Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA

ADOPTED BUDGET

For the Fiscal Year
July 1, 2026 to June 30, 2027

PRISM
Public Risk Innovation, Solutions, and Management

ADOPTED BUDGET
FOR THE FISCAL YEAR JULY 1, 2026 TO JUNE 30, 2027

EXECUTIVE COMMITTEE

Name	Entity
Aaron Holmberg	Inyo County
Scott H. De Moss	Glenn County
Scott Schimke	GSRMA
Ed Valenzuela	Siskiyou County
Janell Crane	Sonoma County
Heather Rose	Mendocino County
Ronak Patel	Riverside County
Jenny Thompson	Fresno County
Barbara Lubben	Yolo County PARMIA
Lance Sposito	Santa Clara 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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PRISM

Public Risk Innovation, Solutions, and Management

June 5, 2026

Members, Board of Directors
Folsom, California

Ladies and Gentlemen:

We respectfully submit the Public Risk Innovation, Solutions, and Management (also referred to as PRISM) proposed budget for fiscal year 2026/27 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.

PRISM will take a leadership role in advocating for statutory reform in the 2026/27 fiscal year. These efforts will include legislative advocacy, public education, and strong member engagement with desired outcomes of reduced litigation pressure, improved market stability, and long-term sustainability of public entity risk financing. Member contributions totaling $5M are being collected to support this initiative. An additional $1.3M is budgeted to provide members with independent case assessment panels to inform decision-making during litigation with the aim of reducing verdict and settlement values.

Staffing additions are being made to support the organization's strategic initiatives. In 2026/27, PRISM will bring the handling of its Medical Malpractice claims in-house, add significant capacity to the General Liability claims handling staff, begin offering Human Resources related services to members, and expand the organization's legislative presence. These additional positions will replace outsourced services and address capacity constraints in core programs, allowing PRISM to retain resources internally, improve response time, and offer new support services to the members.

Technology continues to support operations. A rewrite of the pool management system is planned for the coming year. The system supports information on the PRISM website and its functionality for managing the pool. The rewrite will improve information intake and tracking, streamline workflows, and boost efficiency. Significant opportunities were identified in other areas (especially with respect to the Data and Analytics workflows) to modernize technology, take advantage of cloud-based systems, and implement AI-enabled solutions. Proof-of-concept efforts in the current fiscal year revealed higher than anticipated complexity and expense for AI-related initiatives, but the current budget adjusts the baseline costs to align with actual implementation needs and future strategic objectives.

PRISM continues to seek innovative solutions to long-standing challenges in public entity risk financing. The organization is spearheading the formation of a new independent Joint Powers Authority which we are referring to as a First Party Administrator (FPA). The FPA is being established to provide workers' compensation claims administration services superior to those commercially available. PRISM is currently seeking other public entities to partner with to establish the FPA. Prospective partners are being considered based on their philosophical alignment with the values of active claims involvement, a willingness to innovate, and a "Compromise and Release" (C&R) culture. Concurrently, PRISM staff are drafting governing documents and working on securing public entity benefits for future FPA employees. Anticipated spending in 2026/27 on this initiative is limited to costs for various consultants. We estimate that claims services provided by the FPA could initially cost up to 15% more than the traditional claims administrator model but expect that cost to be recouped via more favorable claim outcomes.

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 values). PRISM expects the operating environment in the coming year to be similar to current conditions.

Market
Though we are seeing some softerning in the Property insurance market, we are not seeing similar market changes in the health or casualty lines of business. In fact, costs in those lines of coverage are not expected to soften anytime soon because of medical cost trends, social inflation, etc.

Losses
In several programs, losses have experienced adverse development over the past few years, especially with respect to the liability programs. 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 result in increased rates.

Interest Rates
Interest rates have generally stabilized following the rapid increases and subsequent adjustments in recent years, although some volatility remains due to ongoing inflation and economic uncertainty. As a result, changes in discount rates applied to premiums have been adjusted fairly conservatively.

Coverage Base
The hard insurance market has brought more members to PRISM programs as risk financing for individual entities has become less affordable. These new members expand the coverage base which drives an increase in both revenue and expenses to the pool.

Premiums in the casualty programs are generally based on member exposure, which is measured based on payroll. For the last few years, member payrolls have increased due to general wage increases, filling of vacant positions, and addition of new positions at the member agencies. These payroll increases result in direct premium increases to the members, and an overall increase in revenue and expense for the programs.

While future investment earnings are expected to offset some cost, 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 2026/27, 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

Public Risk Innovation, Solutions, and Management (PRISM)
California

For the Fiscal Year Beginning

July 01, 2025

Christopher P. Morrill

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 eleven 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 Non-Pooled Coverage Programs. Six program committees have oversight of the other pooled 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. The accounting records are maintained using the economic resources measurement focus and the accrual basis of accounting. 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 twelve pooled insurance programs, each as a separate self-balancing set of accounts. The budget also covers Non-Pooled Coverage Programs offered to members 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. After many years of escalating rates and reduced capacity, the property market is beginning to soften. The Property Program is renewing with reduced pooled exposure and increased carrier limits with total premium to be billed 8% lower than in FY25/26. The hard market is expected to continue into FY26/27 for the liability programs. Negotiations with carriers are ongoing, but GL1 and GL2 Programs are projected to renew with a 20% to 40% 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 and Casualty Actuarial Society, total liability claims costs in the United States increased approximately 57% over the past decade, with loss inflation running around 7% annually as of 2023. Nuclear verdicts ($10M+) have increased 309% in number and 273% in total value since 2020, with "thermonuclear" verdicts ($100M+) nearly doubling from 27 to 49 between 2023 and 2024 alone. 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 any California county that has executed the Joint Powers Agreement and become a member of PRISM. Currently there are 54 member counties. Each County member is entitled to appoint one representative to the Board of Directors.

Public entity membership is open to any other California public entity. Public entity members have seventeen voting seats (and three alternates) on the Board of Directors. 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 and the Executive Committee. 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.

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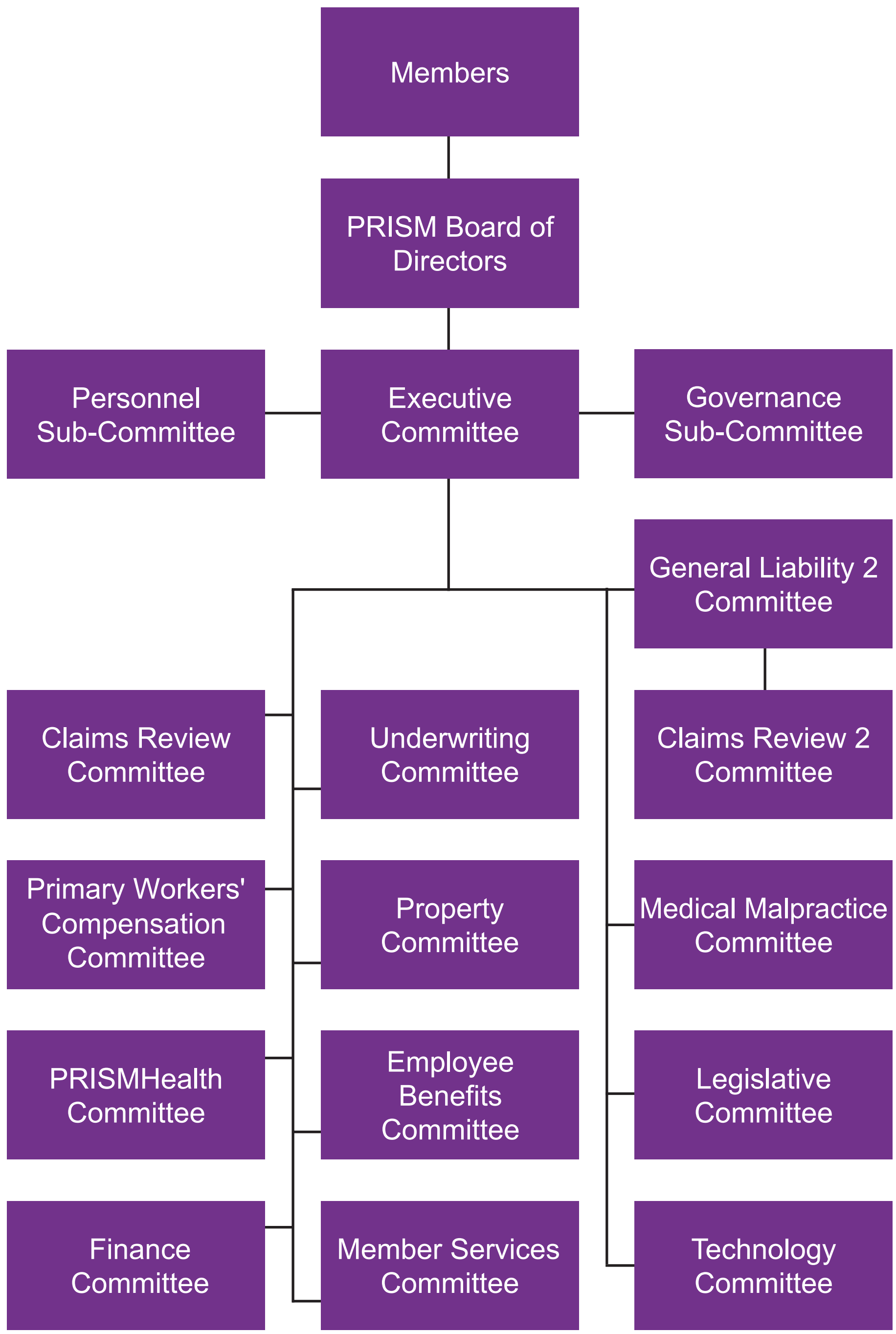
PRISM

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; and
- Involves and promotes effective communication with members.

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 delegated authority 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.

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2026/2027
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 2026

- 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 2026

- 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 2026

- 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 2026

- 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 and educating members, elected officials, and the general public on the importance of sound risk management in maintaining 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.

Member Programs, Products and Services

3. PRISM will continue to grow member utilization of PRISM partner programs and services and continually evaluate their effectiveness.
4. PRISM will develop a suite of innovative, cost cutting programs and services that address member, participant and industry needs, and will be vigilant in identifying and developing solutions for emerging risk.

Organizational Development and Sustainability

5. PRISM will grow responsibly for the benefit of its members by exploring opportunities for each individual program, service, or goal.
6. PRISM will improve service to members through advanced use of technology and the development of quality data and analysis.
7. PRISM will ensure equity in member engagement in governance as described in PRISM's Core Values.
8. PRISM will reflect and reinforce pool culture through its communications, standards, programs, and strategies.

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 result 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 $65.4M in dividends to members during the past ten years.

Structure programs that are responsive to members' needs

PRISM has twelve pooled 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. Medical Malpractice
7. Master Rolling Owner Controlled Insurance Program (MROCIP)
8. PRISM Internal Guarantee Account (PIGA)
9. PRISMHealth
10. Dental
11. Paid Family Leave (PFL)
12. Vision

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 54 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 select 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. A program's ability to remain within its target equity range is a significant measure of its 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, select pooled 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 for liability and health coverage.** While the increase in prevailing interest rates could result in more underwriters looking to expand business, adverse loss development in liability claims and medical cost trends 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 40% 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 remain stable.** 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.

Program year 2025/26 represents the final year of the contract and the final Experience Adjustment Calculation is scheduled for June 30, 2027. During the course of the agreement, claims were paid out more quickly than anticipated, ultimate losses exceeded projections and investment income was subject to fluctuations. Hence, the net position of the GL1 Program did not substantially improve, but the arrangement did provide the GL1 Program with time to gradually increase funding while mitigating the need for assessments.

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) and Property Programs by out of state entities, referred to as "participants".

Ten participants purchased GL1 coverage year to date in FY25/26 and one participant purchased Property coverage. Underwriting for each participant is conducted independently of the PRISM membership and is written to subsidize the programs 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.

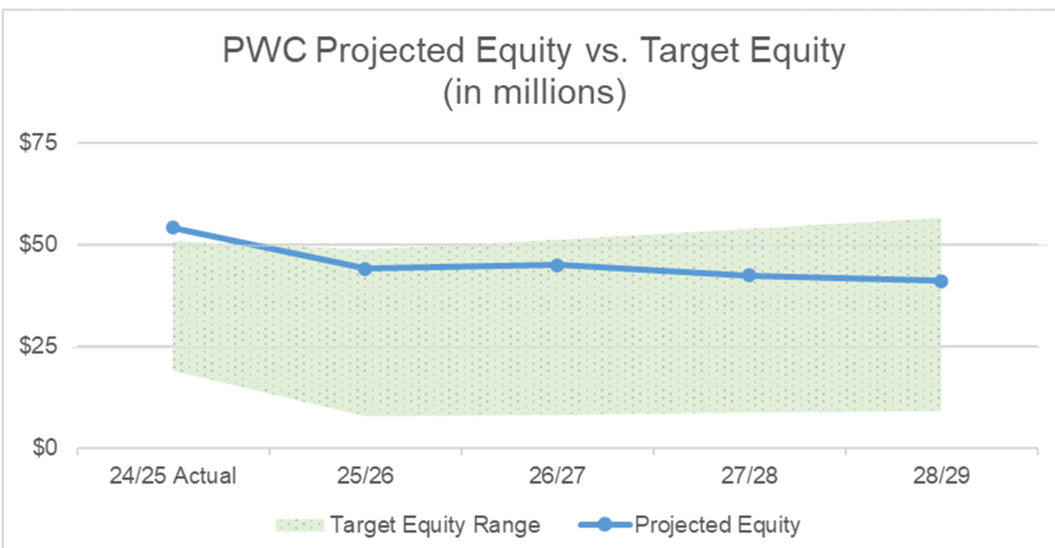
PRISM Internal Guarantee Account

To protect the various programs, PRISM added an internal guarantee fund as a pooled program in FY24/25: PRISM Internal Guarantee Account (PIGA). This internal fund collects premiums from participating programs and provides 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. For FY26/27 five pooled programs and seven non-pooled coverage programs will participate in the fund.

<u>Equity Projections by Pooled Program</u>

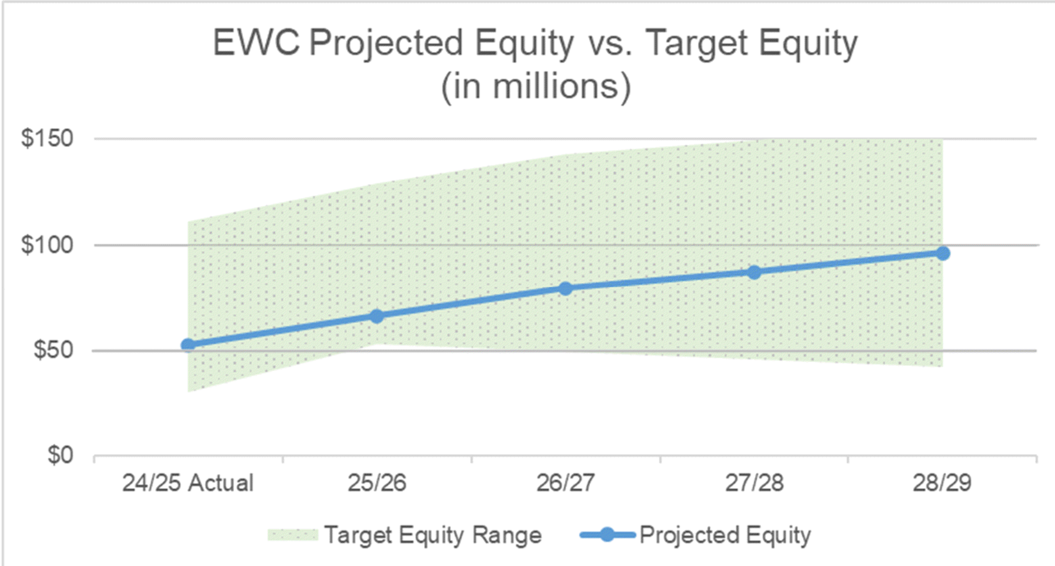
Primary Workers' Compensation (PWC)

Equity in the Program is expected to be maintained over the target range through FY26/27. 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.



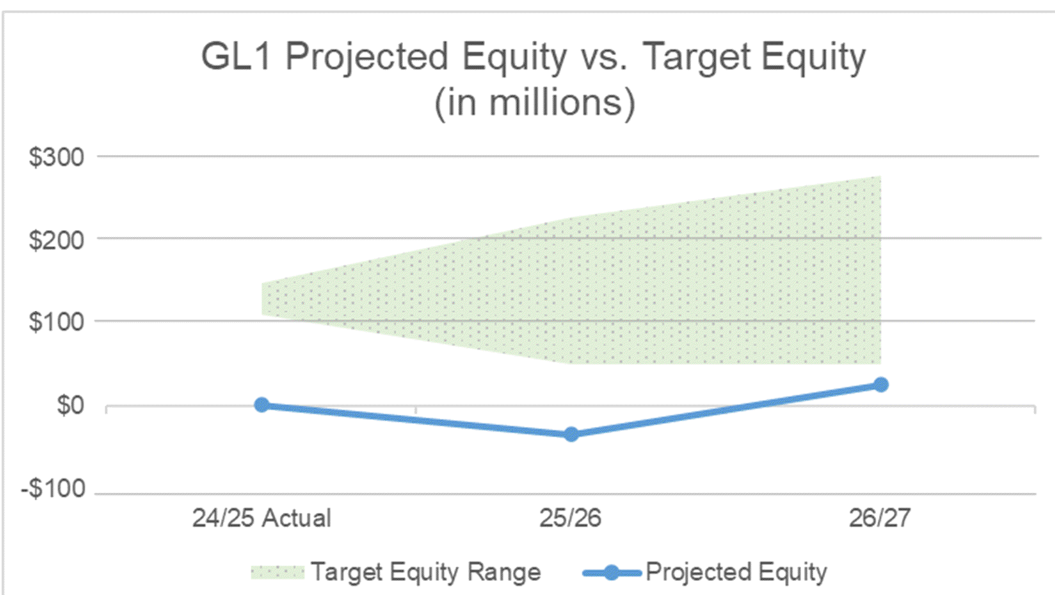
Excess Workers' Compensation (EWC)

The EWC Program entered into a one-time commutation agreement in FY23/24 that reduced its net position below the target range. The Board of Directors elected not declare an assessment, anticipating that the net position would improve and reenter its target equity range without intervention. The program net position is now within the target range as anticipated as shown in the chart on the next page.



General Liability 1 (GL1)

As discussed prior, the GL1 Program's reinsurance agreement with MultiStrat Reinsurance (MS Re) ends June 30, 2026. The reinsurance arrangement enabled the Program to gradually increase the rates while mitigating the need for assessments. During the course of the agreement, claims paid out more quickly than anticipated, ultimate losses exceeded projections, and investment income fluctuated. As a result, net position of the program did not increase as much as anticipated. Staff projects that the GL1 Program will be in a net deficit position of $35M at the end of the FY25/26. New premiums are to be collected at higher confidence levels in FY26/27 and more risk will be transferred to carriers, further stabilizing the program. Still, the Program net position is projected to be below its target equity range at June 30, 2027. Net position projections for subsequent years are still in process.



General Liability 2 (GL2)

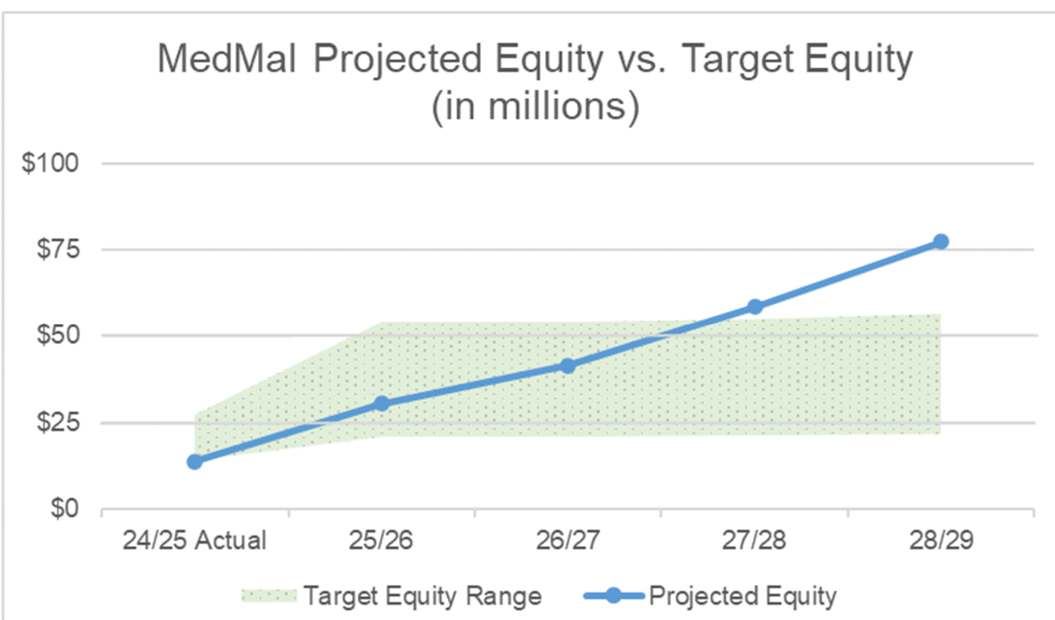
Historically the GL2 Program has not retained any risk; all risk had been transferred to reinsurers. Given the fully insured status of the Program, no target equity level was established and minimal net position was retained therein – just $3.6M at the end of FY22/23. This equity was not enough to absorb losses from a one-time commutation of $24.7M in FY23/24. Accordingly, the GL2 Committee declared an assessment of $25M in FY23/24 and an additional assessments of $7.1M in FY24/25. These actions brought equity positive at the end of each of the aforementioned years. Projections for net position remain positive at the end of both the FY25/26 and FY26/27 at $5.3M.

Property

The Property Program began retaining risk in its primary layer with the 22/23 policy year. For two years the Program's healthy net position was used to subsidize member premiums. Contributions fell short of losses, resulting in an erosion of net position in both FY22/23 and FY23/24. Subsequently, the net position grew from $17.4M at June 30, 2024 to $51.6M at June 30, 2025. Equity of $57.2M and $62.4M are projected at June 30, 2026 and 2027, respectively. 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. This program returned the unused portion of past assessments totaling $2.2M back to members in FY24/25. Additionally, this program experienced adverse loss development in FY24/25. These two conditions contributed to the erosion of its net position by $9.1M in FY 24/25 to $13.9M, below the program's target range. A higher confidence level was adopted for member contributions in FY25/26 to bring the program net position back within its target range.



PRISMHealth

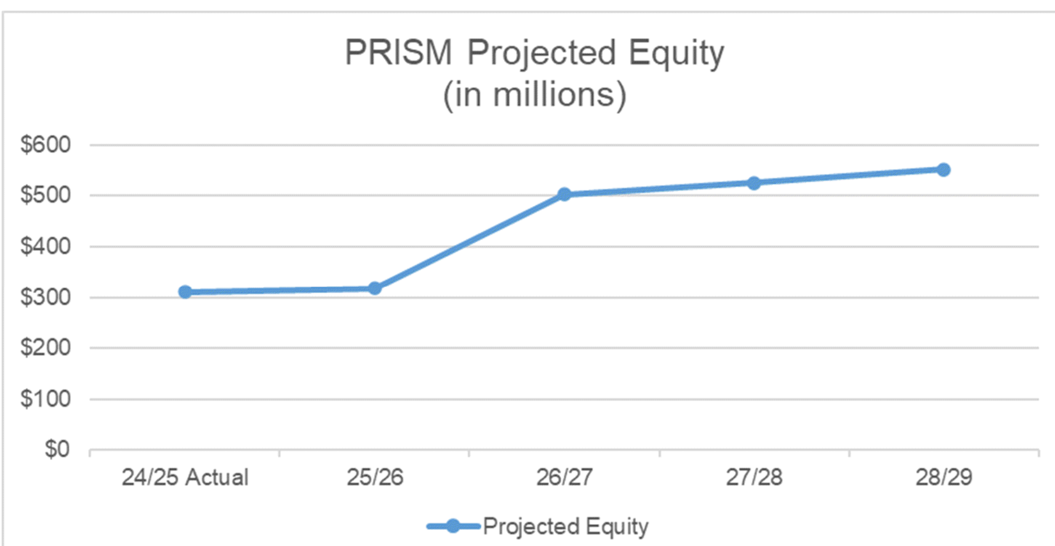
The PRISMHealth Program began pooling claims effective October 1, 2025. The net position of the program dropped fiscal year to date at December 31, 2025 as premiums and losses (including loss estimates) exceeded revenue collection. The program renews on a calendar year and staff worked with external actuaries to set rates for calendar year 2026 to be more in line with recent loss experience. A $30M return of equity from PRISM's former partner in the program, Self-Insured Schools of California (SISC), was budgeted in FY25/26 but has not materialized. Ultimately, projected net position is anticipated to increase in FY26/27 despite these challenges.

<u>Overall Outlook</u>

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.

Net position for the organization as a whole is difficult to project out accurately since rates are set on an annual basis in response to losses, loss estimates are adjusted annually as claims develop, program structures are modified to current conditions, investment yields fluctuate, and members may join or withdraw from programs. Accordingly, projected net position beyond FY26/27 below makes some major assumptions: a) there will be no change in net position for programs aside from PWC, EWC, and MedMal, and b) changes in net position for PWC, EWC and MedMal will be realized as expected in the funding plans in each program's target equity calculations. Given the uncertainty inherent in PRISM's operations, actual results may vary widely from these projections.



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Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA

CONSOLIDATED BUDGET

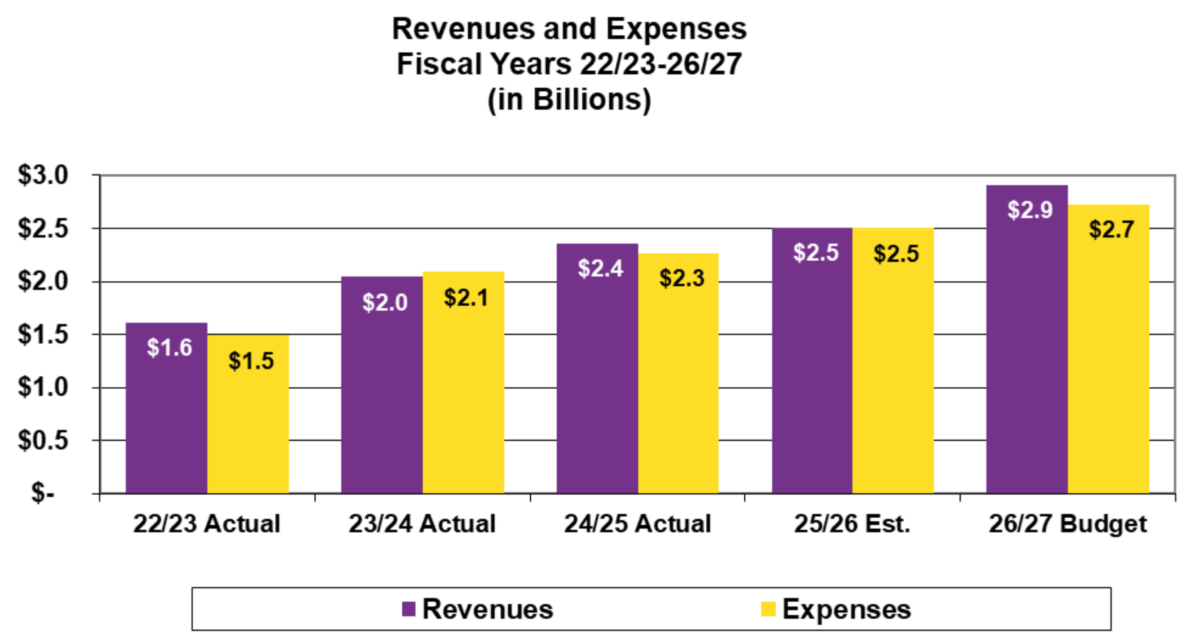
For the Fiscal Year
July 1, 2026 to June 30, 2027

PRISM Budget

The budget has $193M increase in net position before dividends, and a dividend expense of $7M, producing an $186M 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 26/27 proposed budget are as follows:

- Total revenues are budgeted at $2.9B, an increase of $259M over budgeted 25/26.
- Total expenses are budgeted at $2.7B, an increase of $249M. Expenses include returning dividends of $7M to members.
- Net position is projected to increase to $503M at June 30, 2027.

Revenues and expenses for the 26/27 budget and the past four years are as follows:

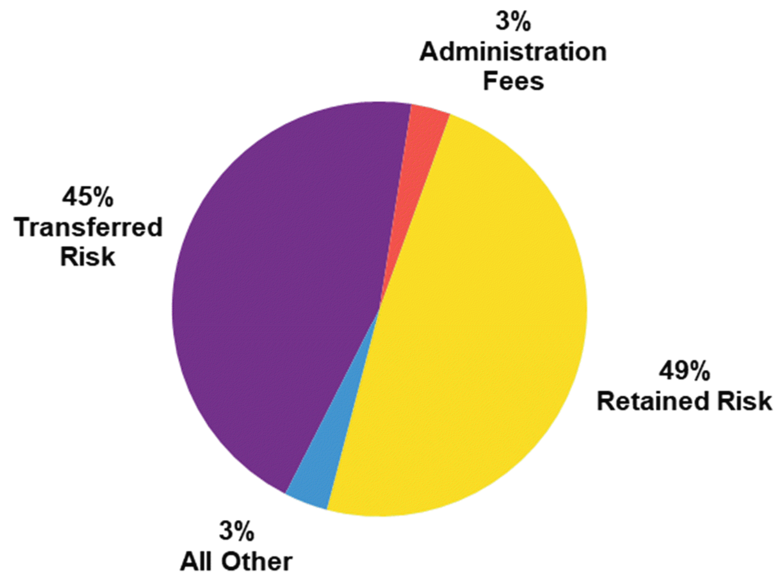


PRISM programs vary widely with respect to coverage, membership, exposure base, and funding models. Accordingly, budget policies are adopted for each program which describe how estimates of revenues and expenses are developed. These policies appear before each program's individual budget schedule in this document.

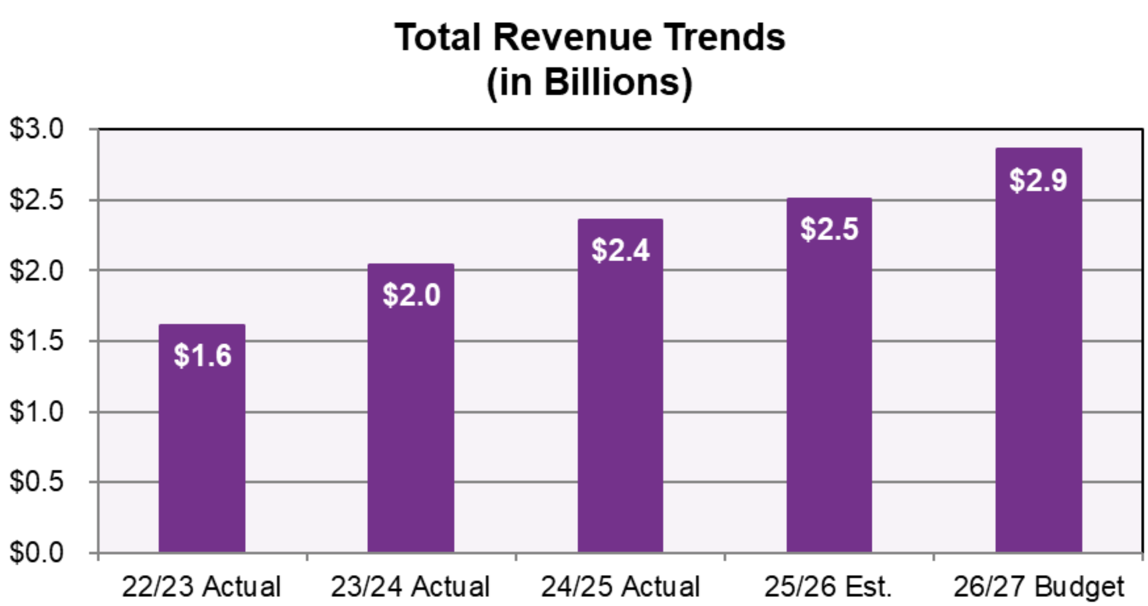
Revenues

Sources of revenues are illustrated in the following chart:

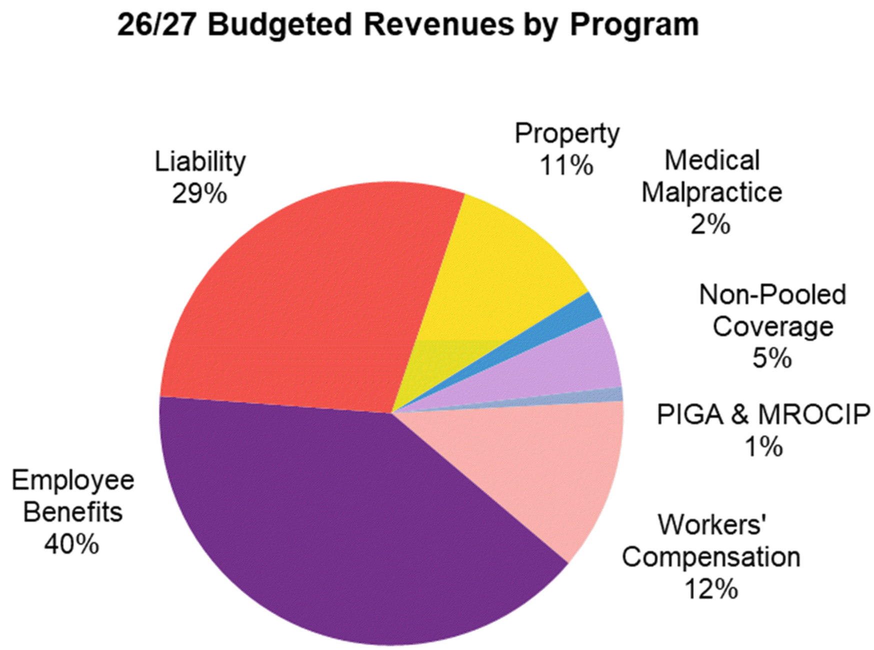
Total Revenues by Category



The $2.9B in revenues represents a $259M or 10% increase over the 2025/26 budget, and an 81% 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:

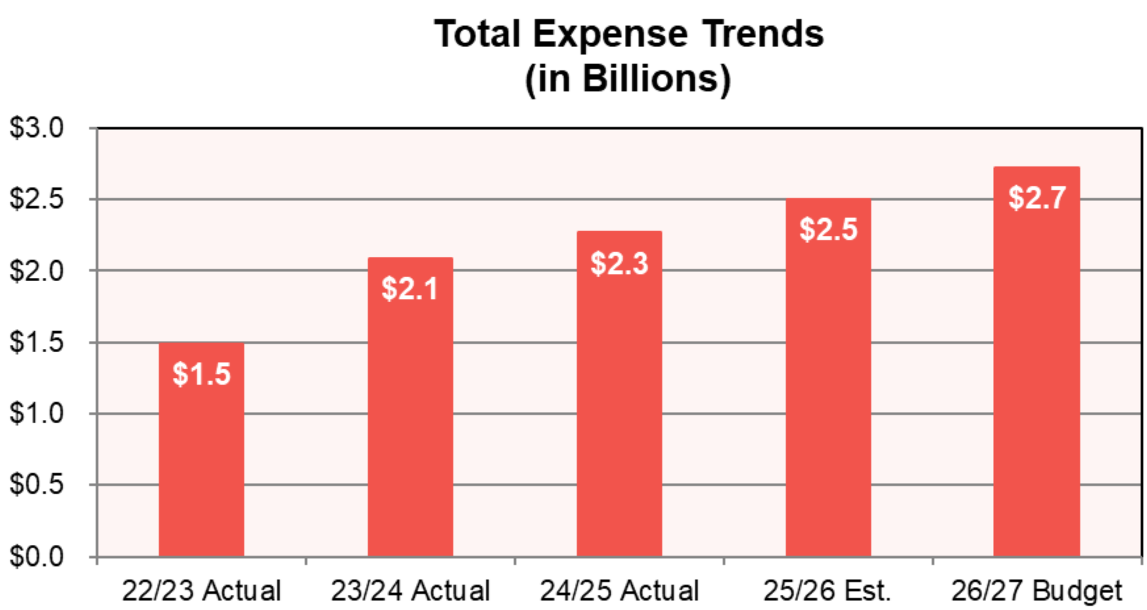


The following chart shows revenues by program.



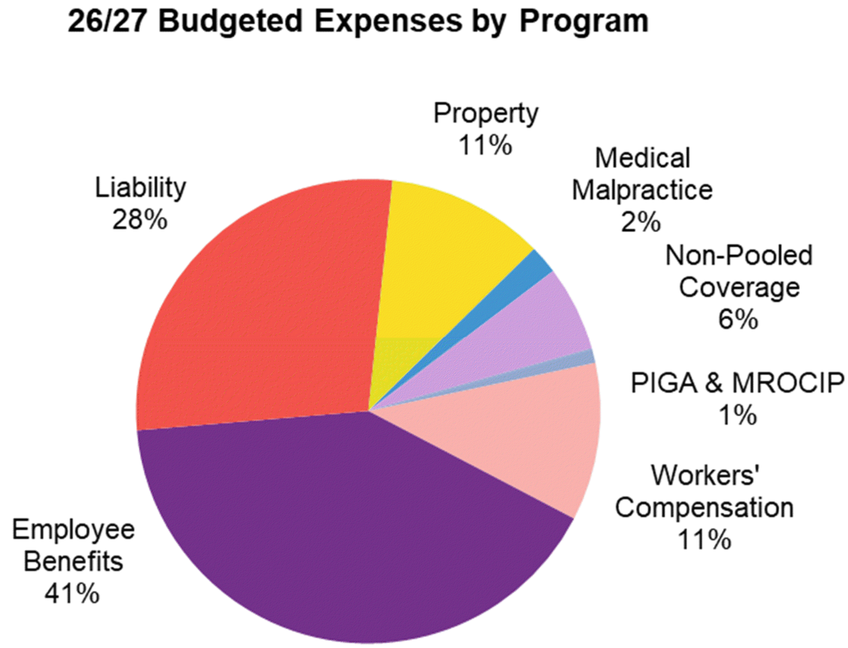
Expenses

PRISM expenses for fiscal year 2026/27 are budgeted to be $2.7B and have increased $249M or 10% over last year's budget. The following chart illustrates the increase of PRISM expenses:



Budgeted expenses support all PRISM programs. These programs include primary and excess workers' compensation programs, two general liability programs, a property program, a medical malpractice program, four employee benefits programs (PRISMHealth, Dental, Paid Family Leave, and Vision), an internal guarantee fund and some ancillary programs.

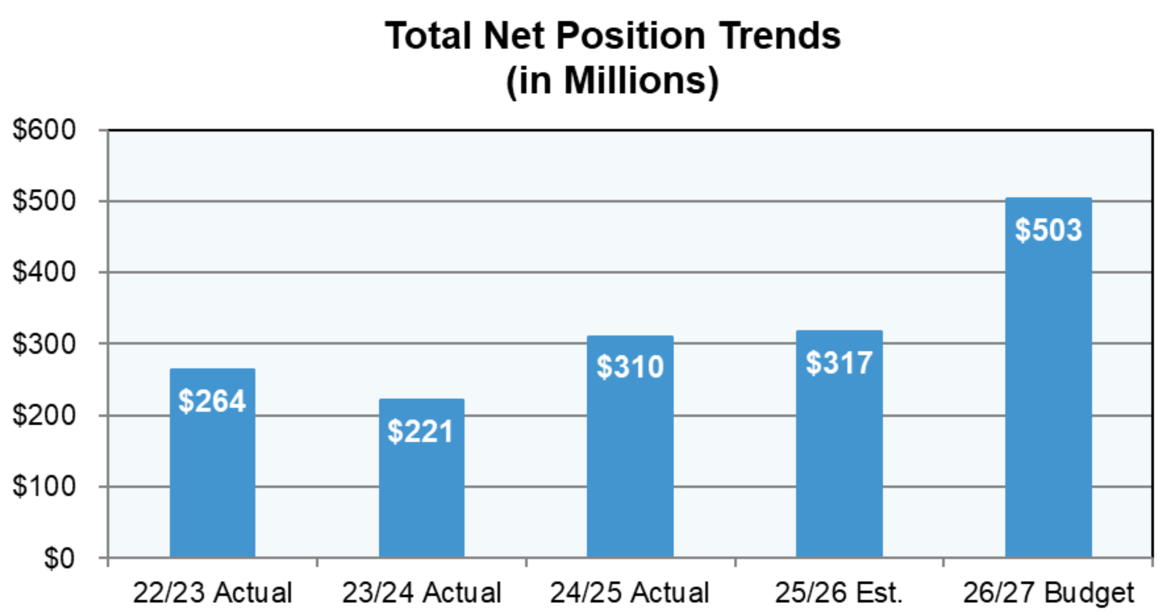
The distribution of expenses by program is illustrated in the following chart:



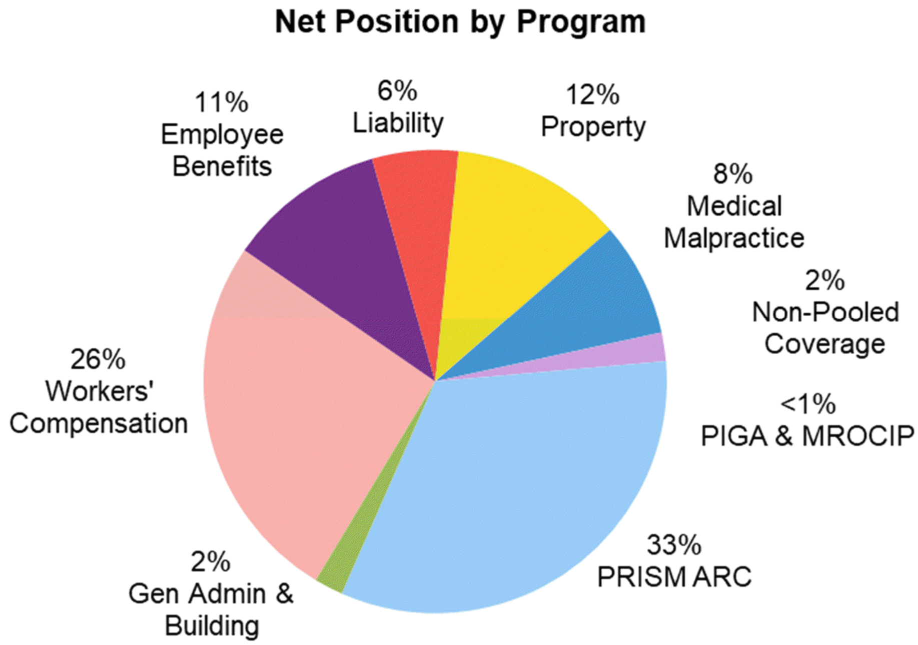
Net Position

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, 2027 is $503M. The budget includes a return of net position in the form of dividends of $7M.

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



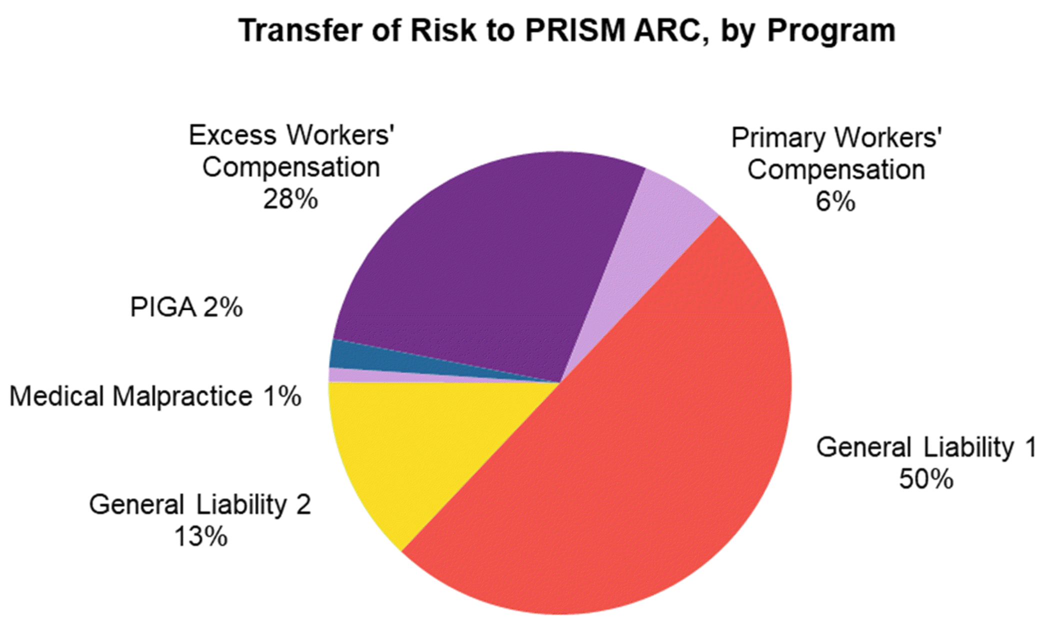
The causes of year over year changes in Net Position vary by program. Significant program-specific changes in Net Position are discussed in the individual program budgets. The distribution of 2026/27 budgeted Net Position by program is illustrated in the following chart:



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 2026/27 transfer of risk to PRISM ARC by program is illustrated in the following chart:



Capital Outlay Budget

The Capital Outlay Budget presents our continued investments in equipment and technology, including continued development of PRISM's proprietary claims system: Spectra. The Spectra system has been designed specifically to meet the needs of PRISM from an excess perspective. Additionally, the system is being 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. Also budgeted are monies for further website development, and for a revamp of the Pool Information Management System. The related depreciation and amortization of capital assets represents less than 1% of PRISM's combined budget.

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 PRISM's 54 member counties represent 93% of the 58 counties in the state. While the public entity membership currently consists of 327 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.

	Fiscal Year-End				
	2023	2024	2025	2026	Budgeted 2027
Member Units					
Primary Workers' Comp	37	36	36	36	36
Excess Workers' Comp	182	182	180	179	179
General Liability 1	134	133	141	143	142
General Liability 2	25	27	29	30	30
Property	118	115	120	123	123
Medical Malpractice	51	51	52	55	54
Master Owner Controlled Ins.	6	7	7	1	3
PRISMHealth	45	48	49	51	51
Dental	174	178	186	189	189
Paid Family Leave*	*	*	8	8	8
Vision**	**	**	**	138	138
Total Member Units	772	777	808	953	953
Member Counties	55	55	54	54	54
Member Public Entities	308	315	315	327	327
Total Members	363	370	369	381	381

*Paid Family Leave is a pooled program effective 1/1/2025.

**Vision is a pooled program effective 7/1/2025.

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Line Item Summary for All Programs
July 1, 2026 to June 30, 2027

	ACFR Actual 2024/25	Estimated 2025/26	Budget 2025/26	Percent of Total Revenue or Total Expense	Budget 2026/27	Percent of Total Revenue or Total Expense	Budget Increase (Decrease) CY Compared to PY Budget	Percentage Change
REVENUES:								
Premiums for Transferred Risk	$ 1,583,252,691	$ 1,267,516,840	$ 1,267,001,528	48%	$ 1,260,403,448	43%	$ (6,598,080)	-1%
Dividend Income	0	125,545	0	0%	0	0%	0	0%
Broker Fees	26,254,519	27,998,555	28,097,471	1%	26,496,588	1%	(1,600,883)	-6%
Contributions for Retained Risk	568,708,512	1,043,746,729	1,150,343,559	43%	1,388,945,658	48%	238,602,099	21%
Member Growth	0	0	50,000,000	2%	50,000,000	2%	0	0%
Investment Income	99,386,442	66,555,203	42,450,000	2%	66,375,000	2%	23,925,000	56%
Financing Charges	685,397	624,509	435,000	0%	470,000	0%	35,000	8%
Administration Fees	69,734,188	75,824,934	73,785,069	3%	87,912,462	3%	14,127,393	19%
Member Services	540,785	263,320	365,100	0%	417,500	0%	52,400	14%
Tenant Income	484,917	507,842	585,606	0%	408,285	0%	(177,321)	-30%
Other Income	9,915,009	26,662,989	39,482,783	1%	29,912,256	1%	(9,570,527)	-24%
TOTAL REVENUES	**2,358,962,460**	**2,509,826,466**	**2,652,546,116**	**100%**	**2,911,341,197**	**100%**	**258,795,081**	**10%**
EXPENSES:								
Member Dividends	14,737,473	5,134,545	10,509,000	0%	7,009,000	0%	(3,500,000)	-33%
Insurance Purchased	1,582,794,181	1,253,985,506	1,267,246,335	51%	1,267,883,626	47%	637,291	0%
Broker Fees	26,254,519	29,039,364	28,097,171	1%	26,496,588	1%	(1,600,583)	-6%
Provision for Claims	565,760,427	1,114,420,527	1,029,773,971	42%	1,265,842,895	46%	236,068,924	23%
Unallocated Loss Adjustment Expense	2,436,388	14,641,000	4,193,000	0%	3,943,000	0%	(250,000)	-6%
Member Growth Premium/Provision for Claims	0	0	50,000,000	2%	50,000,000	2%	0	0%
Program Services	48,233,496	52,855,238	50,628,155	2%	62,799,143	2%	12,170,988	24%
Member Services	2,474,497	2,079,220	2,370,400	0%	2,421,400	0%	51,000	2%
General Administration Expense	24,757,187	29,360,314	31,016,874	1%	36,049,994	1%	5,033,120	16%
Building Operation Expense	529,736	462,496	820,100	0%	853,400	0%	33,300	4%
Depreciation	1,499,763	1,085,052	1,509,577	0%	1,565,358	0%	55,781	4%
Other Program Expenses	384,368	0	0	0%	0	0%	0	0%
Delegated to Committees	108,200	50,000	520,000	0%	520,000	0%	0	0%
TOTAL EXPENSES	**2,269,970,235**	**2,503,113,262**	**2,476,684,583**	**100%**	**2,725,384,404**	**100%**	**248,699,821**	**10%**
Net Increase or (Decrease)	88,992,225	6,713,204	175,861,533		185,956,793		10,095,260	
NET POSITION - JULY 1	221,334,943	310,327,168	337,324,831		317,040,372			
NET POSITION - JUNE 30	310,327,168	317,040,372	513,186,364		502,997,165			

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PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Combining Budget for All Programs
July 1, 2026 to June 30, 2027

COMBINING BUDGET 2026/27	PRIMARY WORKERS' COMP.	EXCESS WORKERS' COMP.	GENERAL LIABILITY 1	GENERAL LIABILITY 2	PROPERTY	MEDICAL MALPRACTICE	MR OCIP	PIGA	SUBTOTAL
REVENUES:									
Premiums for Transferred Risk	$ 43,712,312	$ 228,139,785	$ 382,621,311	$ 338,773,379	$ 200,141,593	$ 21,077,377	$ 10,000,000	$ 5,773,758	$ 1,230,239,515
Dividend Income	0	0	0	0	0	0	0	0	0
Broker Fees	1,091,717	4,935,168	6,835,225	2,176,719	0	18,531	0	0	15,057,360
Contributions for Retained Risk	22,316,330	7,780,231	59,003,847	0	96,700,000	34,345,836	0	0	220,146,244
Member Growth	0	0	0	0	0	0	0	0	0
Investment Income	3,700,000	7,400,000	900,000	0	5,800,000	3,200,000	0	0	21,000,000
Financing Charges	270,000	110,000	0	80,000	10,000	0	0	0	470,000
Administration Fees	6,634,529	13,777,704	13,753,563	10,139,833	2,074,636	1,553,568	140,000	0	48,073,833
Member Services	0	0	0	0	0	0	0	0	0
Tenant Income	0	0	0	0	0	0	0	0	0
Other Income	0	0	525,000	750,000	5,965,000	0	0	0	7,240,000
TOTAL REVENUES	**77,724,888**	**262,142,888**	**463,638,946**	**351,919,931**	**310,691,229**	**60,195,312**	**10,140,000**	**5,773,758**	**1,542,226,952**
EXPENSES:									
Member Dividends	5,000,000	0	0	0	0	0	0	0	5,000,000
Insurance Purchased	43,952,490	228,139,785	383,146,311	339,523,379	206,106,593	21,077,377	10,000,000	5,773,758	1,237,719,693
Broker Fees	1,091,717	4,935,168	6,835,225	2,176,719	0	18,531	0	0	15,057,360
Provision for Claims	10,267,432	2,182,000	0	0	93,200,000	26,457,000	0	0	132,106,432
Unallocated Loss Adjustment Expense	1,009,000	1,013,000	948,000	766,000	80,000	127,000	0	0	3,943,000
Program Services	10,090,340	3,007,742	3,917,000	4,022,000	4,133,500	411,452	0	0	25,582,034
Member Services	0	0	0	0	0	0	0	0	0
General Administration Expense	0	0	0	0	0	0	0	0	0
Building Operation Expense	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0
Other Program Expenses	0	0	0	0	600,000	0	5,000	0	605,000
Member Growth Prem/Prov for Claims	0	0	0	0	0	0	0	0	0
Delegated to Committees	50,000	50,000	50,000	50,000	25,000	25,000	0	0	250,000
TOTAL EXPENSES	**71,460,979**	**239,327,695**	**394,896,536**	**346,538,098**	**304,145,093**	**48,116,360**	**10,005,000**	**5,773,758**	**1,420,263,519**
TRANSFERS:									
Transfers in (out) to:									
Interfund Transfers	0	0	0	0	0	0	0	0	0
General Administration	(4,338,239)	(9,111,864)	(8,505,430)	(5,031,742)	(1,211,747)	(884,264)	(75,000)	0	(29,158,286)
Claims System	(907,971)	(514,838)	(363,870)	(265,703)	(41,884)	(61,084)	0	0	(2,155,350)
Investment Fees	(49,872)	(108,480)	(10,813)	(4,388)	(82,505)	(42,457)	(55)	0	(298,570)
Building Rent	0	0	0	0	0	0	0	0	0
TOTAL TRANSFERS	**(5,296,082)**	**(9,735,182)**	**(8,880,113)**	**(5,301,833)**	**(1,336,136)**	**(987,805)**	**(75,055)**	**0**	**(31,612,206)**
Net Increase or (Decrease)	967,827	13,080,011	59,862,297	80,000	5,210,000	11,091,147	59,945	0	90,351,227
NET POSITION - JULY 1, 2026	44,004,676	66,379,394	(34,604,797)	5,268,823	57,171,709	30,358,284	316,279	0	168,894,368
NET POSITION - JUNE 30, 2027	44,972,503	79,459,405	25,257,500	5,348,823	62,381,709	41,449,431	376,224	0	259,245,595

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Combining Budget for All Programs
July 1, 2026 to June 30, 2027

COMBINING BUDGET 2026/27	SUBTOTAL	PRISMHEALTH	DENTAL	PAID FAMILY LEAVE	VISION	NON-POOLED COVERAGE PROGRAMS	TOTAL ALL INSURANCE PROGRAMS
REVENUES:							
Premiums for Transferred Risk	$ 1,230,239,515	$ 177,434,250	$ 0	$ 0	$ 0	$ 148,408,314	$ 1,556,082,079
Dividend Income	0	0	0	0	0	0	0
Broker Fees	15,057,360	8,102,088	2,764,410	33,050	539,680	0	26,496,588
Contributions for Retained Risk	220,146,244	813,887,933	50,909,640	3,106,620	5,216,590	0	1,093,267,027
Member Growth	0	0	0	0	0	0	50,000,000
Investment Income	21,000,000	2,000,000	300,000	18,000	22,000	300,000	23,640,000
Financing Charges	470,000	0	0	0	0	0	470,000
Administration Fees	48,073,833	36,739,333	263,790	275,400	347,200	2,212,906	87,912,462
Member Services	0	0	0	0	0	0	0
Tenant Income	0	0	0	0	0	0	0
Other Income	7,240,000	22,134,756	0	0	0	0	29,374,756
TOTAL REVENUES	**1,542,226,952**	**1,060,298,360**	**54,237,840**	**3,433,070**	**6,125,470**	**150,921,220**	**2,867,242,912**
EXPENSES:							
Member Dividends	5,000,000	9,000	2,000,000	0	0	0	7,009,000
Insurance Purchased	1,237,719,693	177,434,250	0	0	0	148,408,314	1,563,562,257
Broker Fees	15,057,360	8,102,088	2,764,410	33,050	539,680	0	26,496,588
Provision for Claims	132,106,432	809,663,081	50,909,640	3,153,800	4,859,630	0	1,000,692,583
Unallocated Loss Adjustment Expense	3,943,000	0	0	0	0	0	3,943,000
Program Services	25,582,034	35,378,933	72,400	0	469,330	210,000	61,712,697
Member Services	0	0	0	0	0	0	0
General Administration Expense	0	0	0	0	0	0	0
Building Operation Expense	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0
Other Program Expenses	605,000	0	0	0	0	0	605,000
Member Growth Prem/Prov for Claims	0	0	0	0	0	0	50,000,000
Delegated to Committees	250,000	25,000	0	0	0	0	275,000
TOTAL EXPENSES	**1,420,263,519**	**1,030,612,352**	**55,746,450**	**3,186,850**	**5,868,640**	**148,618,314**	**2,714,296,125**
TRANSFERS:							
Transfers in (out) to:							
Interfund Transfers	0	0	0	0	0	0	0
General Administration	(29,158,286)	(1,275,627)	(419,054)	(100,000)	(100,000)	(900,000)	(31,952,967)
Claims System	(2,155,350)	0	0	0	0	0	(2,155,350)
Investment Fees	(298,570)	(13,634)	(4,150)	(283)	(263)	(3,100)	(320,000)
Building Rent	0	0	0	0	0	0	0
TOTAL TRANSFERS	**(31,612,206)**	**(1,289,261)**	**(423,204)**	**(100,283)**	**(100,263)**	**(903,100)**	**(34,428,317)**
Net Increase or (Decrease)	90,351,227	28,396,747	(1,931,814)	145,937	156,567	1,399,806	118,518,470
NET POSITION - JULY 1, 2026	168,894,368	18,309,322	9,502,686	894,306	1,240,963	8,766,399	207,608,044
NET POSITION - JUNE 30, 2027	259,245,595	46,706,069	7,570,872	1,040,243	1,397,530	10,166,205	326,126,514

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PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Combining Budget for All Programs
July 1, 2026 to June 30, 2027

COMBINING BUDGET 2026/27	TOTAL ALL INSURANCE PROGRAMS	GENERAL ADMIN	IRON POINT BUILDING	PRISM ARC	ELIMINATION	CONSOLIDATED BUDGET
REVENUES:						
Premiums for Transferred Risk	$ 1,556,082,079	$ 0	$ 0	$ 10,000,000	$ (305,678,631)	$ 1,260,403,448
Dividend Income	0	0	0	0	0	0
Broker Fees	26,496,588	0	0	0	0	26,496,588
Contributions for Retained Risk	1,093,267,027	0	0	295,678,631	0	1,388,945,658
Member Growth	50,000,000	0	0	0	0	50,000,000
Investment Income	23,640,000	1,500,000	0	42,000,000	(765,000)	66,375,000
Financing Charges	470,000	0	0	0	0	470,000
Administration Fees	87,912,462	0	0	0	0	87,912,462
Member Services	0	417,500	0	0	0	417,500
Tenant Income	0	0	408,285	0	0	408,285
Other Income	29,374,756	537,500	0	0	0	29,912,256
TOTAL REVENUES	**2,867,242,912**	**2,455,000**	**408,285**	**347,678,631**	**(306,443,631)**	**2,911,341,197**
EXPENSES:						
Member Dividends	7,009,000	0	0	0	0	7,009,000
Insurance Purchased	1,563,562,257	0	0	10,000,000	(305,678,631)	1,267,883,626
Broker Fees	26,496,588	0	0	0	0	26,496,588
Provision for Claims	1,000,692,583	0	0	265,150,312	0	1,265,842,895
Unallocated Loss Adjustment Expense	3,943,000	0	0	0	0	3,943,000
Program Services	61,712,697	0	0	1,086,446	0	62,799,143
Member Services	0	2,421,400	0	0	0	2,421,400
General Administration Expense	0	36,049,994	0	0	0	36,049,994
Building Operation Expense	0	0	853,400	0	0	853,400
Depreciation	0	1,230,000	335,358	0	0	1,565,358
Other Program Expenses	605,000	0	160,000	0	(765,000)	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	**2,714,296,125**	**39,901,394**	**1,368,758**	**276,261,758**	**(306,443,631)**	**2,725,384,404**
TRANSFERS:						
Transfers in (out) to:						
Interfund Transfers	0	0	0	0	0	0
General Administration	(31,952,967)	32,152,967	0	(200,000)	0	0
Claims System	(2,155,350)	2,155,350	0	0	0	0
Investment Fees	(320,000)	320,000	0	0	0	0
Building Rent	0	(551,923)	551,923	0	0	0
TOTAL TRANSFERS	**(34,428,317)**	**34,076,394**	**551,923**	**(200,000)**	**0**	**0**
Net Increase or (Decrease)	118,518,470	(3,370,000)	(408,550)	71,216,873	0	185,956,793
NET POSITION - JULY 1, 2026	207,608,044	13,287,180	2,313,355	98,831,793	(5,000,000)	317,040,372
NET POSITION - JUNE 30, 2027	326,126,514	9,917,180	1,904,805	170,048,666	(5,000,000)	502,997,165

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Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA

PROGRAM BUDGETS

For the Fiscal Year
July 1, 2026 to June 30, 2027

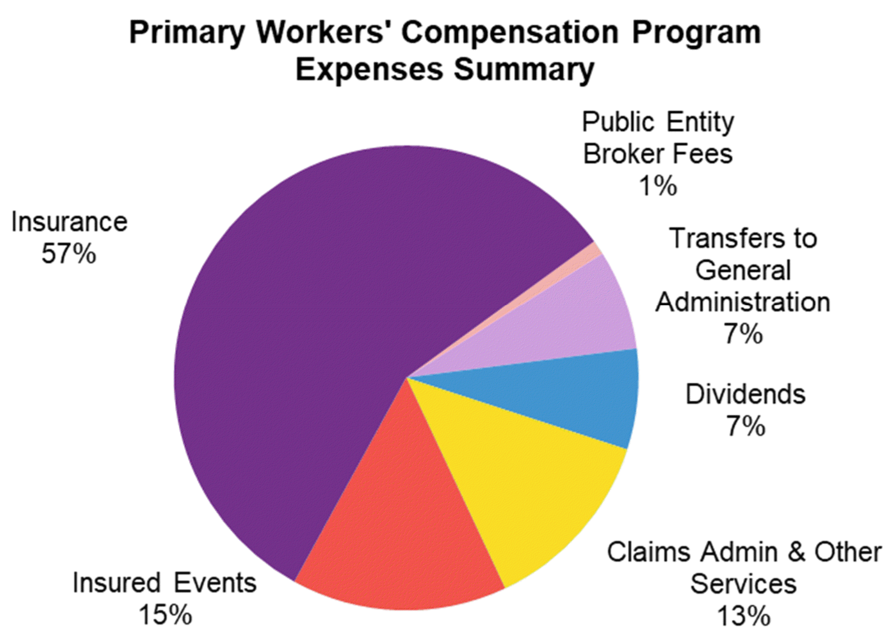
Primary Workers' Compensation

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	$3.3 Billion
Pool Premium	$12.4 Million
Insurance	$24.7 Million
Premium to ARC	$19 Million
Public Entity Broker Fees	$1.1 Million
ULAE Premiums	$9.9 Million
Administration and Fees	$6.9 Million
Projected Investment Income	$3.7 Million

A summary of the PWC Program budget is as follows:



The proposed budget would result in an ending net position of $45M at June 30, 2027. The target equity range approved by the Board of Directors is from $8.3M to $51.3M.

PRISM

Adopted: June 27, 2010
Last Amended: May 15, 2026

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.
- PRISM Program Internal Guarantee Account (PIGA) member contributions are set at 1% of the premium for transferred risk.

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, 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 five-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 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, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	$ 39,016,049	$ 41,429,104	$ 41,429,104	$ 42,068,076	$ 43,712,312	$ 1,644,236	4%	Includes corridor deductible in the $10 - $125k layer reinsured by PRISM ARC; includes Placement Broker Fee
Payroll Adjustment, Excess Insurance	511,584	(215,803)	(215,803)	0	0	0	0%	
Contributions for Retained Risk	12,116,874	12,291,517	12,455,618	12,358,252	12,388,030	29,778	0%	Billed at 90% confidence level undiscounted.
Payroll Adjustment, Pool Premiums	289,336	(83,665)	(83,665)	0	0	0	0%	
ULAE Premium	11,763,627	7,674,700	7,690,700	13,169,000	9,928,300	(3,240,700)	-25%	Billed at 80% CL; discounted at 1.5%
Public Entity Broker Fees	931,364	995,731	995,731	1,022,704	1,091,717	69,013	7%	
Administration Fees	7,909,714	7,593,319	7,642,729	7,718,445	6,634,529	(1,083,916)	-14%	
Investment Income	9,009,131	3,068,442	3,988,975	3,000,000	3,700,000	700,000	23%	
Member Finance Fees	288,030	257,982	257,982	250,000	270,000	20,000	8%	
Other Income	0	0	11,900	0	0	0	0%	FY25/26 WC Symposium Sponsorships
TOTAL REVENUES	**81,835,709**	**73,011,327**	**74,173,271**	**79,586,477**	**77,724,888**	**(1,861,589)**	**-2%**	
EXPENSES:								
Member Dividends	9,500,000	0	5,000,000	8,500,000	5,000,000	(3,500,000)	-41%	
Retained and Transferred Risk								
Insurance Premium Expense	39,230,771	41,654,120	41,654,120	42,312,883	43,952,490	1,639,607	4%	Includes PIGA and Placement Broker Fee
Primary W.C. Reinsurance Prem. PR Audit	511,584	(215,803)	(215,803)	0	0	0	0%	
Public Entity Broker Fees	931,364	995,731	995,731	1,022,704	1,091,717	69,013	7%	
Provision for Claims, Current Year	8,360,000	9,922,000	8,256,000	11,637,953	10,267,432	(1,370,521)	-12%	Provision for claims at expected confidence level
Provision for Claims, Prior Years	9,046,731	187,264	(170,792)	0	0	0	0%	Provision for prior year claims
Provision for ULAE	1,970,388	0	15,191,000	1,340,000	1,009,000	(331,000)	-25%	FY25/26 Actual includes correction to OSIP liability calculation
CA State W.C. Assessments	1,707,279	1,579,318	1,579,318	2,159,702	3,400,000	1,240,298	57%	DIR fees based on indemnity payments. In FY26/27, increase expected in DIR base & TD rates and indemnity payments
Total Retained and Transferred Risk	61,758,117	54,122,630	67,289,574	58,473,242	59,720,639	1,247,397	2%	
Program Administration								
Claims Administration	5,597,857	2,880,372	5,760,744	6,084,495	6,410,893	326,398	5%	TPA fees to administer claims for the life of the claim. Contract renewal 5% base incr, plus volume incr.
ISO Index Fees	75,818	38,915	72,804	72,804	43,447	(29,357)	-40%	Claims indexing service
Member Claims Audits	63,000	46,860	77,000	77,000	85,000	8,000	10%	TPA's locations audited on biannual basis; less files this year
Legal Fees	0	0	20,000	20,000	20,000	0	0%	Legal advice and litigation
Banking Services and Fees	16,508	0	5,000	30,000	5,000	(25,000)	-83%	
Managed Care Program Monitoring	120,000	63,000	126,000	126,000	126,000	0	0%	Incl bill review fee monitoring and negotiating
PWC Workshop / Symposium	0	0	23,000	23,000	0	(23,000)	-100%	Budgeted solely in EWC program starting FY26/27
Total Program Administration	5,879,065	3,029,147	6,084,548	6,433,299	6,690,340	257,041	4%	
Discretionary Delegated to Governing Committee	0	0	0	50,000	50,000	0	0%	Available with two-thirds vote of PWC Committee
TOTAL EXPENSES	**77,137,182**	**57,151,777**	**78,374,122**	**73,456,541**	**71,460,979**	**(1,995,562)**	**-3%**	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRIMARY WORKERS' COMPENSATION PROGRAM
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	(5,013,750)	(4,823,153)	(4,823,153)	(4,823,153)	(4,338,239)	(484,914)	-10%	
PRISM Claims System Costs	(1,027,580)	(1,069,653)	(1,069,653)	(1,069,653)	(907,971)	(161,682)	-15%	
Investment Fees	(56,651)	(16,706)	(31,253)	(49,815)	(49,872)	57	0%	External investment management fees
TOTAL TRANSFERS	**(6,097,981)**	**(5,909,512)**	**(5,924,059)**	**(5,942,621)**	**(5,296,082)**	**(646,539)**	**-11%**	
Net Increase or (Decrease)	(1,399,454)	9,950,038	(10,124,910)	187,315	967,827	780,512	417%	
NET POSITION - JULY 1	55,529,040	54,129,586	54,129,586	57,541,857	44,004,676			
NET POSITION - JUNE 30	54,129,586	64,079,624	44,004,676	57,729,172	44,972,503			
Target Equity								
Low Range	19,180,000	7,969,109	7,969,109	5,503,960	8,367,564			
High Range	51,010,000	48,883,036	48,883,036	45,240,985	51,327,188			

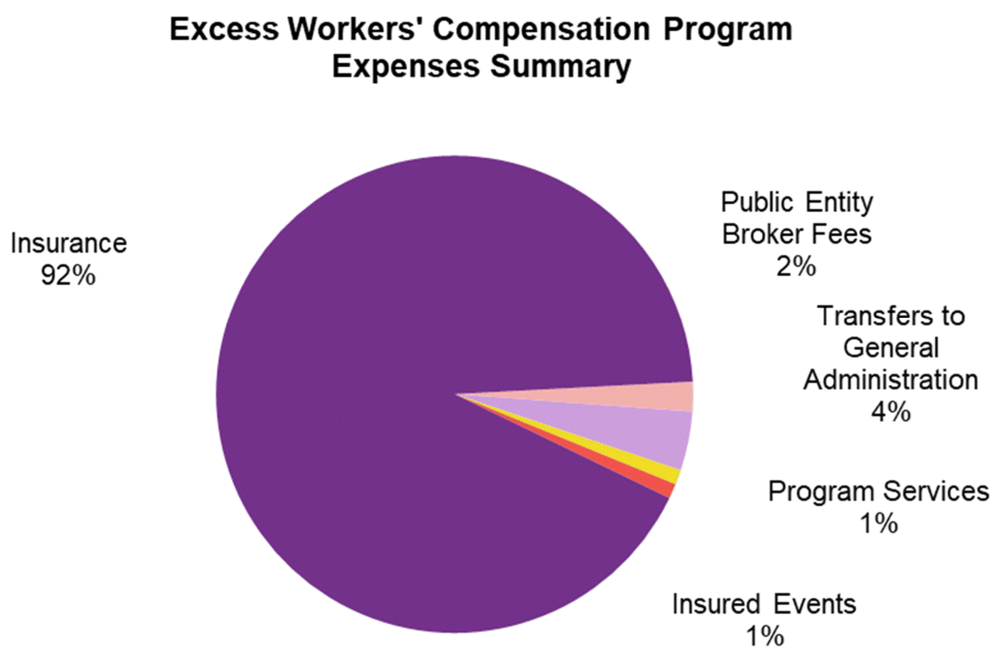
Excess Workers' Compensation

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:

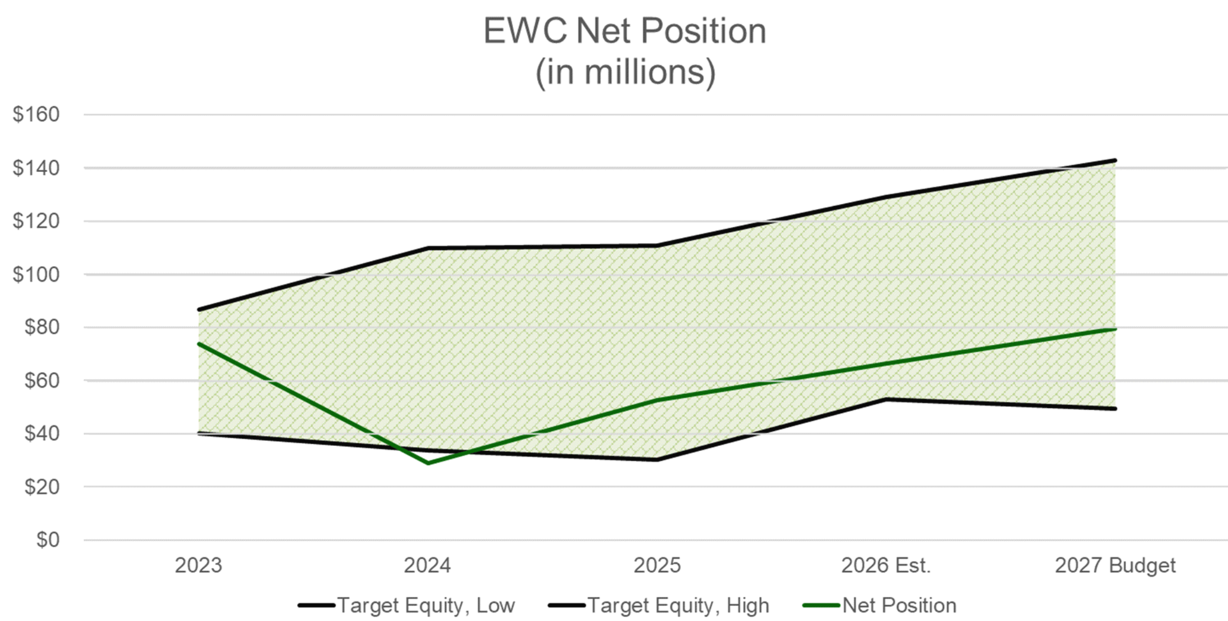
Number of Members	179
Covered Payroll	$43.2 Billion
Pool Premium	$7.8 Million
Insurance	$143.3 Million
Premium to ARC	$84.9 Million
Public Entity Broker Fees	$4.9 Million
Administration and Fees	$13.9 Million
Projected Investment Income	$7.4 Million
Loss Prevention Subsidy	$1,000 per member

A summary of the EWC Program budget is as follows:



As discussed in the PRISM Long-Term Operating Financial Plans section of the report, EWC Program realized losses in FY23/24 - largely stemming from a one-time commutation - that reduced its net position below its target range. Levying an assessment was considered and the Board of Directors elected not to declare an assessment, anticipating that the net position would improve and grow to reenter its target equity range without intervention within a few years. The EWC program currently transfers most risk to outside carriers, with a few, relatively small, corridors retained by the pool. The program net position reentered its target range by June 30, 2025.

The EWC program net position and target equity range, in millions, are shown in the graph below for the five years ending June 30, 2027.



PRISM

Adopted: June 2, 2011
Last Amended: March 6, 2026

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, 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 monitor monthly reporting of loss data and assist with onboarding members as appropriate in order to have up to date data for the renewal process, carrier discussions, and enable PRISM Analytics Dashboard access.
- Continue work on the data & analytics platform to allow for benchmarking of claims data..
- 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 in the following.

- PRISM Program Internal Guarantee Account (PIGA) member contributions are set at 1% of the premium for transferred risk.

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 a provision for claims in 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 2 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 2 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.
- There is a $1,000,000 budget line-item to provide funding for additional legislative lobbying for Tort Reform.
- 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 5-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 10% of the set amount and the final administrative costs are adjusted from the Program's Net Position. If the variance falls outside of the 10% 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 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, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	$ 194,340,256	$ 203,329,247	$ 203,329,247	$ 225,993,416	$ 228,139,785	$ 2,146,369	1%	Includes corridors transferred to PRISM ARC, PIGA and Placement Broker Fee
Payroll Audit, Excess Premiums	8,427,224	5,936,900	5,936,900	0	0	0	0%	
Contributions for Retained Risk	13,048,271	15,355,255	15,355,255	5,548,817	7,780,231	2,231,414	40%	Billed at 80% confidence level, 4.00% discount factor for FY26/27
Payroll Adjustments, Retained Risk	319,830	415,114	415,114	0	0	0	0%	
Administration Fees	10,947,273	11,803,109	11,803,109	12,014,629	13,777,704	1,763,075	15%	
Public Entity Broker Fees	4,297,549	4,565,483	4,565,483	4,716,875	4,935,168	218,293	5%	
Investment Income	13,474,325	7,394,912	9,613,386	8,000,000	7,400,000	(600,000)	-8%	
Member Finance Fees	118,575	108,365	108,365	100,000	110,000	10,000	10%	
Other Income	3,003,500	4,000	36,000	0	0	0	0%	FY24/25 income from policy commutation FY25/26 income from symposium sponsorships
TOTAL REVENUES	**247,976,803**	**248,912,385**	**251,162,859**	**256,373,737**	**262,142,888**	**5,769,151**	**2%**	
EXPENSES:								
Retained and Transferred Risk								
Excess Workers' Comp. Premiums	194,340,256	203,329,247	203,329,247	225,993,416	228,139,785	2,146,369	1%	Includes PIGA and Placement Broker Fee
Payroll Adjustments	8,427,224	5,936,900	5,936,900	0	0	0	0%	
Public Entity Broker Fees	4,297,549	4,565,483	4,565,483	4,716,875	4,935,168	218,293	5%	
Provision for Claims, Current Year	2,092,040	1,461,000	1,461,000	1,461,000	2,182,000	721,000	49%	
Provision for Claims, Prior Years	5,360,540	6,334,605	11,828,431	0	0	0	0%	
Provision for ULAE	113,000	0	(639,000)	1,049,000	1,013,000	(36,000)	-3%	Cost to run off the claims
Total Retained and Transferred Risk	214,630,609	221,627,235	226,482,061	233,220,291	236,269,953	3,049,662	1%	
Program Administration								
Legislative Reform	0	0	0	0	1,100,000	1,100,000	100%	Support for Tort Reform and WC Reform (Leg. Liaison) beginning FY26/27
Legal Fees	578	230	7,500	30,000	30,000	0	0%	Litigation with reinsurers
ISO Index Fees	339,453	214,032	405,620	405,620	412,742	7,122	2%	Claims indexing service
Member Claims Audits	888,037	312,580	1,100,000	1,100,000	1,100,000	0	0%	More member and interim audits scheduled for FY26/27
PRISM Claims Audits	0	0	19,812	19,812	0	(19,812)	-100%	Audit in FY25/26, next audit due in FY27/28
Crisis Management Services	0	0	12,500	50,000	50,000	0	0%	
Member Actuarial Studies	177,575	111,950	244,000	244,000	210,000	(34,000)	-14%	
EWC Workshop / Symposium	0	0	0	63,000	105,000	42,000	67%	
Total Program Administration	1,405,643	638,792	1,789,432	1,912,432	3,007,742	1,095,310	57%	
Discretionary Delegated to Governing Committee	0	0	0	50,000	50,000	0	0%	Available with a two-thirds vote of Executive Committee
TOTAL EXPENSES	**216,036,252**	**222,266,027**	**228,271,493**	**235,182,723**	**239,327,695**	**4,144,972**	**2%**	

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PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
EXCESS WORKERS' COMPENSATION PROGRAM
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	(7,625,078)	(8,409,020)	(8,409,020)	(8,409,020)	(9,111,864)	702,844	8%	
PRISM Claims System Costs	(482,123)	(502,906)	(502,906)	(502,906)	(514,838)	11,932	2%	
Investment Fees	(134,114)	(50,342)	(102,845)	(117,417)	(108,480)	(8,937)	-8%	External investment management fees
TOTAL TRANSFERS	**(8,241,315)**	**(8,962,268)**	**(9,014,771)**	**(9,029,343)**	**(9,735,182)**	**705,839**	**8%**	
Net Increase or (Decrease)	23,699,236	17,684,090	13,876,595	12,161,671	13,080,011	918,340	8%	
NET POSITION - JULY 1	28,803,563	52,502,799	52,502,799	56,290,184	66,379,394			
NET POSITION - JUNE 30	52,502,799	70,186,889	66,379,394	68,451,855	79,459,405			
Target Equity								
Low Range	30,200,000	52,800,000	52,800,000	51,800,000	49,300,000			
High Range	111,000,000	129,000,000	129,000,000	136,700,000	142,900,000			

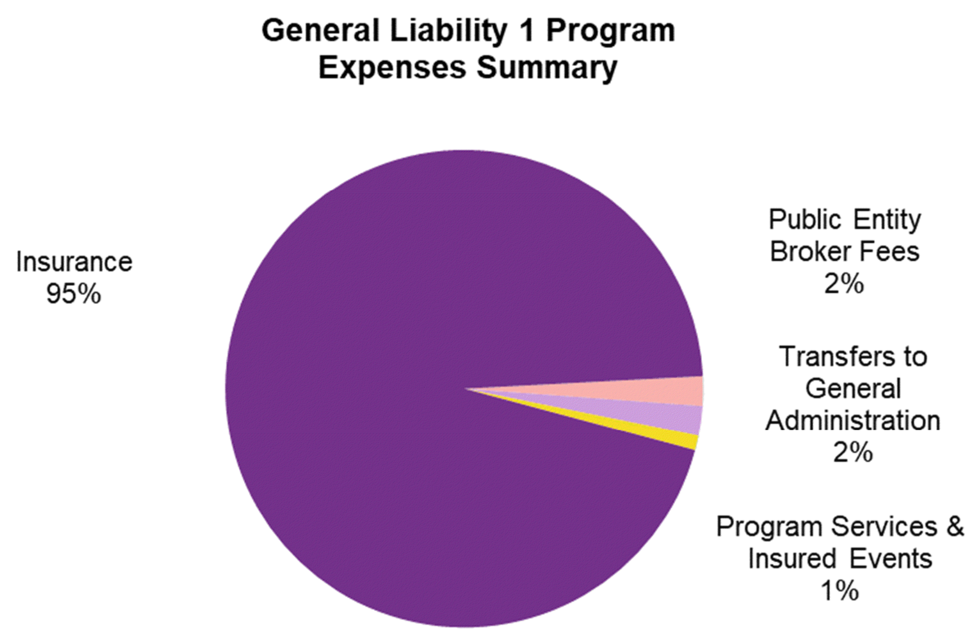
General Liability 1

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:

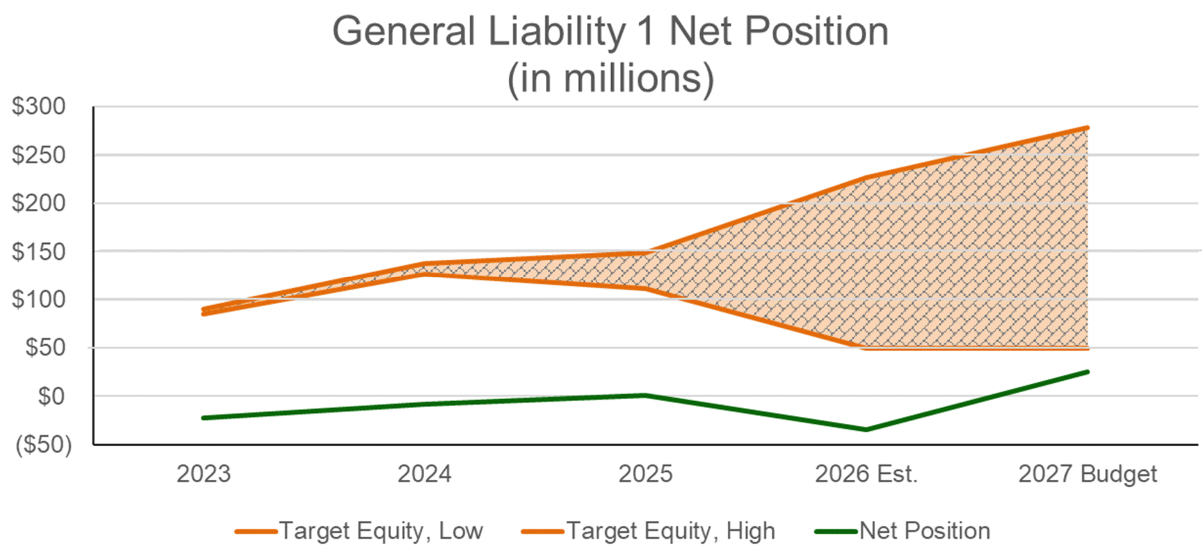
Number of Members	142
Covered Payroll	$10.6 Billion
Pool Premium	$59 Million
Insurance	$235.6 Million
Premium to ARC	$147 Million
Public Entity Broker Fees	$6.8 Million
Administration and Fees	$14.3 Million
Projected Investment Income	$900 Thousand
Loss Prevention Subsidy	$1,000 per member

A summary of the GLI Program budget is as follows:



Fiscal year 2026/27 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.

The GL1 Program proposed budget would result in an ending net position of $25.3M at June 30, 2027, still below the program's target equity range. The GL1 program net position and target equity range, in millions, are shown in the graph below for the five years ending June 30, 2027.



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.
- 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.
- Continue to monitor monthly reporting of loss data and assist with onboarding members as appropriate in order to have up to date data for the renewal process, carrier discussions, and enable PRISM Analytics Dashboard access.
- Continue work on the data & analytics platform to allow for benchmarking of claims data.
- 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.
- Continue to market and encourage the utilization of the Benchmark Analytics Program to existing members
- Market the Program nationwide to improve the diversity of the Program's 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.
- Determine the optimal level of control/authority PRISM should have to assert more program control in claims, audits, 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 in the following.
- PRISM Program Internal Guarantee Account (PIGA) member contributions are set at 1% of the premium for transferred risk.

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 2 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 2 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 two-thirds vote of the Executive Committee.
- There is a $2,000,000 budget line-item to provide funding for additional legislative lobbying for Tort Reform.
- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Board will determine how to fund 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 by 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 5-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 10% of the set amount and the final administrative costs are adjusted from the Program's Net Position. If the variance falls outside of the 10% 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, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	$ 276,940,795	$ 340,677,740	$ 340,677,740	$ 337,400,497	$ 382,621,311	$ 45,220,814	13%	Incl. Corridor deductible reinsured by PRISM ARC, Chubb, PIGA and Placement Broker Fee
Contributions for Retained Risk	27,660,055	13,913,458	13,913,458	48,398,668	59,003,847	10,605,179	22%	Billed at 85% confidence level, 2.5% discount factor
Public Entity Broker Fees	8,131,174	7,903,057	7,903,057	6,193,689	6,835,225	641,536	10%	OOS only shown in actual/est. actual columns.
Investment Income	569,230	1,278,691	1,278,691	750,000	900,000	150,000	20%	Investment earnings projected in FY26/27 on positive cash
Administration Fees	8,236,377	8,816,718	8,816,718	8,736,579	13,753,563	5,016,984	57%	Significant additions to Liability Claims Department flow through to GL1 and GL2 programs per Gen Admin cost allocation model, along with monies for legislative reform
Member Finance Fees	59,534	82,150	82,150	0	0	0	0%	
Other Income	644	840,000	840,000	430,000	525,000	95,000	22%	Commission rebate in FY25/26 and FY26/27
TOTAL REVENUES	**321,597,809**	**373,511,814**	**373,511,814**	**401,909,433**	**463,638,946**	**61,729,513**	**15%**	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	276,940,795	339,638,915	339,638,915	337,400,497	383,146,311	45,745,814	14%	Incl. PIGA and Placement Broker Fees
Public Entity Broker Fees	8,131,174	8,943,866	8,943,866	6,193,689	6,835,225	641,536	10%	Incl. LPT Broker Fees. OOS only shown in actual/est. actual columns.
Provision for Claims, Current Year	3,671,420	4,393,988	4,393,988	0	0	0	0%	No retained risk expense for FY26/27; OOS only shown in actual/est. actual columns.
Provision for Claims, Prior Years	16,153,564	48,450,355	48,450,355	0	0	0	0%	
Provision for ULAE	282,000	0	21,000	904,000	948,000	44,000	5%	Including DBD
Total Retained and Transferred Risk	305,178,953	401,427,124	401,448,124	344,498,186	390,929,536	46,431,350	13%	
Program Administration								
Financing Expenses	903,966	166,907	584,651	0	0	0	0%	Interest paid to other programs due to negative cash; positive balance expected in FY26/27
Legislative Reform	0	0	0	0	2,000,000	2,000,000	100%	Support for legislative reform beginning FY26/27
ISO Fees	4,460	8,344	15,000	15,000	15,000	0	0%	
Member Claims Audits	120,836	22,025	80,000	240,000	205,000	(35,000)	-15%	
PRISM Claims Audit	0	0	25,000	25,000	0	(25,000)	-100%	Due in FY25/26
Legal Expenses	215,727	147,317	300,000	830,000	830,000	0	0%	
Crisis Management Services	4,688	879	12,500	50,000	50,000	0	0%	
Bank Fees	5,003	0	1,000	9,000	1,000	(8,000)	-89%	Allocated to DBD members only
Member Actuarial Studies	147,575	67,950	152,000	152,000	166,000	14,000	9%	
Other Program Expense	0	0	0	0	650,000	650,000	100%	Case assessment incentive program approved for FY26/27
Total Program Administration	1,402,255	413,422	1,170,151	1,321,000	3,917,000	2,596,000	197%	
Discretionary Delegated to Governing Committee	14,000	8,000	50,000	50,000	50,000	0	0%	Available with two-thirds vote of the Executive Committee
TOTAL EXPENSES	**306,595,208**	**401,848,546**	**402,668,275**	**345,869,186**	**394,896,536**	**49,027,350**	**14%**	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL LIABILITY 1 PROGRAM
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	(5,441,279)	(6,143,840)	(6,143,840)	(6,094,640)	(8,505,430)	2,410,790	40%	
PRISM Claims System Costs	(295,286)	(308,585)	(308,585)	(308,585)	(363,870)	55,285	18%	
Investment Fees	(10,218)	(7,415)	(14,830)	(3,870)	(10,813)	6,943	179%	External investment management fees
TOTAL TRANSFERS	**(5,746,783)**	**(6,459,840)**	**(6,467,255)**	**(6,407,095)**	**(8,880,113)**	**2,473,018**	**39%**	
Net Increase or (Decrease)	9,255,818	(34,796,572)	(35,623,716)	49,633,152	59,862,297	10,229,145	21%	
NET POSITION - JULY 1	(8,236,899)	1,018,919	1,018,919	20,411,229	(34,604,797)			
NET POSITION - JUNE 30	1,018,919	(33,777,653)	(34,604,797)	70,044,381	25,257,500			
Target Equity								
Low Range	110,800,000	49,800,000	49,800,000	62,528,000	49,800,000			
High Range	149,100,000	226,600,000	226,600,000	209,000,000	278,600,000			

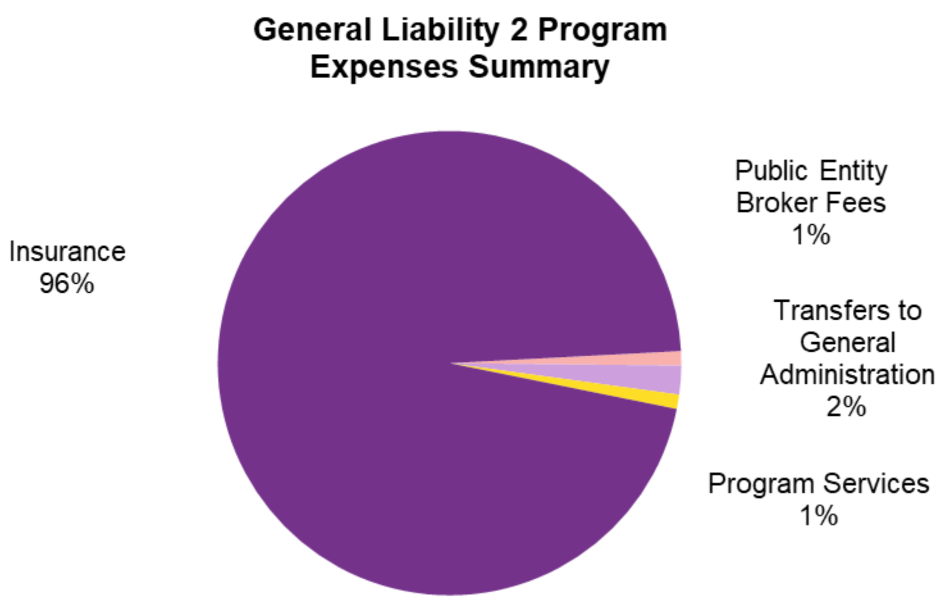
General Liability 2

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	30
Insurance	$301.7 Million
Premium to ARC	$37.1 Million
Public Entity Broker Fees	$2.2 Million
Administration and Fees	$11 Million

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



Historically the GL2 Program has not retained any risk; all risk had 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 a one-time commutation of $24.7M in FY23/24. Accordingly, the GL2 Committee declared an assessment of $25M in FY23/24 and an additional assessments of $7.1M in FY24/25. These actions brought equity positive at the end of each of the aforementioned years. Projections for net position remain positive at the end of both the FY25/26 and FY26/27 at $5.3M.

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Adopted: June 3, 2010
Last Revised: April 2, 2026

PRISM

General Liability 2 (GL2)
Program Budget Policies

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.
- 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.
- Work with lobbyist and other public entities on advancing tort reform ideas.

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.
- In 2024, the Program agreed to commute its policies with a reinsurer – AmTrust. As there are still open claims in those years, the GL2 Committee will review the financial position on an annual basis as of December 31st, and determine whether there are unfunded liabilities that need to be funded and, if so, how to fund them.

- 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.
- 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 the previous years' administration expense could flow to the Program's net position, at the 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 2 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.

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- 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.
- There is a $2,000,000 budget line-item to provide funding for additional legislative lobbying for Tort Reform

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 five-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, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	$ 209,509,299	$ 258,334,171	$ 258,334,171	$ 274,320,263	$ 338,773,379	$ 64,453,116	23%	Includes Placement Broker Fee
Contributions for Retained Risk (Assessment)	7,100,000	0	0	0	0	0	0%	Assessments from AmTrust Commutation in FY24/25
Public Entity Broker Fees	1,592,402	2,176,719	2,176,719	2,061,790	2,176,719	114,929	6%	
Investment Income	538,809	799,299	799,299	250,000	0	(250,000)	-100%	
Member Finance Fees	177,538	164,845	164,845	75,000	80,000	5,000	7%	
Administration Fees	5,384,538	6,282,823	6,282,823	6,036,561	10,139,833	4,103,272	68%	Significant additions to Liability Claims Department flow through to GL1 and GL2 programs per Gen Admin cost allocation model, along with monies for legislative reform
Other Income	76,901	260,642	260,642	970,000	750,000	(220,000)	-23%	Commission rebate in FY25/26 and FY26/27
TOTAL REVENUES	**224,379,487**	**268,018,499**	**268,018,499**	**283,713,614**	**351,919,931**	**68,206,317**	**24%**	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	209,509,299	258,590,102	258,590,102	274,320,263	339,523,379	65,203,116	24%	Includes Placement Broker Fee
Provision for Claims - Prior Year	2,060,568	793,807	(3,000,000)	0	0	0	0%	Claims from AmTrust Commutation
Public Entity Broker Fees	1,592,402	2,176,719	2,176,719	2,061,790	2,176,719	114,929	6%	
Provision for ULAE	(82,000)	0	105,000	707,000	766,000	59,000	8%	
Total Retained and Transferred Risk	213,080,269	261,560,628	257,871,821	277,089,053	342,466,098	65,377,045	24%	
Program Administration								
Legislative Reform	0	0	0	0	2,000,000	2,000,000	100%	Support for legislative reform beginning FY26/27
ISO Fees	27,980	16,681	30,000	30,000	82,000	52,000	173%	
Member Actuarial Studies	30,000	26,000	54,000	54,000	40,000	(14,000)	-26%	
Legal Services	817,525	293,866	550,000	1,020,000	1,130,000	110,000	11%	
Member Claims Audit	126,750	6,250	70,000	40,000	70,000	30,000	75%	
Crisis Management Services	0	0	12,500	50,000	50,000	0	0%	
Financing Expense	60,883	26,923	400,000	0	0	0	0%	
Other Program Expense	73,325	0	0	0	650,000	650,000	0%	FY24/25 Write off bad debt FY26/27 Case assessment incentive program
Total Program Administration	1,136,463	369,720	1,116,500	1,194,000	4,022,000	2,828,000	237%	
Discretionary Delegated to GL2 Committee	0	0	0	50,000	50,000	0	0%	Available with two-thirds vote of GL2 Committee
TOTAL EXPENSES	**214,216,732**	**261,930,348**	**258,988,321**	**278,333,053**	**346,538,098**	**68,205,045**	**25%**	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(3,293,917)	(3,864,320)	(3,864,320)	(3,864,320)	(5,031,742)	1,167,422	30%	
PRISM Claims System Costs	(207,903)	(217,378)	(217,378)	(217,378)	(265,703)	48,325	22%	
Investment Fees	(4,182)	(4,028)	(8,056)	(3,863)	(4,388)	525	14%	External investment management fees
TOTAL TRANSFERS	**(3,506,002)**	**(4,085,726)**	**(4,089,754)**	**(4,085,561)**	**(5,301,833)**	**1,216,272**	**30%**	
Net Increase or (Decrease)	6,656,753	2,002,425	4,940,424	1,295,000	80,000	1,217,544	94%	
NET POSITION - JULY 1	(6,328,354)	328,399	328,399	1,659,903	5,268,823			
NET POSITION - JUNE 30	328,399	2,330,824	5,268,823	2,954,903	5,348,823			

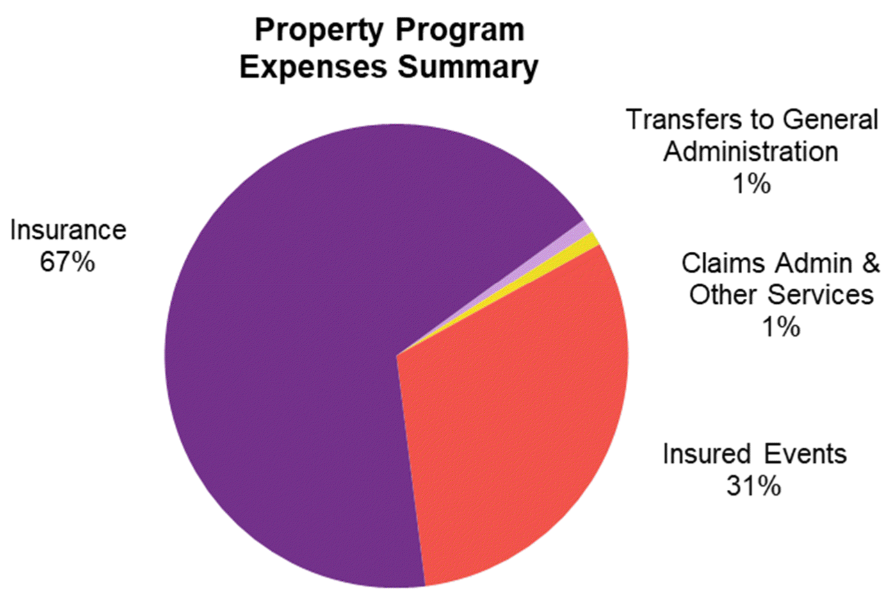
Property

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 $7.5M per occurrence, per tower with a $100M annual aggregate. Insurance is purchased for layers above the primary layer, with some exceptions.

Program Revenue Summary:

Number of Members	123
Member Deductibles	$25,000 to $250,000
Insured Values	$122 Billion
Pool Premium	$93.2 Million
Insurance	$200.1 Million
Claims Administration	$3.5 Million
Administration and Fees	$5.8 Million
Projected Investment Income	$2.1 Million
Other Income	$6 Million

A summary of the Property Program budget is as follows:



The Property program began retaining risk in the primary layer with the 2022/23 policy year. The Program's healthy net position was used the first two years (2022/23 and 2023/24) 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 2021/22 to $17.4M at the end of 2023/24. Collections were increased to cover losses and stabilize net position starting in 2024/25 and net position increased to $51.6M by the end of the year. The Property program is expected retain a surplus of $57.2M and $62.4M at June 30, 2026 and 2027, respectively.

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Adopted: May 20, 2010
Amended: March 16, 2026

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 administration services.
- Continue to evaluate transfer of risk opportunities in PRISM's Captive.
- Provide rate relief to members by offering higher deductibles and corridor deductible options
- Establish Target Funding Guidelines
- Evaluate the feasibility of continuing to offer the Earthquake Deductible quota share arrangement if the Earthquake Deductible Cap is raised by the markets.

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.
- Utilize Spectra as the Program's claims administration system and data warehouse
- 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.
- 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.
- 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.
- PRISM Program Internal Guarantee Account (PIGA) member contributions are set at 1% of the premium for transferred risk.

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.
- 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 coming year.

- An expense budget of $25,000 has been delegated to the Property Committee for any unforeseen budget expenses. 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.
- The claims system expense includes the cost to develop our claims system, Spectra, to include a property administration module.
- Each member is entitled to subsidy of $2,000 towards the cost of member actuarial studies.
- 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 five-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.
- 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
PROPERTY PROGRAM
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	$ 176,393,139	$ 159,199,611	$ 204,919,388	$ 200,770,376	$ 200,141,593	$ (628,783)	0%	Incl. PIGA, net of commission rebates
Premiums for Claims Admin	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	0	0%	
Contributions for Retained Risk	118,452,193	72,339,147	95,639,147	116,900,000	93,200,000	(23,700,000)	-20%	FY26/27 includes pooled risk up to $7.5M per occurrence plus retentions & quota shares.
Stabilization Funds	22,468	209,140	209,140	0	0	0	0%	From new member additions
Investment Income	5,342,265	4,437,622	5,341,016	1,800,000	5,800,000	4,000,000	222%	
Member Finance Fees	14,466	8,501	8,501	10,000	10,000	0	0%	
Administration Fees	2,062,653	1,627,701	2,252,211	2,346,736	2,074,636	(272,100)	-12%	Includes Risk Control grants pass thru item
Other Income	6,416,556	5,744,837	7,236,087	7,734,783	5,965,000	(1,769,783)	-23%	Property Commission Rebates
TOTAL REVENUES	**312,203,740**	**247,066,559**	**319,105,490**	**333,061,895**	**310,691,229**	**(22,370,666)**	**-7%**	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	176,393,139	159,199,611	204,919,388	200,770,376	206,106,593	5,336,217	3%	Incl. PIGA and premium that is already prepaid to carriers but will be an expense on the FY26/27 financial statements
Provision for claims	96,422,373	80,014,967	103,314,967	113,365,000	93,200,000	(20,165,000)	-18%	Claims for primary layer pool expensed as incurred
Provision for ULAE	4,000	0	(1,000)	80,000	80,000	0	0%	
Total Retained and Transferred Risk	272,819,512	239,214,578	308,233,355	314,215,376	299,386,593	(14,828,783)	-5%	
Program Administration								
Financing Expenses	0	0	250,000	600,000	600,000	0	0%	Interest on interfund borrowing
Legal Services	9,326	600	14,600	20,000	20,000	0	0%	
Claims Admin	3,681,755	1,565,455	3,300,000	3,500,000	3,500,000	0	0%	Increase based on actual expense in previous year
PRISM Claims Audits	6,250	0	0	0	10,000	10,000	100%	Audit in FY24/25 and FY26/27
Crisis Management Services	0	0	12,500	50,000	50,000	0	0%	
Member Actuarial Studies	12,825	9,050	30,000	180,000	20,000	(160,000)	100%	Approved by the committee starting March 2024
Property Appraisals	26,695	31,802	85,000	135,000	148,500	13,500	10%	
Risk Management/LP Services	350,000	350,000	350,000	350,000	385,000	35,000	10%	Includes Risk Control Grants, pass thru item
Total Program Administration	4,086,851	1,956,907	4,042,100	4,835,000	4,733,500	(101,500)	-2%	
Discretionary Delegated to Property Committee	0	0	0	25,000	25,000	0	0%	Available with two-thirds vote of Property Committee
TOTAL EXPENSES	**276,906,363**	**241,171,485**	**312,275,455**	**319,075,376**	**304,145,093**	**$ (14,930,283)**	**-5%**	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(981,374)	(1,200,540)	(1,200,540)	(1,200,540)	(1,211,747)	11,207	1%	
PRISM Claims System Costs	(30,130)	(31,543)	(31,543)	(31,543)	(41,884)	10,341	33%	
Investment Fees	(63,304)	(29,501)	(59,002)	(76,502)	(82,505)	6,003	8%	External investment management fees
TOTAL TRANSFERS	**(1,074,808)**	**(1,261,584)**	**(1,291,085)**	**(1,308,585)**	**(1,336,136)**	**27,551**	**2%**	
Net Increase or (Decrease)	34,222,569	4,633,490	5,538,950	12,677,934	5,210,000	(7,467,934)	-59%	
NET POSITION - JULY 1	17,410,190	51,632,759	51,632,759	40,470,188	57,171,709			
NET POSITION - JUNE 30	51,632,759	56,266,249	57,171,709	53,148,122	62,381,709			
Net Position Designated for:								
Margin for Claim Development	5,734,408	5,943,547	5,943,547	5,734,408	5,943,547			
Undesignated	45,898,351	50,322,702	51,228,162	47,413,714	56,438,162			
Total Net Position	51,632,759	56,266,249	57,171,709	53,148,122	62,381,709			

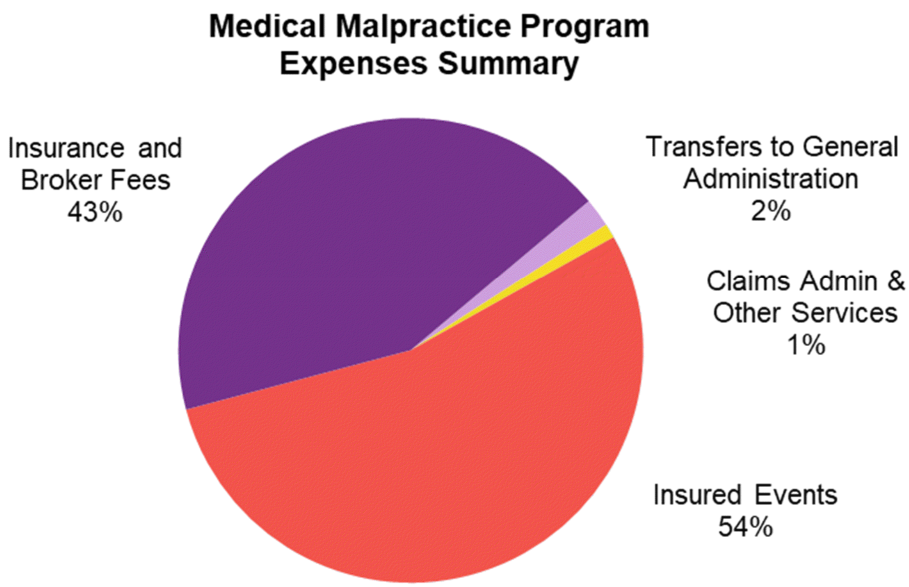
Medical Malpractice

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	54
Pool Premium	$32.4 Million
Insurance and Broker Fees	$21.1 Million
Premium to ARC	$1.9 Million
Claims Administration	$261 Thousand
Administration and Fees	$1.3 Million
Projected Investment Income	$3.2 Million
Loss Prevention Subsidy	$1,000 per member

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



The Medical Malpractice Program budgeted an increase in its Net Position by $11.1M in 2026/27. 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.

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Medical Malpractice Program Budget Policies

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.
- Continue to monitor the development and advancement of the new JPA for jail medical services.
- Evaluate the feasibility of providing program claims administration (Program 2) and oversight of member claim administration (Program 1) in-house.
- Evaluate the program's mobile and off-site medical malpractice exposures to assess the Committee's coverage intent and to potentially reflect in the program's MOC.
- 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 as well as the low frequency and high claim severity nature 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 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.
- 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.
- PRISM Program Internal Guarantee Account (PIGA) member contributions are set at 1% of the premium for transferred risk.

Expenses

- The Medical Malpractice Committee may annually consider returning available 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 five-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.
- Investment Fees are charged to the programs based on the average daily balance of program funds invested.

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PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MEDICAL MALPRACTICE PROGRAM
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	$ 16,345,249	$ 17,968,926	$ 17,968,926	$ 20,034,758	$ 21,077,377	$ 1,042,619	5%	Incl. PIGA in FY25/26 budget, forward
Contributions for Retained Risk	27,079,366	32,605,715	32,605,715	41,247,184	34,345,836	(6,901,348)	-17%	80% Confidence Level, discounted at 3%
Public Entity Broker Fees	16,335	19,439	19,439	20,497	18,531	(1,966)	-10%	
Investment Income	4,809,836	2,426,556	3,154,523	1,800,000	3,200,000	1,400,000	78%	
Member Finance Fees	486	2,666	2,666	0	0	0	0%	
Claims Administration Fees	584,484	305,145	305,145	610,290	0	(610,290)	-100%	In-house claims admin eff. 7/1/26
Administration Fees	1,343,792	1,366,195	1,366,195	1,251,610	1,553,568	301,958	24%	General Admin and Garrett Consulting Fees
Other Income	0	75,787	75,787	0	0	0	0%	FY25/26 Commission Rebate
TOTAL REVENUES	**50,179,548**	**54,770,429**	**55,498,396**	**64,964,339**	**60,195,312**	**(4,769,027)**	**-7%**	
EXPENSES:								
Member Dividends	2,211,435	0	0	0	0	0	0%	FY24/25 returned overage from Reliance Years assessment
Retained and Transferred Risk								
Premium for Transferred Risk	16,483,061	17,968,926	17,968,926	20,034,758	21,077,377	1,042,619	5%	Incl. PIGA in FY25/26 budget, forward
Public Entity Broker Fees	16,335	19,439	19,439	20,497	18,531	(1,966)	-10%	
Provision for Claims - Current Year	19,374,303	20,007,414	21,600,000	22,918,000	26,457,000	3,539,000	15%	Estimated at expected discounted
Provision for Claims - Prior Year	19,244,827	741,061	(2,100,000)	0	0	0	0%	
Provision for ULAE	149,000	0	(36,000)	113,000	127,000	14,000	12%	
Total Retained and Transferred Risk	55,267,526	38,736,840	37,452,365	43,086,255	47,679,908	4,593,653	11%	
Program Administration								
ISO Index Fees	0	0	0	500	500	0	0%	
Legal Expenses	193,265	11,730	35,000	125,000	75,000	(50,000)	-40%	Legal - coverage counsel
Claims & Loss Prevention Administration	584,484	305,145	610,290	610,290	260,952	(349,338)	-57%	In-house claims admin eff. 7/1/26, Incl. Garrett Consulting
Member Actuarial Studies	8,000	4,000	10,000	10,000	10,000	0	0%	
Claim Audits	6,250	0	15,000	15,000	15,000	0	0%	
Crisis Management Services	0	0	12,500	50,000	50,000	0	0%	
Other Program Expense	4,842	0	0	0	0	0	0%	
Total Program Administration	796,841	320,875	682,790	810,790	411,452	(399,338)	-49%	
Discretionary 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	**58,275,802**	**39,057,715**	**38,135,155**	**43,922,045**	**48,116,360**	**4,194,315**	**10%**	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(859,916)	(782,850)	(782,850)	(782,850)	(884,264)	101,414	13%	
PRISM Claims System Costs	(66,295)	(69,039)	(69,039)	(69,039)	(61,084)	(7,955)	-12%	
Investment Fees	(42,383)	(15,764)	(31,528)	(37,381)	(42,457)	5,076	14%	External investment management fees
TOTAL TRANSFERS	**(968,594)**	**(867,653)**	**(883,417)**	**(889,270)**	**(987,805)**	**98,535**	**11%**	
Net Increase or (Decrease)	(9,064,848)	14,845,061	16,479,824	20,153,024	11,091,147	(9,061,877)	-45%	
NET POSITION - JULY 1	22,943,308	13,878,460	13,878,460	11,418,319	30,358,284			
NET POSITION - JUNE 30	13,878,460	28,723,521	30,358,284	31,571,343	41,449,431			
Target Equity								
Low Range	14,130,000	20,940,000	20,940,000	21,610,000	21,040,000			
High Range	27,318,000	54,105,000	54,105,000	41,725,000	54,377,000			

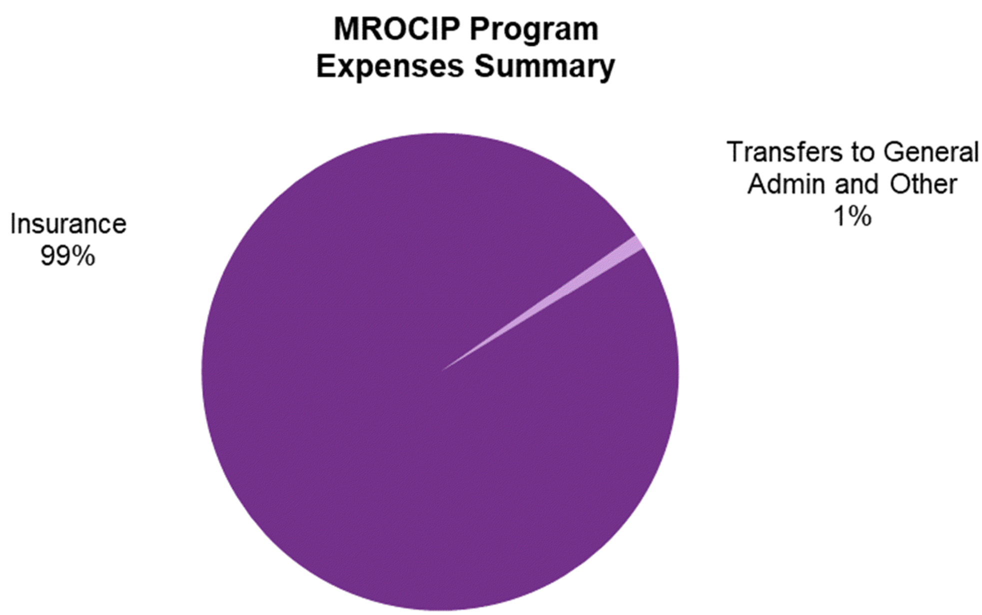
Master Rolling Owner Controlled Insurance Program

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 three 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 $60k.

PRISM

Adopted: June 5, 2014
Last Amended: May 7, 2026

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

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 schools, jails, health care, and water/wastewater projects for CA public entities.
- Evaluate offering a “liability-only” option for Tower 2.
- Evaluate expanding the program out of state by offering stand-alone placements in the short term.
- Continue sourcing upcoming CA OCIP projects via the DODGE report.
- Maintain memberships in both CSAC and RCRC with participation in both Annual Conferences.

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, 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 to the General Administration Program are used to pay for PRISM staff and all other administrative costs. The administrative costs for MR OCIP are based on a flat fee of $75,000 and is reviewed annually.
- 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, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	$ 3,453,362	$ 1,877,410	$ 2,059,915	$ 10,000,000	$ 10,000,000	$ 0	0%	
Investment Income	6,598	3,143	4,086	0	0	0	0%	
Administration Fees	58,211	0	0	140,000	140,000	0	0%	
TOTAL REVENUES	**3,518,171**	**1,880,553**	**2,064,001**	**10,140,000**	**10,140,000**	**0**	**0%**	
EXPENSES:								
Retained and Transferred Risk								
Insurance Purchased	3,453,362	1,877,410	2,059,915	10,000,000	10,000,000	0	0%	
Financing Expenses	1,957	0	0	5,000	5,000	0	0%	
Total Retained and Transferred Risk	3,455,319	1,877,410	2,059,915	10,005,000	10,005,000	0	0%	
TOTAL EXPENSES	**3,455,319**	**1,877,410**	**2,059,915**	**10,005,000**	**10,005,000**	**0**	**0%**	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(55,870)	(81,440)	(81,440)	(81,440)	(75,000)	(6,440)	-8%	
Investment Fees	(91)	(21)	(42)	(12)	(55)	43	358%	External investment management fees
TOTAL TRANSFERS	**(55,961)**	**(81,461)**	**(81,482)**	**(81,452)**	**(75,055)**	**(6,397)**	**-8%**	
Net Increase or (Decrease)	6,891	(78,318)	(77,396)	53,548	59,945	6,397	12%	
NET POSITION - JULY 1	386,784	393,675	393,675	390,007	316,279			
NET POSITION - JUNE 30	393,675	315,357	316,279	443,555	376,224			

PRISM Internal Guarantee Account (PIGA)

To protect the various programs, PRISM added an internal guarantee fund as a pooled program in 2024/25: PRISM Internal Guarantee Account (PIGA). PIGA is conceptually similar to a guarantee fund like CIGA. The Program collects premiums from participating programs and provides limited coverage in the event of carrier insolvencies and, for Non-Pooled Coverage Programs where there are aggregate limits, provides a layer of protection in the event of aggregate limit exhaustion. Conceptually, this should eliminate or reduce the need for retrospective assessments to members.

Participants are PRISM programs, and participation must be approved by the program's governing body. PIGA is not offered to members on an individual basis. Five pooled programs and seven of the Non-Pooled Coverage Programs elected to participate in PIGA: PWC, EWC, GL1, Medical Malpractice, Property, Aircraft/Airport, Catastrophic Inmate Medical Insurance (CIMI), Crime, Cyber Liability, Optional Excess Liability (OEL), Pollution, and Watercraft.

Participating programs pay PIGA for coverage: 1% of premium for the pooled programs and 2% of premium for the Non-Pooled Coverage Programs. PIGA transfers the risk and related funding to PRISM's captive: ARC. Accordingly, revenue and expense for PIGA are equal and the net position for PIGA is - and will remain - zero.

PRISM

Adopted: May 7, 2026

Program Internal Guarantee Account (PIGA)
Program Budget Policy

Program goals for PIGA include the following:

Short-Term Goals

- Develop actuarially sound framework for calculating participating program premiums.

Long-Term Goals

- Maintain a financially sustainable program that provides some protection in the event of insurer insolvency for all participating Programs or the exhaustion of reinsurance aggregate limits for participating Non-Pooled Coverage Programs.
- Develop and implement a Target Funding Policy to guide premium calculations, surplus adequacy targets, yearly accumulation, and potential future premium reductions.
- Continuously evaluate opportunities to either expand or refine coverage limits, structure, and cost based on program needs, loss volatility, likelihood of insurer insolvency, and financial performance.
- Continue to transfer risk, funding, and utilize PRISM ARC to maximize long-term investment returns and capital efficiency.

Budget Policies for PIGA include the following:

Revenues and Expenses

- Participating programs pay PIGA for coverage: 1% of premium for Pooled Coverage Programs and 2% of premium for participating Non-Pooled Coverage Programs.
- PIGA transfers the risk and related funding to PRISM's captive: PRISM ARC.
- Accordingly, revenue and expense for PIGA are equal and the net position for PIGA is - and will remain - zero.

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PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRISM INTERNAL GUARANTEE ACCOUNT (PIGA)
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	$ 5,127,377	$ 5,337,904	$ 5,337,904	$ 6,566,373	$ 5,773,758	$ (792,615)	-12%	PIGA revenue is passed thru to ARC
TOTAL REVENUES	**5,127,377**	**5,337,904**	**5,337,904**	**6,566,373**	**5,773,758**	**(792,615)**	**-12%**	
EXPENSES:								
Transferred Risk								
Insurance Purchased	5,127,377	5,337,904	5,337,904	6,566,373	5,773,758	(792,615)	-12%	PIGA revenue is passed thru to ARC
Total Transferred Risk	5,127,377	5,337,904	5,337,904	6,566,373	5,773,758	(792,615)	-12%	
TOTAL EXPENSES	**5,127,377**	**5,337,904**	**5,337,904**	**6,566,373**	**5,773,758**	**(792,615)**	**-12%**	
Net Increase or (Decrease)	0	0	0	0	0	0	0%	
NET POSITION - JULY 1	0	0	0	0	0			
NET POSITION - JUNE 30	0	0	0	0	0			

PRISMHealth

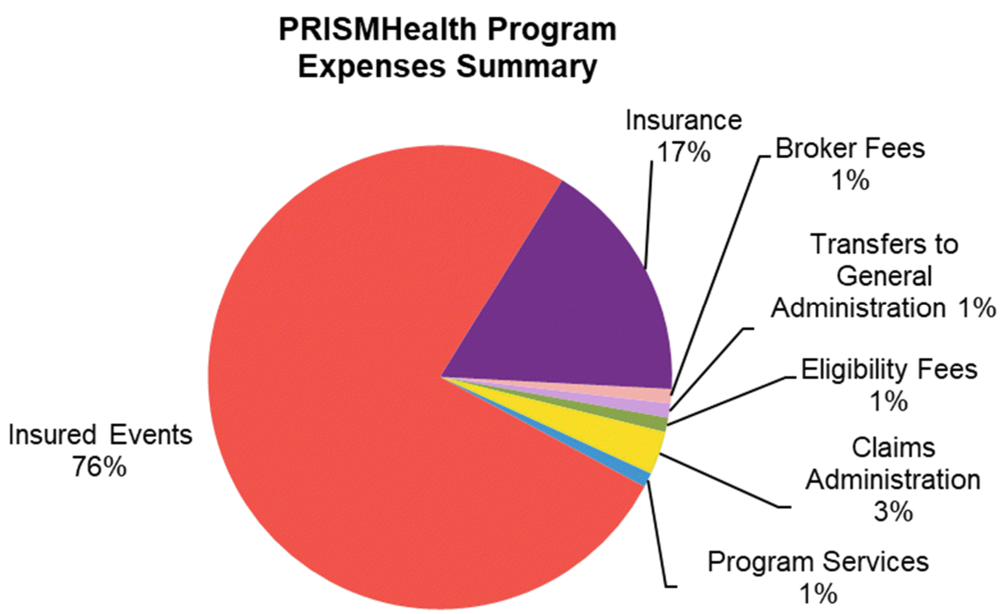
The PRISMHealth Program was formed to provide PRISM members with a more cost-efficient alternative to their current health and benefit plans.

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	51
PRISMHealth Pool Premium	$813.9 Million
Insurance	$177.4 Million
Claims Administration	$28.3 Million
Broker Fees	$8.1 Million
Eligibility Fees	$6.7 Million
Administration and Fees	$1.7 Million
Other Income	$22.1 Million
Projected Investment Income	$2 Million

A summary of the PRISMHealth Program budget is as follows:



The PRISMHealth Program began pooling claims effective October 1, 2025. The net position of the program dropped fiscal year to date at December 31, 2025 as premiums and losses (including loss estimates) exceeded revenue collection. The program renews on a calendar year and staff worked with external actuaries to set rates for calendar year 2026 to be more in line with recent loss experience. A $30M return of equity from PRISM's former partner in the program, Self-Insured Schools of California (SISC), was budgeted in FY25/26 but has not materialized. Projected net position is anticipated to increase to $18.3M at June 30, 2026, and is budgeted to increase to $46.7M at June 30, 2027.

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PRISMHealth
Program Budget Policy

Program Goals for the PRISMHealth Program include the following:

Short Term Goals

- Monitor Navitus and Digbi services; work to stabilize member experience
- Increase Member participation in committee meetings
- Continue to present health care cost containment strategies
- Conduct annual Member Stakeholder meetings
- Maintain appropriate funding levels, validate IBNR and reserve adequacy, and monitor emerging claims trends
- Review carrier/vendor service expectations and performance
- Evaluation of program need for cyber liability coverage
- Develop and issue a Request for Proposal (RFP) for a PRISMHealth content portal to support centralized communication

Long Term Goals

- Expand value-added offerings such as centers of excellence, chronic condition management, infertility and navigation services
- Evaluate retiree coverage solutions to include Medicare plan options
- Growth of Navigator and Dynamic Copay solutions
- Evaluate benefits administration consolidation to a single platform
- Conduct a program wide dependent audit

Budget Policies for the PRISMHealth Program include the following:

Revenues

- Premiums for retained and transferred risk are actuarially determined based on the Claims Performance Risk Adjustment (CPRA) methodology approved by the PRISMHealth Committee. Each year the PRISMHealth Committee reviews and approves the pooled program renewal in order to maintain and appropriate funding level.
- Broker fees are charged to all program members. The amount charged is based on our broker contract and is a fixed per employee, per month fee applied to all program member funding rates. The current broker fee is set as a not to exceed 1% of premium.
- PRISM administration fee is approved at $3.00 per employee, per month and is applied to all program member funding rates.

- Additional services that are applicable to the administration of the PRISMHealth Program are included in the member funding rates as per employee, per month fixed costs:
    - Claims Administration/Provider Network
    - Pharmacy Benefit Manager
    - Benefits Administration/Eligibility Maintenance
    - Data Analytics
    - Specialized Cost Containment Services
    - Healthcare Navigation Support Services
    - Stop Loss Coverage
- 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 PRISMHealth Member Subsidy was created to offset unexpected costs related to benefits administration changes. The PRISMHealth Member Subsidy is $5,000 each year.
- Revenue is allocated to support the annual operating budget, including staffing, consulting and broker services, vendor management, program development, technology, and member engagement activities, ensuring the program remains self-sustaining and operationally effective.

Expenses

- The PRISMHealth Committee may annually consider returing available net position to members in the form of dividends and/or additional services as decided by the Committee.
- The PRISMHealth program provides reimbursement of travel expenses for non-Committee members attending PRISMHealth Committee meetings.
- The PRISMHealth program expense provides for the operating cost of annual symposiums conducted to update members on current health industry issues. The cost includes reimbursements of travel costs incurred by members to attend the event.
- In representation of program carriers/vendors, an expense budget of $15k has been allocated for staff to attend annual open enrollment and health fair events.
- 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-third 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 administrative costs are allocated to all PRISM programs based on a five-year average of staff time.
- The Member Subsidy Fund of $5,000, per member is transferred to the General Administration Program and added to each member's subsidy account balance.
- 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
PRISMHEALTH PROGRAM
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	$ 741,614,595	$ 227,213,880	$ 309,780,420	$ 332,780,771	$ 177,434,250	$ (155,346,521)	-47%	SISC thru Oct 2025 and Kaiser premium +Trans Risk + 15.9% from FY26/27
PRISMHealth Pool Premiums / Reserves	12,704,422	163,367,111	562,375,423	534,471,000	813,887,933	279,416,933	52%	Risk Pool starts Oct 2025
Third Party Administrator Fees	3,958,886	2,031,952	4,063,904	4,731,730	6,699,089	1,967,359	42%	BCC/Business Solver/Pinnacle/BRMS
ASO Fees for PRISMHealth Program	27,366,279	14,108,101	29,756,579	25,684,742	28,069,244	2,384,502	9%	Carrier admin service organizations
Broker Fees	7,785,637	3,821,638	7,643,276	10,862,000	8,102,088	(2,759,912)	-25%	Alliant Consulting and Underwriting Fees
Administration Fees	1,326,961	1,096,729	2,193,458	2,654,071	1,701,000	(953,071)	-36%	PRISM Admin Fee – Adjusted to reflect appropriate GA Transfer
Healthcare Reform Reinsurance Fee and PCORI Fee	227,450	111,472	222,944	228,000	270,000	42,000	18%	ACA Compliance (PCORI and RxDC reporting)
Member Finance Fees	16,144	0	0	0	0	0	0%	
Investment Income	672,637	841,822	1,094,369	500,000	2,000,000	1,500,000	300%	
Other Income	20,000	882,412	17,944,323	30,000,000	22,134,756	(7,865,244)	-26%	FY25/26 Budgeted for SISC payout of accumulated equity $30M FY25/26 Actual and Budget FY26/27 is Pharmacy Rebates
TOTAL REVENUES	**795,693,011**	**413,475,117**	**935,074,696**	**941,912,314**	**1,060,298,360**	**118,386,046**	**13%**	
EXPENSES:								
Member Dividends (Interest on Outstanding Balances)	26,038	0	9,000	9,000	9,000	0	0%	Interest payable on Uncashed Dividend Balances, one member left
Retained and Transferred Risk								
Health Premiums	741,614,595	228,095,489	$ 310,662,029	332,780,771	177,434,250	(155,346,521)	-47%	SISC thru Oct 2025 and Kaiser premium
Provision for Claims Current Year	0	176,598,404	580,677,112	521,971,000	809,663,081	287,692,081	55%	Risk Pool starts Oct 2025
Claims Admin. ASO Fees	27,366,279	15,648,478	31,296,956	25,684,742	28,069,244	2,384,502	9%	
Broker Fees	7,785,637	3,821,638	7,643,276	10,862,000	8,102,088	(2,759,912)	-25%	
Third Party Administration Fees	3,958,886	2,031,952	4,063,904	4,731,730	6,699,089	1,967,359	42%	
Healthcare Reform Reinsurance Fee and PCORI Fee	227,450	111,472	222,944	228,000	270,000	42,000	18%	
Total Retained and Transferred Risk	780,952,847	426,307,433	934,566,221	896,258,243	1,030,237,752	133,979,509	15%	
Program Administration								
PRISM Actuarial, Consulting and Other	48,000	52,605	155,210	200,000	250,000	50,000	25%	Legal budget for Risk Pool
PRISMHealth Symposium and Technician Workshop	121,175	0	50,000	100,000	90,600	(9,400)	-9%	
Other Misc. Expense	21,100	75,425	0	0	0	0	0%	
Total Program Administration	190,275	128,030	205,210	300,000	340,600	40,600	14%	
Discretionary Delegated to Governing Committee	0	0	0	25,000	25,000	0	0%	Available with two-thirds vote of PRISMHealth Committee
TOTAL EXPENSES:	**781,169,160**	**426,435,463**	**934,780,431**	**896,592,243**	**1,030,612,352**	**134,020,109**	**15%**	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRISMHEALTH PROGRAM
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
Transfer out accumulated Performance Guarantee Funds to Dental	(109,824)	0	0	0	0	0	0%	
General Administration	(631,577)	(651,500)	(651,500)	(651,500)	(1,275,627)	624,127	96%	
Investment Fees	(5,677)	(6,018)	(12,036)	(3,638)	(13,634)	9,996	275%	External investment management fees
TOTAL TRANSFERS	**(747,078)**	**(657,518)**	**(663,536)**	**(655,138)**	**(1,289,261)**	**634,123**	**97%**	
Net Increase or (Decrease)	13,776,773	(13,617,864)	(369,271)	44,664,933	28,396,747	(16,268,186)	-36%	
NET POSITION - JULY 1	4,901,820	18,678,593	18,678,593	18,235,107	18,309,322			
NET POSITION - JUNE 30	18,678,593	5,060,729	18,309,322	62,900,040	46,706,069			
Balance in Admin Carryover	1,915,427	2,226,608	3,240,139	3,533,163	3,311,278			
Unrestricted Net Position	16,763,166	2,834,121	15,069,183	59,366,877	43,394,791			
Total Net Position	18,678,593	5,060,729	18,309,322	62,900,040	46,706,069			

Dental

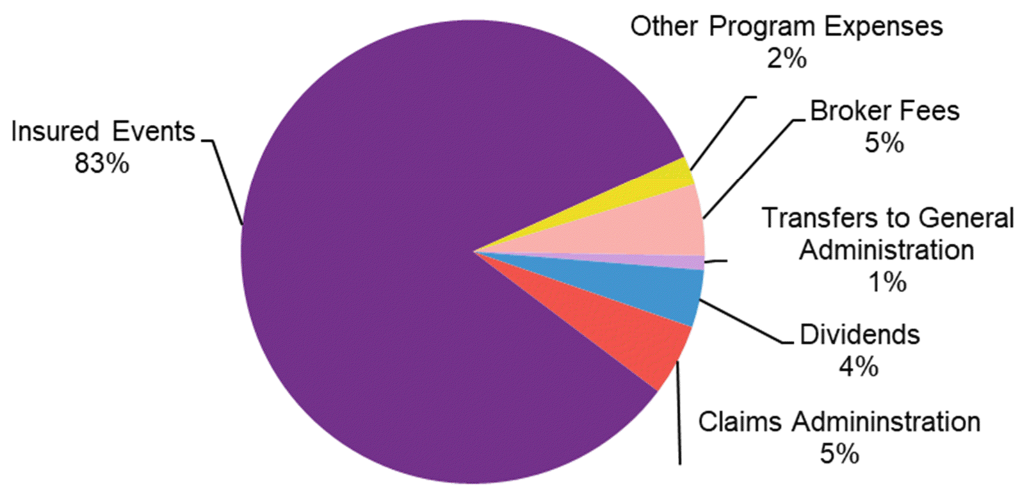
The Dental Program was created to provide members with comprehensive dental coverage and flexible benefit plan designs at the lowest possible rates. As a joint purchasing program, PRISM is able to leverage the size of its pooled participants to achieve volume pricing that is significantly lower than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

Program Revenue Summary:

Number of Members	189
Pool Premium	$50 Million
Broker Fees	$2.8 Million
Administration	$264 Thousand
Eligibility Fees	$956 Thousand
Projected Investment Income	$300 Thousand

A summary of the Dental Program budget is as follows:

Dental Program Expenses Summary



Two million is budgeted for return to members via dividend in 2026/27, resulting in a planned decrease of $1.9M in the program's net position.

PRISM

Adopted: May 17, 2012
Last Revised: February 25, 2026

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
- Ameritas Promotion as a Dental Program Partner
- Market review for program competitiveness
- Build out Member resources and accessibility
- Review Target Funding Policy & Claim Margin Analysis
- Feasibility review of National Expansion
- Review Program Benefits Administrator

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
- Review future capabilities of BCC Administration – CalPERS Connectivity

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.
  - PRISM Admin Fee is a per employee, per month fee used to fund PRISM program management.

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

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, combined with the PRISM dental admin fee, 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.

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PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
DENTAL PROGRAM
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Contributions for Retained Risk	$ 45,823,522	$ 23,560,752	$ 47,121,504	$ 47,519,000	$ 49,953,730	$ 2,434,730	5%	Includes the TPA fees
PRISM DHMO Pool Pass Thru Revenue	402,597	0	0	572,000	0	0	0%	DHMO discontinued effective 1/1/2025
Eligibility Administration	1,357,054	694,141	1,388,282	875,000	955,910	80,910	9%	
Broker Fees	3,494,589	2,120,115	4,240,230	2,881,156	2,764,410	(116,746)	-4%	Updated to reflect new compensation structure eff. 1/1/25
Administration Fees	0	0	130,000	130,000	263,790	133,790	103%	PRISM Admin Fees start 1/1/2025
Investment Income	625,144	232,401	302,121	400,000	300,000	(100,000)	-25%	
TOTAL REVENUES	**51,702,906**	**26,607,409**	**53,182,137**	**52,377,156**	**54,237,840**	**2,432,684**	**5%**	
EXPENSES:								
Member Dividends	3,000,000	0	0	2,000,000	2,000,000	0	0%	
Retained and Transferred Risk								
Provision for Claims Current Year	41,801,120	21,607,493	43,214,986	44,385,000	46,872,220	2,487,220	6%	
PRISM DHMO Pool Pass Thru Expense	402,597	0	0	572,000	0	(572,000)	-100%	DHMO discontinued effective 1/1/2025
Claims Administration TPA Fees	2,790,398	1,403,265	2,806,530	3,134,000	3,081,510	(52,490)	-2%	Paid to Dental Carriers
Eligibility Administration	1,357,054	694,141	1,388,282	875,000	955,910	80,910	9%	Paid to Benefits Administrator for maintaining eligibility and billing
Broker Fees	3,494,589	2,120,115	4,240,230	2,881,156	2,764,410	(116,746)	-4%	
Total Retained and Transferred Risk	49,845,758	25,825,014	51,650,028	51,847,156	53,674,050	1,826,894	4%	
Program Administration								
Actuarial, Consulting and Legal	4,800	6,000	7,500	7,500	12,000	4,500	60%	
Employee Benefit & Health Symposiums	30,281	0	25,000	25,000	60,400	35,400	142%	
Other Program Expense	5,473	8	8	0	0	0	0%	
Total Program Administration	40,554	6,008	32,508	32,500	72,400	39,900	123%	
TOTAL EXPENSES	**52,886,312**	**25,831,022**	**51,682,536**	**53,879,656**	**55,746,450**	**1,866,794**	**3%**	
TRANSFERS:								
Transfers in (out) to:								
Transfer of accumulated Performance Guarantee Funds from PRISMHealth	109,824	0	0	0	0	0	0%	
Interfund borrowing interest income	0	5,522	11,044	11,044	0	11,044	-100%	Interest paid thru 3/31/26 from Vision program for loan of start-up funds
General Administration	(388,663)	(362,530)	(362,530)	(362,530)	(419,054)	56,524	16%	
Investment Fees	(5,571)	(1,514)	(3,028)	(4,758)	(4,150)	(608)	-13%	External investment management fees
TOTAL TRANSFERS	**(284,410)**	**(358,522)**	**(354,514)**	**(356,244)**	**(423,204)**	**66,960**	**19%**	
Net Increase or (Decrease)	(1,467,816)	417,865	1,145,087	(1,858,744)	(1,931,814)	498,930	-27%	
NET POSITION - JULY 1	9,825,415	8,357,599	8,357,599	10,335,494	9,502,686			
NET POSITION - JUNE 30	8,357,599	8,775,464	9,502,686	8,476,750	7,570,872			
Net Position Designated for:								
Program Stabilization Funds - member designated	546,068	529,429	526,490	558,777	526,490			
Dental Claim Fluctuation Reserves	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000			
Admin Carryover	502,582	370,453	417,681	382,240	222,077			
Unrestricted Net Position	2,208,949	2,775,582	3,458,515	2,435,733	1,722,305			
Total Net Position	8,357,599	8,775,464	9,502,686	8,476,750	7,570,872			

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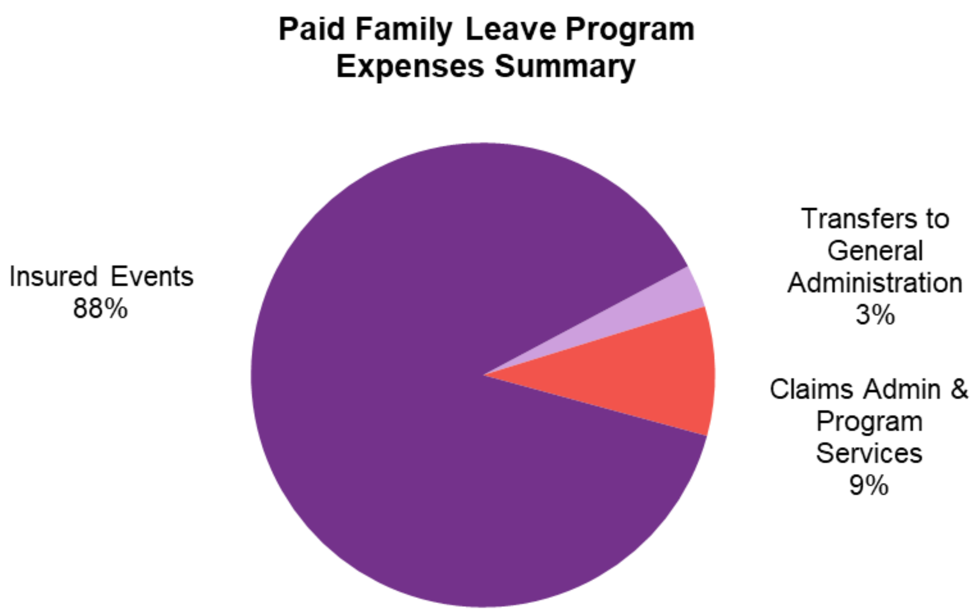
Paid Family Leave (PFL)

The PRISM Paid Family Leave (PFL) program was created to offer California public agencies a more flexible, cost-controlled alternative to state or fully insured options. This program allows members to offer employees meaningful benefits that support work-life balance, especially during critical life events such as bonding with a new child or caring for a seriously ill family member. This program provides comprehensive employee support while strengthening an agencies' ability to attract and retain talent by enhancing recruitment efforts.

Program Revenue Summary:

Number of Members	8
Pool Premium	$3.1 Million
Broker Fees	$33 Thousand
Administration and Fees	$275 Thousand
Projected Investment Income	$18 Thousand

A summary of the PFL Program budget is as follows:



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PRISM

Adopted: May 22, 2025
Last Revised: February 25, 2026

Paid Family Leave
Program Budget Policy

Program Goals for the Paid Family Leave Program include the following:

Short Term Goals

- Increase communication about the PFL Program to all PRISM members.
- Expand member participation, with a target towards existing members currently participating in our Short-Term Disability Program.
- Equip and assist members in communicating/educating employees on the value and importance of PFL coverage.

Long Term Goals

- Maintain long-term financial stability and competitive pricing.
- Broaden participation across existing program members.
- Maintain superior quality services in claims administration.
- Maintain low administrative costs.
- Evaluate market competition and coverage options.

Budget Policies for the Paid Family Leave Program include the following:

Revenues and Expenses

- Premiums for Retained and Transferred Risk are calculated based on each members' plan design and defined number of eligible employees, calculated as a percentage of covered payroll and paid monthly.
- Carrier claims administration fees are $2.98 per employee, per month.
- Consultant fees are paid from part of the carrier claims admin fee, totaling 12% of the total carrier compensation.
- 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 claims liability projections are based on underwriting analysis of anticipated claims based on covered population, utilization, benefit levels and wages.

Transfers

- Transfers to the General Administration budget 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 5-year average of staff time. In the first year of operation as a major program, management will estimate and assign cost to the Program.
- Investment fees are charged on the average daily balance of program funds invested.

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PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PAID FAMILY LEAVE PROGRAM
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Contributions for Retained Risk	$ 1,731,940	$ 1,522,514	$ 3,045,028	$ 2,680,000	$ 3,106,620	$ 426,620	16%	
Broker Fees	5,469	15,971	31,942	11,500	33,050	21,550	187%	Alliant Compensation
Investment Income	11,775	17,156	22,303	5,000	18,000	13,000	260%	
Administration Fees	130,336	133,010	266,020	260,100	275,400	15,300	6%	Carrier Claims Administration Fee
TOTAL REVENUES	**1,879,520**	**1,688,651**	**3,365,293**	**2,956,600**	**3,433,070**	**476,470**	**16%**	
EXPENSES:								
Retained and Transferred Risk								
Broker Fees	5,469	15,971	31,942	11,200	33,050	21,850	195%	Alliant Compensation
Claims Administration Fees	130,336	133,010	266,020	260,100	275,400	15,300	6%	Carrier Claims Administration Fee
Provision for Claims Current Year	1,283,218	1,482,716	2,965,432	2,250,000	2,878,400	628,400	28%	
Total Retained and Transferred Risk	1,419,023	1,631,697	3,263,394	2,521,300	3,186,850	665,550	26%	
TOTAL EXPENSES	**1,419,023**	**1,631,697**	**3,263,394**	**2,521,300**	**3,186,850**	**665,550**	**26%**	
TRANSFERS:								
Transfers in (out) to:								
Transfer out cumulative PFL equity from Non-Pooled Coverage Programs	381,996	0	0	0	0	0	0%	Changed from part of Non-Pooled Coverage Programs to stand-alone Program at 1/1/2025
General Administration	0	(50,000)	(50,000)	(50,000)	(100,000)	50,000	100%	Management cost estimate
Investment Fees	0	(43)	(86)	0	(283)	283	0%	External investment management fees
TOTAL TRANSFERS	**381,996**	**(50,043)**	**(50,086)**	**(50,000)**	**(100,283)**	**50,283**	**101%**	
Net Increase or (Decrease)	842,493	6,911	51,813	385,300	145,937	(138,797)	-36%	
NET POSITION - JULY 1	0	842,493	842,493	394,276	894,306			
NET POSITION - JUNE 30	842,493	849,404	894,306	779,576	1,040,243			

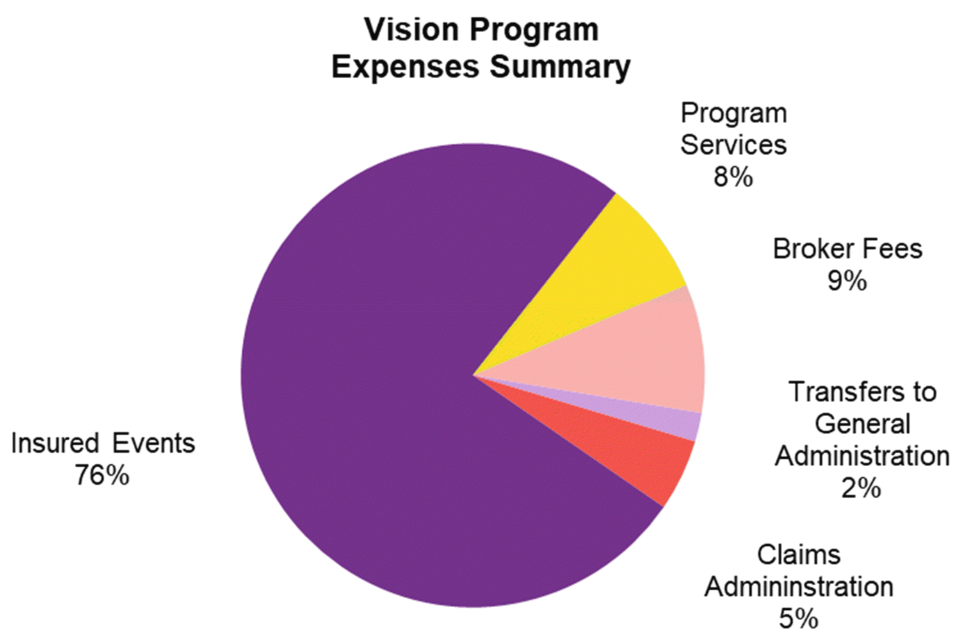
Vision

The PRISM self-funded Vision Program is a proactive solution that empowers member agencies to collectively manage and fund their vision benefits with greater efficiency and oversight. By pooling resources, PRISM is able to offer economies of scale, enhanced purchasing power, and improved financial stability across the program. This purchasing arrangement allows for customized benefit designs, transparent cost tracking, and the ability to retain and reinvest any surplus funds back into the program.

Program Revenue Summary:

Number of Members	138
Pool Premium	$4.7 Million
Broker Fees	$540 Thousand
Eligibility Fees	$469 Thousand
Administration and Fees	$347 Thousand

A summary of the Vision Program budget is as follows:



PRISM

Adopted: May 22, 2025
Last Revised: February 25, 2026

Vision
Program Budget Policy

Program Goals for the Vision Program include the following:

Short Term Goals

- Continue tracking claims data and financial metric to evaluate initial performance
- Build out member resources and accessibility
- Summarize the execution and outcomes of the vision program transition to a self-funded program.
- Assess the effectiveness of the Vision program structure.

Long Term Goals

- Maintain appropriate funding levels and stable pricing within the Program
- Maintain multi-year relationship with the program carrier
- Increase program participation
- Promote and communicate PRISM services available to Vision members
- Evaluate the potential for national expansion through PRISM's Captive

Budget Policies for the Vision program include the following:

Revenues

- The retained risk premiums for the Vision Program are based on the benefit plan attributes selected by each program member, and the member's utilization. A per month, per employee rate is established for each member.
- The PRISM Employee Benefits Committee has established other rates necessary to manage the Vision Program. These rates include the following:
  - Program Benefits Administration eligibility maintenance and premium invoicing fees are based on a per employee, per month rate.
  - Broker fees are based on a per employee, per month rate or a not-to-exceed percentage of premium, as outline in the broker contract. The fee varies by member, based on the size and complexity.

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

Expenses

- Vision claim expenses are the costs of vision services used by members. This includes both paid claims and estimates for claims that have been incurred but not yet paid or reported.
- Vision Program revenues that pass through as a like expense include:
    - Claims Administration Fees
    - Benefits Eligibility & Premium Invoicing Administration Fees
    - Broker Fees
    - PRISM Admin Fee
- Other program administration expense includes legal expenses and actuarial consulting services.

Transfers

- Transfers to the General Administration budget 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 5-year average of staff time. In the first year of operation as a major program, management will estimate and assign cost to the Program.
- If applicable, investment fees are charged on the average daily balance of program funds invested.

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PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
VISION PROGRAM
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Contributions for Retained Risk	$ 0	$ 2,478,936	4,957,872	$ 3,725,220	$ 4,747,260	$ 1,022,040	27%	
Eligibility Administration	0	319,298	638,596	372,960	469,330	96,370	26%	Benefits Billing & Eligibility
Broker Fees	0	211,339	422,678	327,260	539,680	212,420	65%	Alliant Compensation
Investment Income	0	14,873	19,335	0	22,000	22,000	100%	
Administration Fees	0	0	0	307,400	347,200	39,800	13%	Includes PRISM and VSP admin fees
TOTAL REVENUES	**0**	**3,024,446**	**6,038,481**	**4,732,840**	**6,125,470**	**1,392,630**	**29%**	
EXPENSES:								
Retained and Transferred Risk								
Broker Fees	0	211,339	422,678	327,260	539,680	212,420	65%	
Claims Administration Fees	0	143,944	287,888	275,400	314,060	38,660	14%	
Provision for Claims Current Year	0	1,693,552	3,387,104	3,690,312	4,545,570	855,258	23%	
Total Retained and Transferred Risk	0	2,048,835	4,097,670	4,292,972	5,399,310	1,106,338	26%	
Program Administration								
Claims Administration	0	319,298	638,596	372,960	469,330	96,370	26%	
Actuarial, Consulting and Legal	0	0	0	7,500	0	(7,500)	-100%	
Total Program Administration	0	319,298	638,596	380,460	469,330	88,870	23%	
TOTAL EXPENSES	**0**	**2,368,133**	**4,736,266**	**4,673,432**	**5,868,640**	**1,195,208**	**26%**	
TRANSFERS:								
Transfers in (out) to:								
Financing Fees	0	(5,522)	(11,044)	(11,044)	0	(11,044)	-100%	Interest paid thru 3/31/26 to Dental program for loan of start-up funds
General Administration	0	(50,000)	(50,000)	(50,000)	(100,000)	50,000	100%	Management cost estimate
Investment Fees	0	(104)	(208)	0	(263)	263	100%	External investment management fees
TOTAL TRANSFERS	**0**	**(55,626)**	**(61,252)**	**(61,044)**	**(100,263)**	**39,219**	**64%**	
Net Increase or (Decrease)	0	600,687	1,240,963	(1,636)	156,567	236,641	-14465%	
NET POSITION - JULY 1	0	0	0	0	1,240,963			
NET POSITION - JUNE 30	0	600,687	1,240,963	(1,636)	1,397,530			

Non-Pooled Coverage 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

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

Other coverages 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 limited administrative fees as part of the program costs.

The Employee Benefits Committee governs the employee benefits lines under the Non-Pooled Coverage Programs, whereas the remaining programs are overseen by the Executive Committee. In acknowledgement of the fundamental differences between the the two program types and their governance, two separate budget policies have been adopted for the Non-Pooled Coverage Programs.

PRISM

Adopted: May 16, 2011
Last Amended: February 25, 2026

Employee Benefits - Non-Pooled Programs
Program Budget Policy

A. Employee Benefits – Non-Pooled Programs

Program Goals for the Employee Benefits Non-Pooled Programs include the following:

Short Term Goals

- Increase overall participation in Misc. Programs
- Increase communication on available program features
- Assess and build on current EAP/Behavioral Health offerings
- Further develop ConcernPlus First Responder
- Establish an Employee Benefits Forum to discuss EB related issues
- Promote Paid Family Leave through Voya and Lincoln Financial
- Connect Employee Benefits and Member Services to promote EB services

Long Term Goals

- Maintain stable and competitive pricing
- Secure multi-year agreements wherever possible
- Review future capabilities of BCC and the connectivity of PRISM ancillary and non-PRISM Healthcare programs
- Open Enrollment process review

Budget Policies for the Employee Benefits Other Non-Pooled programs include the following:

Revenues

- In addition to the major coverage programs, PRISM provides group purchase, non-pooled insurance programs that offer members protection from other coverage exposures. These programs include:
    - Life/Accidental Death & Dismemberment (AD&D)
    - Long Term Disability (LTD)
    - Short Term Disability (STD)
    - Group Voluntary Benefits
    - Employee Assistance Plan (EAP)
    - Personal Lines Insurance Program (PLIP)

- 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.

- 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 premium payments are pass through to the insurance companies in which PRISM contracts as approved by the Employee Benefits Committee.
- EAP premium payments are pass through to the insurance companies in which PRISM contracts, as approved by the Employee Benefits Committee. Premium expense invoices are generated quarterly, based on each members set rate for their benefit coverage and the reported number of employees eligible for EAP coverage.

Transfers

- Transfers to the General Administration budget 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 5-year average of staff time.
- The investment income earned from Life, AD&D, LTD and STD Programs pays 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.
- Investment Fees are charged on the average daily balance of program funds invested.

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Non-Pooled Casualty Programs
Program Budget Policies

Goals for the Non-Pooled Casualty 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 pooled property and casualty coverage programs, PRISM also provides non-pooled group purchase insurance programs to offer members protection from other various exposures. These programs include:
    - Crime
    - Catastrophic Inmate Medical
    - Optional Excess Liability
    - Cyber Liability
    - Pollution Liability
- PRISM Program Internal Guarantee Account (PIGA) member contribution set at 2% of the premium for transferred risk.
- Administration fees are 1% of the premium for transferred risk for Pollution and OEL, and 2% for Cyber.

Expenses

- The revenue from the Non-Pooled Casualty Programs listed above pass through as premium expense.

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
NON-POOLED COVERAGE PROGRAMS
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Budget 2026/2027	% Increase (Decrease)	Text Detail
REVENUES:								
Watercraft Dividend	$ 0	$ 80,855	$ 80,855	$ 0	$ 0	$ 0	0%	Received from insurance carriers and paid out to members
Inmate Medical Dividend	0	44,690	44,690	0	0	0	0%	Received from insurance carriers and paid out to members
EAP Premiums	2,702,509	1,488,021	2,976,042	2,856,000	3,028,825	172,825	6%	
Life, LTD and STD Premiums	39,325,357	24,739,081	39,228,000	39,228,000	52,307,295	13,079,295	33%	
Vision Premiums	5,563,777	0	0	0	0	0	0%	Vision moved to pooled program 7/1/2025
Optional Excess	44,817,293	53,441,295	53,441,295	63,789,780	65,770,804	1,981,024	3%	
Aviation Insurance	3,768,116	4,174,294	4,174,294	4,152,828	4,440,700	287,872	7%	
Watercraft Insurance	434,051	396,125	396,125	477,386	603,000	125,614	26%	
Crime and Honesty Bonds	2,971,828	3,066,784	3,066,784	3,921,900	3,534,000	(387,900)	-10%	
Pollution Liability Coverage	2,953,321	2,452,099	2,452,099	3,420,825	2,486,977	(933,848)	-27%	
Inmate Medical	787,767	761,510	761,510	1,194,063	854,600	(339,463)	-28%	
Paid Family Leave	925,753	0	0	0	0	0	0%	PFL moved to pooled program 1/1/2025
Cyber Liability	10,851,833	11,458,344	11,458,344	14,037,648	12,445,713	(1,591,935)	-11%	
Transferred Risk - Other	2,521,596	2,523,977	2,523,977	2,995,026	2,936,400	(58,626)	-2%	Fiduciary Liability (FLIP) Coverage and Beazley Breach Response (BBR)
Member Finance Fees	10,624	0	0	0	0	0	0%	
Administration Fees	197,234	723,099	723,099	934,176	2,212,906	1,278,730	137%	Includes $1.4M in 26/27 for Cyber Stab. Fund
Investment Income	387,365	397,748	517,072	150,000	300,000	150,000	100%	
TOTAL REVENUES	**118,218,424**	**105,747,922**	**121,844,186**	**137,157,632**	**150,921,220**	**13,763,588**	**10%**	
EXPENSES:								
Watercraft Dividend	0	80,855	80,855	0	0	0	0%	These are carrier dividends paid to members who had no claims
Inmate Medical Dividend	0	44,690	44,690	0	0	0	0%	These are carrier dividends paid to members who had no claims
Cyber Symposium	32,738	37,642	40,915	67,000	60,000	(7,000)	-10%	Cyber Symposium x 1 for FY26/27
Other Program Expense	43,000	21,000	53,750	70,000	150,000	80,000	114%	Includes cyber-security health checks
Transferred Risk								
EAP Premium Expense	2,702,509	1,488,021	2,976,042	2,856,000	3,028,825	172,825	6%	
Life, LTD Premium Expense	39,325,357	24,739,081	39,228,000	39,228,000	52,307,295	13,079,295	33%	
Vision Premiums	5,563,777	0	0	0	0	0	0%	Vision moved to pooled program 7/1/2025
Optional Excess	44,817,285	53,439,938	53,439,938	63,789,780	65,770,804	1,981,024	3%	
Aviation Insurance	3,768,116	4,174,294	4,174,294	4,152,828	4,440,700	287,872	7%	
Watercraft Insurance	434,051	396,125	396,125	477,386	603,000	125,614	26%	
Crime and Honesty Bonds	2,971,829	3,066,784	3,066,784	3,921,900	3,534,000	(387,900)	-10%	
Pollution Liability	2,953,323	2,452,099	2,452,099	3,420,825	2,486,977	(933,848)	-27%	
Inmate Medical	787,767	761,510	761,510	1,194,063	854,600	(339,463)	-28%	
Paid Family Leave	882,054	0	0	0	0	0	0%	PFL moved to pooled program 1/1/2025
Cyber Liability	10,083,835	9,682,357	9,682,357	14,037,648	12,445,713	(1,591,935)	-11%	
Other	2,522,254	2,523,977	2,523,977	2,995,026	2,936,400	(58,626)	-2%	Fiduciary Liability (FLIP) Coverage and Beazley Breach Response (BBR)
Total Transferred Risk	116,812,157	102,724,186	118,701,126	136,073,456	148,408,314	12,334,858	9%	
TOTAL EXPENSES	**116,887,895**	**102,908,373**	**118,921,336**	**136,210,456**	**148,618,314**	**12,407,858**	**9%**	

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PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
NON-POOLED COVERAGE PROGRAMS
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Budget 2026/2027	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
Transfer out cumulative PFL equity to PFL Program	(381,996)	0	0	0	0	0	0%	PFL moved to pooled program 1/1/2025
General Administration	(14,200)	(900,000)	(900,000)	(900,000)	(900,000)	0	0%	Management cost estimate
Internal Investment Fees	(3,275)	(2,220)	(4,440)	(2,744)	(3,100)	356	13%	External investment management fees
TOTAL TRANSFERS	**(399,471)**	**(902,220)**	**(904,440)**	**(902,744)**	**(903,100)**	**356**	**0%**	
Net Increase or (Decrease)	931,058	1,937,329	2,018,410	44,432	1,399,806	1,355,374	3050%	
NET POSITION - JULY 1	5,816,931	6,747,989	6,747,989	6,676,341	8,766,399			
NET POSITION - JUNE 30	6,747,989	8,685,318	8,766,399	6,720,773	10,166,205			
Net Position Designated for:								
Optional Excess Liability (OEL)	150,000	150,000	150,000	150,000	150,000			
Life Stabilization Fund	1,033,367	1,033,367	1,033,367	1,086,143	1,073,615			
LTD Stabilization Fund	1,121,335	1,121,335	1,121,335	1,177,981	1,121,335			
Cyber Stabilization Fund	3,844,054	5,620,041	5,620,041	3,828,427	7,020,041			
Unrestricted Net Position	599,233	760,575	841,656	478,222	801,214			
Total Net Position	6,747,989	8,685,318	8,766,399	6,720,773	10,166,205			

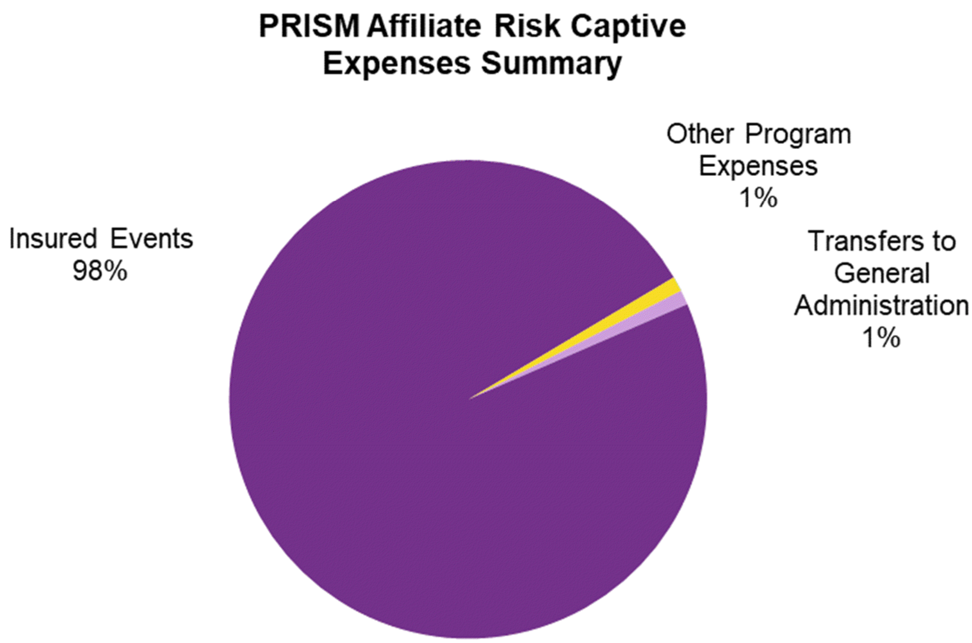
PRISM Affiliate Risk Captive (PRISM ARC)

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	$19 Million
Excess Workers' Compensation	$84.9 Million
General Liability 1	$157 Million
General Liability 2	$37.1 Million
Medical Malpractice	$1.9 Million
PRISM Internal Guarantee Account	$5.8 Million
Projected Investment Income	$42 Million

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



The Net Position of PRISM ARC is budgeted to increase from an estimated $99M at June 30, 2026 to $170M at the end of the 2026/27 fiscal year, of which $13.8M will be designated for payment of PIGA claims. This 72% 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 do not impact net position.

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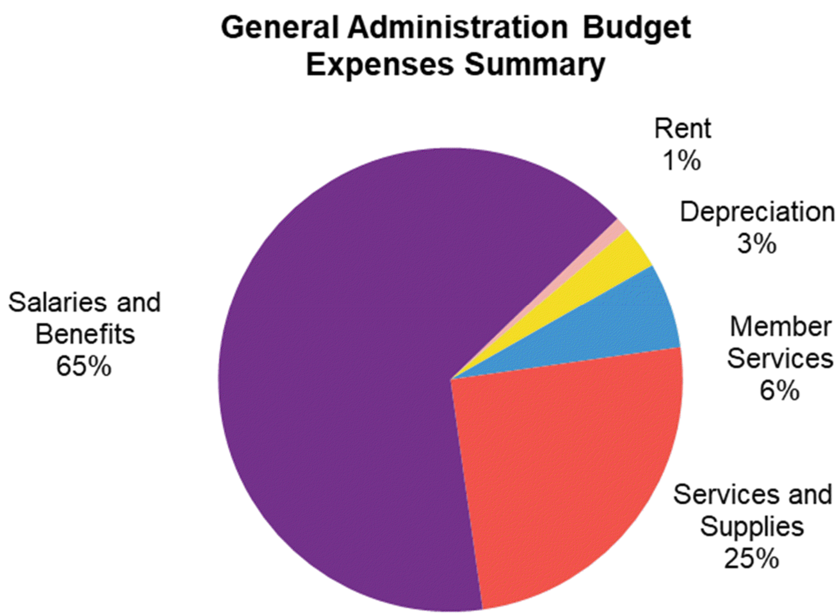
PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRISM ARC CAPTIVE
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	$ 10,742,210	$ 10,874,978	$ 12,077,721	$ 10,000,000	$ 10,000,000	$ 0	0%	Includes premiums and broker fees for ARC participants
Contributions for Retained Risk	285,336,957	254,597,263	254,597,263	319,006,458	295,678,631	(23,327,827)	-7%	
Investment Income	62,946,388	35,072,668	40,692,378	25,000,000	42,000,000	17,000,000	68%	
Other Income	7,250	0	7,250	0	0	0	0%	Alliant reimbursement for custody fee for reinsurance trust acct
TOTAL REVENUES	**359,032,805**	**300,544,909**	**307,374,612**	**354,006,458**	**347,678,631**	**(6,327,827)**	**-2%**	
EXPENSES:								
Premium for Transferred Risk	10,742,210	10,874,978	12,077,721	10,000,000	10,000,000	0	0%	Includes premiums and broker fees for ARC participants
Provision for Claims Current Year	131,876,961	147,065,681	147,243,661	302,979,206	265,150,312	(37,828,894)	-12%	
Provision for Claims Prior Year	204,332,377	130,729,375	138,149,563	0	0	0	0%	
Total Retained and Transferred Risk	346,951,548	288,670,034	297,470,945	312,979,206	275,150,312	(37,828,894)	-12%	
Program Administration								
Audit Services	22,300	23,000	23,000	23,000	25,000	2,000	9%	
Legal Service	7,053	5,000	6,623	10,000	10,000	0	0%	
Board Meetings	15,155	13,314	13,314	17,000	32,250	15,250	90%	Extending Utah travel from one night to two nights FY26/27
Utah Captive Fees / Captive Assoc. Dues	11,500	7,500	7,500	8,000	12,000	4,000	50%	
Investment Management Fees	872,011	489,768	1,008,207	1,000,000	1,000,000	0	0%	External investment management fees; includes custody fees
Banking Fees	50	92	7,476	2,000	500	(1,500)	-75%	Includes custody fee for reinsurance trust acct reimbursed by Alliant
Management Services	150,000	150,000	150,000	150,000	200,000	50,000	33%	
Office Supplies, Website & Advertising	1,539	147	4,147	7,500	6,696	(804)	-11%	
Total Program Administration	1,079,608	688,821	1,220,267	1,217,500	1,286,446	68,946	6%	
Discretionary Delegated to Governing Committee	0	0	0	25,000	25,000	0	0%	
TOTAL EXPENSES	**348,031,156**	**289,358,855**	**298,691,212**	**314,221,706**	**276,461,758**	**(37,759,948)**	**-12%**	
Net Increase or (Decrease)	11,001,649	11,186,054	8,683,400	39,784,752	71,216,873	31,432,121	79%	
NET POSITION - JULY 1	74,146,744	85,148,393	85,148,393	97,920,602	93,831,793			
NET POSITION - JULY 1 (Capital Stock)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000			
NET POSITION - JUNE 30	90,148,393	101,334,447	98,831,793	142,705,354	170,048,666			
Capital Stock	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000			
Designated for PIGA	4,579,568	8,780,559	8,939,909	9,451,151	13,760,080			
Unrestricted Net Position	80,568,825	87,553,888	84,891,884	128,254,203	151,288,586			
Total Net Position	90,148,393	101,334,447	98,831,793	142,705,354	170,048,666			

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.



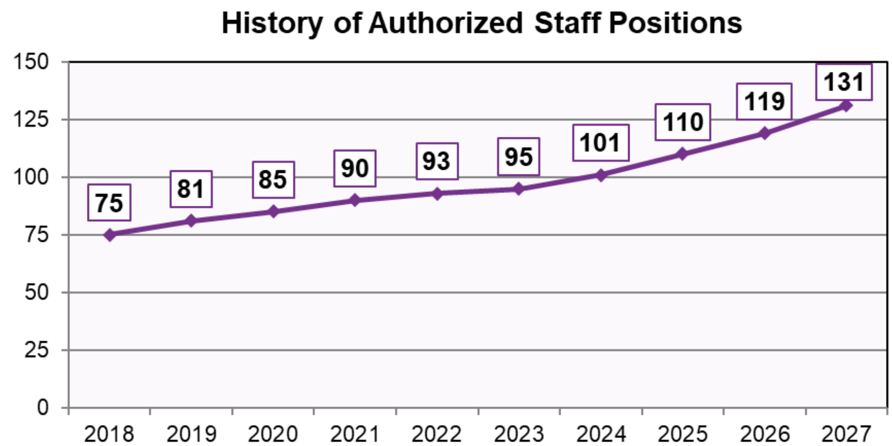
Highlights of the general administration budget are as follows:

- Salaries and benefits includes twelve new positions to be added in 2026/27:

    - 1 Medical Malpractice Senior Specialist
    - 1 Advanced Human Resources (HR) Professional
    - 1 Advanced Government Affairs Professional
    - 1 Senior IT Specialist (Pool Management)
    - 1 Underwriting Supervisor
    - 6 Liability Claims Senior Specialist
    - 1 Liability Claims Supervisor

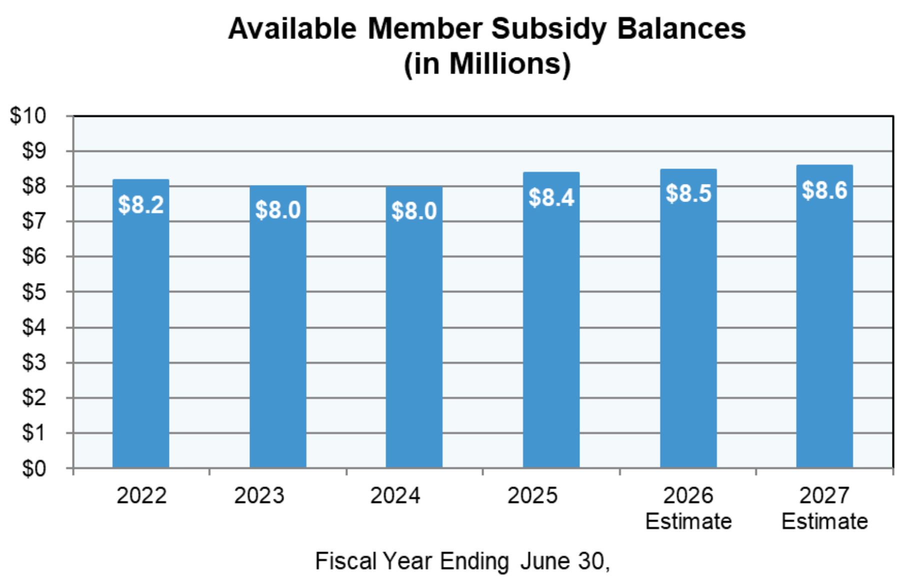
  Four of these positions will support major strategic initiatives: bringing Medical Malpractice claims handling in-house, expanding HR-related services available to the members, expanding the organization's legislative presence, and supporting the rewrite of the pool management system. One position is to increase the capacity of the Underwriting Department to meet demands from membership and in response to ever-increasing complexity of PRISM's programs. The remainder of the new positions are to expand the Liability Claims Department. This is necessitated by the large claim count that each of the current team members are handling as well as new reporting requirements pertaining to employment practices claims. Without these additions, there is an increased risk of delayed claim handling, reduced service levels, and less favorable claims outcomes, which could ultimately increase program costs over time. These changes will bring employee count to 131 in 2026/27.

- The history of the number of authorized positions is illustrated below. 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. One position was added mid-year during 2024/25.



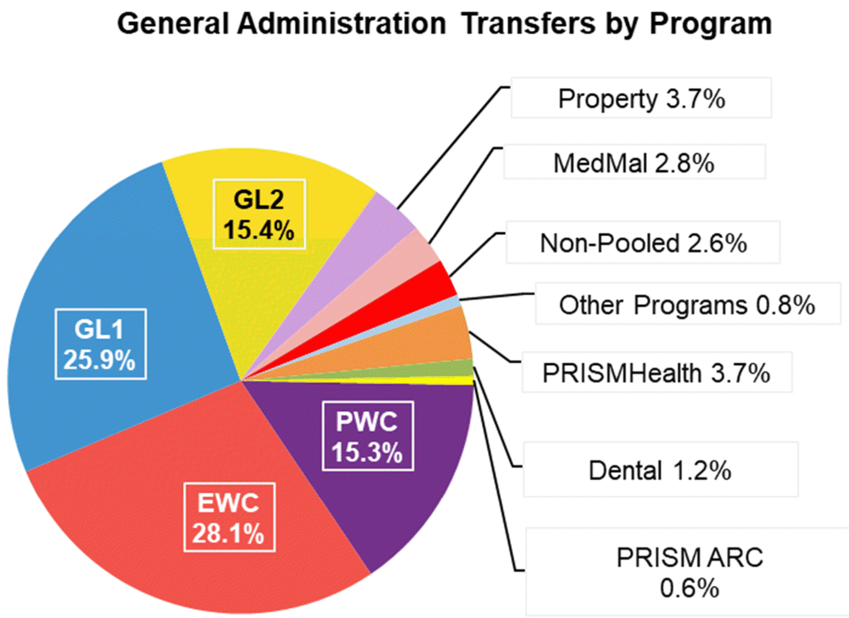
Loss Preventions and Risk Management Subsidies

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.



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.



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 2026/27 a carryover of $3.4M was approved to be used to offset transfers from other programs. As a result, there is expected to be a $3.4M decrease in the Net Position of the General Administrative fund.

PRISM

Adopted: June 2, 2011
Last Revised: June 5, 2026

General Administration
Program Budget Policy

Program Goals for General Administration include the following:

Short-Term Goals

We continue to:

- 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.
- 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, Visitor Management Systems and more.
    - Expand marketing the Risk Management Legal Advice Services.
    - Continue marketing the Employment Practices Liability services now offered by staff.
    - Continue to expand Risk Control services to Educational Members.
- Develop and expand LMS services and training available through the Vector Solutions platform
- Host PRISM's second Annual Conference.
- Deliver annual employee performance reviews by June 15th of each year.
- Annually conduct a PRISM strategic planning meeting with the Executive Committee and Committee Chairs.
- Consider expansion of in-house HR services with considerations.
- Consider expansion of in-house lobbying services with considerations.

- Continue enhanced efforts to increase communication and contact with County membership through personal visits and Public Entity membership through webinars and personal visits.
- Enhance communication and education strategies to increase awareness and understanding of PRISM at a stakeholder level.
- Internal Policies and Procedures inventory, document and update across all PRISM departments.
- Implementation of GASB Statement 103 related to financial reporting model improvements.

Long-Term Goals

- Strengthen funding policies to avoid capital erosion.
- Take a leadership role in building a consortium of industry leaders/trade associations to bolster a career ladder for the risk management profession.
- Continue exploration of 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:

- Enterprise Risk Consultant Fees – Enterprise Risk Consultant fee revenue is generated from a program where highly experienced Risk Managers, Finance, Human Resources, and 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-through 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.
- Shared Cost Agreements – The Executive Committee has approved shared cost agreements, in which the cost of PRISM staff or services is shared with PRISM partners and 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 authorized positions, salary classifications, pay ranges, benefit levels, and other personnel matters. New staff positions, classification 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 Procedures development and peer review of internal actuarial work and other professional services.
- Legal Services – The Board of Directors and the 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 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 a 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 Discretionary 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 five-year average of staff time. A flat administrative fee for the fiscal year is currently charged to the Miscellaneous Programs, Vision, Paid Family Leave, MROCIP and PRISM Affiliate Risk Captive as recommended by staff and evaluated by the Finance Committee.
- Transfers in from relevant PRISM programs are used to pay for the cost of the 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.
- 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.

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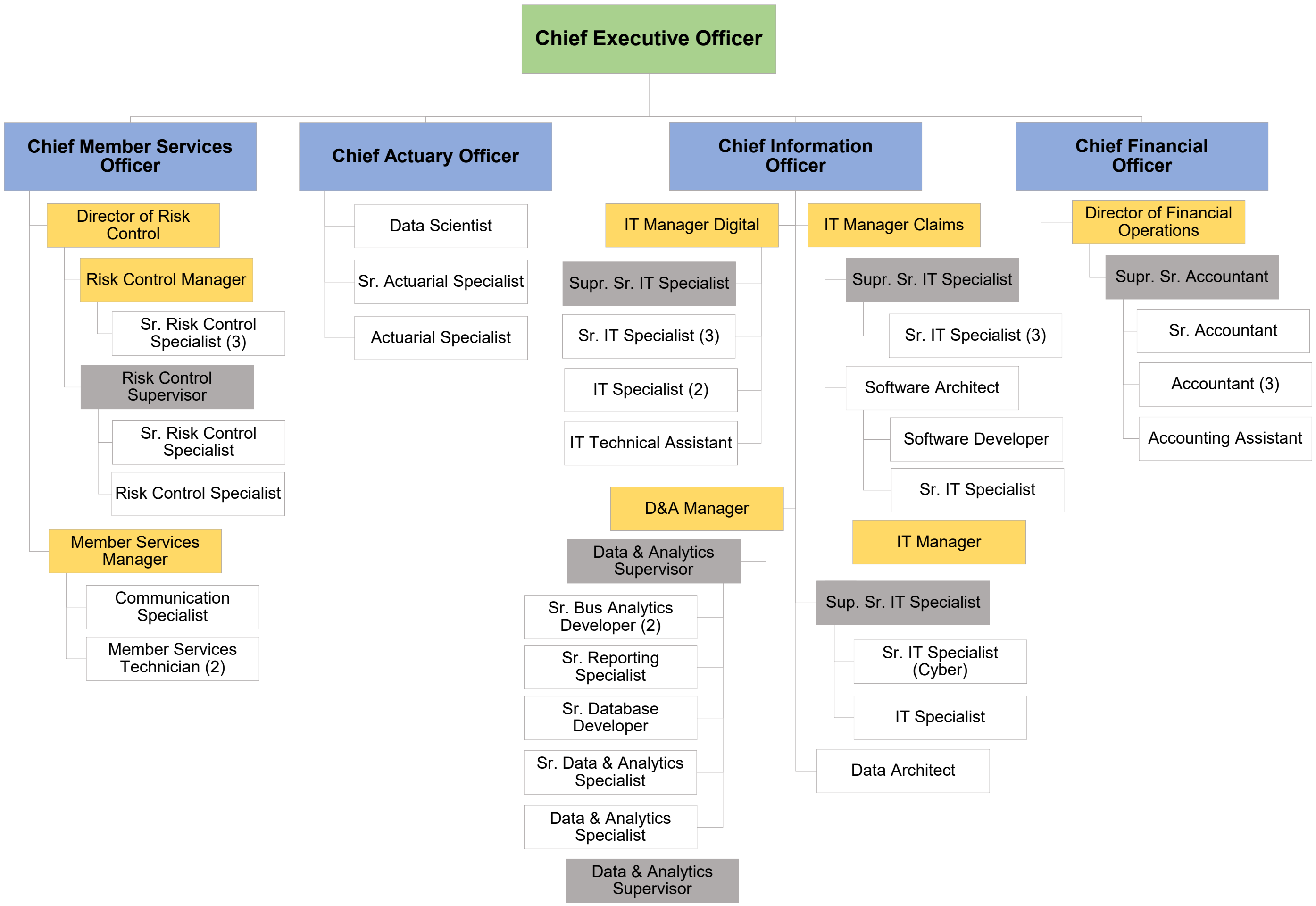

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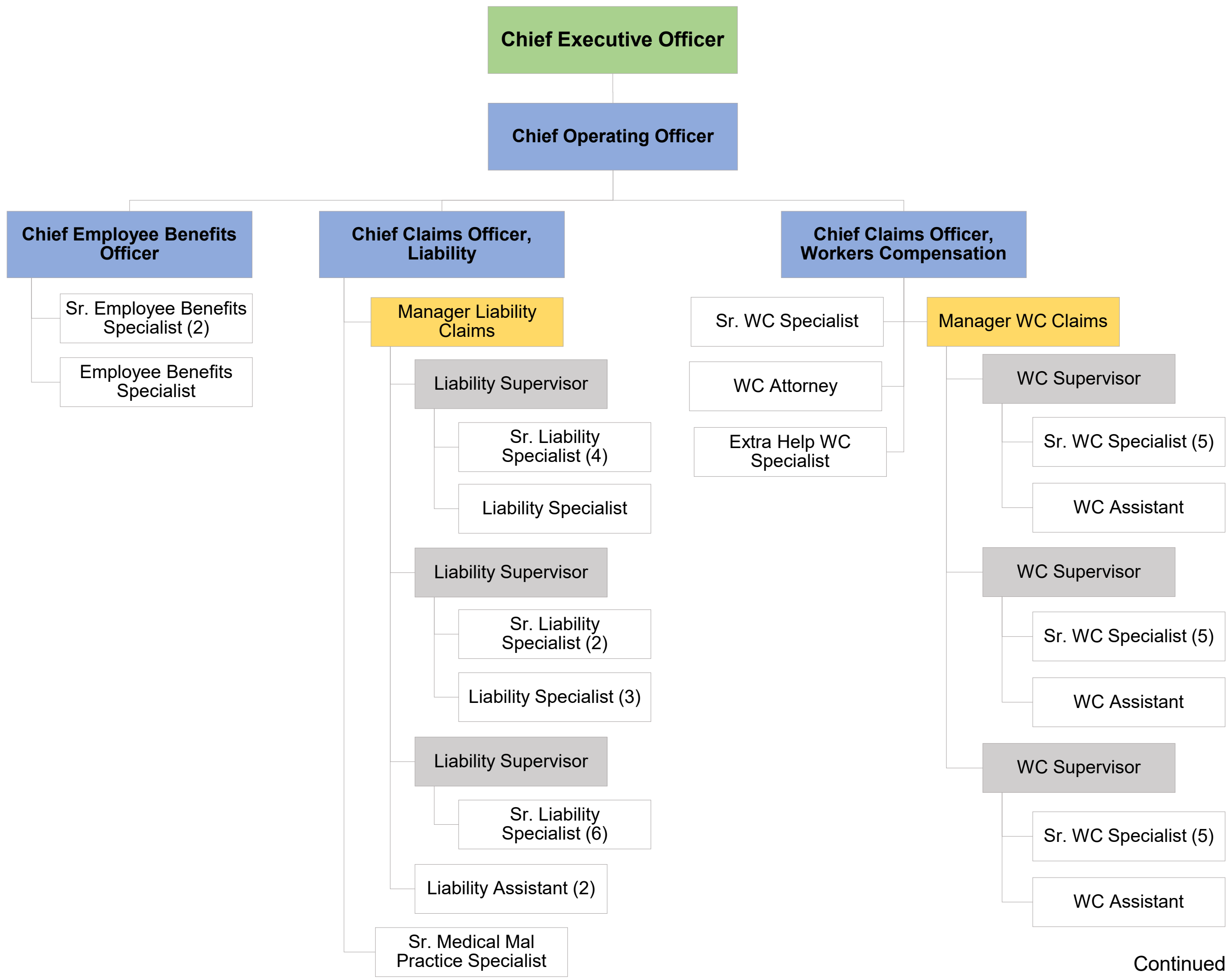

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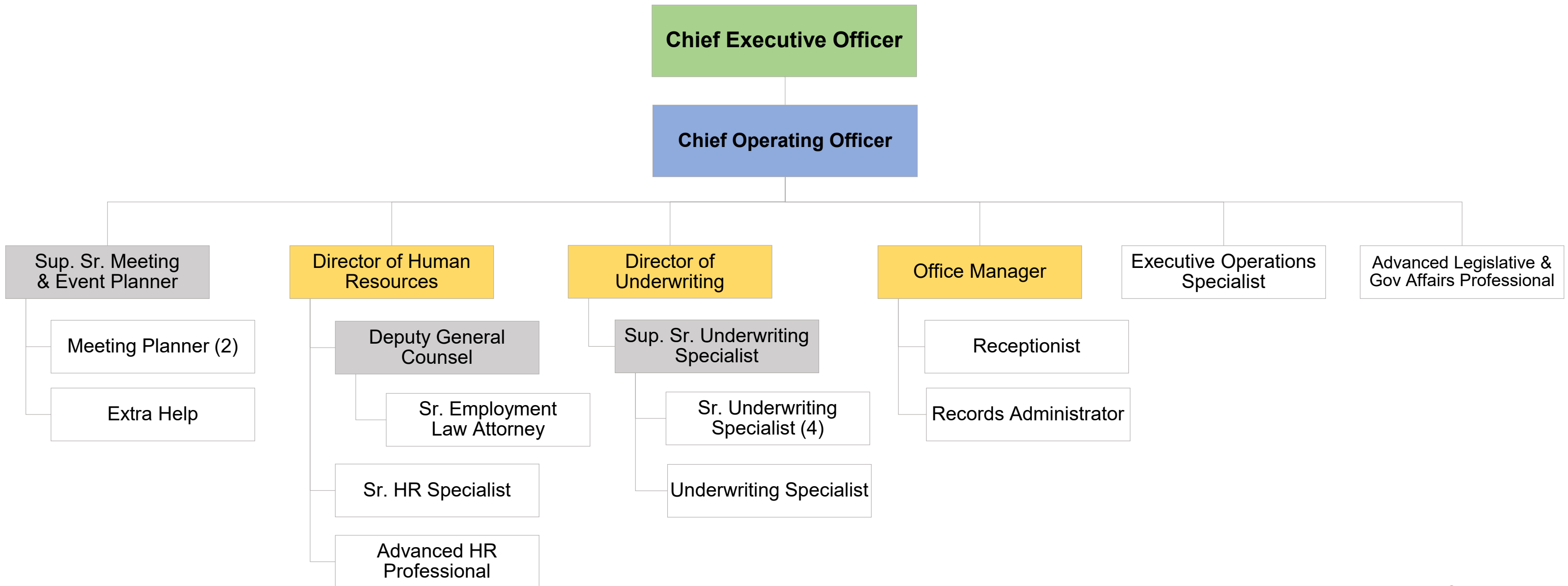

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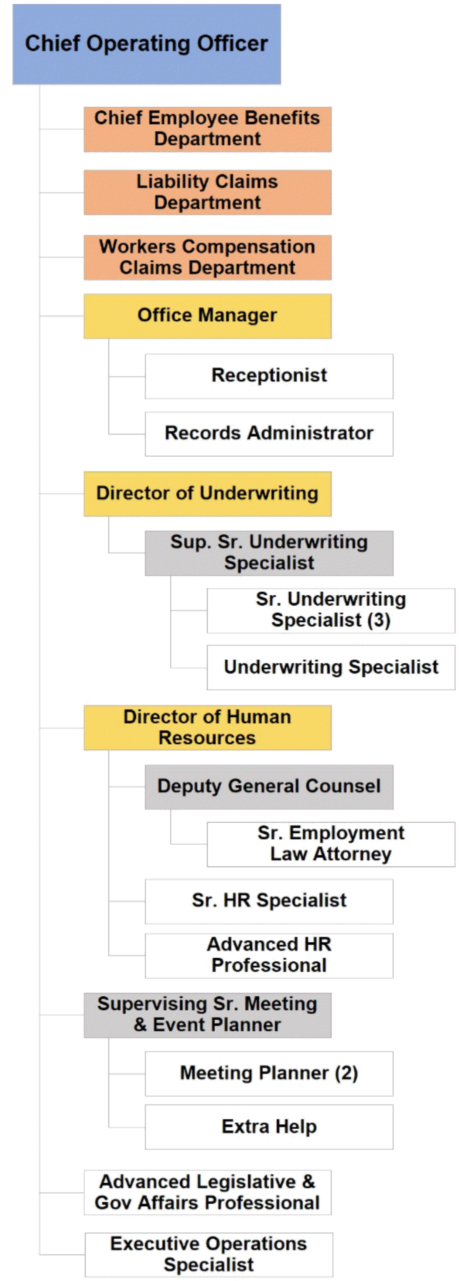
ADMIN DEPARTMENT



2026/27 Staffing Budget: $4,587,960

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 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 2025/26:

- 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.
- Strategically utilized risk retention where limits were no longer available or not cost effective to purchase.
- Continued to provide very high levels of customer service and improved customer satisfaction ratings.
- Held the inaugural Annual Conference in conjunction with the October Board Meeting.
- Continued oversight of significant strategic planning initiatives.
- Successfully moved PRISM employee health benefits from CalPERS to PRISMHealth.

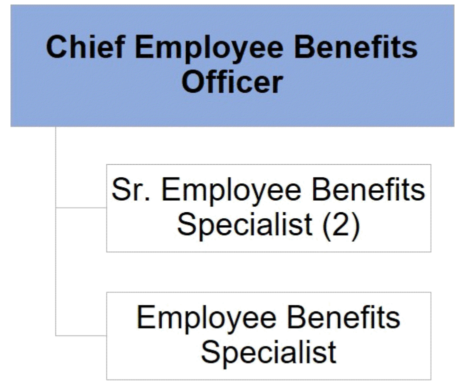
Major Goals for Fiscal 2026/27:

- 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.

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 FY24/25**	**Actual FY24/25**	**Goal FY25/26**	**Actual FY25/26**	**Goal FY26/27**
Branding and Outreach	Maintain high member satisfaction ratings with a 5% increase in member satisfaction survey scores.	Change in Member Survey Scores	5% Increase	6% Increase	5% Increase	0.5% Increase	5% Increase
	Continue participation in PAFR program.	Received award from GFOA?	Yes	Yes	Yes	Yes	Yes
	Hold meetings with all public entity members at least once every two years.	Were meetings held at least once every two years?	Yes	Yes	Yes	Yes	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%	+36%	+20%	+232%	+20%
Personnel and Office Management	Ensure continuity by retaining 95% of the staff.	Employee retention	95%	97%	95%	96%	95%
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	14	11	15	11	n/a^

^New Participants will be admitted if they meet PRISM's underwriting criteria. The goal is to grow responsibly, not meet a specific number threshold.



EMPLOYEE BENEFITS DEPARTMENT

2026/27 Staffing Budget: $720,320

Departmental Functions:

- Provide oversight and support for the administration of PRISM's Health and Employee Benefits programs.
- Partner with program consultants, carriers and partners to advance and represent program services and initiatives.
- Deliver education to Members on benefit offerings and key compliance topics relevant to PRISMHealth and Employee Benefits programs.
- Participate in and support meetings related to open enrollment, health fairs, and the rollout of new benefit options.
- Support Members in resolving service-related issues impacting their employees within the Health and Benefits programs.
- Manage and audit complex financial reports to ensure accuracy and effectiveness across all Employee Benefits programs.
- Recommend and implement cost-saving strategies and enhanced care solutions.
- Assist Members in preparing and presenting program renewals to their respective governing bodies.

Major Accomplishments in Fiscal 2025/26:

- Transitioned the PRISMHealth program to a stand-alone, self-funded pool, establishing financial independence and positioning the program for long-term sustainability and growth.
- Implemented Navitus as new Pharmacy Benefit Manager and Digbi Health as the Chronic Condition/Weight management partner.
- Successfully transitioned Workterra members to new Benefits Administration platforms.
- Increased participation in the PRISMHealth cost containment solutions by 20%.
- Finalized the transition of the Vision program from a fully insured to a self-funded purchasing pool, resulting in savings to participating members
- Continued PRISMHealth and Dental program growth, with an increase in service levels to members and their employees/retirees.
- Participated in 36 Open Enrollment Health Fairs representing our carrier partners.
- Hosted Employee Benefits Symposiums with over 200 in attendance at each location.
- Increased Member participation in Committee meetings by 15%.

Performance Measures for Fiscal 2026/27:

- Continue monitoring the PRISMHealth transition away from the SISC shared risk arrangement to an independent self-funded pool.
- Finalize a PRISM Employee Benefits Administration guide for all programs.
- Increase PRISM participation in Member Open Enrollment Health Fairs.
- Generate RFP for a PRISM Employee Benefits website.
- Increase program specific webinars that cover services and administration.
- Increase continued visibility, education and communication of services available to members through the Employee Benefits programs.
- Review and evaluate Dental Program Target Funding Policy.
- Increase/Maintain high member satisfaction.
- 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 FY24/25**	**Actual FY24/25**	**Goal FY25/26**	**Actual FY25/26**	**Goal FY26/27**
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	75%	50%***	75%	75%	100%
	Develop a PRISM Employee Benefits Member Website		*	*	25%	0%	80%
	Increase PRISM visibility at Employee Benefits related conferences.	Number of events hosted or attended	8	8	8	6	6
	Attend Member Open Enrollment Health Fairs		*	*	25	36	30
	Increase web-based trainings and service presentations		10	15	20	25	30
Member Services	Increase/Maintain high member satisfaction.	Average Member Survey Score for EB Programs	4.5 out of 5	4.4 out of 5	4.5 out of 5	4.3 out of 5	4.5 out of 5
	PRISMHealth transition away from SISC to a Stand Alone Self-Funded Pool	Estimated % of completion	*	*	100%	100%	**
	Terminate Express Scripts PBM Contract and transition PRISMHealth program to the new PBM, Navitus		*	*	100%	100%	**
	Terminate Workterra Benefits Administration contract and transition remaining Members to new platform		*	*	100%	100%	**
	Implement Digbi Health Chronic Condition/Weight Management Services		*	*	100%	100%	**
	Create PRISM Employee Benefits Administration Guide to include all EB Programs		*	*	100%	50%	**
	Change EAP Invoicing Process from Quarterly to Monthly		*	*	100%	30%	100%

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

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

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

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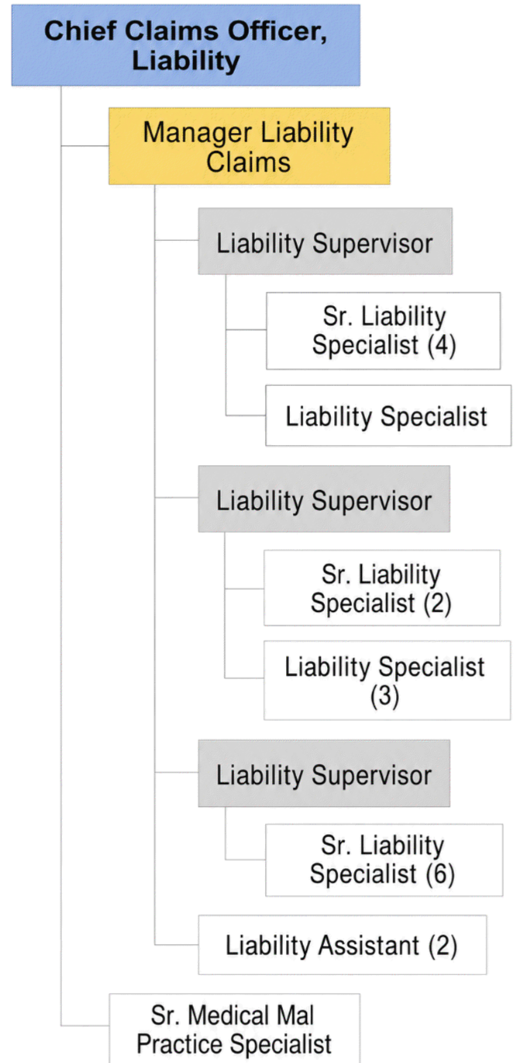
LIABILITY CLAIMS DEPARTMENT



2026/27 Staffing Budget: $3,890,681

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.
- Collaborate with reinsurers regarding claims updates/strategy and ensure their questions are answered.

Major Accomplishments in Fiscal 2025/26:

- Continued to develop processes for managing Property claims under new Program structure.
- Began discussions regarding building a Property Program line of business in Spectra.
- Developed an audit policy and process for the Property Program's claims administration.
- Continued to work with Property Program TPA and counsel to analyze and pursue subrogation in on claims.
- Provided member training to members/TPAs regarding Addendum B Claims Administrative Standards and Defense Counsel Standards.
- Continued work with IT to fine-tune the in-house proprietary claims system for Liability.
- Reviewed and influenced the terms of various Program reinsurance contracts for the 2025/26 Program year.
- Coordinated with governing Committees regarding new endorsements for MOCs addressing time-on-risk and SAM exposures.
- Developed a master spreadsheet of historical policies to streamline claims analysis and administration for the GL claims.
- Streamlined processes surrounding SAM claims to maintain effective, efficient, and collaborative claims handling for members, staff, and reinsurers.
- Processed claim reimbursements to members within 30 days of receipt of all supporting documentation.
- Completed the process of documenting all practices/procedures within the Liability Claims Department.
- Continued growth within the Liability Department staffing to ensure members' needs are met.

- Continued to develop processes and process improvements for better management of the Medical Malpractice claims.
- Coordinated with Medical Malpractice TPA for data clean up.
- Continued work and analysis of gravamen exposures and the claims handling process with claims staff and Medical Malpractice TPA.
- Finalized analysis for bringing Medical Malpractice claims handling in-house.

Performance Measures for Fiscal 2026/27:

- 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.
- Continuing to be a resource to members for claims administration, coverage review, and risk mitigation efforts.
- Develop process/procedures for offering quarterly GL claims reviews with members and implement the process.
- Ongoing development of the Property Program processes and procedures.
- Explore development of Property Program claims handling standards.
- Begin the development of the Property Program line of business in the in-house proprietary claims system.
- Start discussions about migration of the Medical Malpractice line of business into 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.
- Complete an annual review of all documented process/procedures to maintain current and to ensure compliance with Enterprise Risk Management efforts.
- Work with members in the GL claims space to begin use and explore the benefits of Courtroom Science’s services to analyze defenses and mitigate exposures.
- Bring Medical Malpractice claims handling services in-house.
- Review and update Medical Malpractice claims handling standards and begin development of process/procedures documentation for internal processes to align with Enterprise Risk Management efforts.
- Work with IT to develop reports that provide insightful information regarding the development/growth of GL claims by claim type and continue to explore solutions for mitigation.

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 FY24/25**	**Actual FY24/25**	**Goal FY25/26**	**Actual FY25/26**	**Goal FY26/27**
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.						
	Work with IT to develop reports that provide insightful information regarding the development/growth of GL claims, by claim type, and continue to explore solutions for mitigation.						
	Annual review of all documented process/procedures to maintain current and to ensure compliance with Enterprise Risk Management efforts.						
	Develop process/procedures for offering quarterly GL claims reviews with members and implement process.	Estimated % of completion	100%	75%	100%	85%	100%
	Work with IT to develop a Property line of business in the new proprietary claims system.		100%	40%	75%	75%	90%
	Work with IT to develop a Med Mal line of business in the new proprietary claims system.		*	*	*	*	25%
	Completion of Enterprise Risk Management task of documenting all processes/procedures within department.		100%	50%	100%	100%	**
	Work with the GL claims space to begin use and explore the benefits of Courtroom Science's services to analyze defenses and mitigate exposure.		*	*	*	*	50%
	Bring Medical Malpractice claims handling services in-house.		*	*	*	50%	100%
	Review/update Medical Malpractice claims handling standards and begin development of process/procedures documentation for internal processes to align with Enterprise Risk Management efforts.		*	*	*	*	50%
	Explore development of Property Program claims handling standards.		*	*	*	*	25%
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%	80%	80%	80%	80%
	Analysis of bringing Medical Malpractice claims handling in-house	Estimated % of completion	100%	50%	100%	100%	**

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

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

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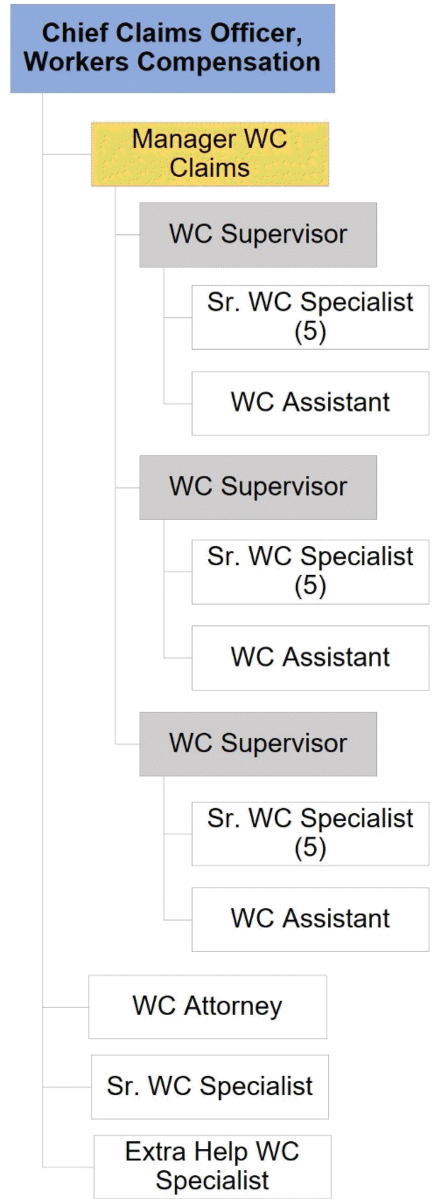
WORKERS' COMPENSATION CLAIMS DEPARTMENT



2026/27 Staffing Budget: $4,189,404

<u>Departmental Functions</u>:

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

<u>Major Accomplishments in Fiscal 2025/26</u>:

- Went live with the first PWC TPA's use of the in-house claim system (Spectra) for PWC Program claims on 04/01/2026.
- Hosted PRISM's first ever WC Symposium on 05/14/2026.
- 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.
- Completed the final reconciliation of the Core Tower COVID-19 Loss and issued final reimbursement to the EWC Program Members.
- Participated in quarterly file reviews with all PWC Program Members, and EWC Program Members as requested or needed.
- Continued implementation of the department strategic to identify efficiencies, update processes and development of training materials.
- 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 JPA Task Force for claims administration as a result of PRISM's Strategic Planning.
- Collaborated with Data and Analytics Department to implement an updated WC Loss Data Specification for the monthly member reporting.
- Through lobbying efforts, had a significant impact on a variety of bills introduced by the California legislature in 2025 and 2026.
- Continued to work with PRISM's Data Scientist on analysis for the C&R Study.
- Use of an Intern to help develop and spark interest in the risk management field.

- Onboarded PRISM's first WC Attorney that will be focusing initially on claim resolutions and training, while assisting PRISM's in-house staff with any member questions with cross-over exposure between employment law and WC laws.
- Onboarded three new Senior WC Specialist positions to assist members and provide additional oversight and resources to the WC Program members.

Performance Measures for Fiscal 2026/27:

- Collaborate with IT-Claims and the remaining three PWC TPAs to implement their use of the in-house proprietary claims system (Spectra).
- 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.
- Continue to implement WC Department strategic plan initiatives.

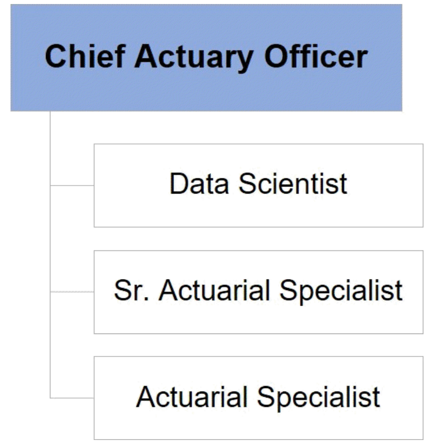
A summary of the Workers' Compensation Claims Department's Performance Measures is presented on the following page.

Workers' Compensation Claims Department Performance Measures							
Area	**Milestone or Outcome**	**Measure**	**Goal FY24/25**	**Actual FY24/25**	**Goal FY25/26**	**Actual FY25/26**	**Goal FY26/27**
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%	35%	75%	100%	**
	Work with IT to convert the PWC Program TPAs in the new proprietary claim system.		*	*	25%	25%	75%
	Implement WC Department Strategic Plan		50%	50%	80%	90%	100%
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.

ACTUARIAL SERVICES DEPARTMENT



2026/27 Staffing Budget: $964,101

Actuarial Departmental Functions:

- Provide actuarial services for the pooled 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 pooled property and casualty programs
- Provide allocation models for each of the pooled P&C programs
- Provide analysis and/or analyzers for reinsured layers and reinsurance rating plans for the pooled 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 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 2025/26

- All Pooled P&C Programs
  - Substantially expanded reasonability checks on loss and exposure data
  - Completed annual actuarial analysis for the pooled property and casualty programs, including timely recommendations on rates
  - Completed annual actuarial analysis for the pooled 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 pooled P&C programs
  - Prepared program actuarial reports, including individual member reports for PWC , for Underwriting, the auditors and the PRISM member portal
  - Evaluated reinsurance structures and premium costs against self-insurance based on PRISM developed risk analyzers
  - Updated AmTrust Commutation estimates of outstanding liabilities for the affected programs
  - Provided general admin ULAE projections and outstanding estimates
  - Provided retained cost of risk analyses

- 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 program year
    - Prepared the necessary filings for Utah Department of Insurance: Statement of Actuarial Opinion, Actuarial Opinion Summary, and Actuarial Report
    - Evaluate capital model on actuarial materiality assumption: existing models, interest rate risk modeling, Solvency II Risk Margin modeling
    - Incorporate new PIGA Program into reporting and calculations
    - Incorporate analysis of the out of state participant surplus contribution

- 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
    - Completed analysis Allocation Methodology Change for EWC
    - Implemented necessary support for Allocation Methodology change for EWC, including rating update, allocation update, etc.
    - Provided ex-mod from new allocation methodology to Underwriting Department as needed
    - Created an automated ex-mod rating worksheet for Underwriting Department

- GL1
    - 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
    - Pool buy-down reinsurance analysis
    - SAMH Analysis to evaluate adequacy of buy-down sublimits
    - Completed analysis Allocation Methodology Change for GL1
    - Implemented necessary support for Allocation Methodology change for GL1, including rating update, allocation update, etc.
    - Provided ex-mod from new allocation methodology to Underwriting Department as needed
    - Created an automated ex-mod rating worksheet for Underwriting Department
    - Ad hoc claim Analysis per member's request

- GL2
    - Update outstanding reserve analysis for the GL2 retained liability due to AmTrust Commutation

- 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 Department on messaging to PWC members with large increases.
    - 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
    - Provided quotes and Loss Portfolio Transfer analysis for potential new members
    - Brought benefit level factor analysis in-house

- Property
    - Various property data recoding as a result of more in-depth analysis of the data bucketing and poor data quality
    - Maintained and updated Property rate study using by-peril analysis
    - Continued to apply industry standard property actuarial analysis including the excess wind factor methodology to smooth out weather events
    - Continue the utilization of the catastrophe modeling data results into actuarial analysis
    - Provided self-funding estimates for the $5M and $7.5M layers as well as additional primary layer indications for $10M, $15M, $20M and $25M limits
    - Provide ALAE and ULAE analyses

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

- Data Science
    - Analyzed the impact of Compromise and Release settlements
    - Provided data support on SAM, SAMH, Jail and Law Enforcement claims identification using text mining
    - Refreshed Size of Loss distribution and updated ILFs for EWC, GL1

- Reviewed and refined major modeling components of Premium Allocation Methodology
- Supported public records requests through targeted keyword-based claim identification
- Built GL1 excess Monte Carlo simulation to support the Excess Analyzer
- Conducted GL1 adverse development modeling to support the ARC capital evaluation
- Stochastic reserving model for GL1
- Aggregate Loss Distributions for GL1 and EWC
- Explored a new GL1 IMCD modeling methodology

Actuarial Performance Measures for Fiscal Year 2026/27:

- Provide annual actuarial analysis for the pooled property and casualty programs, including timely recommendations on rates
- Provide annual actuarial analysis for the pooled property and casualty programs, including evaluation of outstanding liabilities and target funding
- Provide quarterly outstanding liability and projection estimates for the pooled P&C programs
- Prepare program actuarial reports including individual member reports for PWC for Underwriting, the auditors and PRISM member portal
- Provide analysis and/or analyzers for the pooled programs' reinsurance arrangements and plans
- Assist in development of the allocation models for each of the pooled programs
- Provide all actuarial support for the PRISM ARC
- Produce in-depth loss development factor analysis for all pooled P&C programs
- Produce in-depth trend factor analysis for all pooled P&C programs
- Provide general admin ULAE projections and outstanding estimates
- Provide PWC quotes as needed
- Provide analysis for GL1 and GL2 IMCD premium discount
- Continue to analyze various underwriting factors (territory, safety/non-safety) for the pooled programs, as needed
- 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 quotes as needed
- Continue analysis of Compromise and Release settlements
- Evaluate reasonableness and fairness of the premium allocation process in pooled programs, as needed
- Premium Allocation Methodology Review for GL1 and EWC
- Perform medical malpractice analyses on claims-made basis directly, time allowed
- Reevaluate GL1 school SAM claims-made analysis

- Reevaluate GL1 reserve methodology, and explore stochastic reserving methods
- Reevaluate size of loss distribution and aggregate loss distribution for pooled programs
- Develop gamified pool learning (i.e. $ource Game)
- Continue to develop capital modeling for PRISM ARC

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 FY24/25**	**Actual FY24/25**	**Goal FY25/26**	**Actual FY25/26**	**Goal FY26/27**
Innovation and Improvement	Develop and continue updating the PRISM Actuarial Analysis Toolkit	Goal is ongoing					
	Analysis on the benefit of compromise and release settlements in the WC programs						
	Property rate study by-peril analysis						
	Continue monitoring and analyzing SAM impact on GL programs						
	Provide actuarial and analytic support for member ad-hoc type requests						
	Contribute to Wavelength newsletter						
	Provide Data Science predictive modeling support for pooled programs annually						
	Evaluate reasonableness and fairness of premium allocation for pooled programs, as needed						
	Develop gamified pool learning, i.e. $ource Game						
	ARC Capital Modeling and surplus adequacy evaluation for the next few years						
Reporting and Analysis	Provide annual actuarial analysis for the pooled 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 pooled 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 pooled P&C programs		Yes	Yes	Yes	Yes	Yes
	Provide analysis and/or analyzers for the pooled programs' reinsurance arrangements and plans		Yes	Yes	Yes	Yes	Yes
	Provide allocation models for each of the pooled programs		Yes	Yes	Yes	Yes	Yes
	Produce in-depth loss development factor analysis for the pooled programs		Yes	Yes	Yes	Yes	Yes
	Produce in-depth trend factor analysis for the pooled programs		Yes	Yes	Yes	Yes	Yes
	Prepare program actuarial reports including individual member reports for PWC 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 estimated cost of retained risk for all pooled programs for finance		Yes	Yes	Yes	Yes	Yes
	Provide PWC and other programs' quotes as needed		Yes	Yes	Yes	Yes	Yes
	Update GL1 and GL2 IMCD premium discount calculation and provide penetration ratio analysis as needed		Yes	Yes	Yes	Yes	Yes
	Continue monitoring and analyzing AB 35 MICRA legislation impact to MedMal program		Yes	Yes	Yes	Yes	Yes
	Provide analysis for PIGA program		*	Yes	*	Yes	Yes
	Provide analysis for Out of state participant surplus contribution		*	Yes	*	Yes	Yes
	Evaluate outstanding liabilities from AmTrust Commutation for all impacted programs		Yes	Yes	Yes	Yes	Yes

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

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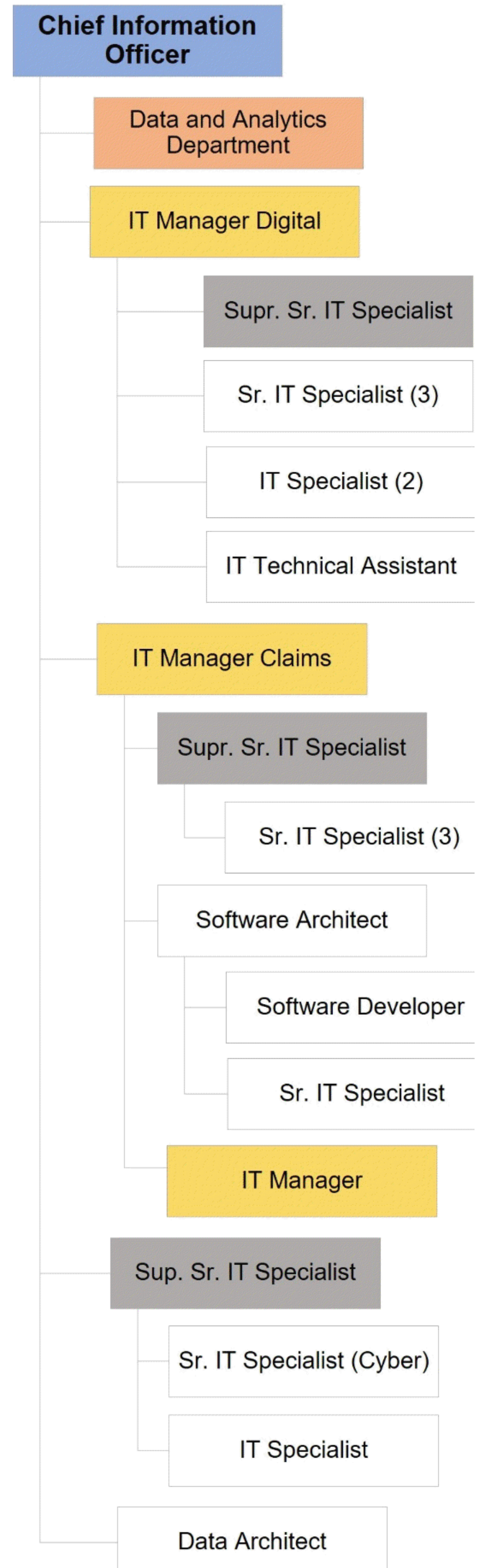
INFORMATION TECHNOLOGY DEPARTMENT

2026/27 Staffing Budget: $4,239,657

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 claims system, Spectra, 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 operational software systems including Claims Management, Policy Management, Human Resource Management, Financial Management, and others.



Major Accomplishments in Fiscal 2025/26:

- Finalized ETL processes to streamline how data is organized and shared, making it easier for user to access membership information (website/pool management)
- Optimized AI Chatbot
- Began discovery and analysis of a pool information management system (PIMS) rewrite
- Implemented phase one of website accessibility compliance
- Implemented Swoogo as new event management platform
- Introduced AI-enabled tools enabling staff productivity gains and reducing manual work
- Provided support for 14 ClaimsXPress instances, as well as support 3 self-hosted members
- Continued development of the new proprietary claims system (Spectra) for both WC and GL
- Our first TPA went live on Spectra April 6th, 2026
- Conducted another bulk upload of COVID-19 member claims from D&A, including financials. We have now imported over 60k claims.

- Improved functionality and accuracy for 1099 and OSIP reporting, as well as incorporated new reporting requirements
- Enhanced custom reports and subscription process for reinsurers in Spectra for GL and WC
- Created several new complex business rules for TPAs, members, and PRISM
- Provided employee training for TPAs, members, and PRISM on Spectra
- Supported the claims teams with several examiner reassignments. This involves transferring caseloads and diaries from one examiner to another
- Upgraded endpoint protection capability to strengthen cyber protections

Performance Measures for Fiscal 2026/27:

- Begin formal requirements gathering and development for PIMS rewrite
- Enhance AI Chatbot's ability to address website-related inquiries and general risk management topics
- Complete website remediation for accessibility and begin remediation of publicly posted PDF documents
- Implement AP automation leveraging RPA and/or AI
- Evaluate electronic voting solutions
- Expand AI use-cases to further streamline operations and automate routine tasks through intelligent agents
- Continue development of the new proprietary claims system
    - The PRISM GL Claims team with live in October 2023
    - The PRISM WC Claims team with live in March 2025
    - Our First TPA went live April 2026
- Implement at 3 TPA's and 1 member in Spectra
- Evaluate and pursue development of the following claims system (Spectra and ClaimsXPress) activities, if deemed appropriate
    - Continued enhancement and execution of bulk claim load for member submitted data and from the Data and Analytics database. As of 3/1/2026 we uploaded and updated financials for over 60k COVID-19 claims.
    - Continued report development and enhancements to Spectra and ClaimsXPress as needed
- Build out a Property module in Spectra
- Migrate Spectra Infrastructure to Cloud
- Implement AI in Spectra to summarize both attachments and notepads
- Improve organizational security awareness (measured by security awareness software platform)
- Implement improvements to increase efficiency of PC management and lower long-term cost of desktop computing
- Continued development of organizational information security roadmap and technology/digital strategy
    - Added ability to monitor/alert on cloud-based software and infrastructure
    - Enhanced ability to monitor and control outbound data in AI tools

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

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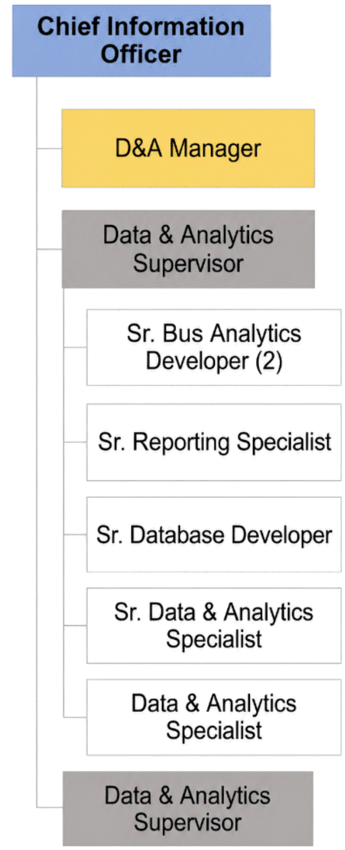
Information Technology Department Performance Measures							
Area	**Milestone or Outcome**	**Measure**	**Goal FY24/25**	**Actual FY24/25**	**Goal FY25/26**	**Actual FY25/26**	**Goal FY26/27**
Innovation and Improvement	Continued enhancement and execution of bulk claim load for member submitted data and from the DNA database	Goal is ongoing					
	Continued report development and enhancement of legacy and new proprietary claims system						
	Continue supporting the 16 instances of legacy system (PRISM, TPA, and Members)						
	Enhance Coverage Data						
	Improve organizational security risk (measured with security awareness software)						
	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	100%	100%	**	**	**
	Make Contact Management available to staff and members on the website		100%	100%	**	**	**
	Implement redesigned user dashboards on the website		100%	100%	**	**	**
	Expand usage of Robotic Process Automation (RPA)		50%	50%	60%	*	100%
Systems and Processes	Continue development of the new proprietary claims system	Delivery of minimum viable product	WC 50%	WC 80%	WC 95%	WC 98%	WC 100%
	Implement TPA's on Spectra	Estimated % of completion	*	*	50%	25%	75%
	Migrate Spectra Infrastructure to Cloud		*	*	*	*	100%
	Build a Property Module in Spectra		*	*	*	*	90%
	Create notification tool for member TPA changes		100%	100%	**	**	**
	Implement solution for managing COI requests		100%	***	***	***	***
	Complete development of the ANCP, Prospect, and Form Builder solutions		100%	**	**	**	**
	Implement virtual desktop technology		100%	0%	100%	0%	100%
	Begin discovery and analysis of PIMS rewrite		*	*	75%	100%	**
	Begin formal requirements gathering and development of PIMS rewrite		*	*	*	*	50%
	Implement CRM		*	*	*	*	100%
Oversight and Security	Develop information security roadmap	Estimated % of completion	0.5	0.5	0.75	75%	90%
	Conduct security assessment		100%	100%	**	**	**
	IT Policy Review		100%	0%	100%	0%	10%

*Goal adopted in later period; n/a for this period.
**Goal was accomplished; n/a for future periods.
*** Goal was determined to be no longer needed

DATA AND ANALYTICS DEPARTMENT



2026/27 Staffing Budget: $1,534,228

D&A Departmental Functions:

- Build, operate, and continuously modernize PRISM's data and reporting platform — the databases, pipelines, and analytical tools that support the organization's information needs.
- Operate under disciplined development and delivery practices that ensure D&A's work is transparent, prioritizable, and scalable as the team and its responsibilities grow.
- Manage PRISM's loss experience processing and core reporting obligations — including PPP, CSR/PFS, LPT, BDX, COVID, and CIGA reporting — in support of the renewal process, actuarial work, and Committee and Board reporting. Partner with members and TPAs to improve the quality, timeliness, and availability of loss data.
- Develop and maintain analytics, dashboards, and data products that make PRISM and its members loss and performance information accessible to members, partners, and staff.

D&A Major Accomplishments in Fiscal 2025/26:

- Delivered the annual and semi-annual loss data packages to the market on schedule for all pooled P&C programs, while simultaneously providing actuarial study data to support the Actuarial team's renewal work — a critical and time-sensitive output executed without disruption.
- Maintained a 100% on-time delivery record for all quarterly CSRs, monthly and quarterly LPT reports, BDX, and PPP reports to the Committees and Board — ensuring decision-makers always had accurate, timely data in hand.
- Kept the full suite of ongoing regulatory and operational reports — including Covid, excess reportable, monthly experience, CIGA, and actuarial loss runs — running on time throughout the year with zero missed deadlines.
- Restructured the EWC, GL1, and GL2 annual loss data packages into separate monthly and annual provider deliveries, accelerating market data delivery by 3 months — a meaningful competitive improvement for PRISM's renewal process.
- Built a new Allocation Data export that delivered pre-aggregated EWC and GL1 data directly to Underwriting, eliminating a manual workload on their end and reducing cross-team friction at a critical point in the renewal cycle.
- Developed diagnostic triangles for the Actuarial team that illuminate how claim trends have shifted over time — a new analytical tool that directly enriches their reserve studies and strengthens PRISM's actuarial work product.
- Launched the transition of TPAs to the updated Workers' Compensation Loss Data Specification, aligning PRISM's data collection standards with statutory requirements and laying the groundwork for improved data quality across the program.

- Provided consistent, transparent reporting to multiple committees on monthly loss data collection status, keeping leadership informed and enabling timely direction on data quality issues.
- Successfully transitioned workers' compensation reporting to PRISM's proprietary claims system (Spectra), merging data from the legacy SIMS system with zero disruption to ongoing reporting obligations — a technically complex migration that protected data integrity throughout.
- Migrated the team's infrastructure to new servers and hosts, modernizing our technical foundation and adapting workflows to the updated environment — keeping operations stable while the ground was moving beneath us.
- Launched new "Analytics" pages on PRISM's public-facing website, making D&A's member-facing dashboards and data services more discoverable and accessible — raising the team's visibility and driving member engagement with our tools.
- Shipped major enhancements to the Loss Discovery, Member Summary, and Membership dashboard applications — delivering meaningfully improved functionality, performance, and accessibility to members who depend on these tools for loss analysis.
- Designed and deployed a Risk Control Loss Analysis dashboard for PRISM staff, giving the Risk Control team a new internal tool to analyze loss trends and support member engagement with data-driven insights.
- Redesigned the Benchmarking page of the Member Summary dashboard with improved visual clarity and communication design, making it easier for members to interpret their performance relative to peers.
- Delivered live demonstrations of PRISM's analytics dashboard suite to members and committees, directly driving awareness and adoption of tools that members often don't know exist.
- Redeveloped the ETL pipeline for McLaren's monthly PRISM property loss runs, replacing a fragile manual process with an automated, repeatable workflow.
- Fulfilled multiple complex data requests from Benchmark Analytics, enabling them to deliver higher-quality analytic services to PRISM members — a partnership that extends D&A's value beyond PRISM's walls.
- Delivered tailored liability data packages to Polco and Benchmark Analytics for CAJPA's industry analysis, positioning PRISM as a key data contributor to public agency benchmarking at the industry level.
- Replaced the legacy Claims Summary Report (CSR) with the new PRISM Financial Summary (PFS) for the EWC Program — a significant reporting upgrade that improves reserve study accuracy, streamlines report generation, and makes the output materially easier for stakeholders to interpret.
- Redesigned the Property Claims Summary Report to more clearly show how the program's loss experience erodes the aggregate stop loss coverages in the primary layer — making a technically complex report genuinely interpretable for its audience.
- Expanded PRISM's Bordereaux reporting suite with 3 new monthly BDX reports for MedPro, Beta, and Corverys, providing each carrier with comprehensive historical participation data for the MedMal Program and strengthening PRISM's market relationships.
- Deployed a SFTP and PGP-encrypted data transfer solution for members with elevated security requirements, enabling fully automated, end-to-end encrypted data collection for those members and raising PRISM's data security posture.

- Began scoping a user interface (UI) for D&A's databases to replace error-prone manual administration — groundwork that will meaningfully reduce operational overhead and improve data governance as the team scales.
- Kicked off the capture of detailed historical member premium data, creating a new asset for analytics and reporting that has been needed for years and will unlock a richer picture of member financial history.

D&A Performance Measures for Fiscal 2026/27:

Platform Modernization — *Our core strategic goal this year — a multi-year, resource-intensive investment to build D&A's next-generation data and reporting foundation.*

- Begin the strategic transition from legacy data and reporting platforms to Microsoft Fabric.
- Continue to maintain and improve D&A's databases and develop and deploy new information products for members, partners, and staff.
- Integrate AI-augmented development into D&A's workflows to accelerate delivery and raise output quality.
- Evaluate and pilot tools for Writeback and Self-Service functionality in D&A's reporting environment.
- Identify and pilot tools capable of delivering monthly automated reports directly to membership and staff.

Operating Practices & Team Capability — *How we'll get there — the development discipline and skills needed to deliver on our modernization commitments.*

- Implement a formal ticketing system for all D&A features, bugs, and updates to make work visible, prioritizable, and accountable.
- Implement time tracking across team and individual efforts to sharpen prioritization and support data-driven resource planning.
- Deploy an Agile and Scrum operating framework across all D&A work, shifting the team to iterative, sprint-based delivery.
- Invest in structured departmental training across our technology stack and business standards to equip the team for modernization and help PRISM attract and retain talent.

Core Reporting & Renewal Support — *Deliver PRISM's foundational loss data and reporting obligations on time and accurately.*

- Deliver the Annual and Semi-Annual Loss Data Collection processes for all pooled P&C programs, ensuring Actuarial and Underwriting have the data they need to execute the renewal cycle.
- Deliver all quarterly CSR, PFS, and LPT reports and monthly BDX reports accurately and on time, adding new reports as needed.
- Serve as a reliable data partner to PRISM departments — primarily Data Science, Actuarial, and Underwriting — fulfilling their information needs promptly.
- Continue to provide tailored liability data packages to Polco for CAJPA's industry analysis.
- Continue providing tailored liability and workers' compensation data to Benchmark Analytics to support its Early Intervention System (EIS) and provide PRISM

members discounted access to cost-effective, industry-leading early intervention technology.

Workers' Compensation Platform Transition — *Complete the migration of WC reporting from SIMS to Spectra across all data providers.*

- Enhance ETL procedures to pull WC data from Spectra as system updates are rolled out, while incorporating replicated PWC data still maintained in SIMS.
- Incorporate PWC TPAs into WC ETL procedures as they transition from SIMS to Spectra, and build the CSR and BDX capabilities needed to support each transition wave.
- Continue transitioning EWC data providers to the new Workers' Compensation Loss Data Specification.

Member Data & Analytics Products — *Improve the timeliness, depth, and accessibility of data products for members and staff.*

- Advance the transition of capable P&C pooled program members from annual to monthly loss reporting.
- Enhance the focus and takeaways of PRISM's Analytics dashboards, and continue releasing materials in accordance with the Member Data Education Plan.
- Develop a new Property data model to support dedicated reporting and dashboards, and maintain alignment with McLaren's Property source data updates in D&A's automated pipelines.
- Enhance PRISM Program Performance (PPP) reports with deeper analytical insights.

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

Data & Analytics Department Performance Measures							
Area	**Milestone or Outcome**	**Measure**	**Goal FY24/25**	**Actual FY24/25**	**Goal FY25/26**	**Actual FY25/26**	**Goal FY26/27**
Innovation and Improvement	Strive for continued innovation, creative ideas, and progressive strategy as respects the programs, services, and organization as a whole.	Goal is ongoing					
	Ensure objectives outlined in the organizational strategic plan are moving forward and/or completed within established timeframes.						
	Build, operate, and continuously modernize PRISM's data and reporting platform — the databases, pipelines, and analytical tools that support the organization's information needs.						
	Operate under disciplined development and delivery practices that ensure D&A's work is transparent, prioritizable, and scalable as the team and its responsibilities grow.						
	Continue development and expansion of member and staff dashboards and data products.						
	Continue to support loss data collection, reporting needs, and provide data collection or quality enhancement services to the membership.						
	Support the Data Science, Actuarial, and Underwriting practices as needed.						
	Continue to release materials per the Member Data Education Plan.						
	Continue to maintain and improve the D&A databases and develop new information products for the membership, partners, and staff.						
	Integrate AI-augmented development into D&A's workflows to accelerate delivery and raise the quality of analytical outputs.						
	Transition P&C pooled program members from annual to monthly loss reporting for those providers who are able and where it results in reduced time on data processing for all parties.	Estimated % of completion	100%	90%	100%	95%	100%
	Transition the WC data providers to the new WC loss data specification for those who are able to accommodate the change.		75%	10%	75%	15%	50%
	Transition to the new PRISM claim system (Spectra) as the source for excess loss reporting data for the EWC program as PWC providers are moved over.		100%	70%	100%	100%	100%
	Incorporate PWC TPAs into WC ETL procedures as they transition from SIMS to Spectra, building CSR and BDX capabilities to support each transition wave. LWP transitioned successfully for 25/26; process continues as additional providers move over in 26/27.		*	*	50%	100%	100%
	Enhance PRISM Program Performance (PPP) reports with deeper analytical insights, and begin evaluating self-service reporting tools for staff.		50%	70%	100%	100%	100%
	Deploy new login and landing pages for PRISM's Analytics Dashboard Portal.		*	25%	100%	100%	**
	Standardize and automate the McLaren's Property data intake.		*	20%	100%	100%	**
	Deploy the new Property CSR; add Property excess payments, schedules, and wildfire maps to the D&A databases; develop a new Property data model to support dedicated reporting and dashboards; and build and deploy initial Property reporting and analytics products.		100%	25%	50%	50%	75%
	Build an improved reporting and analysis platform for PWC as additional TPAs migrate to Spectra, ensuring new CSR and BDX capabilities are in place to support each transition wave.		100%	50%	100%	90%	100%
	Finalize historical premium data collection and integrate into models.		*	20%	85%	90%	100%

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

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

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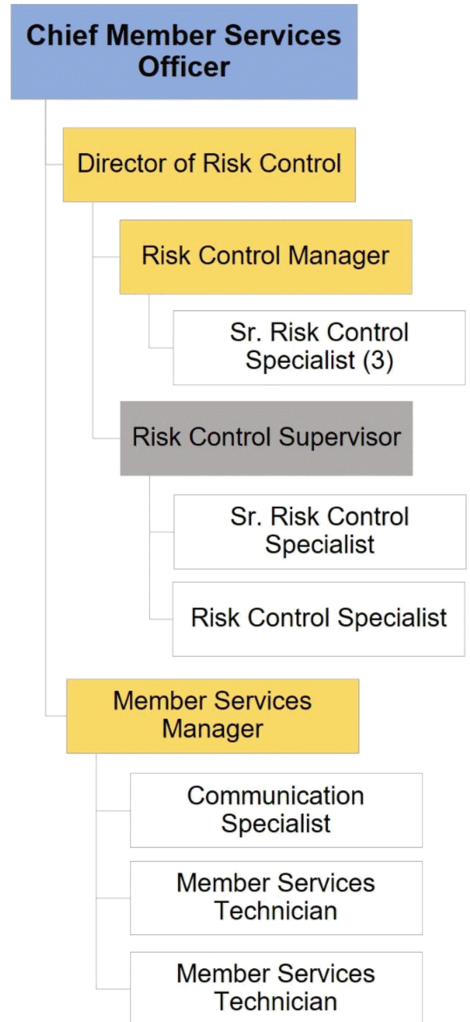
Data & Analytics Department Performance Measures							
Area	**Milestone or Outcome**	**Measure**	**Goal FY24/25**	**Actual FY24/25**	**Goal FY25/26**	**Actual FY25/26**	**Goal FY26/27**
Innovation and Improvement	Evaluate and pilot tools for Writeback and Self-Service functionality in D&A's reporting environment.	Estimated % of completion	*	*	50%	50%	75%
	Identify and pilot tools capable of delivering monthly automated reports directly to membership and staff.		*	*	50%	50%	100%
	Begin the strategic transition from legacy data and reporting platforms to Microsoft Fabric to establish D&A's next-generation data and analytics foundation.		*	*	*	*	75%
	Implement a formal ticketing system for all D&A features, bugs, and updates to make work visible, prioritizable, and accountable.		*	*	*	*	100%
	Implement time tracking across team and individual efforts to sharpen prioritization and support data-driven resource planning.		*	*	*	*	100%
	Deploy an Agile and Scrum operating framework across all D&A work, shifting to iterative, sprint-based delivery.		*	*	*	*	100%
	Invest in structured departmental training across our technology stack and business standards to equip the team for modernization and help PRISM attract and retain talent.		*	*	*	*	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
	Deliver the Annual and Semi-Annual Loss Data Collection processes for all pooled P&C programs accurately and on time, ensuring Actuarial and Underwriting have the data they need to execute the renewal cycle.		Yes	Yes	Yes	Yes	Yes
	Deliver all quarterly CSR, PFS, and LPT reports and monthly BDX reports accurately and on time. Add new reports as needed.		Yes	Yes	Yes	Yes	Yes
	Produce annual excess reportable reports, monthly CIGA tracking, monthly loss runs, and all other ongoing regulatory and operational reports.		Yes	Yes	Yes	Yes	Yes
	Continue to provide tailored liability data packages to Polco for CAJPA's industry analysis.		*	*	Yes	Yes	Yes
	Continue providing tailored liability and workers' compensation data to Benchmark Analytics to support its Early Intervention System (EIS) and provide PRISM members access to industry-leading early intervention technology.		*	*	Yes	Yes	Yes

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

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

MEMBER SERVICES DEPARTMENT



2026/27 Staffing Budget: $2,396,981

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 2025/26:

- Continued to offer four (4) POST-Certified Courses
- Launch of second self-paced offering - Stress Management Strategies
- Use of Force/De-Escalation (self-paced)
- Critical Incident Stress Management (CISM) for Peer Supporters training, offered in partnership with, The Counseling Team International (TCTI), was hosted by three member first responder agencies throughout California
- Workplace Violence – Hazard Assessment, Identification and Correction – the delivery of this regional training took place in 5 locations throughout California
- Developed 8 courses in partnership with Vector Solutions
- Open Forums for risk control, and a podcast called Perspectives, held monthly on general risk management topics;
- Online courses through Vector Solutions added 13 new OSHA & Compliance courses, 5 Education Courses, 13 new HR & Business Skills Courses, 3 Office Productivity Courses, and over 50 new/updated courses within the various course catalogs;
- Expanded offerings for cyber security and dangerous conditions risk assessments;
- Held Cyber Symposiums in two locations, one in both Northern and Southern California;
- Added Entry Level Driver Training (ELDT) at no additional cost for PRISM Members.

New and Updated Services include:

- First Responder Peer Support Services offered by The Counseling Team International (TCTI)
- Property Program Emergency Restoration Services offered by Belfor
- An Accelerator Program incentivizing utilization of Early Intervention System (EIS) Services for the GL1 Program offered by Benchmark Analytics
- Enterprise Risk Consultants now have 28 available consultants and 5 active assignments
- Employment Practices Legal Advice Service – brought in-house effective January 1, 2025. Since then, the hotline has provided legal support on over 400 unique matters on behalf of 137 PRISM members and sub-members, this reflects an average of 62 matters per month.
- Held the first ever PRISM Annual Conference for over 300 attendees at the meeting and 200 members at the PRISM Orientation
- An MSA was entered into with Sign In Solutions for visitor management systems

Performance Measures and Goals for Fiscal 2026/27:

- Continue to evaluate stop gap measures to fill risk management needs
- Continue the PRISM communication and education strategies to increase awareness and understanding of PRISM at a stakeholder level
- Expand member engagement opportunities including hosting 6 symposiums, regional meetings and host the PRISM 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.

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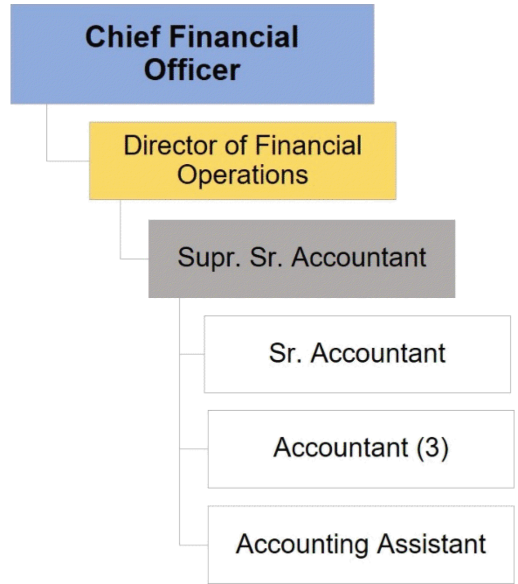
Member Services Department Performance Measures							
Area	**Milestone or Outcome**	**Measure**	**Goal FY24/25**	**Actual FY24/25**	**Goal FY25/26**	**Actual FY25/26**	**Goal FY26/27**
Branding and Outreach	Evaluate stop gap measures to fill risk management needs	Goal is ongoing					
	Expand member networking opportunities	Number of events hosted or attended	160	165	175	173	175
	Expand member networking opportunities; Develop methods to continually highlight available services to all members	Estimated number of contacts	1500	1600	2000	2100	2000
	Develop methods to continually highlight available services to all members	New communication methods implemented	Yes	No	Yes	Yes	Yes
	Continue to identify individuals at member agencies to send targeted resources and information (Three Deep campaign)	Number of member contacts added	150	163	150	137	150

FINANCE DEPARTMENT



2026/27 Staffing Budget: $1,466,965

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 2025/26:

- 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 2024/25 with no findings and unqualified opinion.
- Successful renewal billing cycle of 1,108 invoices with a total value of $1.4B with substantially all amounts collected within 60 days.
- Implemented process to export data weekly from Intacct to OpenGov to provide fiscal year to date budget expenditures data to managers.
- Integrated Expensify and Intacct to streamline processing of employee expense reports and credit card transactions.
- Implemented GASB Statement No. 103, *Financial Reporting Model Improvements*
- Developed reporting for new pooled program: Vision.
- Completed configuration of Prosystems fx to produce Budget and ACFR reports and schedules, increasing reporting efficiency and complementing reporting built into Intacct.
- Brought accounting and reporting for PRISMHealth program in-house effective October 2025.

Major Goals for Fiscal 2026/27:

- Obtain ACFR and budget awards from GFOA.
- 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 and Intacct and Spectra.

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

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Finance Department Performance Measures							
Area	**Milestone or Outcome**	**Measure**	**Goal FY24/25**	**Actual FY24/25**	**Goal FY25/26**	**Actual FY25/26**	**Goal FY26/27**
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%	75%	100%	100%	**
	Implement UiPath BOT processing for accounts payable tasks, or implement another solution to automate entry of bills.		100%	25%	100%	5%***	100%
	Implement reporting for new pooled programs: PIGA, PFL, and Vision.		67%	67%	100%	100%	**
	Bring accounting and reporting for PRISMHealth program in-house effective October 2025.		*	*	100%	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%	1.2%^	0.0%	2.5%^	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%	99%	95%
	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%	100%	100%	100%	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%	100%	100%

*Goal adopted in later period; n/a for this period.
**Goal was accomplished; n/a for future periods.
***Planned approach is being reevaluated due to rapid evolution of available technology.
^Variance driven by change in actuarial estimates only.

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Finance Department Performance Measures							
Area	**Milestone or Outcome**	**Measure**	**Goal FY24/25**	**Actual FY24/25**	**Goal FY25/26**	**Actual FY25/26**	**Goal FY26/27**
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	5	0	2	0
		Fees incurred from returned checks	$0	$85	$0	$0	$0
		Number of ACH/Wire payments returned	0	1	0	3	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
	Work with HR to ensure that quarterly and annual regulatory and tax filings are 100% accurate and filed timely.		Yes	Yes	Yes	Yes	Yes

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PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
GENERAL ADMINISTRATION PROGRAM
ADOPTED BUDGET
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Enterprise Risk Consultant Fees	$ 422,519	$ 114,325	$ 165,000	$ 0	$ 125,000	$ 125,000	0%	Pass through program estimated based on past experience.
Claims System Access	117,666	97,720	97,720	365,100	291,900	(73,200)	-20%	Claims hosting expenses are lower; depreciation decreased; pass thru item
PRISM Drug and Alcohol Consortium	600	600	600	0	600	600	0%	
Investment Income	1,756,986	808,509	1,132,000	1,600,000	1,500,000	(100,000)	-6%	Lower investment return rate expected in 26/27
Shared Cost Agreements	215,014	73,083	214,000	343,000	400,000	57,000	17%	50% of 2 Employee Benefits Specialists, 100% of Sr. UW Specialist, 100% of Sr. Risk Control Specialist
Other Revenues	175,144	26,990	37,000	5,000	137,500	132,500	2650%	JPA strategic Planning, and estimate of revenue generated by Annual Conference
TOTAL REVENUES	**2,687,929**	**1,121,227**	**1,646,320**	**2,313,100**	**2,455,000**	**141,900**	**6%**	
EXPENSES:								
Salaries and Benefits:								
Regular Salaries	13,914,880	7,644,371	15,164,000	15,833,738	18,235,216	2,401,478	15%	
Retirement	2,472,632	1,287,717	2,376,000	2,225,307	2,636,799	411,492	18%	ACFR exp includes net pension liability adjustment under GASB 68
Employee Benefits	2,603,329	1,418,726	3,410,000	3,865,370	4,669,884	804,514	21%	Includes Benefit costs of new employees
Employment Taxes	191,258	109,934	218,074	238,376	271,443	33,067	14%	
Temporary Services	36,497	0	59,600	208,280	151,600	(56,680)	-27%	Includes temps for HR, Liability, EB, CIGA and EAP, Temp conf. staff
Employment Services	28,400	22,818	37,520	37,520	33,975	(3,545)	-9%	
Total Salaries and Benefits	19,246,996	10,483,566	21,265,194	22,408,591	25,998,917	3,590,326	16%	
Services and Supplies:								
Staff Travel	361,549	180,535	328,000	365,635	445,300	79,665	22%	Includes travel to all conferences, trainings, meetings, member visits, file reviews, settlements, etc.
Authority Meeting Expenses	393,163	999,117	1,132,000	1,072,250	1,427,750	355,500	33%	Incl. expenses for PRISM annual conference; new location and incr. attendance expected in 26/27
Committee Expenses	142,569	33,866	91,000	155,100	165,150	10,050	6%	Higher cost anticipated
Audit Service	63,900	81,800	89,800	89,800	95,000	5,200	6%	
Legal Counsel	33,016	8,283	15,000	71,390	54,500	(16,890)	-24%	Includes Amicus briefs, EPL Legal and out of state employee consulting
Periodicals and Publications	7,517	5,294	12,000	20,180	18,830	(1,350)	-7%	
Training and Education	31,048	24,342	146,100	155,674	205,497	49,823	32%	Higher usage expected
Educational Scholarships	1,150	1,125	1,125	1,600	3,600	2,000	125%	PRIMA scholarships: 1 for 25/26, 2 for 26/27
Conferences and Seminars	96,207	45,002	137,275	174,324	107,075	(67,249)	-39%	Conference registration only
Membership Dues	86,440	45,232	81,141	81,141	91,765	10,624	13%	AGRIP, CAJPA, CSAC, PRIMA and PARMA dues included
Insurance Cert Tracking Serv- PRISM Expense	3,861	2,940	2,940	4,000	5,900	1,900	48%	
Office Supplies	26,074	9,120	34,500	61,500	53,700	(7,800)	-13%	
Computer Supplies, Software and Annual Maint.	794,779	232,132	1,304,270	1,304,270	1,663,320	359,050	28%	Modernization of the D&A technology stack, expansion of AI capabilities, and enhanced security and system monitoring tools
Computer Hardware, Backup Data Center	210,020	11,448	203,650	203,650	315,950	112,300	55%	New equipment for annual conference; higher number of laptops needed in 26/27 per computer replacement policy
Web Conferencing	54,622	0	57,685	57,685	57,685	0	0%	Zoom Workspace
Computer Technical Assistance	245,154	33,139	299,500	299,500	544,500	245,000	82%	AI and automation technical support/consultation

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PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
GENERAL ADMINISTRATION PROGRAM
ADOPTED BUDGET
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
Website Design/Hosting/Support	330,357	207,561	450,000	450,000	887,000	437,000	97%	PIMS rewrite and CRM implementation, Accessibility Managed Service and continued Chatbot Development/Support
Claims System	1,299,575	1,048,514	2,181,000	2,199,104	2,155,350	(43,754)	-2%	Phasing from SIMS to Spectra
Insurance	698,630	688,196	688,196	858,200	956,300	98,100	11%	Increase in Cyber and Liability coverages
Postage	9,690	1,673	9,000	17,000	12,000	(5,000)	-29%	
Telephone	73,458	33,081	102,380	102,380	100,380	(2,000)	-2%	
Printing	44,173	16,377	20,500	44,250	47,250	3,000	7%	
Maintenance	3,600	9,320	25,000	25,000	15,000	(10,000)	-40%	PRISM maintenance as equipment and space ages
Accreditation and Certifications	445	1,225	1,700	1,700	2,250	550	32%	AGRIP accreditation in 26/27 ; GFOA award submissions included
Consultant	68,962	16,300	65,000	79,000	75,075	(3,925)	-5%	.
Awards and Recognition	17,219	17,432	19,200	19,200	20,450	1,250	7%	
Member Development	29,600	28,356	57,750	57,750	69,500	11,750	20%	
Legislative Advocate Contracts	138,263	101,154	227,308	332,000	130,000	(202,000)	-61%	$130k for Leg Liaison contract, 25/26 had $200k for CAJPA Tort reform
Bank Charges	85	28	100	5,000	5,000	0	0%	Interest earned offset most of the fees
Investment Expense	245,065	133,677	312,000	300,000	320,000	20,000	7%	Portfolio investment management services
Total Services and Supplies	5,510,191	4,016,269	8,095,120	8,608,283	10,051,077	1,442,794	17%	
Member Services:								
RC Seminars / Training Programs & Materials	3,184	9,904	36,000	81,800	89,000	7,200	9%	Estimated regional lunch and learns and workshop expense for 26/27
PRISM Loss Prevention Platform	1,420,000	1,460,000	1,460,000	1,460,000	1,460,000	0	0%	
Plexus Global EPN Program	191,256	97,500	195,000	195,000	200,000	5,000	3%	Contractual increase
Automated Assessment Tool	2,500	0	7,500	7,500	7,500	0	0%	Maintenance & support cost
INXPO On Demand Program	22,500	9,000	18,000	18,000	18,000	0	0%	PRISM TV
Member Legal Services	381,000	32,502	70,000	70,000	70,000	0	0%	Eyres Law Group contract in 24/25 in addition to Legal Counsel.
Other RC Program Services & Materials	0	0	30,000	40,000	40,000	0	0%	IRIC, video streaming and misc. risk control
Enterprise Risk Consultant Expense	422,519	114,325	165,000	0	125,000	125,000	0%	Pass through program estimated based on past experience.
Member Engagement Symposiums	31,538	0	0	133,000	120,000	(13,000)	-10%	2 Member Symposiums planned for 26/27
Claims System Access	0	32,228	97,720	365,100	291,900	(73,200)	-20%	Claims hosting expenses are lower; depreciation decreased; pass thru item
Total Member Services	2,474,497	1,755,459	2,079,220	2,370,400	2,421,400	51,000	2%	
Depreciation:								
Furniture and Equipment	81,187	30,818	57,780	210,000	180,000	(30,000)	-14%	Incl. virtual desktops, Conf. room equipment, servers and Firewall
Software	1,130,609	338,544	710,942	975,000	1,050,000	75,000	8%	Incl. Website development, Claim System development, Data analytics development platform
Total Depreciation	1,211,796	369,362	768,722	1,185,000	1,230,000	45,000	4%	
Discretionary Delegated to Executive Committee	94,200	0	0	200,000	200,000	0	0%	Available with a two-thirds vote of the Executive Committee
TOTAL EXPENSES	**28,537,680**	**16,624,656**	**32,208,256**	**34,772,274**	**39,901,394**	**5,129,120**	**15%**	

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PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
GENERAL ADMINISTRATION PROGRAM
ADOPTED BUDGET
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Admin Transfer - PWC	5,013,750	4,823,153	4,823,153	4,823,153	4,338,239	(484,914)	-10%	All General Admin Transfers based on 5 year average time study of PRISM staff for 26/27, unless noted
General Admin Transfer - EWC	7,625,078	8,409,020	8,409,020	8,409,020	9,111,864	702,844	8%	
General Admin Transfer - GL1	5,441,279	6,143,840	6,143,840	6,094,640	8,505,430	2,410,790	40%	
General Admin Transfer - GL2	3,293,917	3,864,320	3,864,320	3,864,320	5,031,742	1,167,422	30%	
General Admin Transfer - Property	981,374	1,200,540	1,200,540	1,200,540	1,211,747	11,207	1%	
General Admin Transfer - Medical Malpractice	859,916	782,850	782,850	782,850	884,264	101,414	13%	
General Admin Transfer - MROCIP	55,870	81,440	81,440	81,440	75,000	(6,440)	-8%	Management cost estimate
General Admin Transfer - PRISMHealth	631,577	651,500	651,500	651,500	1,275,627	624,127	96%	
General Admin Transfer - Dental	388,663	362,530	362,530	362,530	419,054	56,524	16%	
General Admin Transfer - PFL	0	50,000	50,000	50,000	100,000	50,000	100%	Management cost estimate
General Admin Transfer - Vision	0	50,000	50,000	50,000	100,000	50,000	100%	Management cost estimate
General Admin Transfer - Non Pooled	14,200	900,000	900,000	900,000	900,000	0	0%	Management cost estimate
General Admin Transfer - PRISM ARC	150,000	150,000	150,000	150,000	200,000	50,000	33%	Fee paid by PRISM ARC for administrative services
Claims System Costs, PWC	1,027,580	1,069,653	1,069,653	1,069,653	907,971	(161,682)	-15%	Now participating in new claims system that includes all PWC TPAs
Claims System Costs, EWC	482,123	502,906	502,906	502,906	514,838	11,932	2%	
Claims System Costs, GL1	295,286	308,585	308,585	308,585	363,870	55,285	18%	
Claims System Costs, GL2	207,903	217,378	217,378	217,378	265,703	48,325	22%	
Claims System Costs, Property	30,130	31,543	31,543	31,543	41,884	10,341	33%	
Claims System Costs, Med Mal	66,295	69,039	69,039	69,039	61,084	(7,955)	-12%	
PRISM Rent	(551,923)	(551,923)	(551,923)	(551,923)	(551,923)	0	0%	Transfer to building program
Investment Fees	325,466	133,677	267,354	300,000	320,000	20,000	7%	Charge to programs based on their share of treasury funds
TOTAL TRANSFERS	**26,338,484**	**29,250,051**	**29,383,728**	**29,367,174**	**34,076,394**	**4,709,220**	**16%**	
Net Increase or (Decrease)	488,733	13,746,622	(1,178,208)	(3,092,000)	(3,370,000)	(278,000)	9%	Budgeted decreases are carryovers per Target Funding guidelines
NET POSITION - JULY 1	13,976,655	14,465,388	14,465,388	13,448,094	13,287,180			
NET POSITION - JUNE 30	14,465,388	28,212,010	13,287,180	10,356,094	9,917,180			

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Schedule 1
Presented for Adoption June 5, 2026

PRISM
Publicly Available Pay Schedule
Salary Ranges as of July 1, 2026

Job Classification	Working Job Title	Salary Grade	Minimum Monthly Salary	Maximum Monthly Salary
Senior Manager:	Chief Executive Officer	13	$	35,000
	Chief Actuary	12	$ 23,511	$ 37,618
	Chief Claims Officer	11	$ 18,061	$ 28,898
	Chief Employee Benefits Officer	11	$ 18,061	$ 28,898
	Chief Financial Officer	11	$ 18,061	$ 28,898
	Chief Information Officer	11	$ 18,061	$ 28,898
	Chief Member Services Officer	11	$ 18,061	$ 28,898
	Chief Operating Officer	11	$ 18,061	$ 28,898
Director:	Director of Financial Operations	10	$ 16,298	$ 24,447
	Director of Risk Control	10	$ 16,298	$ 24,447
	Director of Human Resources	10	$ 16,298	$ 24,447
	Deputy General Counsel	10	$ 16,298	$ 24,447
	Director of Underwriting	10	$ 16,298	$ 24,447
Manager:	Data & Analytics Manager	9	$ 13,814	$ 20,721
	IT Manager	9	$ 13,814	$ 20,721
	Liability Claims Manager	9	$ 13,814	$ 20,721
	Office Manager	9	$ 13,814	$ 20,721
	Risk Control Manager	9	$ 13,814	$ 20,721
	Member Services Manager	9	$ 13,814	$ 20,721
	WC Claims Manager	9	$ 13,814	$ 20,721
Advanced	Data Scientist	8	$ 17,413	$ 25,249
Professional Specialists:	Software Architect	8	$ 17,413	$ 25,249
	Sr. Employment Law Attorney	9	$ 13,814	$ 20,721
	WC Attorney	9	$ 13,814	$ 20,721
	Advanced Human Resources Professional	9	$ 14,096	$ 20,439
	Database Architect	10	$ 16,631	$ 24,115
	Advanced Government Affairs Professional	10	$ 16,631	$ 24,115
Supervising	Sup. Sr. Accountant	7	$ 9,680	$ 14,036
Senior Specialists:	Sup. Sr. Data & Analytics Specialist	7	$ 9,680	$ 14,036
	Sup. Sr. IT Specialist	7	$ 9,680	$ 14,036
	Sup. Sr. Liability Claims Specialist	7	$ 9,680	$ 14,036
	Sup. Sr. Meeting & Event Planner	7	$ 9,680	$ 14,036
	Sup. Sr. Member Svcs Specialist	7	$ 9,680	$ 14,036
	Sup. Sr. Risk Control Specialist	7	$ 9,680	$ 14,036
	Sup. Sr. WC Claims Specialist	7	$ 9,680	$ 14,036
	Sup. Sr. Underwriting Specialist	7	$ 9,680	$ 14,036
Senior Specialists:	Sr. Actuarial Specialist	6	$ 8,416	$ 12,203
	Sr. Accountant	6	$ 8,416	$ 12,203
	Sr. Data & Analytics Specialist	6	$ 8,416	$ 12,203
	Sr. Employee Benefits Specialist	6	$ 8,416	$ 12,203
	Sr. Human Resources Specialist	6	$ 8,416	$ 12,203
	Sr. IT Specialist	6	$ 8,416	$ 12,203
	Sr. Liability Claims Specialist	6	$ 8,416	$ 12,203
	Sr. Risk Control Specialist	6	$ 8,416	$ 12,203
	Sr. Underwriting Specialist	6	$ 8,416	$ 12,203
	Sr. WC Claims Specialist	6	$ 8,416	$ 12,203
	Sr. Medical Malpractice Claims Specialist	6	$ 8,416	$ 12,203
Specialists:	Accountant	5	$ 7,009	$ 9,813
	Actuarial Specialist	5	$ 7,009	$ 9,813
	Communication Specialist	5	$ 7,009	$ 9,813
	Data & Analytics Specialist	5	$ 7,009	$ 9,813
	Employee Benefits Specialist	5	$ 7,009	$ 9,813
	Human Resources Specialist	5	$ 7,009	$ 9,813
	IT Specialist	5	$ 7,009	$ 9,813
	Liability Claims Specialist	5	$ 7,009	$ 9,813
	WC Claims Specialist	5	$ 7,009	$ 9,813
	Risk Control Specialist	5	$ 7,009	$ 9,813
	Underwriting Specialist	5	$ 7,009	$ 9,813
	Executive Operations Specialist	5	$ 7,009	$ 9,813
Support Specialists:	Meeting Planner	4	$ 5,571	$ 7,799
Technical	IT Technician	3	$ 4,983	$ 6,976
Support Assistants:	Liability Claims Assistant	3	$ 4,983	$ 6,976
	Member Services Technician	3	$ 4,983	$ 6,976
	Mtg Planning Assistant	3	$ 4,983	$ 6,976
	WC Claims Assistant	3	$ 4,983	$ 6,976
	Accounting Assistant	3	$ 4,983	$ 6,976
	HR Technician	3	$ 4,983	$ 6,976
Clerical Assistants:	Member Services Assistant	1	$ 4,108	$ 5,340
	Records Administrator	1	$ 4,108	$ 5,340
	Secretary / Receptionist	1	$ 4,108	$ 5,340
	Intern - Extra Help		$20/Hour	$25/Hour
	Total Positions	**131**		

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)
Board of Directors
Actuarial Exam Compensation Policy
July 1, 2024

This policy applies to employees within the Actuarial Department who are taking courses to obtain their Associate of the Casualty Actuarial Society (ACAS) and/or the Fellow of the Casualty Actuarial Society (FCAS) designations.

The compensation increases resulting from passing exams are part of the employee's overall compensation and will be reported as special compensation to CalPERS under the category of Educational Incentive. Educational Incentive pay is earned through the year and may be prorated based on employment status.

Employee's will begin to receive Educational Incentive Pay the pay period following the employee receiving notification that they have passed the exam and upon submitting such notification to the Chief Actuary and Human Resources. All compensation increases are subject to the approval of the Chief Actuary once they have verified the documentation submitted. Educational Incentive Pay pursuant to this policy is outlined below.

All compensation increases must follow the guidelines of PRISM's Performance Incentive Pay parameters. Therefore, the total of the compensation increase as the result of passing exams and any merit pay cannot exceed 10% within a fiscal year. Promotions and position upgrades related to achieving ACAS or FCAS designations are not part of this policy.

Educational Incentive Pay pursuant to this policy is outlined below in the Exam Compensation Schedule.

Exam Compensation Schedule (may be changed in the future based on input from the Chief Actuary and Chief Executive Officer and upon approval of PRISM's governing body.)

Associateship Exams

	Educational Incentive (each annual amount below will be prorated to a per pay period amount)
Exam 1	$2,000
Exam 2	$2,000
DISC Data Analytics	$500
DISC Risk Management & Insurance	$500
DISC Insurance Acctg. Coverage & Law	$500
MAS-I	$2,500
MAS – II	$2,500
Exam 5	$3,000
Exam 6	$3,000
VEE Accounting and Finance	$500
VEE Economics	$500
ACAS Designation	$3,000

Fellowship Exams

Exam 7	$4,000
Exam 8	$4,000
Exam 9	$4,000
FCAS Designation	$4,000

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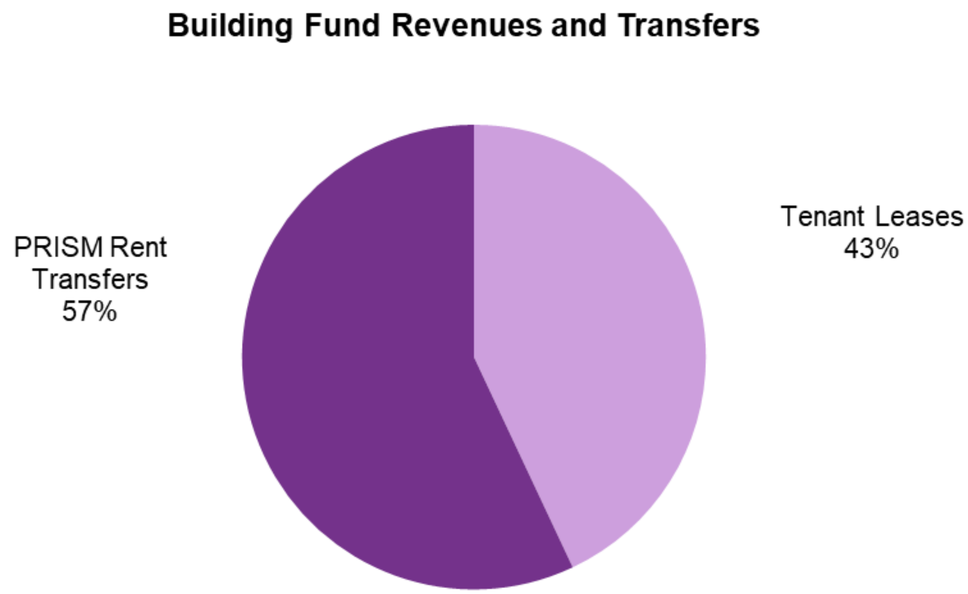
PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
ADOPTED CAPITAL OUTLAY BUDGET
July 1, 2026 to June 30, 2027

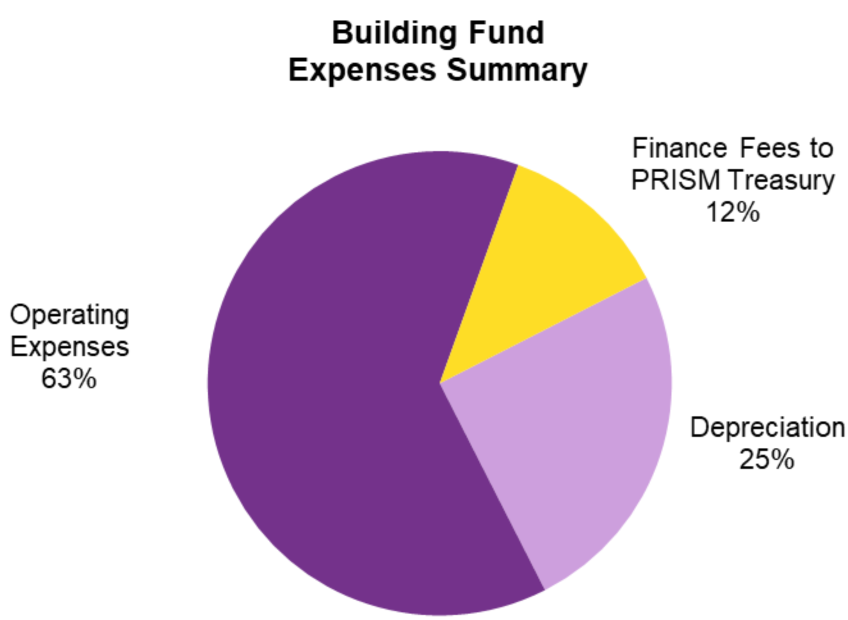
Line Item	2025/26 Budget	2026/27 Budget
General Administration Fund		
Furniture and Equipment		
Conference Room	$ 100,000	$ 100,000
Servers	150,000	100,000
SAN Storage/VDI	200,000	200,000
Copier	15,000	0
Furniture	15,000	15,000
Firewalls	0	60,000
Total Furniture and Equipment	**480,000**	**475,000**
Software		
Website Development	$ 875,000	$ 500,000
Pool Information Management System	250,000	450,000
Laserfiche Modules (Web/Forms/Portal)	5,000	5,000
Bots	75,000	75,000
Data Analytics development platform	30,000	30,000
SIMS Claims System		
SIMS: Professional Services	150,200	150,000
SIMS: Member Moves	33,000	33,000
SIMS: One-Time costs	30,000	0
SIMS: Contingency	48,000	50,000
SIMS MBR: Professional Services	19,000	19,000
SIMS MBR: Contingency	2,000	5,000
Spectra Claims System		
System Development	500,000	550,000
Total Software Additions	**2,017,200**	**1,867,000**
Building Fund		
PRISM Tenant Improvements	350,000	200,000
Other Tenant Improvements-downstairs space	300,000	50,000
Roof and Wall Repair	80,000	10,000
Parking Lot Repair	70,000	85,000
Total Building Fund	**800,000**	**345,000**
PRISM ARC website	**15,000**	**15,000**
Grand Total Capital Outlay	**$ 3,312,200**	**$ 2,702,000**

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

Building Fund

PRISM has invested $10M 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 houses PRISM at low occupancy cost and provides income from leasing operations. The Building Fund budget is illustrated in the following charts.





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PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
IRON POINT BUILDING PROGRAM
ADOPTED BUDGET
July 1, 2026 to June 30, 2027

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2024/25	Year to Date 12/31/2025	Estimated 2025/26	Budget 2025/26	Budget 2026/27	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Lease Income - Tenants	$ 484,917	$ 279,652	$ 507,842	$ 585,606	$ 408,285	$ (177,321)	-30%	GHC vacated mid year 25/26 26/27 assumes one tenant lease terminates early
TOTAL REVENUES	**484,917**	**279,652**	**507,842**	**585,606**	**408,285**	**(177,321)**	**-30%**	
EXPENSES:								
Operating Expenses								
Janitorial	59,844	25,267	50,500	100,000	80,000	(20,000)	-20%	More vacant space 26/27
Utilities	89,229	48,492	97,000	100,000	200,000	100,000	100%	EV chargers now active and rate increases anticipated
Garbage	9,884	5,380	10,800	12,000	12,000	0	0%	
Water and Sewer	10,762	5,586	11,200	16,000	16,000	0	0%	
Security & Fire Sprinkler Monitoring	10,356	2,968	5,900	12,000	12,000	0	0%	
Landscape Maintenance	13,850	9,950	19,900	30,000	22,000	(8,000)	-27%	
Pest Control	1,548	774	1,500	1,900	2,000	100	5%	
Commission Expense	73,835	0	0	75,000	26,000	(49,000)	-65%	Broker commission: lease renewals for 24/25, budget for 26/27 for give back space
Common Area Maintenance	36,260	20,443	40,900	45,000	45,000	0	0%	
Building Repairs & Maintenance	78,089	56,829	72,000	150,000	153,600	3,600	2%	Budget for issues as the building ages.
Mello Roos Tax	2,071	1,048	2,100	2,500	5,000	2,500	100%	Cost spread to fewer tenants 26/27
Insurance	78,129	75,996	75,996	94,700	104,800	10,100	11%	
Legal Service	0	0	5,000	11,000	10,000	(1,000)	-9%	
Consulting	0	0	0	25,000	20,000	(5,000)	-20%	
Management Fees	65,879	34,858	69,700	145,000	145,000	0	0%	
Finance Fees to PRISM Treasury	176,767	84,832	169,700	200,000	160,000	(40,000)	-20%	Internal Borrowing rate drops from 4.40% to 3.95% for 26/27
Total Operating Expenses	706,503	372,423	632,196	1,020,100	1,013,400	(6,700)	-1%	
Depreciation								
Depreciation - Building	106,658	53,329	106,823	110,227	107,323	(2,904)	-3%	
Depreciation - Roof	4,167	0	0	0	0	0	0%	Old roof replaced mid-year 24/25
Depreciation - Parking Lot	11,435	6,597	13,988	11,264	17,615	6,351	56%	Additional work expected in 26/27
Depreciation - Roof Replacement 2024	14,261	7,131	14,262	14,262	14,262	0	0%	Emergency roof replacement Winter 2024
Depreciation - Charging Stations	0	9,639	25,846	11,667	32,414	20,747	178%	Charging station budgeted originally for 24/25 construction not finished until November 2025
Depreciation - Tenant Improvements	151,446	77,705	155,411	177,157	163,744	(13,413)	-8%	
Total Depreciation	287,967	154,401	316,330	324,577	335,358	10,781	3%	
Discretionary Delegated to Executive Committee	0	0	0	20,000	20,000	0	0%	Available with a two-thirds vote of the Executive Committee
TOTAL EXPENSES	**994,470**	**526,824**	**948,526**	**1,364,677**	**1,368,758**	**4,081**	**0%**	
TRANSFERS:								
Transfers in from General Administration								
Building Rent	551,923	551,923	551,923	551,923	551,923	0	0%	Rent increased in 24/25 to $1.80 per sq. ft. per month
TOTAL TRANSFERS	**551,923**	**551,923**	**551,923**	**551,923**	**551,923**	**0**	**0%**	
Net Increase or (Decrease)	42,370	304,751	111,239	(227,148)	(408,550)	(181,402)	80%	
NET POSITION - JULY 1	2,159,746	2,202,116	2,202,116	2,133,230	2,313,355			
NET POSITION - JUNE 30	2,202,116	2,506,867	2,313,355	1,906,082	1,904,805			

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Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA

STATISTICAL/ SUPPLEMENTAL SECTION

For the Fiscal Year
July 1, 2026 to June 30, 2027

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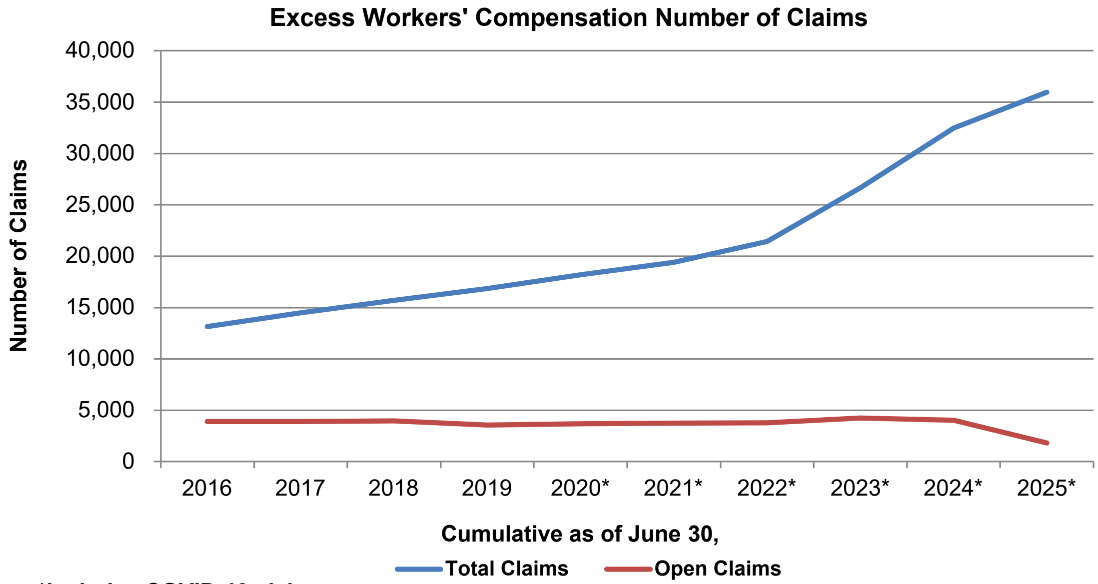
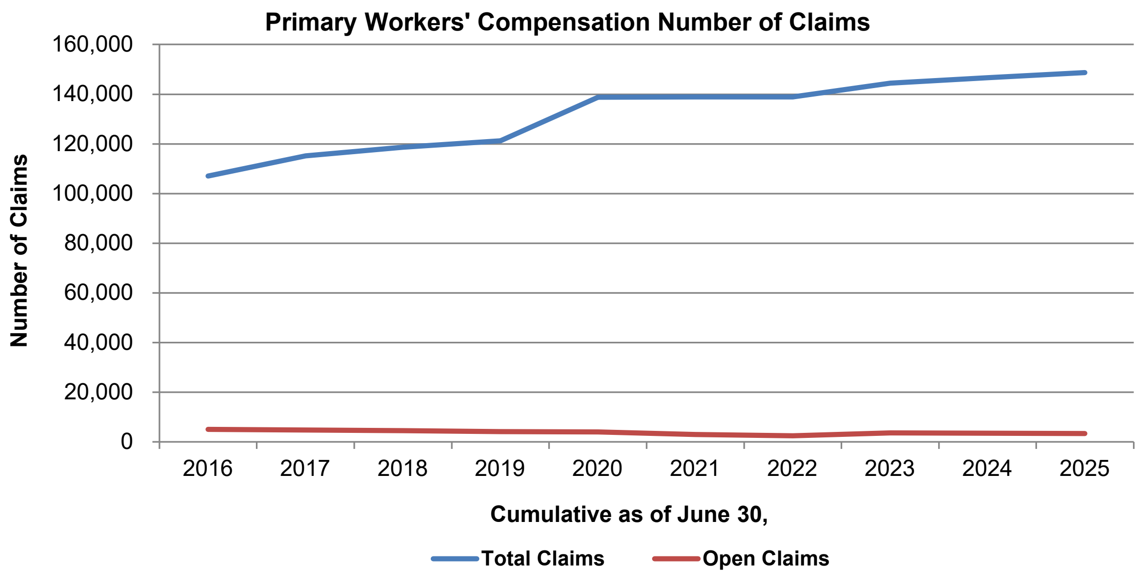
PRISM
ECONOMIC INDICATORS AND INFORMATION
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2024

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, and property values, as shown on the following charts.



*Includes COVID-19 claims



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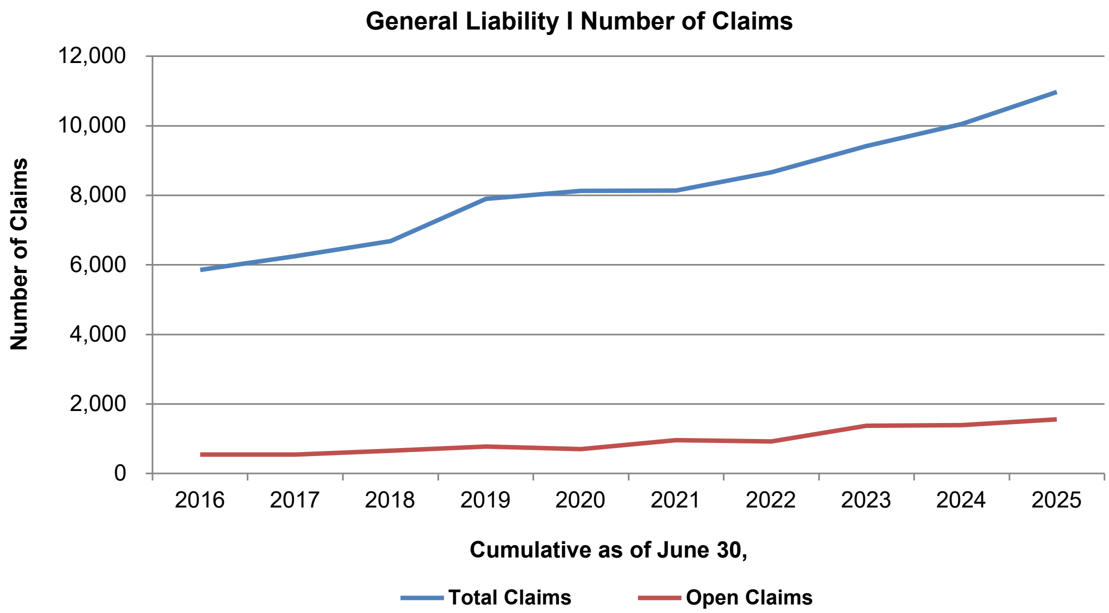

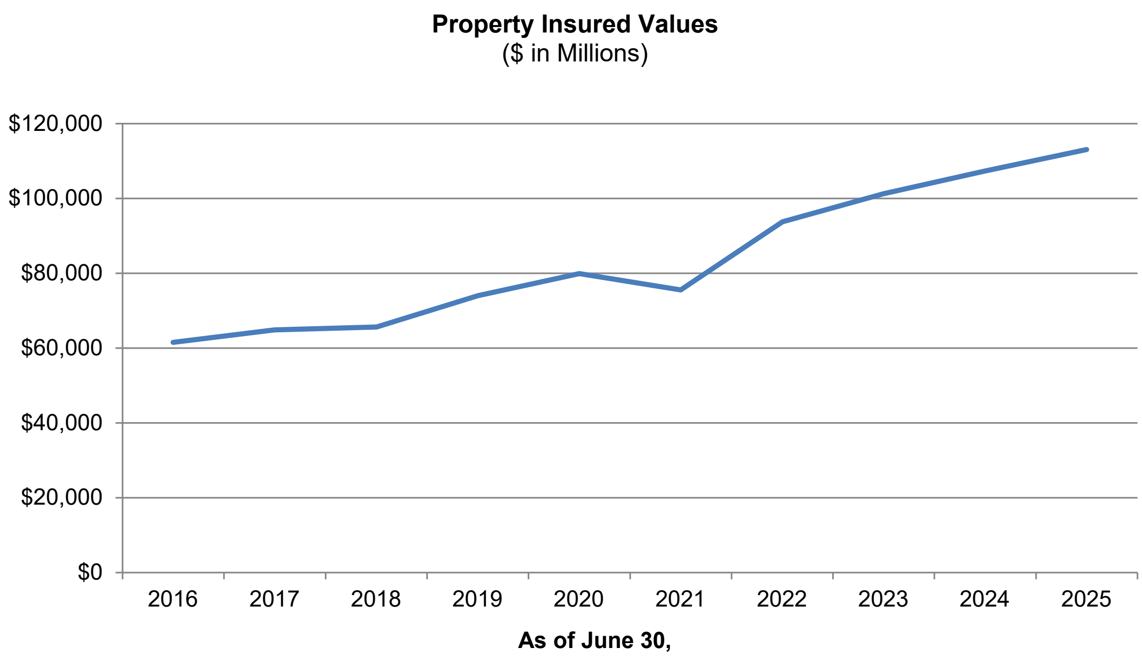

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PUBLIC RISK INNOVATION, SOLUTIONS AND MANAGEMENT
OPERATING INDICATORS AND STATISTICS

	2021	2022	2023	2024	2025	2026
Budgeted Full-Time						
Equivalents by Department						
Administration	14	14	15	18	19	22
Actuarial	11	11	11	4	5	4
Finance	6	6	6	6	8	8
Information Technology	17	18	18	28	29	31
Claims	31	32	35	37	41	49
Member Services/Risk Control	13	13	13	13	13	13
Employee Benefits	3	3	3	3	4	4
Total Employees	95	97	101	109	119	131
Number of Retirees	12	13	14	12	37	40

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

	Fiscal Year End June 30,					
	2022	2023	2024	2025	2026	Budgeted 2027
Member Units						
Primary Workers' Comp	37	37	36	36	36	36
Excess Workers' Comp	180	182	182	180	179	179
General Liability 1	125	134	133	141	143	142
General Liability 2	18	25	27	29	30	30
Property	104	118	115	120	123	123
Medical Malpractice	52	51	51	52	55	54
Master Owner Controlled Insurance	17	6	7	7	1	3
PRISMHealth	44	45	48	49	51	51
Dental	170	174	178	185	189	189
Paid Family Leave	*	*	*	8	8	8
Vision	**	**	**	**	138	138
Total Member Units	747	772	777	807	953	953
Member California Counties	55	55	55	54	54	54
Member Public Entities	305	308	315	314	338	327
Total Members	360	363	370	368	392	381
Located in California	357	360	364	357	381	370
Located outside California	3	3	6	11	11	11
Total Members	360	363	370	368	392	381

*Paid Family Leave is a major program effective 1/1/2025.
**Vision is a major program effective 7/1/2025.

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 California 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.

Participant: A non-California County or Public Entity participating in the PRISM pool.

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.