000	0	0%	
Claims System	613,323	1,321,691	1,965,306	2,491,126	2,109,317	(381,809)	-15%	Parallel operating cost of SIMS and new claim systems. Reduced cost for new Cloud Host provider for ClaimsXpress/SIMS and handling maintenance/support in-house
Insurance	557,643	712,672	669,431	658,751	720,200	61,449	9%	Increase in all lines of coverage
Postage	6,967	2,656	8,000	17,500	15,000	(2,500)	-14%	
Telephone	69,605	36,854	67,100	110,720	93,780	(16,940)	-15%	reduced cost due to Zoom Phones implemented in 2024
Printing	26,066	10,739	21,200	45,250	41,750	(3,500)	-8%	
Maintenance	1,153	0	7,000	7,000	25,000	18,000	257%	Increased budget as building ages
Accreditation and Certifications	1,055	345	2,000	2,000	1,700	(300)	-15%	CAJPA accreditation due 25/26; GFOA award submissions included
Consultant	36,203	35,150	44,300	39,500	73,200	33,700	85%	Professional consulting, PERS and OPEB actuarial; addl actuarial consulting increased by 25k.
Awards and Recognition	8,579	3,355	16,835	21,195	18,000	(3,195)	-15%	
Member Development	22,163	19,265	34,469	56,150	64,750	8,600	15%	
Legislative Advocate Contracts	120,000	60,300	122,100	125,000	123,000	(2,000)	-2%	Based on contracts
Bank Charges	635	29	87	10,000	17,500	7,500	75%	Reinsurance trust bank fees reimbursable from Alliant
Investment Expense	170,760	76,205	152,410	200,000	235,000	35,000	18%	Portfolio investment management services
Total Services and Supplies	3,565,707	3,406,659	6,165,421	7,277,767	7,059,381	(218,386)	-3%	
Member Services								
RC Seminars / Training Programs & Materials	(151,854)	2,813	68,800	68,800	84,300	15,500	23%	Includes \$12k for regional lunch and learns
PRISM Loss Prevention Platform	1,350,000	1,380,000	1,380,000	1,380,000	1,420,000	40,000	3%	
Plexus Global EPN Program	185,000	95,000	213,751	190,000	190,000	(0)	0%	Contractual increase
Automated Assessment Tool	20,553	2,500	2,500	2,500	2,500	(0)	0%	Maintenance & support cost
INXPO On Demand Program	0	18,000	18,000	18,000	18,000	(0)	0%	PRISM TV
Member Legal Services	554,200	285,600	576,000	576,000	368,000	(208,000)	-36%	Incl. 6m for Evers Law Group in addition to Legal Counsel.
Other RC Program Services & Materials	0	3,109	33,650	43,800	40,000	(3,800)	-9%	IRIC, video streaming and misc. risk control
Enterprise Risk Consultant Expense	247,017	104,618	239,800	0	0	0	0%	Pass Thru for PRISM
Member Engagement Symposiums	0	0	67,709	212,000	133,000	(79,000)	-37%	6 Symposiums and regional member meetings budgeted in Misc prog. effective FY 24/25
Claims System Access	347,857	212,431	424,402	533,515	251,800	(281,715)	-53%	No new member implementation or customizations anticipated, more work in-house; pass thru item. Reduced cost for new Cloud Host provider for ClaimsXpress/SIMS and handling maintenance/support in-house
Total Member Services	2,552,773	2,104,071	3,024,612	3,024,616	2,507,600	(517,016)	-17%	
Depreciation								
Furniture and Equipment	135,794	70,558	115,581	227,731	266,581	38,850	17%	Incl. virtual desktops, Backup/Security Appliance (Rubrik), Conf. room equipment, and new servers
Software	1,103,128	552,850	679,759	832,843	880,759	47,916	6%	Incl. Website development, Bots, Data analytics development platform
Total Depreciation	1,238,922	623,407	795,340	1,060,574	1,147,340	86,766	8%	
Contingency Delegated to Executive Committee	0	0	0	200,000	200,000	0	0%	Available with a two-thirds vote of the Executive Committee
TOTAL EXPENSES	25,429,309	14,013,319	26,438,414	29,150,396	30,966,818	1,816,423	6%	

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
GENERAL ADMINISTRATION PROGRAM
ADOPTED BUDGET
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Admin Transfer - PWC	4,701,779	4,803,599	4,803,599	4,803,599	5,013,750	210,151	4%	Based on 3 year average time study of PRISM staff
General Admin Transfer - EWC	6,494,533	7,166,082	7,166,082	7,166,082	7,625,078	458,996	6%	" "
General Admin Transfer - GL1	4,573,489	4,847,135	4,847,135	4,847,135	5,441,279	594,144	12%	" "
General Admin Transfer - GL2	2,663,142	2,788,904	2,788,904	2,788,904	3,293,917	505,013	18%	" "
General Admin Transfer - Property	667,665	685,403	685,403	685,403	981,374	295,971	43%	" "
General Admin Transfer - Medical Malpractice	925,864	994,179	994,179	994,179	859,916	(134,263)	-14%	" "
General Admin Transfer - MROCIP	49,120	51,507	51,507	51,507	55,870	4,363	8%	" "
General Admin Transfer - PRISMHealth	561,535	594,641	594,641	594,641	631,577	36,936	6%	" "
General Admin Transfer - Dental	395,937	375,381	375,381	375,381	388,663	13,282	4%	" "
General Admin Transfer - Misc Programs	14,200	14,200	14,200	14,200	14,200	0	0%	Interest earned in program funds admin fees
General Admin Transfer - PRISM ARC	150,000	150,000	150,000	150,000	150,000	0	0%	Fee to PRISM ARC for administrative services
Claims System Costs, PWC	941,511	1,595,958	1,595,958	1,595,958	1,027,580	(568,378)	-36%	Now participating in new claims system that includes all PWC TPAs
Claims System Costs, EWC	291,395	498,225	498,225	498,225	482,123	(16,102)	-3%	
Claims System Costs, GL1	104,750	186,015	186,015	186,015	295,286	109,271	59%	
Claims System Costs, GL2	61,041	111,282	111,282	111,282	207,903	96,621	87%	
Claims System Costs, Property	8,666	18,274	18,274	18,274	30,130	11,856	65%	
Claims System Costs, Med Mal	49,614	81,371	81,371	81,371	66,295	(15,076)	-19%	
PRISM Rent	(429,275)	(429,275)	(429,275)	(429,275)	(551,923)	(122,648)	29%	Transfer to building program
Investment Fees	170,760	76,205	152,410	200,000	235,000	35,000	18%	Charge to programs based on their share of treasury funds
TOTAL TRANSFERS	22,395,726	24,609,086	24,685,291	24,732,881	26,248,018	1,515,137	6%	
Net Increase or (Decrease)	(1,893,553)	12,024,265	447,792	(3,399,000)	(3,617,000)	(218,000)	6%	Budgeted decreases are carryovers per Target Funding guidelines
NET POSITION - JULY 1	15,946,329	14,052,776	14,052,776	14,785,180	14,500,569			
NET POSITION - JUNE 30	14,052,776	26,077,041	14,500,569	11,386,180	10,883,568			

**Schedule 1
PRISM
Publicly Available Pay Schedule
Salary Ranges as of July 1, 2024**

Job Classification	Working Job Title	Salary Grade	No. of Positions	Minimum Monthly Salary	Maximum Monthly Salary	
Senior Manager:	Chief Executive Officer	13	1	\$	29,167	
	Chief Actuary	12	1	\$ 22,598	\$ 36,157	
	Chief Claims Officer	11	2	\$ 17,360	\$ 27,776	
	Chief Financial Officer	11	1	\$ 17,360	\$ 27,776	
	Chief Information Officer	11	1	\$ 17,360	\$ 27,776	
	Chief Member Services Officer	11	1	\$ 17,360	\$ 27,776	
	Chief Operating Officer	11	1	\$ 17,360	\$ 27,776	
Director:	Director of Employee Benefits	10	1	\$ 15,666	\$ 23,499	
	Director of Financial Operations	10	1	\$ 15,666	\$ 23,499	
	Director of Risk Control	10	1	\$ 15,666	\$ 23,499	
	Deputy General Counsel	10	1	\$ 15,666	\$ 23,499	
Manager:	Actuarial Manager	9	1	\$ 13,277	\$ 19,916	
	Human Resources Manager	9	1	\$ 13,277	\$ 19,916	
	IT Manager	9	2	\$ 13,277	\$ 19,916	
	Liability Claims Manager	9	1	\$ 13,277	\$ 19,916	
	Office Manager	9	1	\$ 13,277	\$ 19,916	
	Risk Control Manager	9	1	\$ 13,277	\$ 19,916	
	Underwriting Manager	9	1	\$ 13,277	\$ 19,916	
	WC Claims Manager	9	1	\$ 13,277	\$ 19,916	
	Sr. Employment Law Attorney	9	1	\$ 13,277	\$ 19,916	
	Super Senior Specialists:	Data Scientist	8	1	\$ 16,737	\$ 24,269
Software Architect		8	1	\$ 16,737	\$ 24,269	
Database Architect		10	1	\$ 15,985	\$ 23,178	
Supervising Senior Specialists:	Sup. Sr. Accountant	7	1	\$ 9,304	\$ 13,491	
	Sup. Sr. Data & Analytics Specialist	7	2	\$ 9,304	\$ 13,491	
	Sup. Sr. IT Specialist	7	1	\$ 9,304	\$ 13,491	
	Sup. Sr. Liability Claims Specialist	7	2	\$ 9,304	\$ 13,491	
	Sup. Sr. Meeting & Event Planner	7	1	\$ 9,304	\$ 13,491	
	Sup. Sr. Member Svcs Specialist	7	1	\$ 9,304	\$ 13,491	
	Sup. Sr. Risk Control Specialist	7	1	\$ 9,304	\$ 13,491	
	Sup. Sr. WC Claims Specialist	7	3	\$ 9,304	\$ 13,491	
	Senior Specialists:	Sr. Actuarial Specialist	6	2	\$ 8,089	\$ 11,729
Sr. Data & Analytics Specialist		6	4	\$ 8,089	\$ 11,729	
Sr. Employee Benefits Specialist		6	1	\$ 8,089	\$ 11,729	
Sr. Human Resources Specialist		6	1	\$ 8,089	\$ 11,729	
Sr. IT Specialist		6	9	\$ 8,089	\$ 11,729	
Sr. Liability Claims Specialist		6	7	\$ 8,089	\$ 11,729	
Sr. Risk Control Specialist		6	4	\$ 8,089	\$ 11,729	
Sr. Underwriting Specialist		6	3	\$ 8,089	\$ 11,729	
Sr. WC Claims Specialist		6	14	\$ 8,089	\$ 11,729	
Specialists:	Accountant	5	2	\$ 6,737	\$ 9,432	
	Actuarial Specialist	5	0	\$ 6,737	\$ 9,432	
	Communication Specialist	5	1	\$ 6,737	\$ 9,432	
	Data & Analytics Specialist	5	2	\$ 6,737	\$ 9,432	
	Employee Benefits Specialist	5	1	\$ 6,737	\$ 9,432	
	Human Resources Specialist	5	0	\$ 6,737	\$ 9,432	
	IT Specialist	5	3	\$ 6,737	\$ 9,432	
	Liability Claims Specialist	5	3	\$ 6,737	\$ 9,432	
	WC Claims Specialist	5	0	\$ 6,737	\$ 9,432	
	Risk Control Specialist	5	1	\$ 6,737	\$ 9,432	
	Underwriting Specialist	5	1	\$ 6,737	\$ 9,432	
	Support Specialists:	Executive Secretary	4	1	\$ 5,354	\$ 7,496
		Meeting Planner	4	1	\$ 5,354	\$ 7,496
Technical Support Assistants:	IT Technician	3	1	\$ 4,790	\$ 6,706	
	Liability Claims Assistant	3	1	\$ 4,790	\$ 6,706	
	Member Services Technician	3	1	\$ 4,790	\$ 6,706	
	Mtg Planning Assistant	3	1	\$ 4,790	\$ 6,706	
	WC Claims Assistant	3	3	\$ 4,790	\$ 6,706	
	Accounting Assistant	3	1	\$ 4,790	\$ 6,706	
Technicians:	Accounting Technician	2	0	\$ 4,281	\$ 5,993	
Clerical Assistants:	Member Services Assistant	1	1	\$ 3,948	\$ 5,132	
	Records Administrator	1	1	\$ 3,948	\$ 5,132	
	Secretary / Receptionist	1	1	\$ 3,948	\$ 5,132	
	Intern - Extra Help		2	\$20/Hour	\$25/Hour	
Total Positions			109			

Please Note:
Actuarial Compensation:
Eligible employees in the Actuarial Department receive additional pay as outlined in the Actuarial Exam Compensation Policy.

All classifications listed in this schedule may also be used in an Extra Help capacity.

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
ADOPTED CAPITAL OUTLAY BUDGET
July 1, 2024 to June 30, 2025

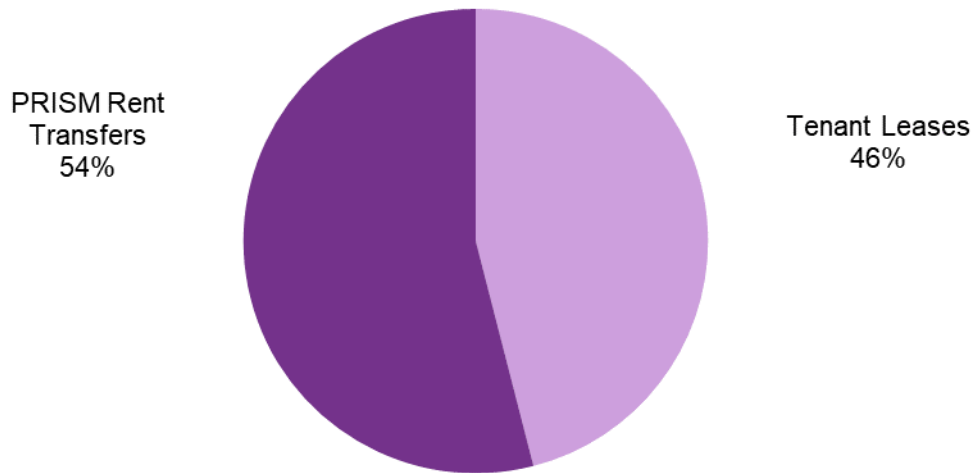
Line Item	2023/24 Budget	2024/25 Budget
General Administration Fund		
<u>Furniture and Equipment</u>		
Conference Room	\$ 150,000	\$ 75,000
Servers	200,000	150,000
Virtual Desktops	200,000	200,000
Copier	15,000	15,000
Furniture	0	150,000
Total Furniture and Equipment	565,000	590,000
<u>Software</u>		
Website Development	875,000	900,000
Laserfiche Modules (Web/Forms/Portal)	5,000	5,000
Bots	75,000	75,000
Data Analytics development platform	30,000	30,000
<u>SIMS Claims System</u>		
SIMS: Professional Services	300,200	300,200
SIMS: New User Licenses PRISM and TPAs	3,000	0
SIMS: Member Moves	33,000	33,000
SIMS: One-Time costs	30,000	30,000
SIMS: Contingency	48,000	48,000
SIMS MBR: Professional Services	19,000	19,000
SIMS MBR: New User Licenses	3,000	0
SIMS MBR: Contingency	2,000	2,000
<u>Spectra Claims System</u>		
System Development	1,694,000	350,000
Professional Services	600,000	0
Platform Costs	605,000	0
PRISM Staff	552,900	0
Contingency	748,100	0
Less: Estimated amount spent thru 6/30/24	(4,200,000)	0
Total Software Additions	1,423,200	1,792,200
Building Fund		
PRISM Tenant Improvements	220,000	550,000
Other Tenant Improvements-downstairs space	150,000	425,000
Parking Lot Repair	58,010	75,274
Total Building Fund	428,010	1,050,274
ARC website	15,000	15,000
Grand Total Capital Outlay	\$ 2,431,210	\$ 3,447,474

** All projects listed are considered funded upon approval of Budget.

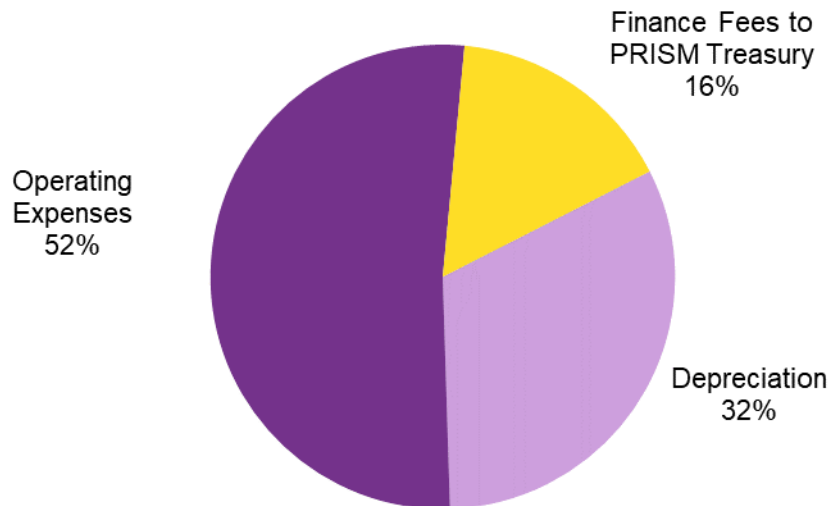
Building Fund

PRISM has invested \$9.5M in our office facility located on Iron Point Circle in Folsom, California. This investment includes improvement to our office as well as preparing the remaining space for our tenants. The building fund houses PRISM at low occupancy cost as well as provides profit from our leasing operations. The Building Fund budget is illustrated in the following charts.

Building Fund Revenues and Transfers



Building Fund Expenses Summary



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
IRON POINT BUILDING PROGRAM
ADOPTED BUDGET
July 1, 2024 to June 30, 2025**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2022/23	Year to Date 12/31/2023	Estimated 2023/24	Budget 2023/24	Budget 2024/25	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Lease Income - Tenants	\$ 381,396	\$ 212,868	\$ 434,213	\$ 402,000	\$ 437,666	\$ 35,666	9%	Tenant terminated lease, budgeted vacancy
Lease Interest - Tenants	47,696	22,522	44,132	44,000	40,369	(3,631)	100%	Part of tenant lease income reported per GASB 87
TOTAL REVENUES	429,092	235,390	478,345	446,000	478,035	32,035	7%	
EXPENSES:								
Operating Expenses								
Janitorial	59,226	36,814	75,650	70,000	75,000	5,000	7%	
Utilities	90,989	43,260	90,048	96,000	100,000	4,000	4%	
Garbage	9,175	4,466	8,900	12,000	12,000	0	0%	
Water and Sewer	11,532	5,070	10,100	16,000	16,000	0	0%	
Security & Fire Sprinkler Monitoring	13,681	3,808	8,282	20,360	10,000	(10,360)	-51%	Cheaper alarm system
Landscape Maintenance	16,592	9,848	18,292	30,000	30,000	0	0%	
Pest Control	1,569	774	1,500	1,600	1,800	200	13%	
Commission Expense	3,000	0	65,000	100,000	100,000	0	0%	Broker commission for lease renewals for 24/25
Common Area Maintenance	25,174	12,587	27,776	32,400	45,000	12,600	39%	
Building Repairs & Maintenance	31,529	12,005	65,000	270,600	150,000	(120,600)	-45%	Budget for issues as the building ages.
Mello Roos Tax	1,436	1,023	2,000	2,500	2,500	0	0%	
Insurance	32,187	0	43,328	50,000	88,700	38,700	77%	
Legal Service	(509)	0	10,000	35,000	25,000	(10,000)	-29%	
Consulting	3,924	1,362	26,242	25,000	0	(25,000)	-100%	Feasibility studies for solar and EV charging stations done in 23/24
Management Fees	31,350	20,697	41,400	43,000	50,000	7,000	16%	
Finance Fees to PRISM Treasury	53,864	93,296	186,600	200,000	215,000	15,000	8%	Internal Borrowing rate increased to 4.75%
Total Operating Expenses	384,717	245,008	680,118	1,004,460	921,000	(83,460)	-8%	
Depreciation								
Depreciation - Building	178,779	48,156	96,314	115,416	98,184	(17,232)	-15%	
Depreciation - Roof	8,333	4,167	16,083	8,333	14,333	6,000	72%	
Depreciation - Parking Lot	7,500	3,750	7,500	142,241	19,102	(123,139)	-87%	
Depreciation - Tenant Improvements	29,370	55,918	111,836	126,465	304,703	178,238	141%	Certain items fully depreciated
Total Depreciation	223,983	111,991	231,733	392,455	436,322	43,867	11%	
Appropriation for Contingencies	0	0	0	20,000	20,000	0	0%	
TOTAL EXPENSES	608,700	357,000	911,851	1,416,915	1,377,322	(39,593)	-3%	
TRANSFERS:								
Transfers in from General Administration								
Building Rent	\$ 429,275	429,275	429,275	429,275	551,923	122,648	29%	Rent increased in 24/25 to \$1.80 per sq. ft. per month
TOTAL TRANSFERS	429,275	429,275	429,275	429,275	551,923	122,648	29%	
Net Increase or (Decrease)	249,667	307,665	(4,231)	(541,640)	(347,364)	194,276	-36%	
NET POSITION - JULY 1	1,833,060	2,082,727	2,082,727	1,853,224	2,078,496			
NET POSITION - JUNE 30	2,082,727	2,390,392	2,078,496	1,311,584	1,731,132			

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA

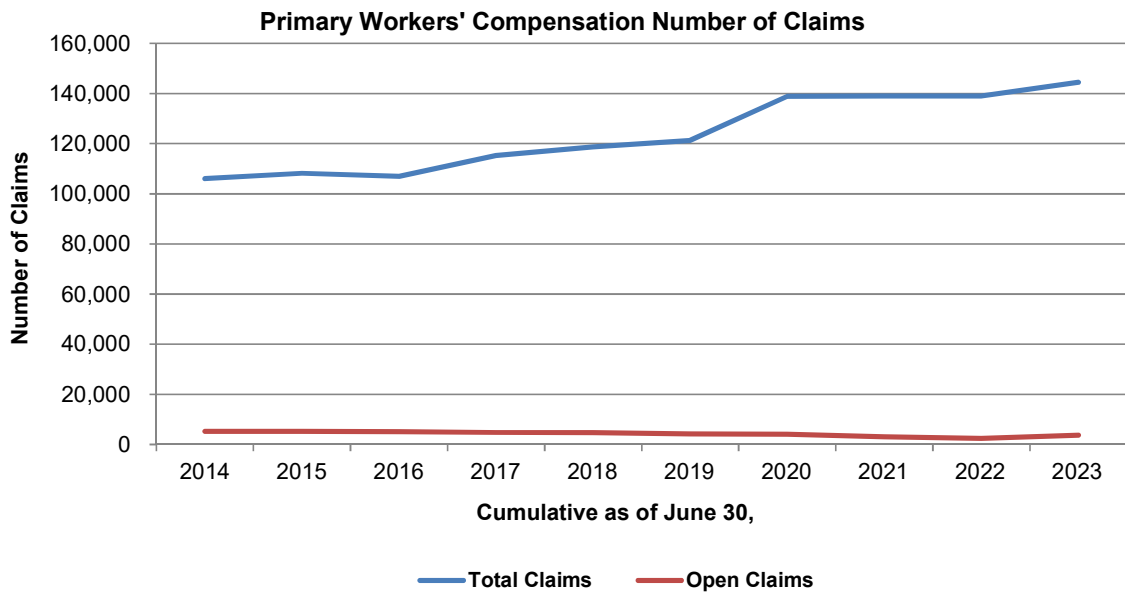
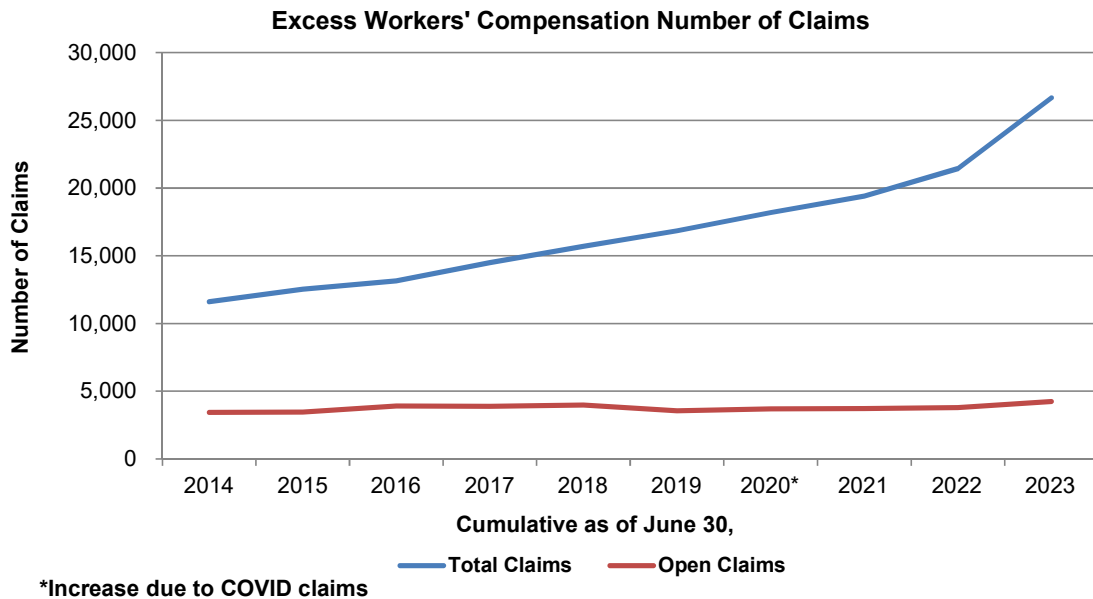


STATISTICAL/ SUPPLEMENTAL SECTION

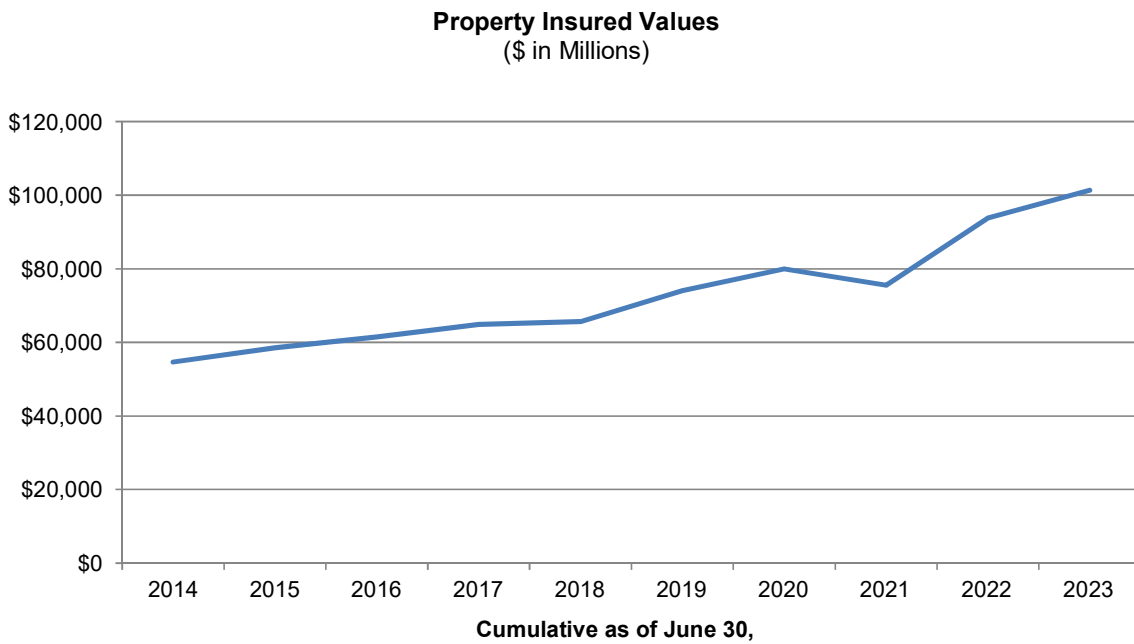
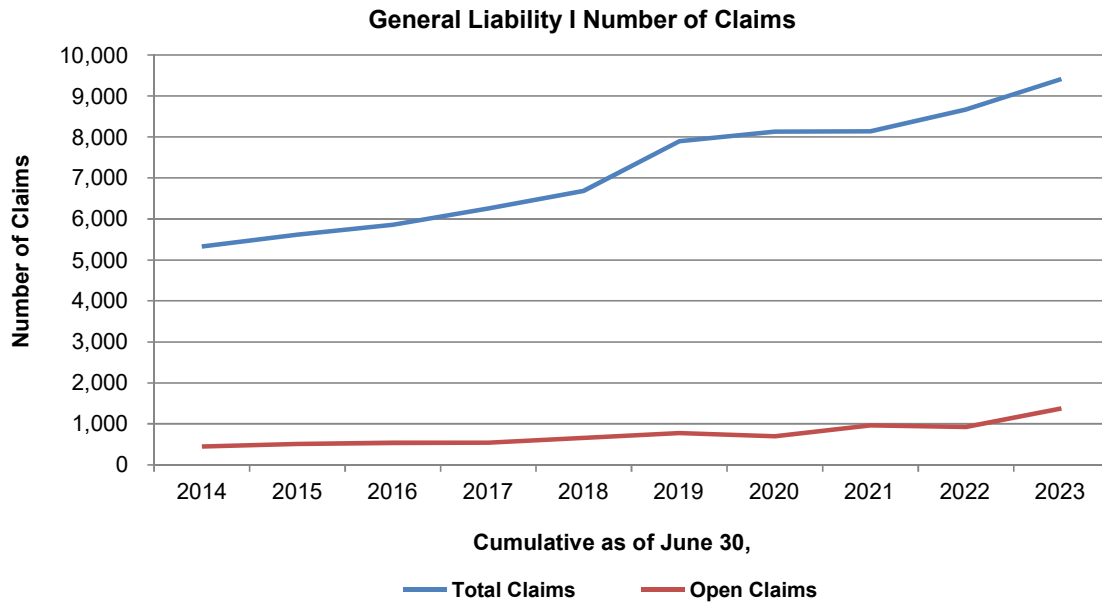
For the Fiscal Year
July 1, 2024 to June 30, 2025

**PRISM
ECONOMIC INDICATORS AND INFORMATION
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2023**

The best economic indicator of the financial stability for PRISM is the estimation of incurred claims expense (line 6) and claims paid (line 3) reported in the Schedule of Claim Development and Earned Assessments in the Required Supplemental Information section of the ACFR's Financial Section. Other relevant economic and demographic information would include trends for the number of claims, covered payrolls, property values, and PRISMHealth employees and lives covered as shown on the following charts.



**PRISM
ECONOMIC INDICATORS AND INFORMATION
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2023**



**PUBLIC RISK INNOVATION, SOLUTIONS AND MANAGEMENT
OPERATING INDICATORS AND STATISTICS**

	2019	2020	2021	2022	2023	2024
Budgeted Full-Time Equivalents by Department						
Administration	13	13	14	14	15	18
Actuarial	8	11	11	11	11	4
Finance	6	6	6	6	6	6
Information Technology	15	17	17	18	18	28
Claims	28	29	31	32	35	37
Member Services (RC)	12	13	13	13	13	13
Employee Benefits	3	3	3	3	3	3
Total Employees	85	92	95	97	101	109
Number of Retirees	9	10	12	13	14	12

*Data & Analytics staff reclassified to from Actuarial to Information Technology in 2024

	Fiscal Year End					Budgeted 2025
	2020	2021	2022	2023	2024	
Member Units						
Primary Workers' Comp	39	38	37	37	36	36
Excess Workers' Comp	181	183	180	182	182	180
General Liability 1	132	123	125	134	133	133
General Liability 2	18	18	18	25	27	29
Property	110	107	104	118	115	114
Medical Malpractice	52	52	52	51	51	52
Master Owner Controlled Insurance	18	18	17	6	7	5
PRISMHealth	42	42	44	45	48	48
Dental	171	171	170	174	178	183
Total Member Units	763	752	747	772	777	780
Member California Counties	55	55	55	55	55	55
Member Public Entities	306	305	305	308	315	310
Total Members	361	360	360	363	370	365
Located in California	361	357	357	360	364	359
Located outside California	0	3	3	3	6	6
Total Members	361	360	360	363	370	365

GLOSSARY

Accrual: Accounting method that records revenues and expenses when they are incurred, regardless of when cash is exchanged.

Additional Named Covered Party (ANCP): A party added to a liability policy at the request of the named insured.

Aggregate: The cumulative amount of all losses for a period of time.

Aggregate Stop Loss: A financial arrangement with the JPA's excess carrier that caps the aggregate to a predetermined limit at which point the excess carrier would begin to reimburse for losses within the JPA's self-insured retention or pooled layer.

Amortization: The process of incrementally charging the cost of an asset to expense over its expected period of use.

Assessment: An additional amount charged a member if it is determined that the initial contribution paid is not adequate to fund the losses incurred.

Attachment Point: The dollar amount of a loss where the next layer of insurance begins to pay for the loss.

Balanced Budget: Budgeted revenues are equal to or exceed budgeted expenses.

Bonds: A fixed income instrument that represents a loan made by an investor to a borrower.

Budget: A formal statement of estimated income and expenses based on future plans and objectives.

Capital Expenditures/Capital Assets: Capital assets include furniture, equipment, and software, tenant improvements, building, with an individual cost of \$5,000 or more.

Captive Insurance Company: An insurance company that is wholly owned and controlled by its insureds; its primary purpose is to insure the risks of its owners, and its insureds benefit from the captive insurer's underwriting and investment profits.

Ceded Premiums/Claims Costs: Premiums paid to an insurance company and claims costs that are transferred to another entity in connection with a reinsurance arrangement.

Claims Made: Method of determining whether or not coverage is available for a specific claim. A claims-made policy states that a claim must be made during the policy period or the extended reporting period, if applicable.

Commutation: A clause in a reinsurance agreement which provides for estimation, payment and complete discharge of all future obligations for reinsurance losses incurred, regardless of the continuing nature of certain losses.

Confidence Level: The confidence level is a percentage estimate of the ultimate pool layer costs. The actuary's expected costs are shown at slightly more than average (approximately 55%). About half the time, the actual costs will be lower than the actuary's estimates and half the time the actual costs will be higher. To be more conservative, pools set aside additional sums of money to increase the chance that enough funds are available to pay claims. For example, if the actuary's estimate at the 70% confidence level is \$1M, then there is a 30% chance that losses will exceed \$1M.

Contribution: The amount paid by a PRISM member to receive a specified type of insurance coverage for a defined period of time.

Corridor Retention or Deductible Pool: An aggregated pool layer above which a carrier will reimburse the Program for losses that exceed the aggregate attachment point on a per claim basis.

Deductible Buy-Down: An amount the insured must pay before payments for covered services begin. The deductible is usually a fixed amount. For example, an insurance plan might require the insured to pay the first \$50 of covered expense during a calendar year.

Deposit Premium: Amount of premium paid at the beginning of the coverage period, which is then adjusted to a final premium amount at the end of the coverage period. This is most common in workers' compensation, where premiums are based on estimated payroll amounts at inception and adjusted based on actual payroll amounts afterwards.

Discount Rate: The assumed interest rate used to calculate the present value of future claim liabilities. Also used in calculating premium needed to fund claim payments.

Dividend: An amount reimbursed to a member if it is determined that the initial contribution paid is greater to fund the losses incurred.

DOL (Date of Loss): The first date on which an insured event occurred.

EAP (Employee Assistance Program): A work-based intervention program designed to assist employees in resolving personal problems.

Enterprise Fund: Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

Excess Coverage: Insurance coverage which does not provide for payment to the insured until underlying insurance coverage has paid its limits or the insured has paid its self-insured retention.

Excess Insurance: Joint purchase insurance purchased to provide higher limits than the primary policy or pool layer provides. Policy terms may differ and policy covers the member not the pool.

First Dollar Coverage: Insurance coverage that begins with the first dollar of a covered loss. The insured does not have a deductible or self-insured retention to meet before coverage begins as long as the loss is for a covered peril.

Fund: A source of money that is allocated for a specific purpose.

General Liability Coverage (GL): Provides coverage for claims from third parties alleging damages due to negligence on the part of the member arising out of personal injury, property damage, public officials errors and omissions, employment practices liability, and automobile liability.

IBNR (Incurred but Not Reported): This is an actuarial term referring to the estimated future loss development, as well as the estimated cost of claims that have happened but are not yet included in the claims data. A reserve for IBNR is established by the actuary as part of the Ultimate Loss Costs to contemplate for these future estimated costs.

Incurred Loss: This is the expected value of any claim. It includes the amount already paid plus the estimated amount yet to be paid (reserves).

Investment Gap: The difference between what PRISM is currently earning and what was actuarially projected would be earned on funds when premium was calculated, that is the difference between actual earnings rate and discount rate.

Joint Powers Agreement: This is a formal, legal agreement between two or more public agencies that share a common power and want to jointly implement programs or deliver services.

Joint Powers Authorities (JPA): Legally created entities that allow two or more public agencies to jointly exercise powers to work on a common problem, fund a project, or act as a representative body for a specific activity.

Limit of Liability: The most that will be paid in a loss.

Loss Adjustment Expense: the costs associated with settlement of a specific claim, other than the claim payment itself i.e., legal fees, appraisal fees and court costs.

Loss Development: The process of change in amount of losses as a policy or accident year matures, as measured by the difference between paid losses and estimated outstanding losses at one point in time, and paid losses and estimated outstanding losses at some previous point in time. In common usage, it might refer to development on reported cases only, whereas a broader definition also would take into account the IBNR claims.

Loss Portfolio Transfer (LPT): A financial reinsurance transaction in which loss obligations that are already incurred and will ultimately be paid are ceded to a reinsurer. In determining the premium paid to the reinsurer, the time value of money is considered, and the premium is therefore less than the ultimate amount expected to be paid.

Mega Fund: An aggregated pool layer that caps the aggregate to a predetermined limit at which point the excess carrier would “drop down” and begin to reimburse for losses within the JPA’s SIR or pooled layer.

Member: A County or Public Entity participating in the PRISM pool.

MOC (Memorandum of Coverage): The policy or coverage document outlining the terms and conditions of coverage, similar to an insurance policy.

Net Position: Assets plus Deferred Outflow of Resources less Liabilities and Deferred Inflow of Resources. Net Position represents investment in capital assets as well as unrestricted fund balance available for future operations or distribution.

Non-Admitted Insurer: An insurance company not licensed in a state.

Occurrence: An accident or event which triggers coverage.

Occurrence Basis: Method of determining whether or not coverage is available for a specific claim. An occurrence basis policy covers events that occur while the policy is in force, regardless of when a claim is actually made.

Pool Layer: The insurance coverage retained by PRISM. Losses within this layer are paid by PRISM.

Pooled Loss: The portion of a loss that is allocated to, or paid by, the self-insured pool. For example, the General Liability Program I pools, or self-insures the difference between a member’s SIR and \$5M of each occurrence. Loss costs exceeding this amount are paid by excess insurance.

Premium: The amount paid by a PRISM member to receive a specified type of insurance coverage for a defined period of time-see also Contribution.

Provision for Insured Events: The expense amount for pooled claims on the Statement of Revenues, Expenses and Changes in Net Assets (Income Statement).

Quota-share arrangement: An agreement between two insurers to split the cost of claims within a coverage layer based upon a certain formula or percentage.

Reinsurance: Insurance purchased by PRISM from other insurers to reimburse the pool for covered losses. Losses revert to PRISM if the reinsurer is unable to meet its obligations. Reinsurance provides coverage to the pool, and is identical to what the pool covers.

Retained Risk: The portion of risk that the pool self-funds.

Reserves: The estimate of the total cost of a claim. Reserves may be estimated by category, such as personal injury, property damage, or medical costs.

Risk Pools: A group of entities collectively purchasing a certain type and level of insurance to protect them from claims covered by that insurance. Pooling is designed to help provide more stable rates over the long-term horizon and also helps to reduce the cost of insurance by spreading fixed administrative costs over a larger group.

Self-Insurance: Practice of an individual, group of individuals, employer or organization to pay for losses rather than transfer the cost to another. The entity may self-insure all or a portion of the expected losses.

SIR (Self Insured Retention): This is the amount of each loss for which the member is responsible. Once the value of the claim has exceeded their SIR, the member may seek reimbursement for those expenses in excess of their SIR.

Target Equity: The range of net position that various governing committees decide is appropriate. Committees use an actuarially determined confidence level discounted for investment income and a variety of target ratios (such as gross premium to equity target ratio) to determine the target equity range.

Third-party Administrator (TPA): An entity that is hired to handle the administration of claims processing.

Tower: Various programs have many different insurance placements or segregation of members into types, which PRISM categorizes as “towers” to illustrate the separation or layering of the various placements.

Transferred Risk: The portion of risk, insured or reinsured, by a private insurer or reinsurer and not retained by the pool.

ULAE (Unallocated Loss Adjustment Expenses): In the context of risk financing, costs that cannot be associated with specific claims, but are related to claims paid or in the process of settlement, such as salaries and other internal costs of the pool’s claims department. This amount is calculated for the entire life of the claim.

Ultimate Net Loss: The total cost of a claim. The difference between incurred loss and Ultimate Net Loss is the loss development or IBNR-the actuary may estimate that losses may develop or become larger because of inflation, changes in law etc.