

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA



ADOPTED BUDGET

For the Fiscal Year
July 1, 2022 to June 30, 2023

PRISM
Public Risk Innovation,
Solutions, and Management

ADOPTED BUDGET
FOR THE FISCAL YEAR JULY 1, 2022 TO JUNE 30, 2023

EXECUTIVE COMMITTEE

Name	Entity
Scott Schimke	GSRMA
Matt Gutierrez	Kern County
Janell Crane	Sonoma County
Mark Howard	ACCEL
Karen Caoile	Contra Costa County
Richard Egan	Lassen County
Heather Correll Rose	Mendocino County
Kerri John Whitney	Napa County
Lance Sposito	Santa Clara County
Nathan Black	Sutter County
Leonardo Selvaggi	Ventura County
Michael Pott	PRISM General Counsel

SENIOR MANAGEMENT

Gina Dean	Chief Executive Officer
Brian Kelley	Chief Operating Officer
John Alltop	Chief Actuarial Officer
Puneet Behl	Chief Financial Officer
Tom Pelster	Chief Information Officer
Michael Pott	Chief Legal Counsel
Rick Brush	Chief Member Services Officer

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PRISM
Public Risk Innovation, Solutions, Management
Adopted Budget
For the Fiscal Year 2022/23

Table of Contents

PRISM Overview

Transmittal Letter.....	6
Distinguished Budget Presentation Award, GFOA	9
Organization and Reporting Entity	10
Membership.....	11
Organizational Chart.....	13
Mission Statement	14
Budget Process	15
Budget Calendar.....	16
PRISM Long-term Goals	17

Guiding Long-Term Fiscal Policies

Volume Discounts.....	18
Blending Self Insurance with Purchase of Insurance.....	18
Dividends to Members.....	19
Structure Programs That Are Responsive to Members Needs	19
Long-Term Relationships	19
Maintain Financial Strength	20

Long-Term Operating Financial Plans

Expectation for External Cost Drivers	22
Equity Projections by Major Program	23

Authority-Wide Budget

Budget Overview	27
Combined Budget Schedule	35
Combining Schedules.....	36

Program Budgets

Primary Workers' Compensation

Budget Overview	39
Budget Policies.....	40
Budget Schedules	43

Excess Workers' Compensation

Budget Overview	45
Budget Policies.....	47
Budget Schedules	50

General Liability, Program 1

Budget Overview	52
Budget Policies.....	54
Budget Schedules	57

PRISM
Public Risk Innovation, Solutions, Management
Adopted Budget
For the Fiscal Year 2022/23

Table of Contents

General Liability, Program 2	
Budget Overview	59
Budget Policies	60
Budget Schedules	63
Property Program	
Budget Overview	64
Budget Policies	65
Budget Schedules	68
Medical Malpractice	
Budget Overview	69
Budget Policies	70
Budget Schedules	73
Master Rolling Owner Controlled Insurance Program	
Budget Overview	74
Budget Policies	75
Budget Schedules	76
PRISMHealth	
Budget Overview	77
Budget Policies	78
Budget Schedules	81
Dental	
Budget Overview	82
Budget Policies	83
Budget Schedules	85
Miscellaneous Programs	
Budget Overview	86
Budget Policies	87
Budget Schedules	91
Captive	
Budget Overview	93
Budget Schedules	94
General Administration	
Budget Overview	95
Budget Policies	97
Department Organization Chart	103
Administration Department Performance Measures	104
Actuarial Department Performance Measures	106
Claims Department Performance Measures	110
Employee Benefits Department Performance Measures	112
Information Technology Department Performance Measures	113

PRISM
Public Risk Innovation, Solutions, Management
Adopted Budget
For the Fiscal Year 2022/23

Table of Contents

Member Services Department Performance Measures	115
Finance Department Performance Measures	116
Budget Schedules	118
Building Fund	
Budget Overview	123
Budget Schedules	124
Statistical/Supplemental Section	126
Glossary	129



June 3, 2022

Members, Board of Directors
Folsom, California

Ladies and Gentlemen:

We respectfully submit Public Risk Innovation, Solutions, and Management (also referred to as PRISM) proposed budget for fiscal year 2022/23 for your approval.

Budget Priorities

PRISM's budget continues to be driven by its mission 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. During the 22/23 FY, additional attention will be focused on our actuarial and premium allocation methodologies, particularly in the EWC and GL1 Programs.

Our Information Technology Department received approval in the May 2020 Executive Committee meeting to move forward with the development of a proprietary claims system using a development partner and low-code platform. The project began in July of 2020 with the discovery phase of gathering all project requirements. Software development began in March of 2021. The team anticipates the first release of the new system in the fall of 2022. The project is currently budgeted at \$3.7M.

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

The need for comprehensive and accurate data continues to be of high importance to the insurance marketplace as the renewal process becomes increasingly challenging. As reinsurance reporting requirements continue to increase for all of the major programs, Data & Analytics (D&A) is focused on providing additional information, reports, and data as needed. Work includes more



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interaction with our data providers, more frequent collection and submission of data, additional reports, and new supplemental exhibits to the claim summary reports and bordereaux reports.

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

Significant Trends

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

Market

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

Losses

Losses have had broadly adverse development over the past few years, especially with respect to property and liability programs. Increased property losses were driven in large part by wildfires, while liability losses increased due to both the frequency of claims filed and increased legal and settlement costs (i.e. the severity of losses). Impacts the COVID-19 pandemic are still being quantified and may continue to adversely impact PRISM's workers' compensation programs. Overall, increases in loss history are worked into the actuarial estimates and serve to increase policy rates.

Interest Rates

Low prevailing interest rate yields were the norm in the fixed income investment market for the past several years. This changed with sharp increases in interest rates towards the end of FY21/22. As a result of this increase, the fair market value of PRISM's existing fixed income investments dropped and unrealized mark-to-market losses were recognized. This market adjustment should result in future monies being invested in higher-yielding assets. As a result, revenue projections will increase, as will the pool's discount rates. When discount rates increase, rates charged for coverage may be decreased while maintaining funding at a steady confidence level.

Coverage Base

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

While some relief is expected from future investment earnings, all other significant cost drivers continue to increase PRISM's rates (cost per unit of coverage). These increased rates are then applied to the increased coverage base (number of units covered) resulting in an overall increase in both revenue and expenses to the pool. For FY22/23, 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

**CSAC Excess Insurance Authority
California**

For the Fiscal Year Beginning

July 01, 2021

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

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

Basis of Accounting

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

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

Market

The insurance market operates in cycles that tend to shift every few years. When rates are high and the competition is low, we are said to be in a hard market. When rates are low and competition is aggressive, we are in a soft insurance market. The recent fires contributed to a hardening property insurance market for this year's renewal with the Property program seeing a 11.42% rate increase overall. However, markets are paying particular attention to loss development in our general liability programs. The industry is seeing significant increases in plaintiff demands, jury verdicts and high dollar liability claims. These three factors are depleting the liability market's surplus, capacity and available reinsurers. This trend is 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, claims over \$1M have more than doubled over the last five years. 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.

Rates in the cyber market have also increased significantly as cyber attacks and hacking have become increasingly frequent and difficult to predict. PRISM estimates a 70% overall rate increase in the cyber program. However, in a market where other agencies are losing their coverage entirely, PRISM continues to maintain limits of at least \$12M, which would be unlikely for members to obtain on a stand-alone basis. Cyber is a pass thru program for PRISM, hence there is no impact of these increases to PRISM's bottom line.

COVID-19 continues to impact the workers compensation renewals as carriers re-evaluated renewal indications after PRISM's Board determined to set an end date to the 2019 occurrence.

Membership

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

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

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

Organization

PRISM maintains seventeen committees to govern its operations. Representatives from member entities are elected or appointed to serve on these committees. Seven committees PRISMHealth, Employee Benefits, Dental, General Liability 2, Medical Malpractice, Primary Workers' Comp, and Property govern their respective insurance programs and

report directly to the PRISM Board of Directors. The Excess Workers' Compensation and General Liability 1 programs are monitored by the Underwriting Committee and report to the Executive Committee. Other committees have been established to assist in providing operational direction to PRISM including:

Claims Review and Claims Review 2– Provides direction on the reserving for and settlement of claims.

Finance – Provides direction on PRISM financial matters including the Annual Comprehensive Financial Report (ACFR), annual budget, annual independent audit and investment portfolio.

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

Risk Control – Provides direction on risk management services to be provided to members.

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 services to the PRISM members.

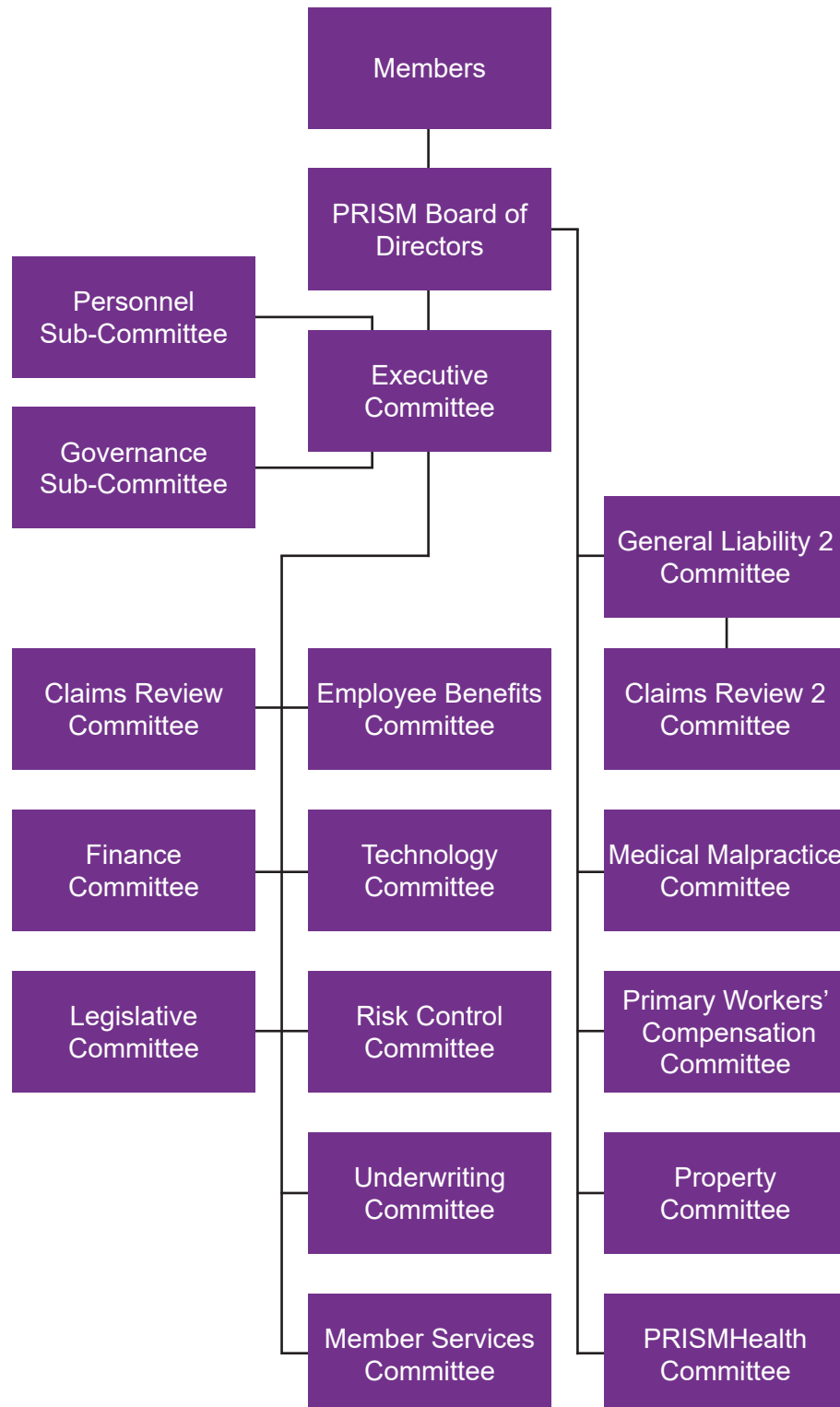
Personnel Sub-Committee – Provides direction to the Executive Committee on matters relating to personnel.

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



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;
- Involves and promotes effective communication with members; and
- Provides incentives to PRISM's management and employees.

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

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

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

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

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 2022

- 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 2022

- 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 2022

- 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 2022

- 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

Communication, Outreach and Influence

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

Member Programs, Products and Services

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

Organizational Development and Sustainability

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

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

Guiding Long-Term Fiscal Policies

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

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

Volume Discounts

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

Pooling

Larger retained risk pools results in:

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

Insurance Purchase

Volume purchasing can result in:

- Lower insurance rates
- Better coverage agreements

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

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

Pooling

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

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

Insurance

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

Transfer of Risk to PRISM ARC

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

Dividends to Members

Retaining risk through the many PRISM risk pools has allowed PRISM to return \$52M in dividends to members during the past ten years.

Structure programs that are responsive to members needs

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

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

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

Long-term Relationships

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

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

Maintain Financial Strength

Balanced Budget

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

Target Equity Funding

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

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

Capitalization and Debt Policy

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

Investment Policy

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

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

PRISM Long-Term Operating Financial Plans

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

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

Expectations for External Cost Drivers

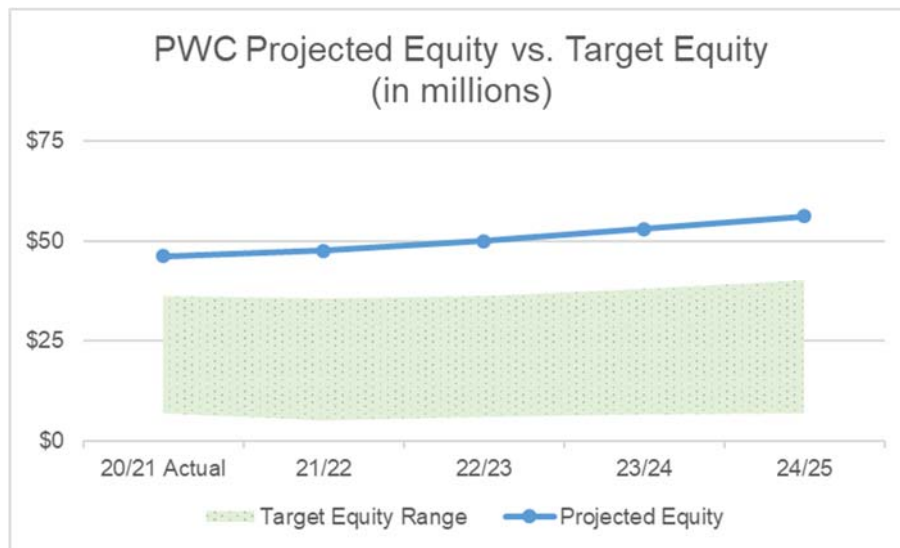
With respect to external cost drivers, for the next three years we expect the following:

1. **Insurance will continue with its hard market.** While the increase in prevailing interest rates will likely result in more capacity in the insurance market, adverse loss development in liability and property claims will keep commercial underwriting standards strict and competition low.
2. **Losses for liability programs will remain elevated over historic levels; workers' compensation losses will be stable.** The median value of PRISM's top 75 liability claims in the GL1 program have almost doubled 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 a rapid pace, 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 insurance. 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 continue to increase and eventually stabilize.** Heavy investment in fixed income securities mean 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.

Equity Projections by Major Program

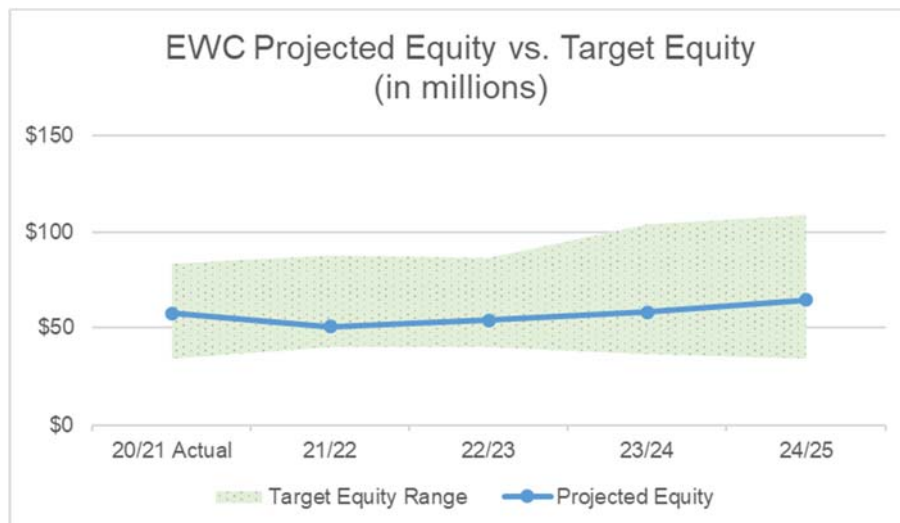
Primary Workers' Compensation (PWC)

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. Since the equity in this program is above and estimated to be above the funding range in the years shown, future dividends may be issued.



Excess Workers' Compensation (EWC)

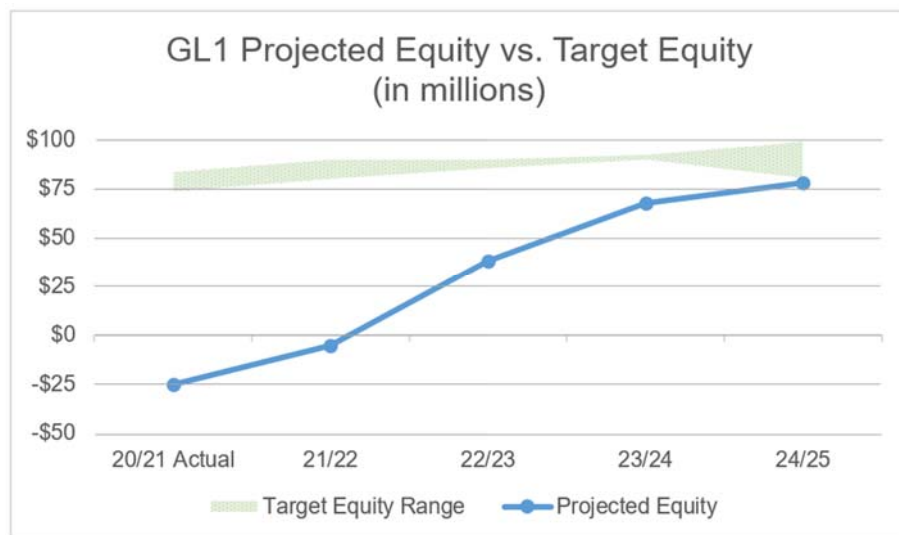
The EWC program currently transfers most risk to outside carriers, with a few, relatively small, corridors retained by the pool. Projections for increased equity in the EWC program are driven by expected investment returns and funding of the retained corridors at a higher than expected confidence level – between 80% and 85%.



General Liability 1 (GL1)

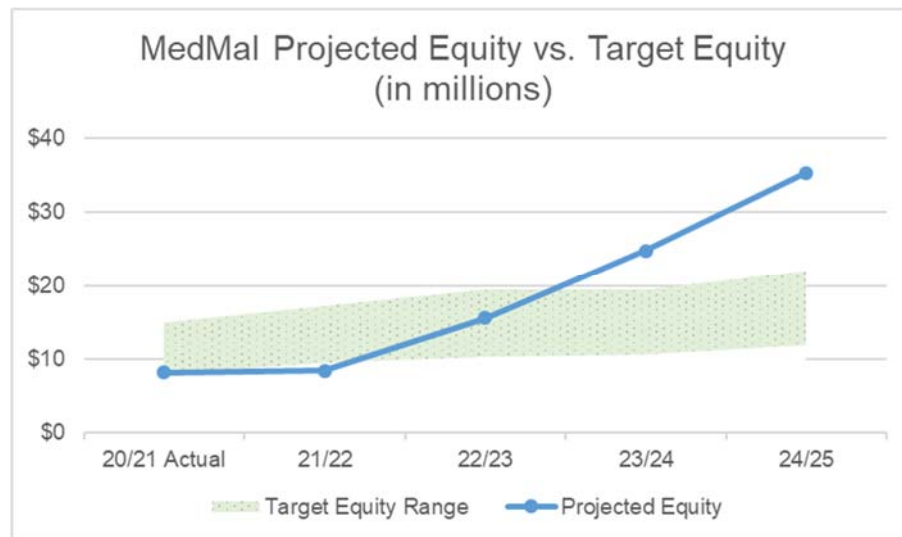
In FY19/20, the GL1 program entered into Loss Portfolio Transfer (LPT) to MultiStrat Reinsurance (MS Re). The agreement transferred all of the Program's unpaid claims as of April 1, 2019, for claims that occurred on or after July 1, 2007 (excluding Primary General Liability Legacy claims), as well as the next 5 years of go-forward claims (2019/20 – 2023/24) within the pooling layer.

The reinsurance arrangement has enabled the Program to gradually increase the rates to re-build the Program surplus. Due to the LPT, staff projects that the GL1 Program will be in a net surplus position of \$38M at the end of the 22/23 fiscal year and will continue to increase from there as new premiums are collected at higher confidence levels. However, equity in this program is not expected to be its target equity range – currently \$85.1M to \$89.5M – in the next three years.



Medical Malpractice (MedMal)

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



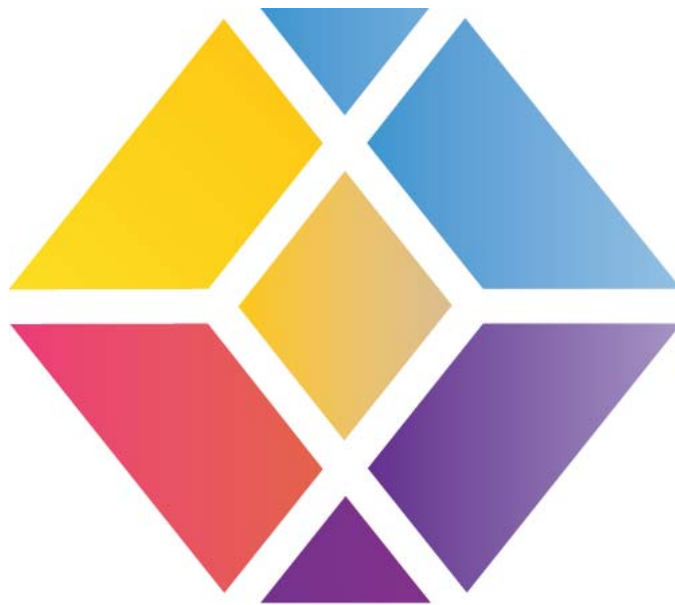
Overall Outlook

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

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

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA



CONSOLIDATED BUDGET

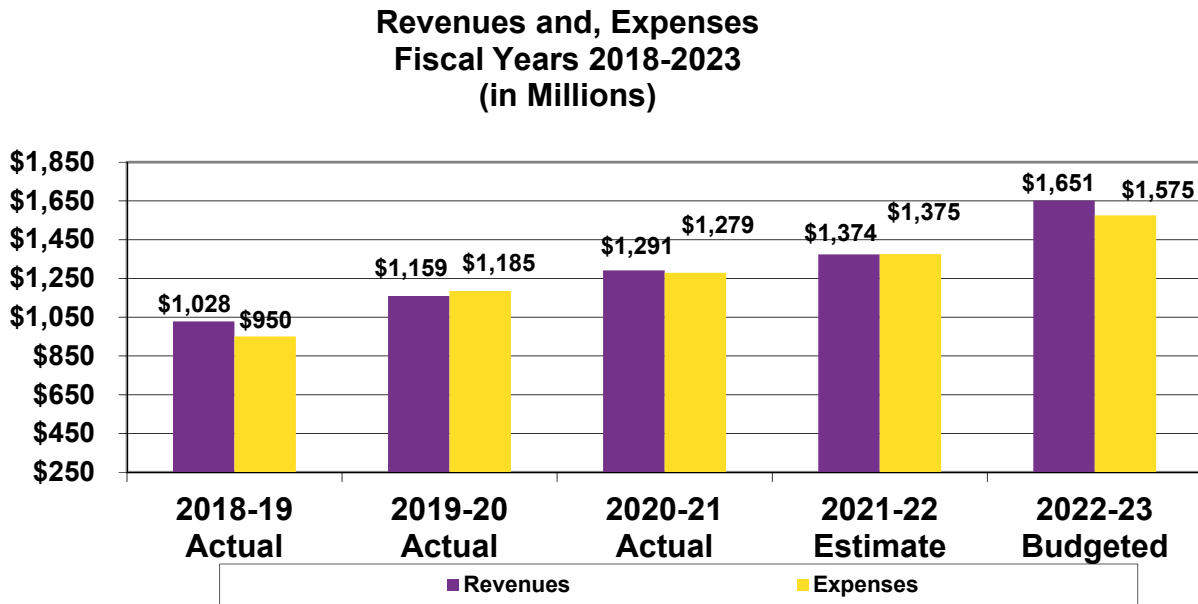
For the Fiscal Year
July 1, 2022 to June 30, 2023

PRISM Budget

The budget has \$77.8M increase in net position before dividends, and a dividend expense of \$2M, producing an \$75.8M increase to net position. This is a balanced budget, meaning that budgeted revenue exceeds expenditures and provides a budgeted increase to net position. The budget includes a number of new initiatives as outlined in the transmittal letter. Included are the consolidated and individual program budgets. Highlights of the 2022/23 proposed budget are as follows:

- Total revenues are budgeted at \$1.65B, an increase of \$165.8M over budgeted 2021/22.
- Total expenses are budgeted at \$1.58B, an increase of \$138.9M. Expenses include returning dividends of \$2M to members.
- Net position is projected to increase to \$260.8M at June 30, 2023.

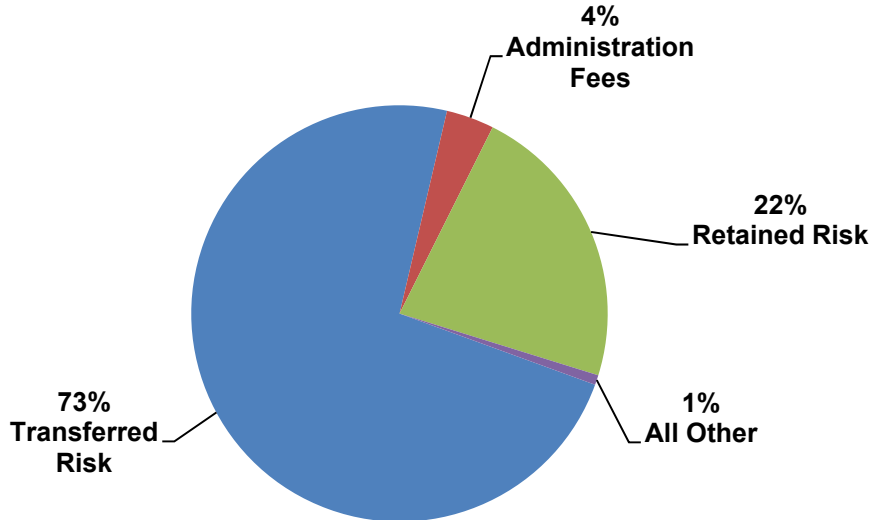
Revenues and expenses for the 2022/23 budget and the past four years are as follows:



Revenues

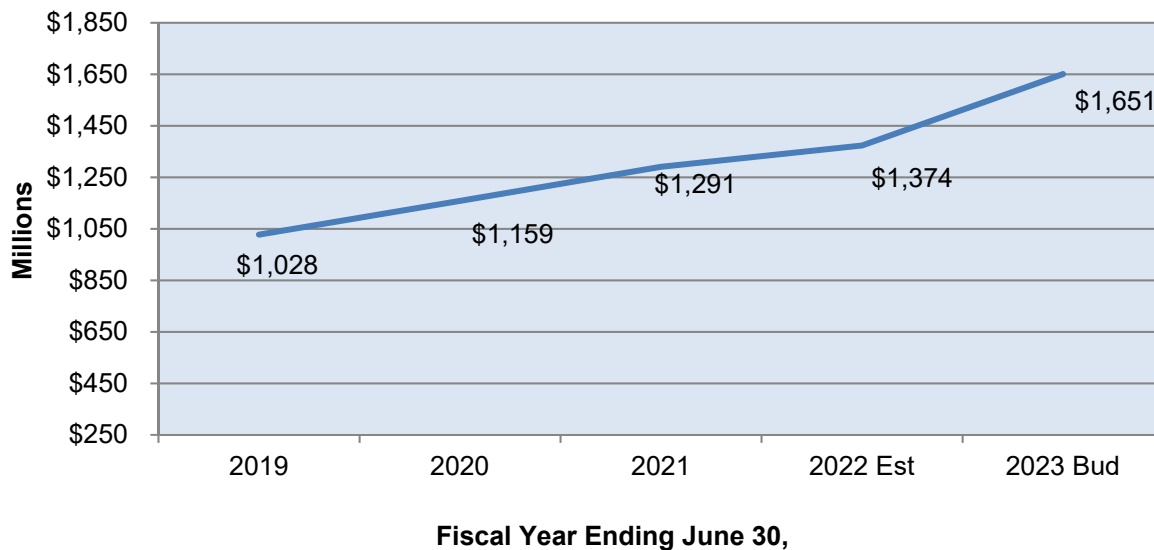
Sources of revenues are illustrated in the following chart:

Total Revenues by Category

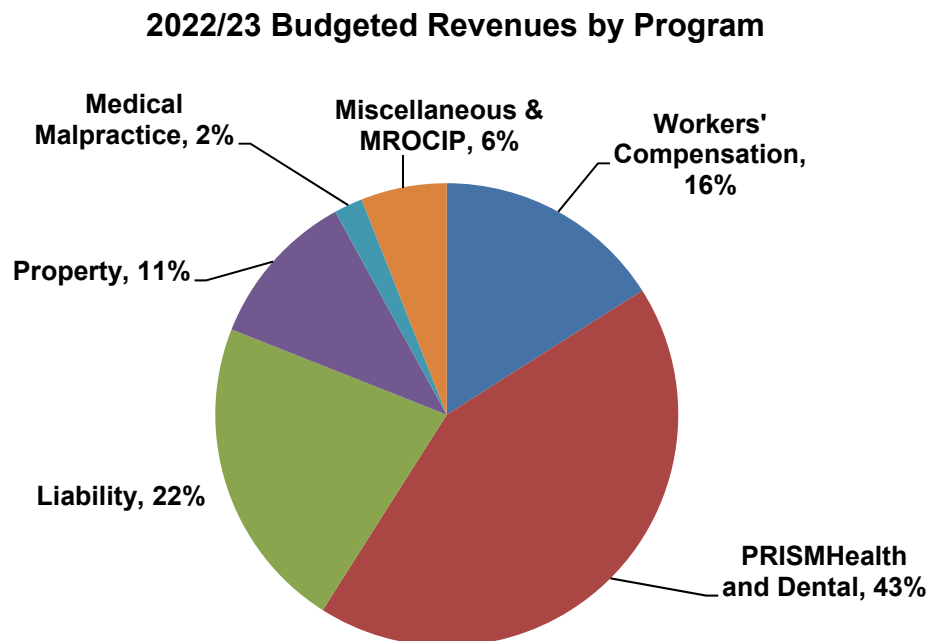


The \$1.65B in revenues represents a \$165.8M or 11.2% increase over the 21/22 budget, and a 61% increase over the last five years. Growth in membership, new programs, and additional pool funding and higher premiums for transferred risk accounts for much of the increase in revenues and expenses year over year. The following chart illustrates the growth of PRISM revenues:

Total Revenue Trends

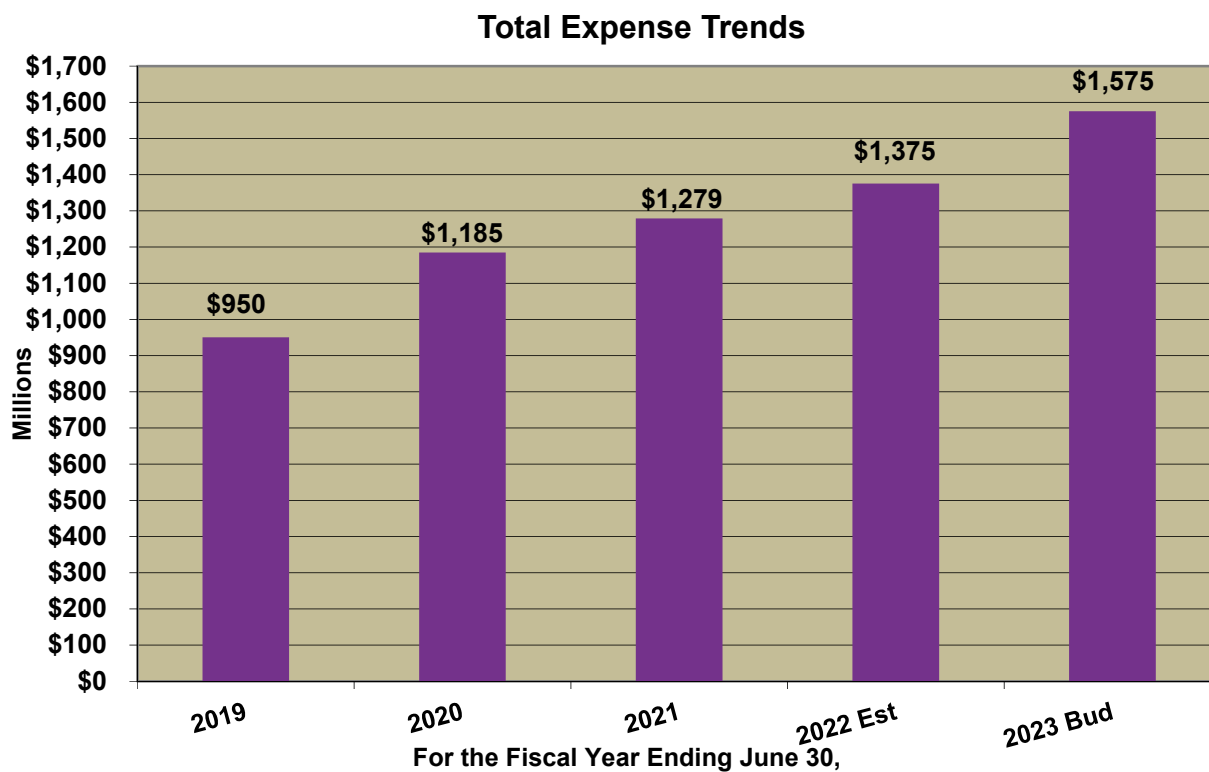


The following chart shows revenues by program.



Expenses

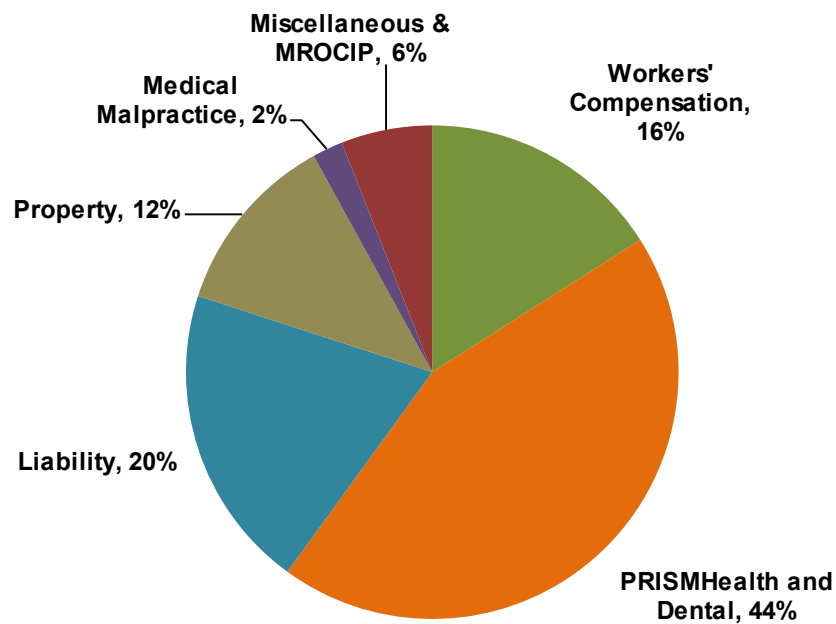
PRISM expenses for fiscal year 2022/23 are budgeted to be \$1.58B and have increased \$138.9M or 9.7% over last year's budget. The following chart illustrates the increase of PRISM expenses:



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

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

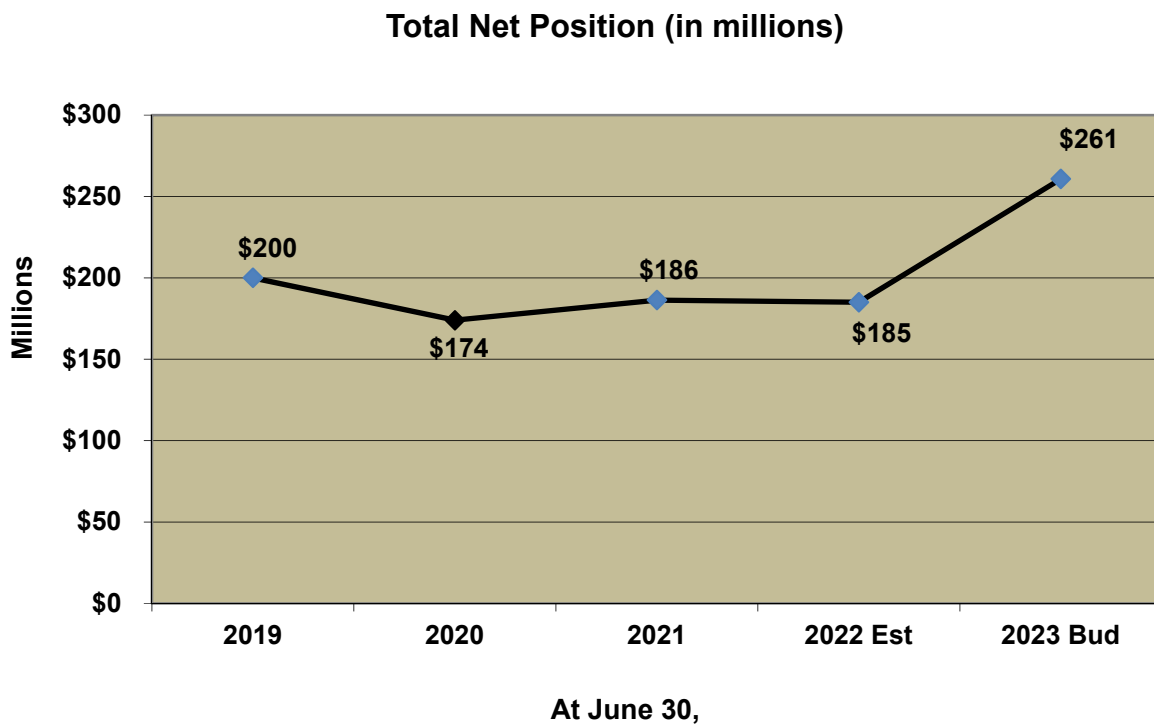
2022/23 Budgeted Expenses by Program



Net Position

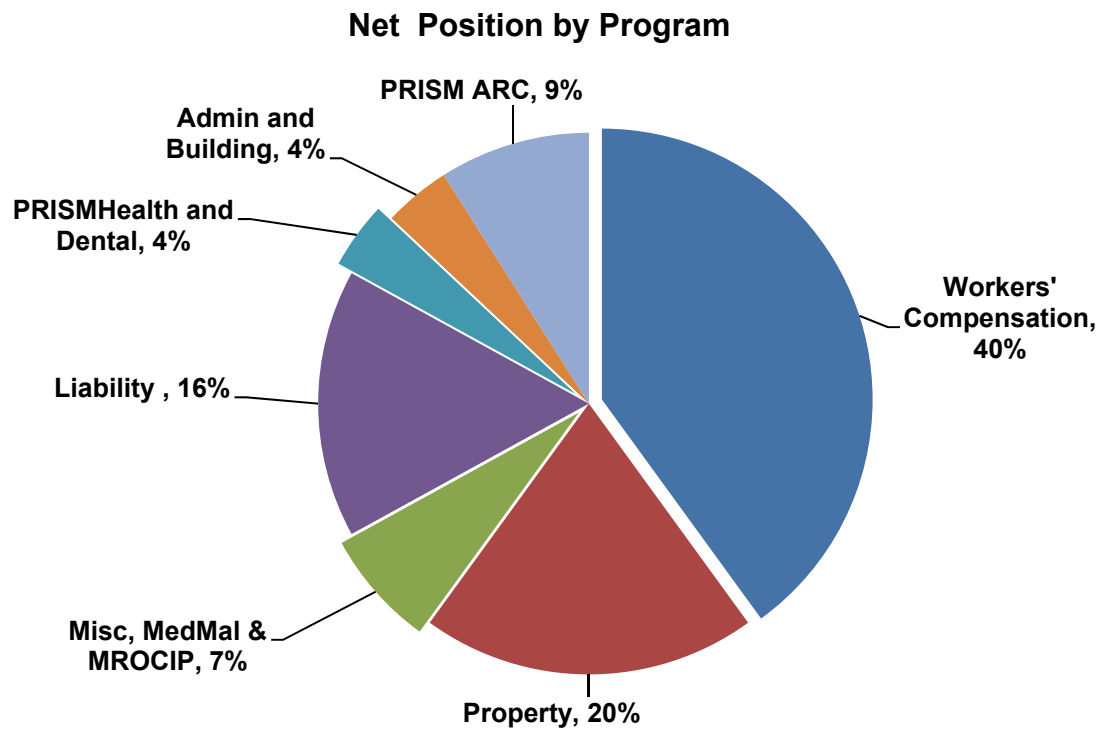
Net position is calculated by adding total Assets and Deferred Outflow of Resources, and then subtracting Liabilities and Deferred Inflow of Resources. Net Position represents investment in capital assets as well as unrestricted fund balance available for future operations or distribution. The projected Net Position at June 30, 2023 is \$260.8M. The budget includes a return of net position in the form of dividends of \$2M.

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.

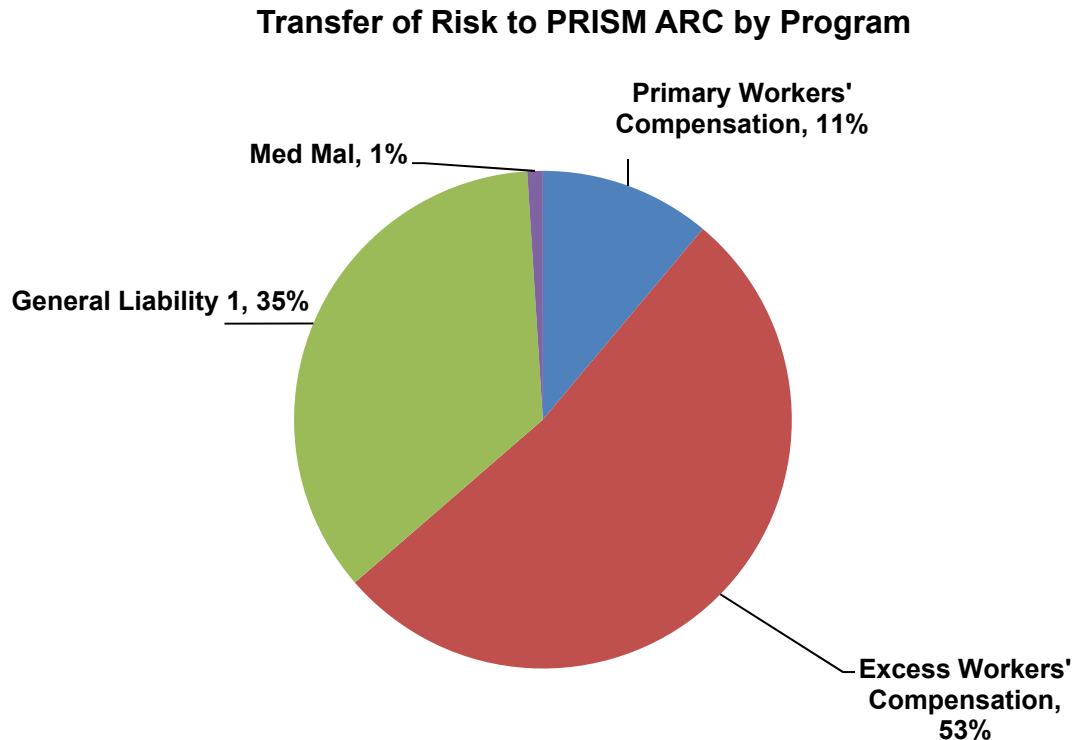
The distribution of 2022/23 budgeted Net Position by program is illustrated in the following chart:



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 2022/23 transfer of risk to PRISM ARC by program is illustrated in the following chart:



Capital Budget

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

Member Participation

PRISM provides insurance programs and risk management services for its county and public entity members. Member participation is counted in terms of units. If a member participates in one program, it is considered one unit. If a member participates in three different programs, it is considered three units. The table indicates both the number of members participating as well as the number of units, i.e., total programs in which the members participate. Maintaining and increasing membership at both the program and

entity wide level is an overall goal, and a measure of the strength and vitality of PRISM. Of note is that some of our public entity members are Joint Powers Authorities (JPA) that cover many members.

	Fiscal Year-End						Budgeted 2023
	2017	2018	2019	2020	2021	2022	
Member Units							
Primary Workers' Comp	39	39	38	39	38	37	37
Excess Workers' Comp	171	175	171	181	183	180	182
Primary General Liability	33	22	21	0	0	0	0
General Liability 1	114	125	122	132	123	125	134
General Liability 2	15	18	17	18	18	18	25
Property	98	105	100	110	107	104	118
Medical Malpractice	51	52	52	52	52	52	51
Master Owner Controlled Insu	15	16	16	18	18	17	6
PRISMHealth	32	37	36	42	42	44	45
Dental	153	154	154	171	171	170	174
Total Member Units	721	743	727	763	752	747	772
Member Counties	55	55	55	55	55	55	55
Member Public Entities	273	288	283	306	305	302	305
Total Members	328	343	338	361	360	357	360

PRISM's 55 member counties represent 95% of the 58 counties in the state. While the public entity membership currently consists of 305 organizations, including cities, school districts, special districts, and other JPAs, the actual number of public entities accessing the coverage and services of PRISM is approximately 2,000.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT
(PRISM) REVENUE AND EXPENSE ADOPTED BUDGET**
Line Item Summary for All Programs
July 1, 2022 to June 30, 2023

	ACFR Actual 2020/21	Estimated 2021/22	Budget 2021/22	Percent of Total Revenue or Total Expense	Budget 2022/23	Percent of Total Revenue or Total Expense	Budget Increase (Decrease) Compared to 2020/21 Budget	Percentage Change
REVENUES:								
Premiums for Transferred Risk	\$ 950,074,535	\$ 1,090,588,702	\$ 1,000,013,664	67.34%	\$ 1,154,550,204	69.94%	\$ 154,536,540	15.45%
Dividend Income	192,456	341,173	0	0.00%	0	0.00%	0	0.00%
Broker Fees	17,126,598	19,295,102	14,648,837	0.99%	15,911,192	0.96%	1,262,355	8.62%
Contributions for Retained Risk	256,223,164	235,741,465	353,965,082	23.83%	358,847,094	21.74%	4,882,012	1.38%
Member Growth	0	0	50,000,000	3.37%	50,000,000	3.03%	0	0.00%
Investment Income	33,115,423	(27,341,047)	12,620,000	0.85%	11,270,000	0.68%	(1,350,000)	(10.7%)
Financing Charges	156,151	105,861	160,000	0.01%	120,000	0.01%	(40,000)	(25.0%)
Administration Fees	28,290,961	27,428,877	26,938,019	1.81%	31,542,009	1.91%	4,603,990	17.09%
Program Development Fees	118,885	0	0	0.00%	0	0.00%	0	0.00%
Member Services	739,495	25,951,486	26,178,779	1.76%	27,991,921	1.70%	1,813,142	6.93%
Tenant Income	354,074	365,138	422,642	0.03%	485,138	0.03%	62,496	14.79%
Other Income	4,791,763	1,315,360	125,000	0.01%	160,000	0.01%	35,000	28.00%
TOTAL REVENUES	1,291,183,505	1,373,792,119	1,485,072,023	100.00%	1,650,877,558	100.00%	165,805,535	11.16%
EXPENSES:								
Member Dividends	9,195,666	2,345,173	4,014,000	0.28%	2,012,000	0.13%	(2,002,000)	(49.9%)
Insurance Purchased	931,306,209	1,057,010,481	999,168,332	69.57%	1,153,984,482	73.27%	154,816,150	15.49%
Broker Fees	17,116,998	16,755,384	14,648,837	1.02%	15,911,192	1.01%	1,262,355	8.62%
Provision for Claims	286,903,721	236,372,430	301,212,391	20.97%	277,376,432	17.61%	(23,835,959)	(7.9%)
Unallocated Loss Adjustment Expense	1,362,000	2,228,000	2,271,000	0.16%	2,785,000	0.18%	514,000	22.63%
Member Growth Premium/Provision for Claims	0	0	50,000,000	3.48%	50,000,000	3.17%	0	0.00%
Program Services	13,436,501	38,967,033	40,022,959	2.79%	45,598,295	2.89%	5,575,336	13.93%
Member Services	2,709,847	2,538,407	2,738,403	0.19%	2,743,991	0.17%	5,588	0.20%
General Administration Expense	15,332,859	17,232,837	19,637,938	1.37%	21,869,461	1.39%	2,231,523	11.36%
Building Operation Expense	452,595	397,764	615,450	0.04%	661,600	0.04%	46,150	7.50%
Depreciation	1,275,457	1,311,684	1,311,684	0.09%	1,591,582	0.10%	279,898	21.34%
Delegated to Committees	0	0	545,000	0.04%	545,000	0.03%	0	0.00%
TOTAL EXPENSES:	1,279,091,853	1,375,159,193	1,436,185,994	100%	1,575,079,035	100.00%	138,893,041	9.67%
Net Increase or (Decrease)	12,091,652	(1,367,074)	48,886,029		75,798,523		26,912,494	
NET POSITION - JULY 1	174,262,982	186,354,634	193,404,994		184,987,563			
NET POSITION - JUNE 30	186,354,634	184,987,560	242,291,023		260,786,086			

Adopted Budget

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Combining Budget for All Programs
July 1, 2022 to June 30, 2023

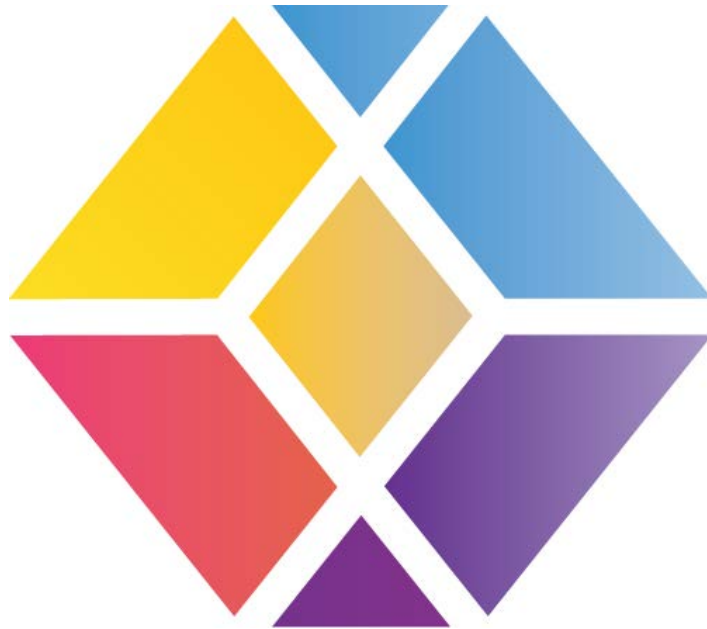
COMBINING 2022/23 BUDGET	PRIMARY WORKERS' COMP.	EXCESS WORKERS' COMP.	GENERAL LIABILITY 1	GENERAL LIABILITY 2	PROPERTY	MEDICAL MALPRACTICE	MR OCIP	PRISMHEALTH	DENTAL	MISC. PROGRAMS	TOTAL ALL INSURANCE PROGRAMS
REVENUES:											
Premiums for Transferred Risk	\$ 34,434,416	\$ 176,799,177	\$ 110,287,123	\$ 168,025,734	\$ 102,776,310	\$ 10,809,510	\$ 10,000,000	\$ 592,205,030	\$ 0	\$ 85,155,950	\$ 1,290,493,250
Dividend Income	0	0	0	0	0	0	0	0	0	0	0
Broker Fees	835,565	3,635,291	3,239,123	1,541,041	0	12,172	0	4,363,000	2,285,000	0	15,911,192
Contributions for Retained Risk	19,006,117	2,902,884	62,627,554	0	75,618,809	20,257,684	0	0	42,491,000	0	222,904,048
Public Entity Participation Fees	0	0	0	0	0	0	0	0	0	0	0
Member Growth	0	0	0	0	0	0	0	0	0	0	50,000,000
Investment Income	772,000	1,698,000	540,000	0	309,000	424,000	0	64,000	74,000	19,000	3,900,000
Financing Charges	54,000	24,000	0	18,000	24,000	0	0	0	0	0	120,000
Administration Fees	6,926,155	9,750,351	6,301,999	4,257,102	1,217,758	1,970,644	140,000	978,000	0	0	31,542,009
Member Services	0	0	0	0	0	0	0	27,485,530	0	0	27,485,530
Tenant Income	0	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	62,028,253	194,809,703	182,995,799	173,841,877	179,945,877	33,474,010	10,140,000	625,095,560	44,850,000	85,174,950	1,642,356,029
EXPENSES:											
Member Dividends	0	0	0	0	0	0	0	12,000	2,000,000	0	2,012,000
Insurance Purchased	34,434,416	176,233,456	110,287,122	168,025,734	102,776,310	10,809,510	10,000,000	592,205,030	0	85,155,950	1,289,927,528
Broker Fees	835,565	3,635,291	3,239,123	1,541,041	0	12,172	0	4,363,000	2,285,000	0	15,911,192
Provision for Claims	8,270,481	2,101,688	19,675,428	0	71,982,000	13,784,796	0	0	41,886,000	0	157,700,393
Unallocated Loss Adjustment Expense	960,000	779,000	564,000	386,000	44,000	52,000	0	0	0	0	2,785,000
Program Services	9,437,000	1,866,790	967,000	823,000	2,629,700	661,500	0	27,625,030	648,975	0	44,658,995
Member Services	0	0	0	0	0	0	0	0	0	0	0
General Administration Expense	0	0	0	0	0	0	0	0	0	0	0
Building Operation Expense	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0
Financing Expenses	0	0	0	240,000	0	0	0	0	0	0	240,000
Member Growth Prem/Prov for Claims	0	0	0	0	0	0	0	0	0	0	50,000,000
Delegated to Committees	50,000	50,000	50,000	50,000	25,000	25,000	0	25,000	25,000	0	300,000
TOTAL EXPENSES	53,987,462	184,666,225	134,782,673	171,065,775	177,457,010	25,344,978	10,000,000	624,230,060	46,844,975	85,155,950	1,563,535,108
TRANSFERS:											
Transfers in (out) to:											
General Administration	(4,701,779)	(6,494,533)	(4,573,489)	(2,663,142)	(667,665)	(925,864)	(49,120)	(561,535)	(395,937)	(14,200)	(21,047,264)
Claims System	(941,511)	(291,395)	(104,750)	(61,041)	(8,666)	(49,614)	0	0	0	0	(1,456,977)
Investment Fees	(46,936)	(114,369)	(10,237)	(8,637)	(8,026)	(24,033)	(480)	(4,112)	(2,862)	(308)	(220,000)
Building Rent	0	0	0	0	0	0	0	0	0	0	0
TOTAL TRANSFERS	(5,690,226)	(6,900,297)	(4,688,476)	(2,732,820)	(684,357)	(999,511)	(49,600)	(565,647)	(398,799)	(14,508)	(22,724,241)
Net Increase or (Decrease)	2,350,565	3,243,181	43,524,650	43,282	1,804,510	7,129,521	90,400	299,853	(2,393,774)	4,492	56,096,680
NET POSITION - JULY 1, 2022	47,710,919	50,761,845	(5,797,705)	2,831,572	51,252,566	8,399,270	991,423	3,145,746	10,075,382	2,327,947	171,698,965
NET POSITION - JUNE 30, 2023	50,061,484	54,005,026	37,726,945	2,874,854	53,057,076	15,528,791	1,081,823	3,445,599	7,681,608	2,332,439	227,795,645

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Combining Budget for All Programs
July 1, 2022 to June 30, 2023

COMBINING 2022/23 BUDGET	TOTAL ALL INSURANCE PROGRAMS	GENERAL ADMIN	IRON POINT BUILDING	CAPTIVE (PRISM ARC)	ELIMINATION	CONSOLIDATED BUDGET
REVENUES:						
Premiums for Transferred Risk	\$ 1,290,493,250	\$ 0	\$ 0	\$ 0	\$ (135,943,046)	\$ 1,154,550,204
Dividend Income	0	0	0	0	0	0
Broker Fees	15,911,192	0	0	0	0	15,911,192
Contributions for Retained Risk	222,904,048	0	0	135,943,046	0	358,847,094
Public Entity Participation Fees	0	0	0	0	0	0
Member Growth	50,000,000	0	0	0	0	50,000,000
Investment Income	3,900,000	300,000	0	7,400,000	(330,000)	11,270,000
Financing Charges	120,000	0	0	0	0	120,000
Administration Fees	31,542,009	0	0	0	0	31,542,009
Member Services	27,485,530	506,391	0	0	0	27,991,921
Tenant Income	0	0	485,138	0	0	485,138
Other Income	0	160,000	0	0	0	160,000
TOTAL REVENUES	1,642,356,029	966,391	485,138	143,343,046	(136,273,046)	1,650,877,558
EXPENSES:						
Member Dividends	2,012,000	0	0	0	0	2,012,000
Insurance Purchased	1,289,927,528	0	0	0	(135,943,046)	1,153,984,482
Broker Fees	15,911,192	0	0	0	0	15,911,192
Provision for Claims	157,700,393	0	0	119,676,039	0	277,376,432
Unallocated Loss Adjustment Expense	2,785,000	0	0	0	0	2,785,000
Program Services	44,658,995	0	0	939,300	0	45,598,295
Member Services	0	2,743,991	0	0	0	2,743,991
General Administration Expense	0	21,869,461	0	0	0	21,869,461
Building Operation Expense	0	0	661,600	0	0	661,600
Depreciation	0	1,259,906	331,676	0	0	1,591,582
Financing Expenses	240,000	0	90,000	0	(330,000)	0
Member Growth Prem/Prov for Claims	50,000,000	0	0	0	0	50,000,000
Delegated to Committees	300,000	200,000	20,000	25,000	0	545,000
TOTAL EXPENSES	1,563,535,108	26,073,358	1,103,276	120,640,339	(136,273,046)	1,575,079,035
TRANSFERS:						
Transfers in (out) to:						
General Administration	(21,047,264)	21,197,264	0	(150,000)	0	0
Claims System	(1,456,977)	1,456,977	0	0	0	0
Investment Fees	(220,000)	220,000	0	0	0	0
Building Rent	0	(429,275)	429,275	0	0	0
TOTAL TRANSFERS	(22,724,241)	22,444,966	429,275	(150,000)	0	0
Net Increase or (Decrease)	56,096,680	(2,662,001)	(188,863)	22,552,707	0	75,798,523
NET POSITION - JULY 1, 2022	171,698,965	11,482,371	1,726,403	5,079,823	(5,000,000)	184,987,563
NET POSITION - JUNE 30, 2023	227,795,645	8,820,370	1,537,540	27,632,530	(5,000,000)	260,786,086

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA



PROGRAM BUDGETS

For the Fiscal Year
July 1, 2022 to June 30, 2023

Primary Workers' Compensation

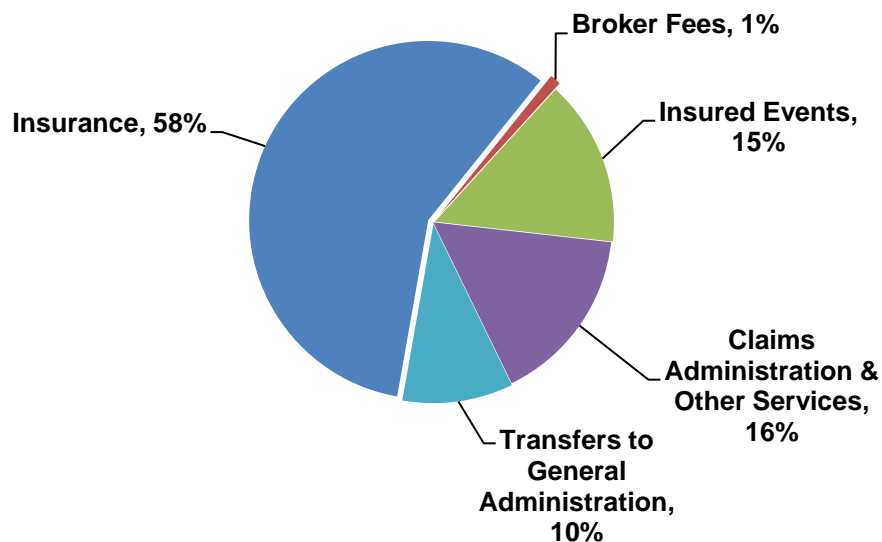
The objective of the Primary Workers' Compensation (PWC) Program is to provide members with an option to eliminate the Excess Workers' Compensation (EWC) self-insured retention and purchase first dollar coverage. The Program pools the first \$10k of loss expense, and then has excess coverage in place 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	37
Covered Payroll	\$2.7 Billion
Pool Premium	\$9.9 Million
Insurance	\$19.5 Million
Premium to ARC	\$14.9 Million
Public Entity Broker Fees	\$836 Thousand
ULAE Premiums	\$9.4 Million
Administration and Fees	\$6.9 Million

A summary of the PWC Program budget is as follows:

Primary Workers' Compensation Program - Expense Summary



The PWC Program proposed budget would result in an ending net position of \$50.1M at June 30, 2023. The target equity range developed by the Underwriting Committee and approved by the Board of Directors is from \$6.3M - \$36.3M.



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.
- Evaluate opportunities to reduce the program's cost by adjusting the program structure or reinsurance placement.
- Continue looking for ways to increase engagement with PWC members.
- Enhance the new committee member onboarding experience.
- Evaluate the cost-benefit of rotating meetings in northern and southern California, as well as options for members to participate via web conference.
- Continue to review program policies and make revisions where appropriate.
- Continue to evaluate transfer of risk opportunities in the PRISM ARC captive.

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.
- Develop PRISM's claims system for PWC TPAs' claims administration.

Long Term Goals

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

Budget Policies for the PWC Program include the following:

Revenues

- Premiums for retained risk are calculated based on each member's actuarially determined estimate of the discounted ultimate cost of claims. The actuarial confidence level and discount rate is determined annually by the PWC Committee.



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

Expenses

- The PWC Committee annually considers returning available net position to members in the form of member dividends. The PWC Committee generally evaluates the amount of net position available for dividends as the balance in excess of the 90% confidence level.
- PWC insurance premiums include the cost of insurance for claims transferred to an insurance company. Coverage limits are determined annually by the PWC Committee. Claim costs in excess of \$125,000 are covered by the EWC Program.
- The provision for claims current and the provision for claims prior years, is the actuarial adjustment to claim liabilities.



- The Provision for ULAE accrues the cost not directly associated with specific claims but related to claims administration and settlement for the remaining life of the claims, and is charged as part of the Admin Fee. The provision includes both the actuarial amount related to the external TPA fees and Self Insurance Plans Fee and the internal (PRISM) program administration costs.
- The Claims Administration line item provides for the fees to the approved PWC claims administrators (Third Party Administrators). TPA contracts are reviewed and considered for renewal by the PWC Committee.
- Member claims audits are scheduled for each TPA every two years, or as determined by the PWC Committee.
- Other program expenses include legal, ISO fees, employment practices legal consulting services, managed care oversight services, and any other expenses approved by the PWC Committee.
- Banking services and fees are used to maintain separate claim bank accounts for each TPA.
- The California State Office of Self-Insurance Plans assessment fees are levied by the Department of Industrial Relations to pay for the self-insured employer assessments for:
 - Workers' Compensation Administration Revolving Fund
 - Uninsured Employers Benefits Trust Fund
 - Subsequent Injuries Benefits Trust Fund
 - Workers' Compensation Fraud Account
 - Occupational Safety and Health Fund
 - Labor Enforcement and Compliance Fund
- The claims system expense includes the cost to operate our claims system.
- An expense budget of \$50,000 has been delegated to the PWC Committee for any unforeseen budget expenses. The PWC Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.

Transfers

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRIMARY WORKERS' COMPENSATION PROGRAM
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 31,209,423	\$ 33,854,679	\$ 33,854,679	\$ 34,417,673	\$ 34,434,416	\$ 16,743	0.0%	Includes corridor deductible in the \$10 - \$125k layer reinsured by PRISM ARC, Excludes CSRM
Payroll Adjustment, Excess Insurance	0	1,030,737	1,030,737	0	0	0	0.0%	
Contributions for Retained Risk	9,406,271	9,506,093	9,506,093	9,506,094	9,572,117	66,023	0.7%	Billed at 90% confidence level undiscounted.
Payroll Adjustment, Pool Premiums	(272,590)	317,625	317,625	0	0	0	0.0%	
ULAE Premium	8,640,300	7,876,200	7,876,200	7,876,200	9,434,000	1,557,800	19.8%	Billed at 80% CL; discounted at 1.5%, Excludes CSRM
Public Entity Broker Fees	1,301,306	1,380,200	1,380,200	817,206	835,565	18,359	2.2%	
Administration Fees	6,176,269	6,295,184	6,295,184	6,113,925	6,926,155	812,230	13.3%	Incl. Schools LC Fee
Investment Income	348,681	(345,087)	(1,500,000)	720,000	772,000	52,000	7.2%	Mark to market losses in 21/22
Member Finance Charges	93,496	54,755	54,755	100,000	54,000	(46,000)	(46.0%)	
Other Income	72,757	20,301	20,301	0	0	0	0.0%	
TOTAL REVENUES	56,975,913	59,990,687	58,835,774	59,551,098	62,028,253	2,477,155	4.2%	
EXPENSES:								
Member Dividends	2,000,000	0	0	2,000,000	0	(2,000,000)	(100.0%)	No Dividends planned for 22/23
Retained and Transferred Risk								
Insurance Premium Expense	31,728,421	34,417,673	34,417,673	34,417,673	34,434,416	16,743	0.0%	Includes Placement Broker Fee
Primary W.C. Reinsurance Prem. PR Audit	0	1,030,737	1,030,737	0	0	0	0.0%	
Public Entity Broker Fees	782,305	817,206	817,206	817,206	835,565	18,359	2.2%	
Provision for Claims, Current Year	6,968,000	8,814,000	8,814,000	8,231,327	8,270,481	39,154	0.5%	Provision for claims at expected
Provision for Claims, Prior Years	(1,828,717)	6,462	6,462	0	0	0	0.0%	Provision for prior year claims
Provision for ULAE	(214,000)	0	(888,000)	887,000	960,000	73,000	8.2%	Actuarial adjustment to the liability for future claims administration
CA State W.C. Assessments	1,780,708	2,386,618	2,386,618	2,240,000	3,400,000	1,160,000	51.8%	DIR fees based on indemnity payments. In 22/23, Increase expected in DIR base & TD rates and indemnity payments
Total Retained and Transferred Risk	39,216,717	47,472,695	46,584,695	46,593,206	47,900,462	1,307,256	2.8%	
Program Administration								
Claims Administration	5,295,409	2,475,953	5,447,097	6,076,071	5,589,000	(487,071)	(8.0%)	TPA fees to administer claims for the life of the claim, no CSRM
ISO Index Fees	77,402	25,811	70,000	70,000	84,000	14,000	20.0%	Claims indexing service
Member Claims Audits	61,560	44,655	121,315	121,315	113,400	(7,915)	(6.5%)	TPA's locations audited on biannual basis
Legal Fees	36,095	82,494	100,000	30,000	50,000	20,000	66.7%	Legal Advice and litigation
Banking Services and Fees	64,924	31,432	66,007	75,000	75,000	0	0.0%	
Managed Care Program Monitoring	114,000	57,000	119,800	119,800	125,600	5,800	4.8%	Incl Bill review fee monitoring and negotiating
Total Program Administration	5,649,389	2,717,345	5,924,219	6,492,186	6,037,000	(455,186)	(7.0%)	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	0.0%	Available with two-thirds vote of PWC Committee
TOTAL EXPENSES	46,866,107	50,190,040	52,508,914	55,135,392	53,987,462	(1,147,930)	-2.1%	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRIMARY WORKERS' COMPENSATION PROGRAM
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	\$ (4,684,283)	\$ (4,217,206)	\$ (4,217,206)	\$ (4,217,206)	\$ (4,701,779)	\$ (484,573)	11.5%	
PRISM Claims System Costs	(696,428)	(637,255)	(637,255)	(637,255)	(941,511)	(304,256)	47.7%	
Investment Fees	(33,068)	(16,093)	(52,350)	(52,350)	(46,936)	5,414	(10.3%)	
TOTAL TRANSFERS	(5,413,779)	(4,870,554)	(4,906,811)	(4,906,811)	(5,690,226)	(783,415)	16.0%	
Net Increase or (Decrease)	4,696,026	4,930,093	1,420,049	(491,105)	2,350,565	2,841,670	(578.6%)	
NET POSITION - JULY 1	41,594,844	46,290,870	46,290,870	45,541,972	47,710,919			
NET POSITION - JUNE 30	46,290,870	51,220,964	47,710,919	45,050,867	50,061,484			
Target Equity								
Low Range	7,090,322	5,139,487	5,139,487	5,139,487	6,260,988			
High Range	35,999,451	35,425,191	35,425,191	35,425,191	36,281,396			

Excess Workers' Compensation

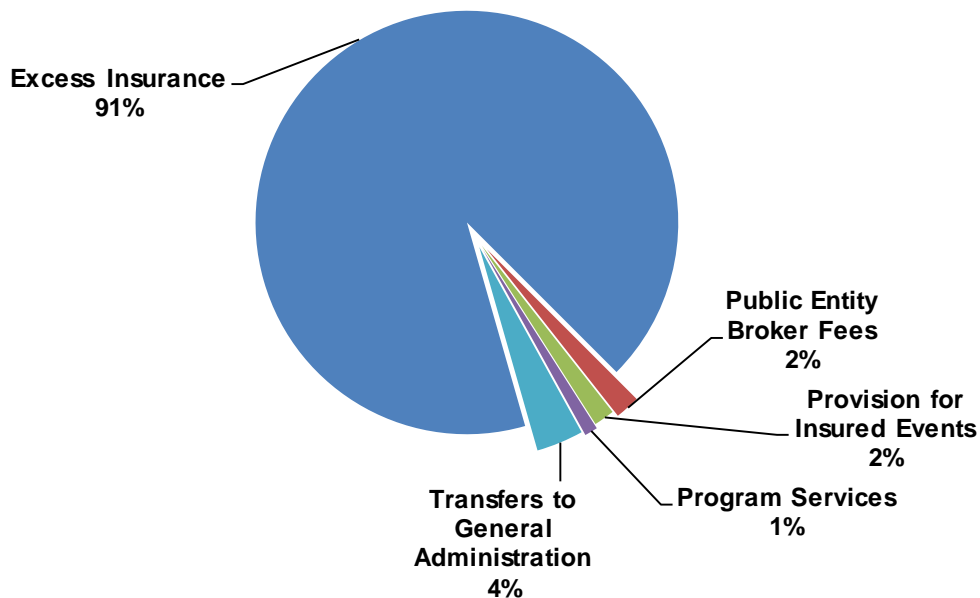
The objective of the Excess Workers' Compensation (EWC) program is to provide members an affordable Excess Workers' Compensation Program. The EWC Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Program Revenue Summary:

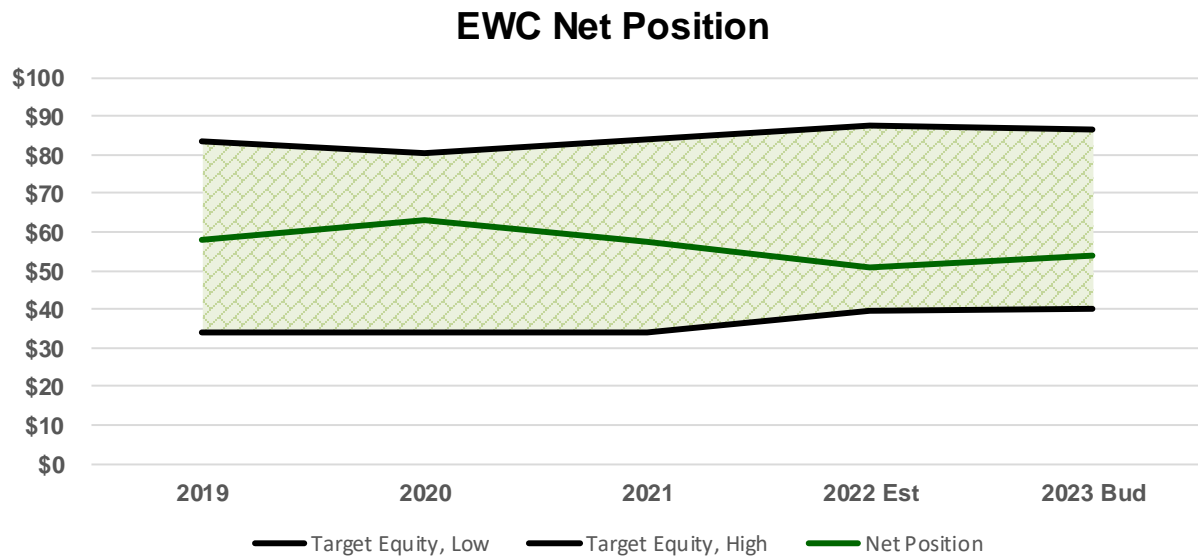
Number of Members	182
Covered Payroll	\$36.5 Billion
Pool Contribution	\$2.9 Million
Insurance	\$105.5 Million
Premium to ARC	\$71.3 Million
Broker Fees	\$3.6 Million
Administration and Fees	\$9.8 Million
Loss Prevention Subsidies	\$1,000 per member

A summary of the EWC Program budget is as follows:

Excess Workers' Compensation Program - Expense Summary



The EWC Program proposed budget would result in an ending net position of \$54.0M at June 30, 2023. The target equity range developed by the Underwriting Committee and approved by the Board of Directors is from \$40.0M - \$86.8M. The following chart illustrates the EWC's net position in relation to the target equity range.





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.
- Increase service offerings to the members.
- Set rates for the upcoming year at a level designed to keep the Program's Net Position within the target funding range.
- Evaluate ways to mitigate the Program's long-term exposure to uncollectible reinsurance.
- Use multi-year underwriting matrices, wherever possible, to help ensure renewal pricing from underwriters at a "not-to-exceed" amount of 10% for the upcoming year.
- Continue to monitor the long-term discount assumption and make conservative adjustments, as needed.
- Continue to move members from annual to monthly reporting of loss data in order to have up to date data for the renewal process and carrier discussions.
- Continue Implementation of the data analytics platform to allow for benchmarking of claims data, with additional members being brought onboard and new functionality being provided in 2022/23.
- 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.

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 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.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. Most members choose to contribute at least \$1,000 each year to this Program.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Members may elect to pay their premium on a monthly or quarterly basis. Finance fees are charged based on the internal borrowing rate and the term of the financing.
- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense will reduce the current budget year's Administration fees charged to the members. Program costs are defined below.

Expenses

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

Transfers

- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs, based on a three-year average of staff time.
- The administrative costs of the Program are typically set in conjunction with the March Board of Directors meeting as a way to aid members in budgeting by reducing variability in their premiums. Any variance within 2.5% of the set amount and the final administrative costs are adjusted from the Program's Net Position. If the variance falls outside of the 2.5% range, the total budgeted number is brought back to the Board of Directors in June for further action.
- Based on member election, a risk management subsidy of \$1,000 per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account.
- The PRISM 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, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premium for Transferred Risk	\$ 126,150,591	\$ 159,218,575	\$ 159,218,575	\$ 162,487,456	\$ 176,799,177	\$ 14,311,721	8.8%	Includes corridors transferred to PRISM ARC
Payroll Audit, Excess Premiums	0	12,255,171	12,255,171	0	0	0	0.0%	
Contribution for Retained Risk	2,775,186	1,989,980	1,989,980	2,503,615	2,902,884	399,269	15.9%	Includes 10% quote share in \$45M excess of \$5M layer
Payroll Adjustments, Retained Risk	123,501	492,112	492,112	0	0	0	0.0%	
Administration Fees	8,964,777	8,352,680	8,352,680	8,455,442	9,750,351	1,294,909	15.3%	Includes Schools Loss Control Fee; admin set in March
Public Entity Broker Fees	4,264,063	4,829,222	4,829,222	3,518,361	3,635,291	116,930	3.3%	
Investment Income	923,166	(752,788)	(3,500,000)	1,750,000	1,698,000	(52,000)	(3.0%)	Mark to market losses in 21/22
Member Finance Fees	35,157	24,488	24,488	37,000	24,000	(13,000)	(35.1%)	
Other Income	(1)	12,849	12,849	0	0	0	0.0%	
TOTAL REVENUES	143,236,441	186,422,290	183,675,078	178,751,874	194,809,703	16,057,829	9.0%	
EXPENSES:								
Retained and Transferred Risk								
Excess Workers' Comp. Premiums	127,210,445	159,218,574	159,218,574	161,642,124	176,233,456	14,591,332	9.0%	Includes Placement Broker Fee
Payroll Adjustments	18,001	12,255,171	12,255,171	0	0	0	0.0%	
Public Entity Broker Fees	3,204,214	4,829,218	4,829,218	3,518,361	3,635,291	116,930	3.3%	
Provision for Claims, Current Year	2,760,517	1,842,897	1,842,897	2,234,000	2,101,688	(132,312)	(5.9%)	10% quote share in \$45M excess of \$5M layer
Provision for Claims, Prior Years	7,303,995	2,923,536	2,923,536	0	0	0	0.0%	
Provision for ULAE	860,000	0	1,689,000	543,000	779,000	236,000	43.5%	Cost to run off the claims
Total Retained and Transferred Risk	141,357,172	181,069,396	182,758,396	167,937,485	182,749,435	14,811,950	8.8%	
Program Administration								
Managed Care Program Monitoring	0	0	2,500	2,500	2,800	300	12.0%	Incl Bill review fee monitoring and negotiating
Legal Fees	36,938	12,487	350,000	350,000	375,000	25,000	7.1%	Includes fees for litigation with reinsurers
ISO Index Fees	297,907	158,315	340,000	340,000	380,800	40,800	12.0%	Claims indexing service
Member Claims Audits	770,937	394,383	708,861	708,861	818,190	109,329	15.4%	
PRISM Claims Audits	0	0	20,200	20,200	0	(20,200)	(100.0%)	Next due in 2023/24
Crisis Management Services	10,080	10,080	25,000	100,000	100,000	0	0.0%	
Member Actuarial Studies	165,450	80,000	210,000	210,000	190,000	(20,000)	(9.5%)	
Total Program Administration	1,281,312	655,264	1,656,561	1,731,561	1,866,790	135,229	7.8%	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	0.0%	Available with a two-thirds vote of Executive Committee
TOTAL EXPENSES	142,638,484	181,724,660	184,414,957	169,719,046	184,666,225	14,947,179	8.8%	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
EXCESS WORKERS' COMPENSATION PROGRAM
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	\$ (5,933,554)	\$ (5,763,941)	\$ (5,763,941)	\$ (5,763,941)	\$ (6,494,533)	\$ (730,592)	12.7%	
PRISM Claims System Costs	(207,889)	(190,225)	(190,225)	(190,225)	(291,395)	(101,170)	53.2%	
Investment Fees	(86,036)	(37,835)	(77,307)	(136,900)	(114,369)	22,531	(16.5%)	External investment management fees
TOTAL TRANSFERS	(6,227,479)	(5,992,001)	(6,031,473)	(6,091,066)	(6,900,297)	(809,231)	13.3%	
Net Increase or (Decrease)	(5,629,523)	(1,294,371)	(6,771,352)	2,941,762	3,243,181	301,419	10.2%	
NET POSITION - JULY 1	63,162,720	57,533,197	57,533,197	60,972,269	50,761,845			
NET POSITION - JUNE 30	57,533,197	56,238,826	50,761,845	63,914,031	54,005,026			
Target Equity								
Low Range	34,125,000	39,799,000	39,799,000	39,799,000	40,000,000			
High Range	83,928,000	87,816,000	87,816,000	87,816,000	86,800,000			

General Liability 1

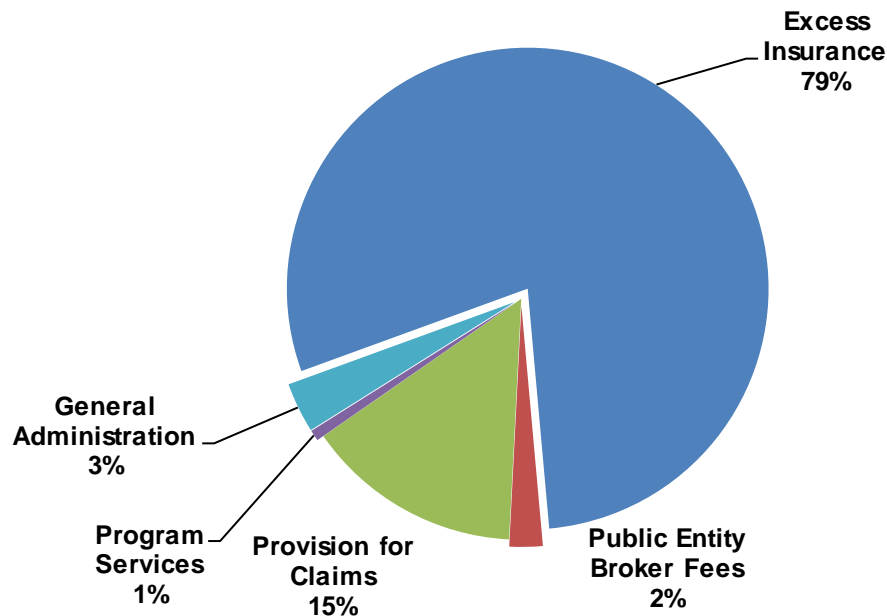
The objective of the General Liability 1 (GL1) Program is to provide members with a long-term, stable and financially strong alternative to traditional insurance. The GL1 Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Program Revenue Summary:

Number of Members	134
Covered Payroll	\$7.8 Billion
Pool Premium	\$68.4 Million
Insurance	\$62.5 Million
Premium to ARC	\$47.8 Million
Public Entity Broker Fees	\$3.2 Million
Administration and Fees	\$6.3 Million
Loss Prevention Subsidy	\$1,000 per member

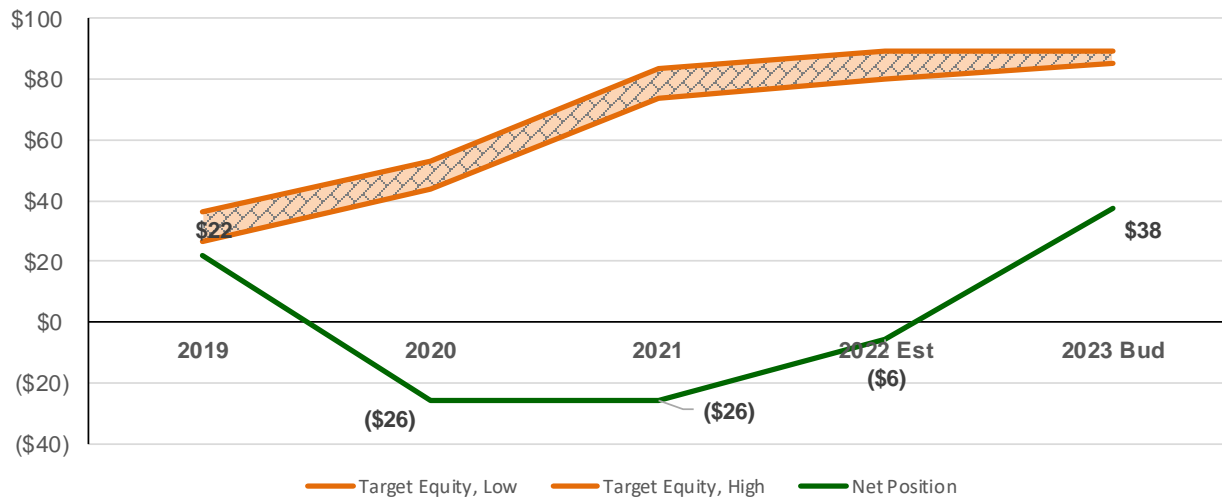
A summary of the GLI Program budget is as follows:

General Liability 1 Program - Expense Summary



The GL1 Program proposed budget would result in an ending net position of \$37.7M at June 30, 2023.

General Liability 1 Net Position (in millions)



The Net Position of the General Liability 1 program is expected to increase in 2022/23 as contributions for retained risk and projected investment income are expected to exceed claims costs for the policy year as estimated at the expected confidence level. Actual claims development will vary from actuarial estimates and may be favorable or adverse.



General Liability 1 (GL1) **Program Budget Policy**

Program Goals for GL1 include the following:

Short Term Goals

- Re-evaluate the risk tolerance and the balance between pooling and transferring risk to the commercial insurance market, with a heavier emphasis on pooling.
- Continue to evaluate and develop service offerings to the members to assist and support their risk management efforts in mitigating/preventing loss.
- Set rates for the upcoming year at an 85% confidence level to increase net assets so that the pool's funding is within the target funding range in three to five years.
- Continue accomplishing action items as outlined on the GL1 Program Strategic Plan approved by the Executive Committee and coordinate the efforts of the Claims Review Committee, Risk Control, and D&A Departments, as needed.
- Continue to increase the use of standardized PRISM GL codes for general liability loss data to allow for better claims analysis and trend identification. Evaluate options to increase the usage of PRISM GL codes among the GL1 membership.
- Evaluate options to increase the adoption of monthly data reporting among the GL1 Program membership.
- Continue to roll out the new data analytics platform to allow for benchmarking of claims data, with additional members being brought onboard and new functionality being provided in 2022/23.
- Use multi-year underwriting matrices, where possible, to help stabilize renewal pricing from underwriters.
- Continue to monitor the long-term discount assumption, and make conservative adjustments, as needed.
- Continue to evaluate transfer of risk opportunities in the PRISM captive.
- Market the Program nationwide to improve the diversity of the Program exposure.
- Analyze GL1 loss data and evaluate creating different rating groups within the GL1 allocation.

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.
- Maintain multi-year relationships, where possible, with business partners

(brokers, underwriters, actuaries, claims administrators, etc.).

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

Revenues

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

Expenses

- Upon recommendation of the Underwriting and Executive Committees, the Board may annually consider returning available net position to members in the form of member dividends.
- Premium for Transferred Risk is the expense for insurance purchased based on the risk financing decisions made.

- The provisions for claims, current year, and provision for claims prior years' are the actuarial adjustments to claim liabilities.
- The provision for ULAE (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim and is charged as part of the admin fee.
- Member claims audits are scheduled for each member or Third Party Administrator (TPA), every two years, or as determined by the Claims Review Committee, unless the member opts out of the claims audit program.
- A claims audit for the PRISM's Claims Department is scheduled every two years.
- Each member is entitled to subsidy of \$2,000 towards the cost of member actuarial studies.
- Other program expenses include program actuarial and consulting costs, legal expenses, ISO fees, and any other expenses approved by the various committees.
- There is a \$50,000 contingency budget line item for unforeseen expenses, which is available for use with a two-thirds vote of the Executive Committee.
- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Board will determine how to fund for these services.

Transfers

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL LIABILITY 1 PROGRAM
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 110,685,563	\$ 148,569,826	\$ 148,569,826	\$ 99,720,417	\$ 110,287,123	\$ 10,566,706	10.6%	Incl. Corridor deductible reinsured by PRISM ARC
Contributions for Retained Risk	0	918,594	918,594	47,307,596	62,627,554	15,319,958	32.4%	Funded at the 85% confidence level; 1.75% discount factor; includes CAJPA credit
Public Entity Broker Fees	2,622,433	3,536,254	3,536,254	2,653,372	3,239,123	585,751	22.1%	
Investment Income	0	0	(250,000)	145,000	540,000	395,000	272.4%	Investment earnings projected in 22/23 on positive cash
Administration Fees	5,438,312	5,759,074	5,759,074	5,546,257	6,301,999	755,742	13.6%	Includes Schools loss control fee; set in March
Other Income	1,485	107,285	107,285	0	0	0	0.0%	
TOTAL REVENUES	118,747,793	158,891,033	158,641,033	155,372,642	182,995,799	27,623,157	17.8%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	94,405,455	114,594,741	114,594,741	99,720,417	110,287,122	10,566,705	10.6%	Incl. Placement and LPT Broker Fees
Public Entity Broker Fees	2,622,434	3,535,599	3,535,599	2,653,372	3,239,123	585,751	22.1%	
Provision for Claims, Current Year	3,858,581	2,035,188	2,035,188	25,311,000	19,675,428	(5,635,572)	(22.3%)	Claims expense
Provision for Claims, Prior Years	12,250,499	13,765,042	13,765,042	0	0	0	0.0%	
Provision for ULAE	825,000	0	144,000	496,000	564,000	68,000	13.7%	Including PGL
Total Retained and Transferred Risk	113,961,969	133,930,570	134,074,570	128,180,789	133,765,673	5,584,884	4.4%	
Program Administration								
Financing Expenses	266,425	82,246	82,246	0	0	0	0.0%	Interest paid to other programs due to negative cash; not billed back to members
ISO Fees	3,459	275	5,000	5,000	5,000	0	0.0%	
Member Claims Audits	44,898	13,804	112,000	112,000	136,000	24,000	21.4%	
PRISM Claims Audit	0	0	16,500	16,500	0	(16,500)	(100.0%)	Next due in 2023/24
Legal Expenses	159,363	125,233	300,000	525,000	585,000	60,000	11.4%	
Crisis Management Services	4,214	4,200	25,000	100,000	100,000	0	0.0%	
Bank Fees	4,578	2,372	6,000	6,000	6,000	0	0.0%	Allocated to PGL members only
Member Actuarial Studies	110,950	52,000	140,000	140,000	135,000	(5,000)	(3.6%)	
Total Program Administration	593,887	280,130	686,746	904,500	967,000	62,500	6.9%	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	0.0%	Available with two-thirds vote of the Executive Committee
TOTAL EXPENSES	114,555,856	134,210,700	134,761,316	129,135,289	134,782,673	5,647,384	4.4%	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL LIABILITY 1 PROGRAM
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	\$ (3,963,474)	\$ (4,021,789)	\$ (4,021,789)	\$ (4,021,789)	\$ (4,573,489)	\$ (551,700)	13.7%	
Claims System Costs	(62,367)	(57,068)	(57,068)	(57,068)	(104,750)	(47,682)	83.6%	
Investment Fees	(4,217)	(3,619)	(7,963)	(6,375)	(10,237)	(3,862)	60.6%	
TOTAL TRANSFERS	(4,030,058)	(4,082,476)	(4,086,820)	(4,085,232)	(4,688,476)	(603,244)	14.8%	
Net Increase or (Decrease)	161,880	20,597,857	19,792,897	22,152,121	43,524,650	21,372,529	96.5%	
NET POSITION - JULY 1	(25,752,482)	(25,590,602)	(25,590,602)	(22,518,291)	(5,797,705)			
NET POSITION - JUNE 30	(25,590,602)	(4,992,745)	(5,797,705)	(366,170)	37,726,945			
Net Position Designated for:								
Unrestricted Net Position	(44,459,881)	(20,925,745)	(21,730,705)	(18,540,170)	22,470,945			
Premium Rate Credit, accrued but not received until 7/1	18,869,279	15,933,000	15,933,000	18,174,000	15,256,000			
Total Net Position	(25,590,602)	(4,992,745)	(5,797,705)	(366,170)	37,726,945			
Target Equity								
Low Range	73,676,000	79,900,000	79,900,000	79,900,000	85,107,000			
High Range	83,276,000	89,500,000	89,500,000	89,500,000	89,500,000			

General Liability 2

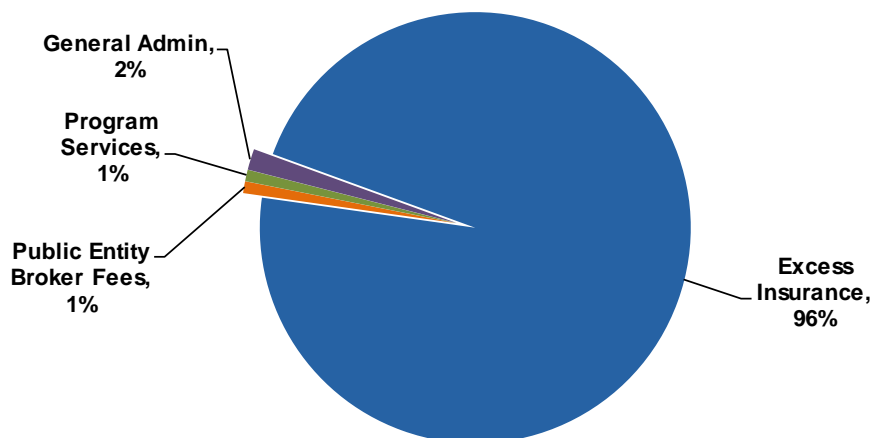
The objective of the General Liability 2 (GL2) Program is to provide members who can afford a high self-insured retention an affordable excess liability program with limited pool exposure, and insured coverage when available.

Program Revenue Summary:

Number of Members	25
Insurance	\$168 Million
Public Entity Broker Fees	\$1.5 Million
Administration and Fees	\$4.3 Million

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

General Liability Program 2 - Expense Summary





General Liability 2 (GL2) **Program Budget Policy**

Program Goals for the GL2 Program include the following:

Short Term Goals

- Increase service offerings to the members.
- Eliminate aggregate coverage limits where possible.
- Use multi-year underwriting matrices, wherever possible, to help ensure stable renewal pricing from underwriters.
- Evaluate different risk financing strategies in challenging renewal times; such as evaluating pooling/risk sharing, evaluate SIR changes, and assess different corridor retentions, IMCDs, and layering strategies.
- Establish a policy to hold members accountable to meeting monthly loss data reporting requirements.
- Create a loss data quality dashboard.
- Annually consider amendments to the MOC to address areas in which clarification is helpful in an effort to avoid coverage questions in the future.
- Establish Target Funding Guidelines to assist the Committee in making program funding decisions on an annual basis
- Continue to evaluate transfer of risk opportunities to the PRISM Captive.

Long Term Goals

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

Budget Policies for the GL2 Program include the following:

Revenues

- Based on market conditions, coverage for the Program is provided by insurance, or a combination of insurance and an aggregate pool or Mega Fund, individual member corridor deductibles (IMCDs) when appropriate, which provides coverage between the member's SIR and the insured layer.
- The allocation of premiums between participating members is approved annually by the GL2 Committee.



- Broker fees are charged to all public entity members. The amount charged is based on the broker contract and is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k - \$1M, and plus 3% of premiums excess of \$1M. Currently the broker is refunding a portion of broker fees to the Program to offset program expenses.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense could flow to the program's net position, on committee's discretion. Program costs are defined below.
The Risk Management Subsidy Program was created to offset the direct costs members incur from securing external risk management products and services. Unless a member opts out, the Risk Management Subsidy is \$1,000 each year.

Expenses

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



- The program has adopted a policy to provide Crisis Incident Management Services. Annually, the GL2 Committee will determine how to fund for these services.
- Deficits in GL2 program net cash and investment balance occasionally result from delays in payments from reinsurance carriers and others. In those instances, the cash flow needs of the program are met by other PRISM programs via intercompany borrowing. Interest is paid on intercompany borrowing in accordance with the annually-adopted internal borrowing rate. This interest expense will be covered from the program's net position.

Transfers

- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a three-year average of staff time.
- 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, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 101,691,188	\$ 120,868,128	\$ 120,868,128	\$ 131,259,375	\$ 168,025,734	\$ 36,766,359	28.0%	
Public Entity Broker Fees	827,378	982,435	982,435	1,075,591	1,541,041	465,450	43.3%	
Investment Income	3,142	(296,324)	(190,000)	0	0	0	0.0%	Mark to market losses in 21/22
Member Finance Fees	0	0	0	0	18,000	18,000	100.0%	
General Administration Fees	3,871,675	3,409,384	3,409,384	3,315,824	4,257,102	941,278	28.4%	
Other Income, Legal Expense Reimbursement	(0)	19,656	19,656	0	0	0	0.0%	
TOTAL REVENUES	106,393,383	124,983,279	125,089,603	135,650,790	173,841,877	38,191,087	28.2%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	100,934,041	120,826,144	120,826,144	131,259,375	168,025,734	36,766,359	28.0%	Includes Placement Broker Fees
Public Entity Broker Fees	827,378	982,435	982,435	1,075,591	1,541,041	465,450	43.3%	
Provision for ULAE	405,000	0	607,000	268,000	386,000	118,000	44.0%	
Total Retained and Transferred Risk	102,166,419	121,808,579	122,415,579	132,602,966	169,952,775	37,349,809	28.2%	
Program Administration								
ISO Fees	17,737	5,128	15,000	15,000	15,000	0	0.0%	
Member Actuarial Studies	17,000	18,000	40,000	40,000	38,000	(2,000)	(5.0%)	
Legal Services	156,224	168,827	300,000	425,000	580,000	155,000	36.5%	
Member Claims Audit	69,768	26,100	80,000	80,000	90,000	10,000	12.5%	
Crisis Management Services	0	0	25,000	100,000	100,000	0	0.0%	
Financing Expense	98,174	148,162	296,324	0	240,000	240,000	100.0%	
Total Program Administration	358,903	366,217	756,324	660,000	1,063,000	403,000	61.1%	
Appropriation Delegated to GL2 Committee	0	0	0	50,000	50,000	0	0.0%	Available with two-thirds vote of GL2 Committee
TOTAL EXPENSES	102,525,322	122,174,796	123,171,903	133,312,966	171,065,775	37,752,809	28.3%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(2,319,798)	(2,306,896)	(2,306,896)	(2,306,896)	(2,663,142)	(356,246)	15.4%	
Claims System Costs	(31,183)	(28,534)	(28,534)	(28,534)	(61,041)	(32,507)	113.9%	
Investment Fees	(2,893)	(3,539)	(7,787)	(3,875)	(8,637)	(4,762)	122.9%	
TOTAL TRANSFERS	(2,353,874)	(2,338,969)	(2,343,217)	(2,339,305)	(2,732,820)	(393,515)	16.8%	
Net Increase or (Decrease)	1,514,187	469,514	(425,517)	(1,481)	43,282	44,763	(3022.5%)	
NET POSITION - JULY 1	1,742,901	3,257,088	3,257,088	4,494,925	2,831,572			
NET POSITION - JUNE 30	3,257,088	3,726,602	2,831,572	4,493,444	2,874,854			

Property

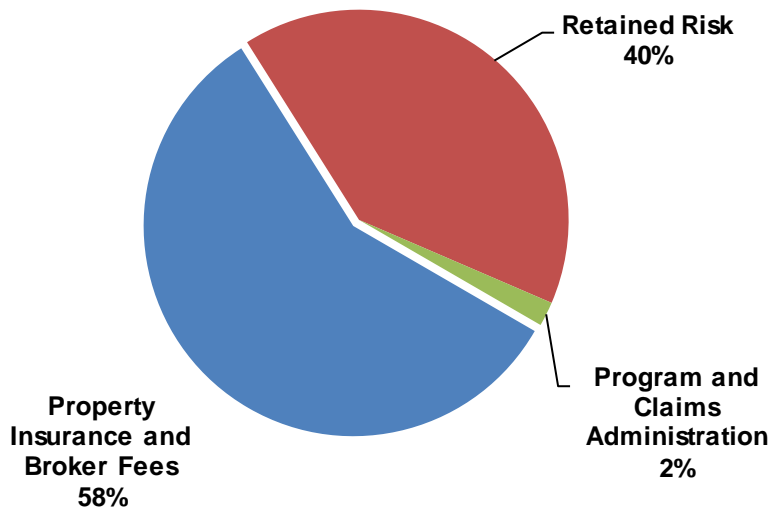
The objective of the Property Program is to provide a broad range of all-risk property coverage to members, including flood and earthquake. Members' property is divided into groups known as "towers". All but one tower offers up to \$600M of property coverage.

Program Revenue Summary:

Number of Members	118
Member deductibles	\$5,000 to \$100,000
Insured Values	\$94.5 Billion
Insurance	\$103 Million
Pool Premium	\$75.4 Million
Administration and Fees	\$1.2 Million

A summary of the Property Program budget is as follows:

Property Program - Expense Summary



Net Position in the Property Program is budgeted to increase by \$1.8M. As of March 31, 2022, the Program is now self-insured for the first \$10M of each tower. The program continues to maintain broad coverage. EQ rooftop risk in \$25M excess of \$340M was retained in FY 2021/22 but transferred in FY 2022/23.



Property Program Budget Policy

Program Goals for the Property Program include the following:

Short-term Goals

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

Long-term Goals

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



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

Expenses

- Property insurance premiums include the cost of primary and excess insurance. The primary includes the annual primary layer premium and a provision for claim payments within the aggregate pool.
- Other program expenses include consulting costs, legal expenses, property appraisal services, and any other expenses approved by the Property Committee.
- The Risk Management Subsidy Program was created to offset the direct costs members incur from securing external risk management products and services. Unless a member opts out, the Risk Management Subsidy is \$1,000 per year.
- PRISM's premium billing to members is based on the fiscal year of July 1st through June 30th. The insurance premiums are for a policy period of March 31st through March 31st, and premiums are due to the carriers within 30 days. This timing difference requires PRISM to finance a portion of the cost of insurance. PRISM internally borrows funds from the treasury to pay these premiums until member billings are collected in July. The finance expenses are the costs to the PRISM Treasury to internally borrow funds for the Property Program. An expense is recognized each fiscal quarter based on the average daily balance of the funds borrowed times the internal borrowing rate approved by the Board of Directors each March.
- The Risk Management Services line item of \$350,000 is available for services approved by the Property Committee.
- The Appraisal Services line item is for the Program's portion of expenses associated with appraisal of buildings valued between \$250,000-\$1,000,000. Since the appraisal policy was amended to extend the frequency of appraisals from 5 to 10 years, the Program's financial responsibility is significantly reduced starting in the 2017/18 year and will increase for additional appraisals again in the 2022/23 year.
- An expense budget of \$25,000 has been delegated to the Property Committee. The Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.



- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Property Committee will determine how to fund for these services.

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 three-year average of staff time.
- Based on member election, a risk management subsidy of \$1,000 per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account.
- Investment fees are charged on the average daily balance of program funds invested.

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PROPERTY PROGRAM
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 112,325,526	\$ 104,452,912	\$ 104,452,912	\$ 137,703,202	\$ 102,776,310	(34,926,892)	(25.4%)	All risk; incl. corridors transferred to PRISM ARC
Retained Risk	6,000,000	804,758	6,804,758	6,355,176	75,618,809	69,263,633	1089.9%	22/23-Contribution for pool risk up to \$10M per occurrence in all towers. Contribution for CAT pool pre 22/23
Stabilization Funds	0	1,976,066	1,976,066	0	0	0	0.0%	Mid term member addition
Investment Income	(54)	(145,193)	(550,000)	160,000	309,000	149,000	93.1%	Mark to market losses in 21/22
Member Finance Charges	31,359	24,786	24,786	23,000	24,000	1,000	4.3%	
Administration Fees	1,362,388	1,295,836	1,295,836	1,260,488	1,217,758	(42,730)	(3.4%)	Includes Risk Control grants pass thru item
Other Income	3,867,335	0	0	0	0	0	0.0%	Ceding commission
TOTAL REVENUES	123,586,555	108,409,165	114,004,359	145,501,866	179,945,877	34,444,011	23.7%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	110,742,254	104,452,912	104,452,912	137,703,202	102,776,310	(34,926,892)	(25.4%)	Incl. \$27.8M that is already prepaid to Lexington but will be an expense on the financial statements
Provision for claims	1,181,329	0	0	0	71,982,000	71,982,000	0.0%	Claims for primary layer pool expensed as incurred
Provision for ULAE	14,000	0	(8,000)	24,000	44,000	20,000	83.3%	
Total Retained and Transferred Risk	111,937,583	104,452,912	104,444,912	137,727,202	174,802,310	37,075,108	26.9%	
Program Administration								
Financing Expenses	278,554	0	0	0	0	0	0.0%	Interest on interfund borrowing rate
Legal Services	0	0	0	10,000	20,000	10,000	100.0%	
Claims Admin	0	0	0	0	2,000,000	2,000,000	100.0%	
PRISM Claims Audits	0	0	0	0	20,000	20,000	100.0%	
Crisis Management Services	0	0	25,000	100,000	100,000	0	0.0%	
Property Appraisals	114,584	(10,000)	(10,000)	106,500	119,700	13,200	12.4%	
Risk Management/LP Services	43,307	345,149	500,000	262,500	370,000	107,500	0.0%	Includes Risk Control Grants, pass thru item
Total Program Administration	436,445	335,149	515,000	479,000	2,629,700	2,150,700	449.0%	
Appropriation for Property Committee	0	0	0	25,000	25,000	0	0.0%	Available with two-thirds vote of Property Committee
TOTAL EXPENSES	112,374,028	104,788,061	104,959,912	138,231,202	177,457,010	39,225,808	28.4%	
TRANSFERS:								
Transfers in (out) to:								
Transfers out to Administration	(668,351)	(616,309)	(616,309)	(616,309)	(667,665)	(51,356)	8.3%	
PRISM Claims System Costs	0	0	0	0	(8,666)	(8,666)	(100.0%)	
Investment Fees	(9,264)	(4,101)	(9,022)	(9,675)	(8,026)	1,649	(17.0%)	
TOTAL TRANSFERS	(677,615)	(620,410)	(625,331)	(625,984)	(684,357)	(58,373)	9.3%	
Net Increase or (Decrease)	10,534,912	3,000,694	8,419,115	6,644,680	1,804,510	(4,840,170)	(72.8%)	
NET POSITION - JULY 1	32,298,539	42,833,451	42,833,451	39,603,442	51,252,566			
NET POSITION - JUNE 30	42,833,451	45,834,145	51,252,566	46,248,122	53,057,076			
Net Position Designated for:								
Catastrophic Pool	39,219,614	40,005,682	45,595,179	43,355,996	47,399,689			
Program Stabilization Fund	3,613,836	5,657,387	5,657,387	2,892,126	5,657,387			
Total Net Position	42,833,451	45,663,069	51,252,566	46,248,122	53,057,076			

Medical Malpractice

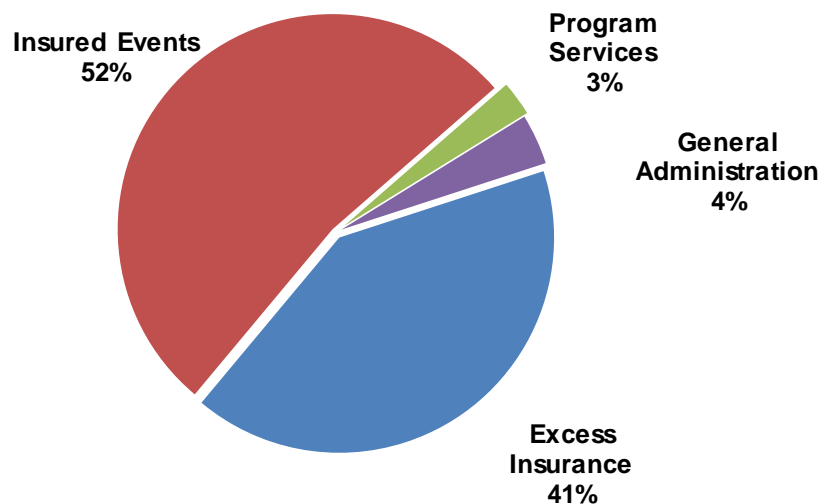
The objective of the Medical Malpractice Program is to provide members with the broadest possible General Liability and hospital or medical facilities professional liability coverage and limits at the lowest rates available. The Medical Malpractice Program provides members with the economic benefits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

Program Revenue Summary:

Number of Members	51
Pool Premium	\$20.3 Million
Insurance	\$8.9 Million
Premium to ARC	\$1.9 Million
Administration and Fees	\$1.4 Million
Loss Prevention Subsidy	\$1,000 per member

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

Medical Malpractice Program - Expense Summary



The Medical Malpractice Program budgeted an increase in its Net Position of 85% in 2022/23. Rates for the program are developed such that contributions for retained risk plus investment income are budgeted to exceed claims costs. Actual claims development will vary from current estimates and may be favorable or adverse.



Medical Malpractice Program Budget Policy

Program Goals for the Medical Malpractice Program include the following:

Short Term Goals

- 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 CFMG to review the coverage limits provided to members and research and provide information to members regarding other options for jail medical services.
- Expand training opportunities to include the addition of web and recorded training sessions.
- Work toward all members reporting data monthly to for more consistent reporting, better data quality, and the option to provide data to markets earlier for July 1 renewal.
- Continue to consider risk transfer opportunities to the PRISM Captive.

Long Term Goals

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

Budget Policies for the Medical Malpractice Program include the following:

Revenues

- Premiums for retained risk and transferred risk are actuarially determined based on each member's exposure, claims experience and SIR or deductible. Each year the Medical Malpractice Committee determines the appropriate funding level and discount rate.
- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k - \$1M, and plus 3% of premiums excess of \$1M. Broker fees or commissions may also be charged to



members for reinsurance placements and are considered part of the cost and premium for transferred risk.

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

Expenses

- The Medical Malpractice Committee annually considers returning available monies resulting from net position to members in the form of member dividends.
- Medical Malpractice premiums for transferred risk include the cost of reinsurance and or excess insurance.
- The Provision for Claims (current), and the Provision for Claims (prior years), are the actuarial adjustments to claim liabilities.
- The Provision for ULAE (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim.
- Program and member claims audits are scheduled every two (2) years for Program 1 members and every three (3) years for Program 2 members, 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.
- 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.

Transfers

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MEDICAL MALPRACTICE PROGRAM
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premium for Transferred Risk	\$ 10,773,579	\$ 11,201,218	\$ 11,201,218	\$ 12,485,922	\$ 10,809,510	\$ (1,676,412)	(13.4%)	
Contribution for Retained Risk	10,264,485	15,258,102	15,258,102	14,487,315	20,257,684	5,770,369	39.8%	
Public Entity Broker Fees	11,984	10,841	10,841	15,207	12,172	(3,035)	(20.0%)	
Investment Income	166,438	(203,412)	(850,000)	400,000	424,000	24,000	6.0%	Mark to market losses in 21/22
Finance Charges for Members	1,532	0	0	0	0	0	0.0%	
Claims Administration Fees	470,612	500,000	500,000	482,842	534,238	51,396	10.6%	
Administration Fees	1,128,637	823,490	823,490	924,141	1,436,406	512,265	55.4%	Admin for 9 months in 2021/22
Other Income	0	233,376	233,376	0	0	0	0.0%	
TOTAL REVENUES	22,817,266	27,823,615	27,177,026	28,795,427	33,474,010	4,678,583	16.2%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	10,773,580	11,200,135	11,200,135	12,485,922	10,809,510	(1,676,412)	(13.4%)	
Public Entity Broker Fees	11,984	10,841	10,841	15,207	12,172	(3,035)	(20.0%)	
Provision for Claims - Current Year	5,664,000	11,469,117	11,469,117	11,469,117	13,784,796	2,315,679	20.2%	Estimated at expected discounted
Provision for Claims - Prior Year	7,575,824	2,045,129	2,045,129	0	0	0	0.0%	Estimated pending actuarial
Provision for ULAE	(528,000)	0	684,000	53,000	52,000	(1,000)	(1.9%)	
Total Retained and Transferred Risk	23,497,388	24,725,222	25,409,222	24,023,246	24,658,478	635,232	2.6%	
Program Administration								
ISO Index Fees	0	0	500	500	500	0	0.0%	
Legal Expenses	1,811	8,073	15,000	15,000	15,000	0	0.0%	
Claims & Loss Prevention Administration	470,612	250,304	487,707	487,707	532,500	44,793	9.2%	
Member Actuarial Studies	5,000	4,000	8,000	8,000	8,000	0	0.0%	
Claim Audits	0	4,837	0	0	0	0	0.0%	
Crisis Management Services	0	0	100,000	100,000	100,000	0	0.0%	
Loss Prevention Annual Seminar	0	0	13,000	13,000	5,500	(7,500)	(57.7%)	Risk management seminar expense
Total Program Administration	477,422	267,214	624,207	624,207	661,500	37,293	6.0%	
Appropriation Delegated to Med Mal Committee	0	0	0	25,000	25,000	0	0.0%	Available with two-thirds vote of Med Mal Committee
TOTAL EXPENSES	23,974,810	24,992,436	26,033,429	24,672,453	25,344,978	672,525	2.7%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(928,696)	(899,172)	(899,172)	(899,172)	(925,864)	(26,692)	3.0%	
Claims System Costs	(41,578)	(38,045)	(38,045)	(38,045)	(49,614)	(11,569)	30.4%	
Risk Management Subsidy Dividend	0	0	0	0	0	0	0.0%	
Investment Fees	(17,160)	(8,658)	(19,048)	(24,900)	(24,033)	867	(3.5%)	
TOTAL TRANSFERS	(987,434)	(945,875)	(956,265)	(962,117)	(999,511)	(37,394)	3.9%	
Net Increase or (Decrease)	(2,144,978)	1,885,304	187,332	3,160,857	7,129,521	3,968,664	125.6%	
NET POSITION - JULY 1	10,356,916	8,211,938	8,211,938	10,485,532	8,399,270			
NET POSITION - JUNE 30	8,211,938	10,097,242	8,399,270	13,646,389	15,528,791			
Target Equity								
Low Range	7,949,000	9,442,000	9,442,000	9,442,000	10,287,000			
High Range	14,947,000	17,167,000	17,167,000	17,167,000	19,378,000			

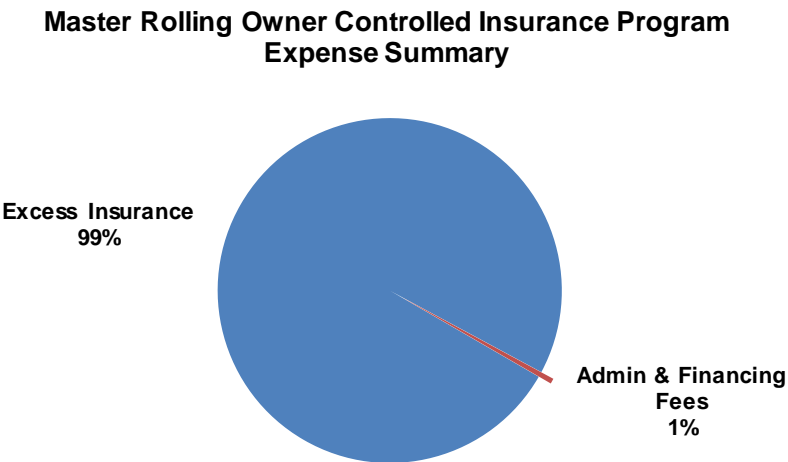
Master Rolling Owner Controlled Insurance Program

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 eight projects either approved or in progress.

Program Revenue Summary:

Insurance	\$10 Million
PRISM Administration 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 \$90k.



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

Program Goals for MR OCIP include the following:

Short-Term Goals

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

Long-Term Goals

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

Budget Policies for the MR OCIP include the following:

Revenues and Expenses

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MASTER ROLLING OCIP PROGRAM
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 7,757,658	\$ 8,132,303	\$ 8,132,303	\$ 10,000,000	\$ 10,000,000	\$ 0	0.0%	
Investment Income	1,475	(4,669)	(4,669)	0	0	0	0.0%	
Administration Fees	100,611	42,225	42,225	140,000	140,000	0	0.0%	
Other Income	501,579	0	130	0	0	0	0.0%	
TOTAL REVENUES	8,361,323	8,169,859	8,169,989	10,140,000	10,140,000	0	0.0%	
EXPENSES:								
Retained and Transferred Risk								
Insurance Purchased	7,757,658	8,132,303	8,132,303	10,000,000	10,000,000	0	0.0%	
Total Retained and Transferred Risk	7,757,658	8,132,303	8,132,303	10,000,000	10,000,000	0	0.0%	
TOTAL EXPENSES	7,757,658	8,132,303	8,132,303	10,000,000	10,000,000	0	0.0%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(52,458)	(46,827)	(46,827)	(46,827)	(49,120)	(2,293)	4.9%	
Investment Fees	(116)	(182)	(401)	(250)	(480)	(230)	92.0%	
TOTAL TRANSFERS	(52,574)	(47,009)	(47,228)	(47,077)	(49,600)	(2,523)	5.4%	
Net Increase or (Decrease)	551,091	(9,453)	(9,542)	92,923	90,400	(2,523)	(2.7%)	
NET POSITION - JULY 1	449,874	1,000,965	1,000,965	328,587	991,423			
NET POSITION - JUNE 30	1,000,965	991,512	991,423	421,510	1,081,823			

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.

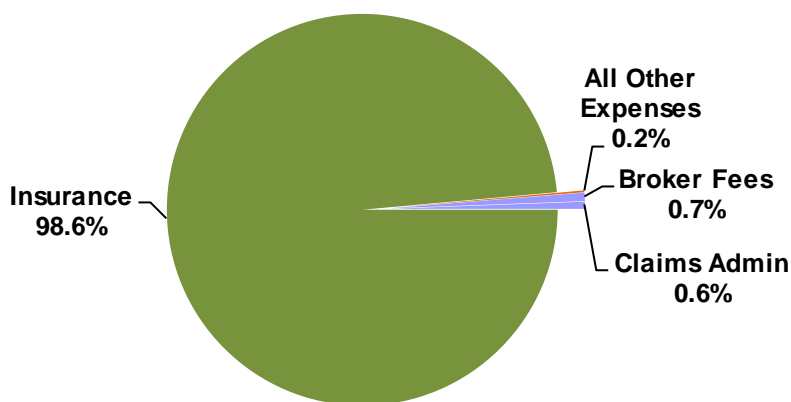
Program Revenue Summary:

Number of Members	45
Insurance	\$592.2 Million
Eligibility Fees	\$3.6 Million
Claims Admin Fees	\$23.7 Million
Broker Fees	\$4.3 Million
PRISM Admin & Fees	\$1.2 Million

A summary of the PRISMHealth 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 \$300k.

PRISMHealth Program Expense Summary



PRISMHealth **Program Budget Policy**

Program Goals for the PRISMHealth Program include the following:

- **Short Term Goals** Increase Program communication of products and services
- Increase overall member participation in committee meetings
- Monitor carrier and vendor performance
- Continue to present health care cost containment strategies for committee consideration
- Pharmacy Benefit Manager Assessment
- Conduct more online Healthcare related webinars
- Carrum Health Service Review
- Leverage Data Analytics and Reporting
- Behavioral Health Service Education/Review
- Evaluate aggregate claim risk assessment

Long Term Goals

- Increase service offerings to members
- Maintain appropriate funding levels and stable pricing within the Program
- Evaluate lower cost/lower benefit plan design options
- Increase member specific, benefits related information on the PRISM website
- Evaluate Dependent Audit options
- Evaluate Network Optimization
- Value proposition for “jumbo” prospects

Budget Policies for the PRISMHealth Program include the following:

Revenues

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

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

Expenses

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

Transfers

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

PRISMHealth 2022 Fixed Administrative Costs:

Carrier/Vendor	Scope of Services		
Alliant	Broker Consultant Program Management	Non-Kaiser Plans Jumbo (2,000+): \$3.00 PEPM Large (1,000-1,999): \$5.00 PEPM Mid-Market (250-999) \$8.00 PEPM Small Group: \$11.00 PEPM	Kaiser Plans Jumbo (2,000+): \$3.00 PEPM Large (1,000-1,999): \$4.00 PEPM Mid-Market (250-999) \$7.00 PEPM Small Group: \$10.00 PEPM
Alight	Benefits Administration	\$6.50 PEPM	
Alliant Underwriting	Program Underwriting	\$3.00 PEPM	
Alliant Pharmacy Consultation	RX Consultant	\$0.85 PMPM	
Alight	Benefits Administration	\$6.50 PEPM	
Anthem Blue Cross	Provider Network Claims Administration	\$49.64 to \$52.88 PEPM	
Benefit Coordinators Corporation (BCC)	Benefits Administration – TPA	\$7.00 PEPM	
Blue Shield of California	Provider Network Claims Administration	\$46.94 PEPM	
businessolver	Benefits Administration	\$6.74 PEPM	
Deerwalk	Program Data Analytics	\$0.35 PEPM	
Carrum Health	Surgical Benefit	\$0.75 PEPM	
Workterra	Benefits Administration	\$6.75 PEPM	
Pinnacle Claims Management	MexicoSelect Network	\$3.00 to \$5.00 PEPM	
PRISM	Pool Administration Governance	\$2.00 PEPM	
SISC	Pool Access and Administration	\$2.75 PEPM	

PEPM: Per Employee, Per Month

PMPM: Per Member, Per Month

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRISMHEALTH PROGRAM
July 1, 2022 to June 30, 2023**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 536,942,374	\$ 283,367,976	\$ 566,735,952	\$ 565,215,010	\$ 592,205,030	\$ 26,990,020	4.8%	Paid directly to SISC
Third Party Administrator Fees	3,231,962	1,661,957	3,323,913	3,461,550	3,635,600	174,050	5.0%	Workterra/BCC/Business Solver/Pinnacle
ASO Fees for PRISMHealth Program	20,963,180	11,003,343	22,006,685	22,000,830	23,651,530	1,650,700	7.5%	Carrier admin service organizations
Broker Fees	4,104,193	2,112,075	4,224,150	4,283,500	4,363,000	79,500	1.9%	Paid to Alliant & other brokers;
Administration Fees	919,792	475,502	951,005	961,600	978,000	16,400	1.7%	
Healthcare Reform Reinsurance Fee and PCORI Fee	77,601	82,944	165,888	171,500	198,400	26,900	15.7%	ACA Required PCORI Fee
Investment Income	32,590	(44,005)	(150,000)	48,000	64,000	16,000	33.3%	Mark to market losses in 21/22
Other Income	119,964	0	0	0	0	0	0.0%	
TOTAL REVENUES	566,391,655	298,659,791	597,257,592	596,141,990	625,095,560	28,953,570	4.9%	
EXPENSES:								
Member Dividends (Interest on Outstanding Balances)	3,210	0	4,000	14,000	12,000	(2,000)	(14.3%)	Interest payable on Uncashed Dividend Balances
Retained and Transferred Risk								
Health Premiums, SISC	536,942,374	283,367,976	566,735,952	565,215,010	592,205,030	26,990,020	4.8%	
Claims Admin. ASO Fees	20,963,180	11,003,343	22,006,685	22,000,830	23,651,530	1,650,700	7.5%	
Broker Fees	4,117,814	2,098,607	4,224,150	4,283,500	4,363,000	79,500	1.9%	
Third Party Administration Fees	3,231,962	1,661,957	3,323,913	3,468,750	3,635,600	166,850	4.8%	
Healthcare Reform Reinsurance Fee and PCORI Fee	77,601	82,944	165,888	171,500	198,400	26,900	15.7%	
Total Retained and Transferred Risk	565,332,931	298,214,826	596,456,588	595,139,590	624,053,560	28,913,970	4.9%	
Program Administration								
PRISM Actuarial, Consulting and Other	48,000	24,000	34,000	34,000	34,000	0	0.0%	
PRISMHealth Symposium and Technician Workshop	(8,539)	0	10,000	105,500	105,500	0	0.0%	EB Workshop
Other Misc. Expense	98,105	0	0	0	0	0	0.0%	
Total Program Administration	137,566	24,000	44,000	139,500	139,500	0	0.0%	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	0.0%	Available with two-thirds vote of PRISMHealth Committee
TOTAL EXPENSES:	565,473,707	298,238,826	596,504,588	595,318,090	624,230,060	28,911,970	4.9%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(557,606)	(485,945)	(485,945)	(485,945)	(561,535)	(75,590)	15.6%	
Investment Fees	(2,813)	(1,626)	(3,576)	(4,700)	(4,112)	588	(12.5%)	
TOTAL TRANSFERS	(560,419)	(487,571)	(489,521)	(490,645)	(565,647)	(75,002)	15.3%	
Net Increase or (Decrease)	357,530	(66,605)	263,483	333,255	299,853	(33,402)	(10.0%)	
NET POSITION - JULY 1	2,524,733	2,882,263	2,882,263	2,880,738	3,145,746			
NET POSITION - JUNE 30	2,882,263	2,815,658	3,145,746	3,213,993	3,445,599			
Balance in Admin Carryover	289,755	253,687	707,238	69,203	980,091			
Unrestricted Net Position	2,592,508	2,561,971	2,438,508	3,144,790	2,465,508			
Total Net Position	2,882,263	2,815,658	3,145,746	3,213,993	3,445,599			

Dental

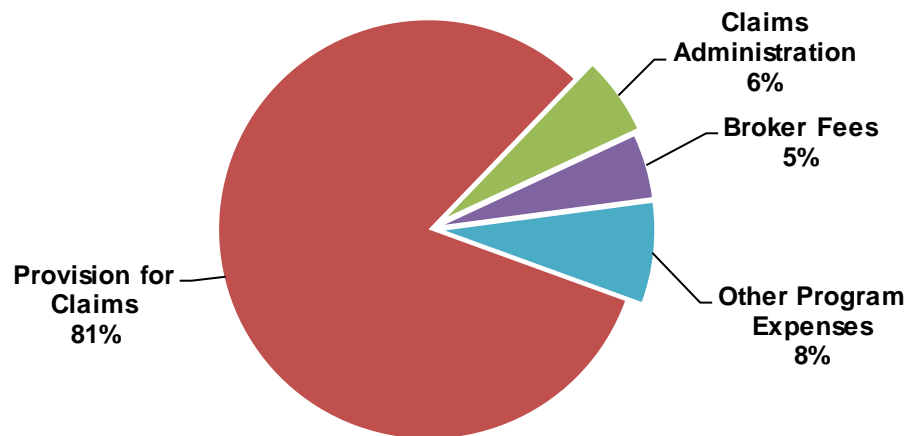
The Dental Program was created to provide members with comprehensive dental coverage and flexible benefit plan designs at the lowest possible rates. As a joint purchasing program, PRISM is able to leverage the size of its pooled participants to achieve volume pricing that is significantly lower than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

Program Revenue Summary:

Number of Members	174
Pool Premium	\$41.3 Million
Pass Thru Premium	\$550 Thousand
Eligibility Fees	\$605 Thousand
Broker Fees	\$2.3 Million

A summary of the Dental Program budget is as follows:

Dental Program - Expense Summary



Two million is budgeted for return to members via dividend in 2022/23, resulting in a planned decrease of 24% in the program's net position.

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
- Annually review trend levels for Program
- Enhance program information available on the PRISM website
- Evaluate impact of COVID-19
- Work with Delta Dental to develop PRISM Dental website for members and employees
- Delta Dental Network/Provider Analysis
- Market review for program competitiveness

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
- 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.

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 pay for the general administration cost of the Program. The Employee Benefits Committee established this procedure to operate the Dental Program without any direct administration fees.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
DENTAL PROGRAM
July 1, 2022 to June 30, 2023**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Contribution For Retained Risk	\$ 38,511,767	\$ 19,313,095	\$ 38,626,191	\$ 41,325,300	\$ 41,336,000	\$ 10,700	0.0%	Includes the TPA fees
PRISM DHMO Pool Pass Thru Revenue	0	0	0	728,000	550,000	0	0.0%	
Eligibility Administration	417,706	213,836	427,671	446,500	605,000	158,500	35.5%	
Broker Fees	2,337,757	1,177,968	2,355,935	2,285,600	2,285,000	(600)	(0.0%)	
Investment Income	46,830	(21,049)	(21,049)	69,000	74,000	5,000	7.2%	Mark to market losses in 21/22
Other Income	0	26,513	26,513	0	0	0	0.0%	
TOTAL REVENUES	41,314,059	20,710,363	41,415,261	44,854,400	44,850,000	173,600	0.4%	
EXPENSES:								
Member Dividends	7,000,000	2,000,000	2,000,000	2,000,000	2,000,000	0	0.0%	
Retained and Transferred Risk								
Provision for Claims Current Year	36,112,649	17,382,420	34,764,841	38,556,500	38,567,000	10,500	0.0%	
PRISM DHMO Pool Pass Thru Expense	0	0	0	728,000	550,000	(178,000)	(24.5%)	
Claims Administration TPA Fees	2,819,408	1,186,569	2,373,138	2,768,800	2,769,000	200	0.0%	Paid to Delta Dental
Eligibility Administration	417,706	213,836	427,671	446,500	605,000	158,500	35.5%	Paid to TPA for maintaining eligibility and billing
Broker Fees	2,337,757	1,177,968	2,355,935	2,285,600	2,285,000	(600)	(0.0%)	Paid to Alliant and other brokers
Stabilization Funds distributed	0	0	0	0	0	0	0.0%	
Total Retained and Transferred Risk	41,687,520	19,960,793	39,921,586	44,785,400	44,776,000	(9,400)	(0.0%)	
Program Administration								
Actuarial, Consulting and Legal	4,800	2,400	14,800	14,800	14,800	0	0.0%	
Employee Benefit & Health Symposiums	(2,135)	0	100	29,175	29,175	0	0.0%	
Other Program Expense	0	10,000	30,000	0	0	0	0.0%	Change in claims administrators-one time expense
Total Program Administration	2,665	12,400	14,900	43,975	43,975	0	0.0%	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	0.0%	Available with two-thirds vote of Employee Benefits Committee
TOTAL EXPENSES	48,690,185	21,973,193	41,936,486	46,854,375	46,844,975	(9,400)	(0.0%)	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(320,575)	(341,039)	(341,039)	(341,039)	(395,937)	(54,898)	16.1%	
Investment Fees	(5,662)	(981)	(2,159)	(10,350)	(2,862)	7,488	(72.3%)	
TOTAL TRANSFERS	(326,237)	(342,020)	(343,198)	(351,389)	(398,799)	(47,410)	13.5%	
Net Increase or (Decrease)	(7,702,363)	(1,604,851)	(864,423)	(2,351,364)	(2,393,774)	135,590	(5.8%)	
NET POSITION - JULY 1	18,642,167	10,939,804	10,939,804	11,686,161	10,075,382			
NET POSITION - JUNE 30	10,939,804	9,334,954	10,075,382	9,334,797	7,681,608			
Net Position Designated for:								
Program Stabilization Funds - member designated	766,583	749,092	749,092	731,237	704,592			
Dental IBNR & Claim Fluctuation Reserves	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000			
Admin Carryover	208,317	(167,152)	(170,830)	358,456	(564,604)			
Unrestricted Net Position	4,764,904	3,553,014	4,297,119	7,868,706	2,341,619			
Total Net Position	10,939,804	9,334,954	10,075,382	14,158,399	7,681,608			

Miscellaneous Programs

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

- Life and Disability programs
- Employee Assistance programs

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

Other coverage include:

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

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

Miscellaneous Programs **Program Budget Policy**

A. Employee Benefits Miscellaneous Programs

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

Short Term Goals

- Increase overall participation in Misc. Programs
- Increase communication on available program features
- Monitor EAP service performance and provider network
- Assess and build on current EAP/Behavioral Health offerings
- Promote Paid Family Leave and Group Voluntary Benefits

Long Term Goals

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

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

Revenues

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

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

Expenses

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

Transfers

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

B. Property and Casualty Miscellaneous Programs

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

Short Term Goals

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

Long Term Goals

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

Revenues

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

Expenses

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

Transfers

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MISCELLANEOUS PROGRAMS
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Watercraft Dividend	\$ 0	\$ 59,318	\$ 59,318	\$ 0	\$ 0	\$ 0	0.0%	Received from insurance carriers and paid out to members
Aircraft Dividend	164,306	195,565	195,565	0	0	0	0.0%	Received from insurance carriers and paid out to members
Inmate Medical Dividend	28,150	86,290	86,290	0	0	0	0.0%	Received from insurance carriers and paid out to members
EAP Premiums	1,953,620	950,160	1,970,304	1,950,250	2,102,000	151,750	7.8%	
Life, LTD and STD Premiums	36,946,067	15,687,865	31,375,730	24,100,000	25,023,000	923,000	3.8%	Growth in program
Vision Premiums	4,781,236	0	5,560,000	5,560,000	5,310,000	(250,000)	-4.5%	
Optional Excess	16,296,548	22,226,187	22,226,187	21,188,400	30,797,500	9,609,100	45.4%	
Aviation Insurance	2,434,517	2,320,978	2,320,978	2,433,400	2,594,750	161,350	6.6%	
Watercraft Insurance	354,961	374,006	374,006	458,500	411,400	(47,100)	-10.3%	
Course of Construction	0	0	0	389,400	0	(389,400)	-100.0%	No current upcoming projects
Crime and Honesty Bonds	2,151,710	2,394,569	2,394,569	2,660,100	2,788,000	127,900	4.8%	
Pollution Liability Coverage	451,432	3,174,636	3,174,636	626,200	3,136,850	2,510,650	400.9%	
Inmate Medical	732,097	622,536	622,536	842,700	700,850	(141,850)	-16.8%	
Cyber Liability	2,460,698	7,547,226	7,547,226	9,840,945	12,181,600	2,340,655	23.8%	
EMMP/SLIP/SPIP	26,345	30,554	30,554	45,000	50,000	5,000	11.1%	Introduction of new line of coverage in 18/19
Finance Fees	864	1,832	1,832	0	0	0	0.0%	
Investment Income	4,107	(6,759)	(6,759)	18,000	19,000	1,000	5.6%	
Other	54,253	67,474	196,615	59,000	60,000	1,000	1.7%	
TOTAL REVENUES	68,840,911	55,732,435	78,129,586	70,171,895	85,174,950	15,003,055	21.4%	
EXPENSES:								
Watercraft Dividend	0	59,318	59,318	0	0	0	0.0%	These are carrier dividends paid to members who had no claims
Aviation Dividend	164,306	195,565	195,565	0	0	0	0.0%	These are carrier dividends paid to members who had no claims
Inmate Medical Dividend	28,150	86,290	86,290	0	0	0	0.0%	These are carrier dividends paid to members who had no claims
Transferred Risk								
EAP Premium Expense	1,953,620	950,160	1,970,304	1,950,250	2,102,000	151,750	7.8%	
Life, LTD Premium Expense	36,946,067	15,687,865	31,375,730	24,100,000	25,023,000	923,000	3.8%	
Vision Premiums	4,781,236	0	5,560,000	5,560,000	5,310,000	(250,000)	(4.5%)	
Optional Excess	16,296,543	22,226,183	22,226,183	21,188,400	30,797,500	9,609,100	45.4%	
Aviation Insurance	2,434,517	2,320,978	2,320,978	2,433,400	2,594,750	161,350	6.6%	
Watercraft Insurance	354,963	374,008	374,008	458,500	411,400	(47,100)	(10.3%)	
Course of Construction	0	0	0	389,400	0	(389,400)	(100.0%)	
Crime and Honesty Bonds	2,151,716	2,394,569	2,394,569	2,660,100	2,788,000	127,900	4.8%	
Pollution Liability	451,445	3,202,274	3,202,274	626,200	3,136,850	2,510,650	400.9%	
Inmate Medical	732,097	622,536	622,536	842,700	700,850	(141,850)	(16.8%)	
Cyber Liability	2,294,883	7,525,669	7,525,669	9,840,945	12,181,600	2,340,655	23.8%	
EMMP/SLIP/SPIP	26,344	30,554	30,554	45,000	50,000	5,000	11.1%	
Other	54,253	67,474	67,474	59,000	60,000	1,000	1.7%	
Total Transferred Risk	68,477,685	55,402,269	77,670,278	70,153,895	85,155,950	14,996,055	21.4%	
TOTAL EXPENSES	68,670,141	55,743,442	78,011,451	70,153,895	85,155,950	14,996,055	21.4%	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MISCELLANEOUS PROGRAMS
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	\$ (14,200)	\$ (14,200)	\$ (14,200)	\$ (14,200)	\$ (14,200)	\$ 0	0.0%	
Internal Investment Fees	(1,863)	(176)	(387)	(625)	(308)	317	(50.7%)	
TOTAL TRANSFERS	(16,063)	(14,376)	(14,587)	(14,825)	(14,508)	317	(2.1%)	
Net Increase or (Decrease)	154,707	(25,383)	103,547	3,175	4,492	7,317	230.5%	
NET POSITION - JULY 1	2,069,692	2,224,399	2,224,399	2,231,437	2,327,947			
NET POSITION - JUNE 30	2,224,399	2,199,017	2,327,947	2,234,612	2,332,439			
Net Position Designated for:								
Life Stabilization Fund	920,427	920,427	920,427	928,313	928,313			
LTD Stabilization Fund	995,477	995,477	995,477	1,004,414	1,004,414			
Cyber Stabilization Fund	197,060	197,060	326,201	197,060	326,201			
Unrestricted Net Position	111,435	86,053	85,842	104,825	73,511			
Total Net Position	2,224,399	2,199,017	2,327,947	2,234,612	2,332,439			

Life, Disability and EAP Premium and Expense are moved to this program but remain under the purview of the Employee Benefits Committee.
Other Miscellaneous programs are directed by the Executive Committee.

PRISM Affiliate Risk Captive (PRISM ARC)

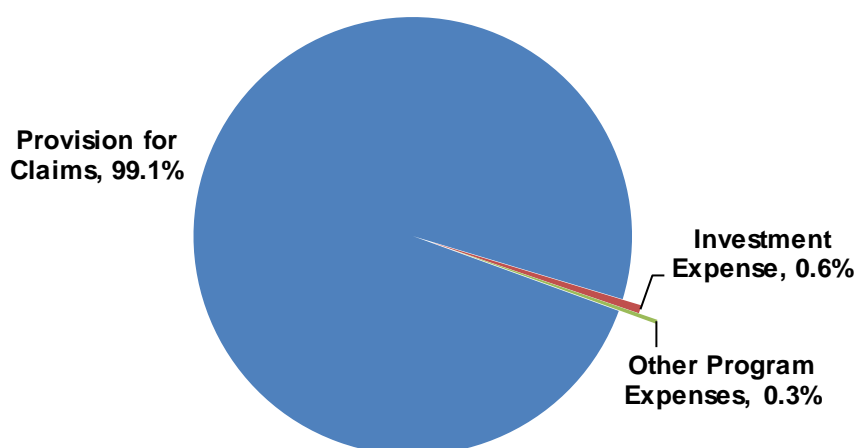
PRISM ARC is a captive insurance company formed by PRISM and is accounted for as a blended component unit. The Captive covers fixed corridors of PRISM as follows:

Program Revenue Summary:

Primary Workers' Comp	\$14.9 Million
Excess Workers' Comp	\$71.3 Million
General Liability 1	\$47.8 Million
Med Mal	\$1.9 Million

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

ARC - Expense Summary



The Net Position of PRISM ARC is budgeted to increase from an estimated \$5.1 million at June 30, 2022 to \$27.6 million at the end of the 2022/23 fiscal year. This 444% increase is expected as revenues for transferred risk are established at a higher confidence level while the related expenses are budgeted at the expected confidence level.

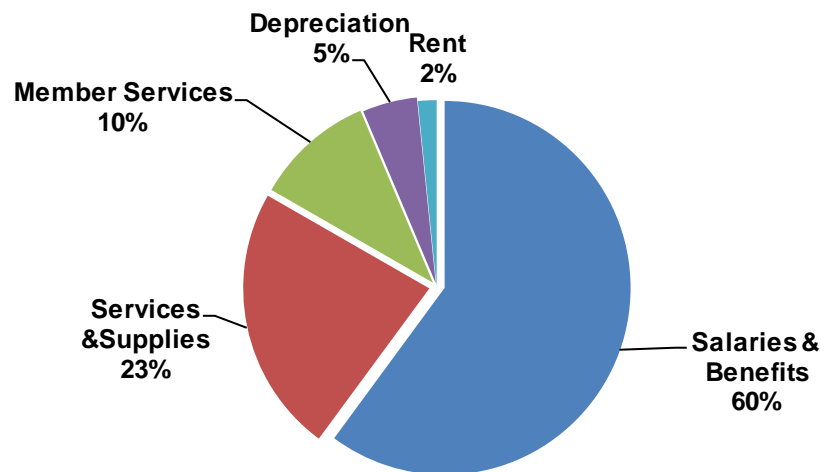
PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
CAPTIVE
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)
REVENUES:							
Retained and Transferred Risk	\$ 181,969,739	\$ 153,524,139	\$ 153,524,139	\$ 223,429,286	\$ 135,943,046	\$ (87,486,240)	(39.2%)
Investment Income	32,951,871	3,320,562	(20,000,000)	9,000,000	7,400,000	(1,600,000)	(17.8%)
TOTAL REVENUES	214,921,610	156,844,700	133,524,139	232,429,286	143,343,046	(89,086,240)	(38.3%)
EXPENSES:							
Transferred Risk	1,613,201	1,790,232	1,790,232	0	0	0	0.0%
Provision for Claims Current Year	125,342,303	89,761,082	89,761,082	211,913,647	119,676,039	(92,237,608)	(43.5%)
Provision for Claims Prior Year	79,714,741	64,781,766	64,781,766	0	0	0	0.0%
Total Retained and Transferred Risk	206,670,245	156,333,080	156,333,080	211,913,647	119,676,039	(92,237,608)	(43.5%)
Program Administration							
Audit Services	18,600	19,200	19,200	19,200	19,800	600	3.1%
Legal Service	7,116	11,737	8,000	8,000	8,000	0	0.0%
Board Meetings	0	5,372	12,000	20,000	25,000	5,000	25.0%
Utah Captive Fees	5,250	5,250	5,250	5,250	6,500	1,250	23.8%
Investment Management Fees	521,379	302,865	650,000	700,000	750,000	50,000	7.1%
Banking and Custody Fees	90,365	52,464	115,420	130,000	120,000	(10,000)	(7.7%)
Management Services	150,000	150,000	150,000	150,000	150,000	0	0.0%
Office Supplies, Website & Advertising	2,912	2,523	3,000	500	10,000	9,500	1900.0%
Total Program Administration	795,623	549,410	962,870	1,032,950	1,089,300	56,350	5.5%
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	0.0%
TOTAL EXPENSES	207,465,868	156,882,490	157,295,950	212,971,597	120,790,339	(92,181,258)	(43.3%)
Net Increase or (Decrease)	7,455,742	(37,790)	(23,771,812)	19,457,689	22,552,707	3,095,018	15.9%
NET POSITION - JULY 1	16,395,892	23,851,634	23,851,634	25,588,263	79,823		
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	28,851,634	28,813,844	5,079,823	50,045,952	27,632,530		

General Administration

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

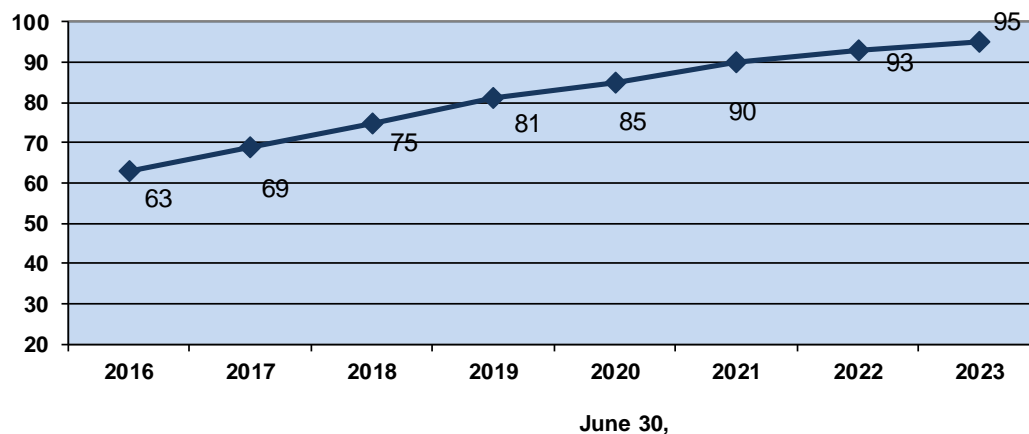
General Administration Budget - Expense Summary



Highlights of the general administration budget are as follows:

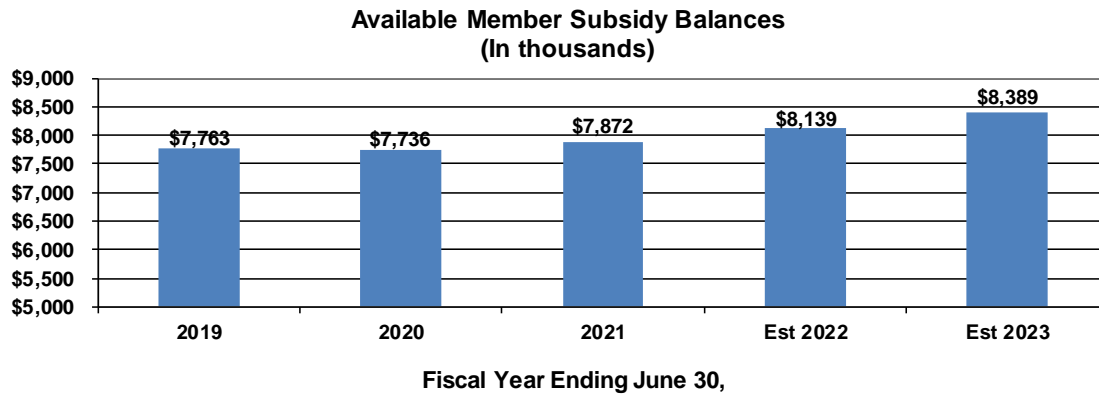
- Salaries and benefits includes two new positions to be added in 2021/22 across two areas: Workers' Compensation Claims and Data and Analytics. These positions spread technical work among staff, speed up product and project timelines, reduce caseloads, and increase control over services. These changes will bring employee count to 95 in 2022/23.
- The history of the number of authorized positions is illustrated in the following chart. The count excludes two positions included in the capital outlay budget for development of the proprietary claims system which began in 2020/21.

History of Authorized Staff Positions



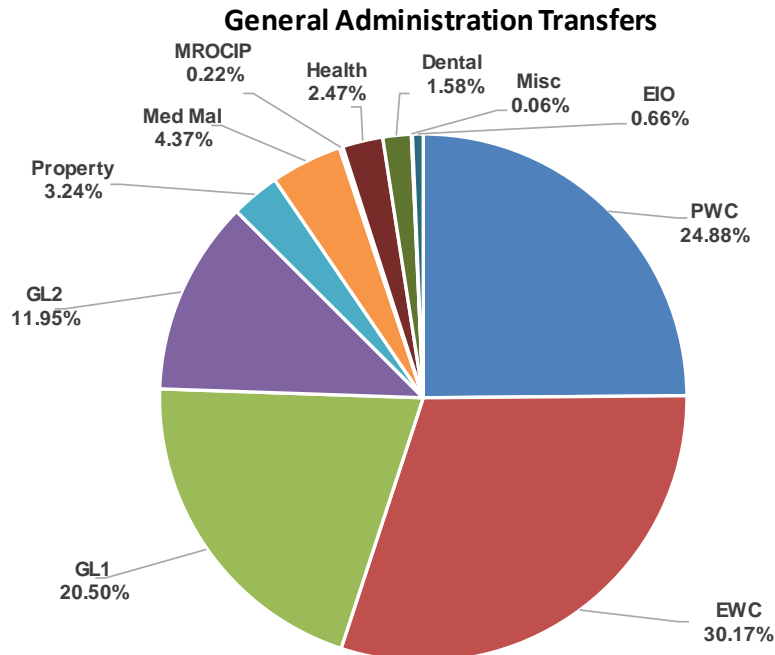
Loss Preventions and Risk Management Subsidies

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



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 2022/23 a carryover of \$2.7 million was approved to be used to offset transfers from other programs. As a result, there is expected to be a \$2.7 million decrease in the Net Position of the General Administrative fund.

General Administration **Program Budget Policy**

Program Goals for General Administration include the following:

Short Term Goals

- Align staff activity to support program specific short and long-term goals.
- Update Performance Measures for all departments.
- Continue development of 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.
- Continue legislative advocacy regarding issues affecting PRISM's industry.
- Continue the supervisory development training program to prepare technical staff for the next level of career advancement.
- Continue 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.
- Investigate creation of an "EAP like" program for law enforcement and fire fighters
- Seek accreditation by International Accreditors for Continuing Education and Training (IACET)
- Continue to 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
 - Marketing of new services including Law Enforcement Programs, POST Courses, Physical Abilities Testing, Workforce Management Software, Road Maintenance GIS Software, and more.
 - Expand marketing the Risk Management Legal Advice Services.
 - Continue marketing of Employment Practices Liability services offered by the Eyres Law Group to all members.
 - Continue to expand Risk Control services to Educational Members.
 - Continue and expand Gap Analysis Surveys within the Risk Assessment Tool to address PRISM business needs and Emerging Risks.
- Continue to work with Vector Solutions to expand the LMS services and trainings
- Market the sixth year of the Eagle Awards Program.
- Deliver annual employee performance reviews by June 15th of each year.
- Continue and update the fifth year of the PRISM strategic plan

- Continue enhanced efforts to increase communication and contact with County membership through personal visits and Public Entity membership through webinars and personal visits.
- Internal Policies and procedures inventory, document and update across all PRISM departments.
- Continue set up and implementation of new accounting software (Intacct) and HR software (EKG)
- Implementation of GASB pronouncements 87 and 96 related to the allocation and recognition of leases

Long Term Goals

- Strengthen funding policies to avoid capital erosion.
- Continue and improve professional development plans to all employees of PRISM.
- 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 a processes to validate, streamline, and consolidate data throughout the organization
- 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.
- Develop loss data consistency throughout the claims reporting system and among members.
- 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, Risk Control Specialists are available for PRISM members to

use during staff transitions or any other situation. This is a fee for service program pass thru for the PRISM financials.

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

Expenses

- Staff salaries and benefits are based on policies established by the Personnel Sub-Committee and approved by the Executive Committee. This includes approval of authorized positions, salary classifications and pay ranges, benefit levels and other personnel matters. New staff positions, classifications changes, market adjustments to pay ranges, merit pay pool limits, and defined benefit and defined

contribution rates are approved annually by the Personnel Sub-Committee and Executive Committee.

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

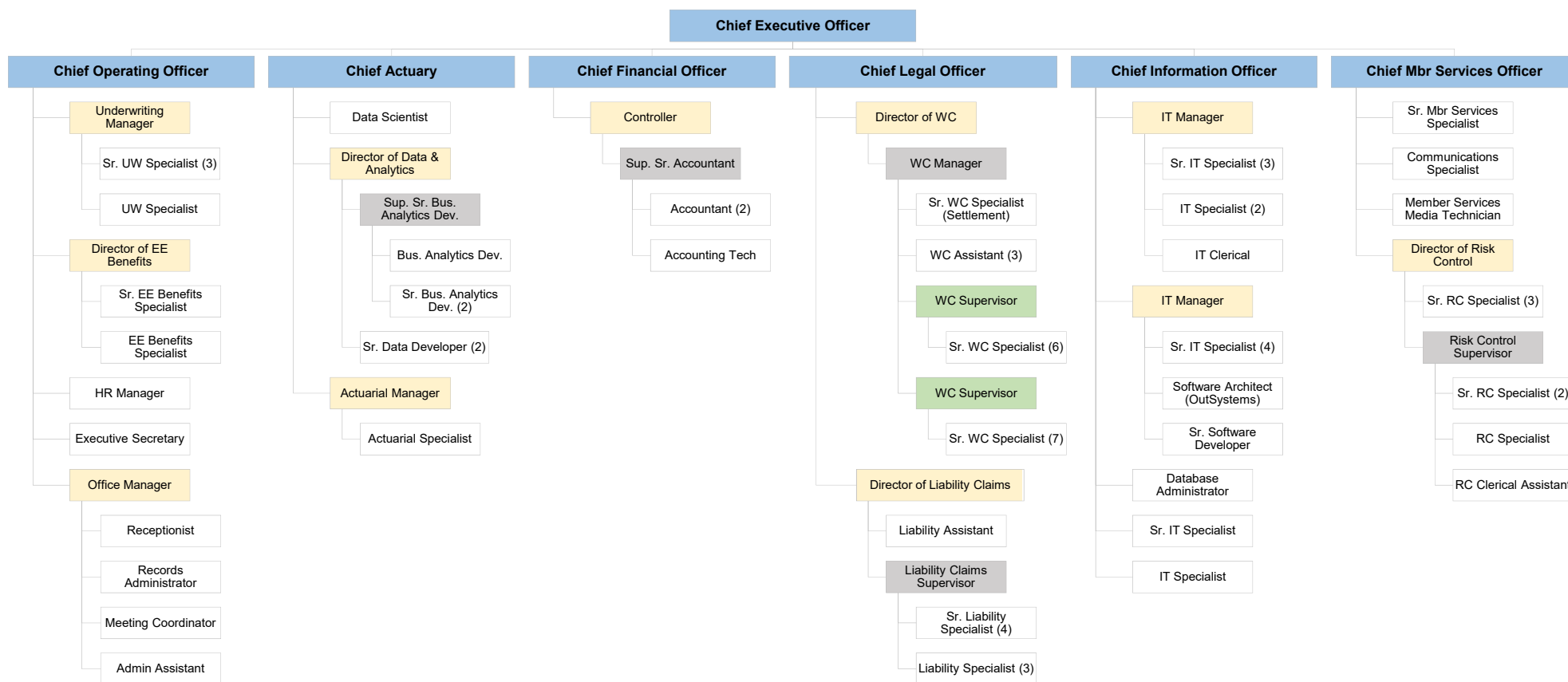
- Claims System – This includes the costs for data conversion, training, maintenance, cloud hosting, PRISM contract project management and depreciation on capitalized costs for the claims system, for both PRISM and its third-party administrators.
- Legislative advocacy services are provided by a third-party 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 and the Captive (ARC)
- All Captive (ARC) expenses are borne by the Captive, either directly or as transfer from ARC to the PRISM's GA program. Every year, staff recommends the reasonable amount of ARC's share in the GA expenses of the PRISM. Since the Captive is a blended component unit of the PRISM, its budget and actual financial results are combined with PRISM's budget and financial results.
- Loss Prevention 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 Loss Prevention Platform is included in the Administration Fee, allocated to all members.
- A variety of loss prevention monitoring, educational, and awareness services are provided to members as approved by the Board.
- Other ordinary and necessary expenses are estimated and approved through the regular budget process and according to the Budget Preparation and Management Policy.
- A Contingency amount is budgeted, and may be transferred to any line item with the approval of a two-thirds vote of the Executive Committee.

Transfers

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

PRISM Reporting Structure as of 07/01/2022



ADMINISTRATION DEPARTMENT

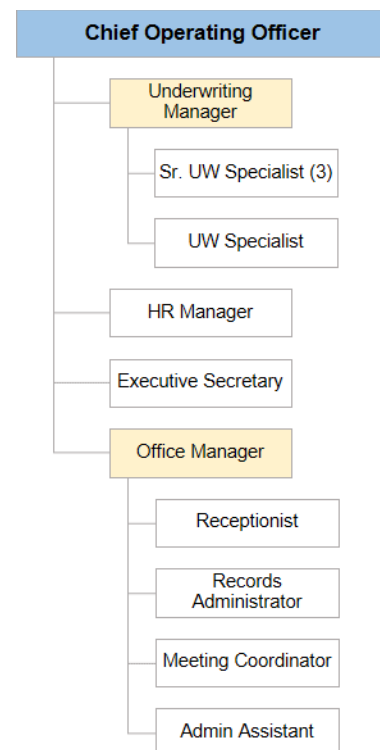
2022/23 Staffing Budget: \$2,106,038

Departmental Functions:

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

Major Accomplishments in Fiscal 2021/22:

- Added an additional out-of-state member participant (Arizona Schools Risk Retention Trust).
- Retained 99% of members at renewal of the programs, and have a three-year average of 99%. In spite of increasingly and continuing challenging times, successfully renewed all coverage programs, while maintaining broad coverage with limited loss of limits or significant changes in coverage. Strategically utilized risk retention where limits were no longer available. Examples of this include creation of separate towers as part of a risk financing solution that allows PRISM to add members to the GL programs and transitioning the Primary Layer of the Property Program to a pooled layer.
- Successfully continued governance of PRISM by transitioning all meetings to a web based or hybrid environment. The implementation of virtual and hybrid meetings has resulted in more attendees, increased engagement, and allows members not on Committees to more easily attend and learn about the various programs.
- Continued success with all staff working remotely, while maintaining very high levels of customer service and improving customer satisfaction ratings.
- Maintained a staff retention rate in the low 90% range. Given the fast and ever-evolving changes in today's workforce, PRISM has continued to be creative in finding ways to keep a largely remote workforce connected and providing a very high level of customer service.
- Began the process of implementing a new automated HR system, which will provide for efficiencies in processing payroll, time-keeping, and related HR functions.
- Amended remote work policy, as a result of anticipated wider usage post COVID, to continue to cultivate and support a positive working environment, retain/attract employees, and promote happy/highly productive staff.
- Increased member contacts by 240 as a result of the Three Deep Initiative.
- Provided members with updated hard-market messaging for impacted coverage programs to assist members in communicating with their stakeholders.



Performance Measures for Fiscal 2022/23:

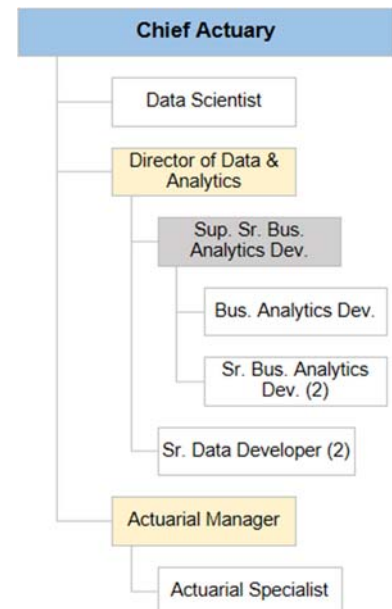
- Maintain high member satisfaction ratings with a 5% increase in Very Satisfied survey scores.
- Establish the value of PRISM with members' employees and increase CEO engagement with the members via site visits (virtual or in person), committee meetings, and conference attendance.
- Continued implementation of a hybrid model for meetings in order to ensure members continue a high level of engagement and PRISM remains member-directed.
- Increase member utilization of the benchmarking tool/member dashboards by 20%.
- Continue to take a measured approach in looking for good opportunities to expand outside of California via PRISM's captive insurance company.
- Evaluate continued assumption of risk through the captive insurance company.
- Compliance 100% of the time in meeting Brown Act deadlines for agenda and meeting materials.
- Continue participation in PAFR program.
- Continue development of succession plans for all PRISM staff and continue to maintain and update succession plans in place.
- Complete transition to new HR/payroll system in summer 2022.
- Modify PRISM office space to accommodate all employees in Suite 200 so that Suite 175 is available for lease by fall 2022 and Suite 200 space has more work areas designed for collaboration and team-oriented work.

ACTUARIAL SERVICES DEPARTMENT

2022/23 Staffing Budget: \$2,026,579

Actuarial Departmental Functions:

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



Actuarial Major Accomplishments for Fiscal Year 2021/22:

- Completed actuarial analysis for the major property and casualty programs, including timely recommendations on rates for the 2021/22 year.
- Produced outstanding liability and projection estimates on a quarterly basis.
- Produce in-depth loss development factor analysis for the EWC and GL1 programs.
- Provided the actuarial estimates and factors, cash flow projections and balance sheets necessary to evaluate the GL1 LPT and reinsurance renewal.
- Evaluated reinsurance structures and premium costs against self-insurance.
- Provided actuarial support for PRISM ARC.
- Provided 6 PWC quotes and 2 DBD quotes.
- Provided a GL2 actuarial rate study and member model.
- Provided reinsurance analyzers to analyze various reinsurance scenarios for EWC, PWC, GL1, and GL2.
- Updated the PWC program ULAE calculation to include updated durations for the PWC TPAs.
- Provided self-funding estimates for the \$10M primary layer for the Property Program.
- Developed new pool (\$2M xs \$1.5M xs SIR/Ded) rates for MedMal.
- Provided self-funding estimates for the \$2M xs \$5M layer in MedMal.
- Provided UC Hastings Unlimited ERP Pricing.
- Enhanced the equitability of the administrative charges allocation in the MedMal Program.
- Evaluated appropriateness of actuarially rating PWC and DBD members, which resulted in 2 PWC members and 1 DBD member switching to be payroll rated.
- Hosted a PRISM Perspectives Podcast on Data Science and Predictive Analytics.
- Prepared WC Trend Identification Group Exhibits and analyses.

- Provided additional ultimates and rates for PWC extending the program's limit to \$250k and \$300k.
- Presented the "MsRe Deal Webinar" to explain the details of the arrangement.
- Provided Loss Portfolio Transfer (LPT) estimates for Trindel on older years.
- Analyzed carrier reimbursements on PRISM claim payments (ie "Problematic Insurance Placements Project").
- Performed loss rate comparison of new GL1 members to older members.
- Analyzed the EWC low and high safety rating group payroll threshold of 40%.
- Updated GL1 IMCD premium discount matrixes.
- Provided in house ULAE projections and outstanding estimates.
- Developed text mining algorithm to correct and condense the occupation field in our loss runs.
- Produced or updated size of loss distributions for EWC, GL1, and MM.
- Finance MIP report description parsing project.
- Automated the reconciliation of bank and DnA reports for PWC.
- Automated the tracking of changes to DnA's EWC reports.
- Developed Transit claim identification algorithm for the GL1 program.
- Developed Law Enforcement and Mental Health claim identification for the GL1 and GL2 programs.
- Performed an excess study on the \$4M xs \$1M layer of the EWC and GL1 program to be continued into 22/23.
- Provided 1 pricing estimates for a prospective out of state participant and 1 renewal pricing estimate for a renewing out of state participant.

Actuarial Performance Measures for Fiscal Year 2022/23:

- Strive for continued innovation, creative ideas, and progressive strategy as respects the programs, services and organization as a whole.
- Ensure objectives outlined in the organizational strategic plan are moving forward and/or completed within the established timeframes.
- Complete actuarial analysis for the major property and casualty programs, including timely recommendations on rates for the 2022/23 year.
- Produce outstanding liability and projection estimates on a quarterly basis for the EWC, GL1, and MM programs.
- Provide analysis and/or analyzers for the major programs' reinsurance arrangements and plans.
- Provide allocation models for each of the major programs.
- Produce in-depth loss development factor analysis for the EWC and GL1 programs.
- Produce or enhance size of loss distributions for EWC, PWC, GL1 and possibly GL2.
- Provide all actuarial support for the PRISM ARC.
- Provide in house ULAE projections and outstanding estimates.
- Provide PWC and DBD quotes as needed.
- Update GL1 IMCD premium discount matrixes.
- Continue to analyze various underwriting factors (territory, safety/non-safety) for the EWC and GL1 programs.
- Update the 4850 benefits analysis for PWC and EWC, subject to usable data.
- Analyze and update age to age loss development tail factors for the major program loss development factors.

- Expand on the \$4M xs \$1M excess study for EWC and GL1.
- Incorporate other methods and data into reinsurance analyzers to provide greater breath of ultimate ranges for selection.
- Incorporate any pool corridors into the discounting and confidence level factor calculations for rates.
- Develop a premium allocation model for the GL2 program.

D&A Departmental Functions:

- Manage monthly, semi-annual, and annual loss experience processing and reporting.
- Manage the excess loss reporting process including Prism Program Performance (PPP) reporting, Loss Portfolio Transfer (LPT) reports, COVID and CIGA reporting, and the Bordereaux (BDX).
- Provide all data, information, and reports required to support the renewal process.
- Incorporate data from Underwriting and other sources to document membership and renewal data, along with exposures to support Actuarial and experience reporting needs.
- Work with data providers (members and TPAs) to improve the quality, timeliness, and availability of loss and exposure information for PRISM and its membership.
- Develop and deploy reports, analytics, and data driven applications including performance reporting and benchmarking for the membership.
- Support the data needs of various PRISM departments and provide additional reporting, analysis, and reconciliation for members, partners, and staff as needed.
- Maintain and develop the DnA Database for all PRISM reporting and analytic needs.
-

D&A Major Accomplishments in Fiscal 2021/22:

- Completed the annual loss data collection process for the major P&C programs and provided semi-annual GL2 loss data package to the market.
- Continued to expand PRISM monthly loss data reporting, onboarding several new members into the program.
- Produced all quarterly informational CSRs, monthly and quarterly LPT reports and BDX, and initial PRISM Program Performance (PPP) reports for the Committees and Board.
- As part of the process of developing the new PPP database components, D&A staff provided a detailed analysis of the SIMS system's financial data and generated action items for the IT SIMS team to incorporate into the new PRISM claims system.
- Developed new AmSafety and Ace EWC BDX, a payment allocation package for the AmTrust PWC BDX, a new DBD BDX for ARC, and a new BDX report template to be used for all current and future BDX.
- Continued to respond to changing COVID-19 reporting requirements including reporting member COVID losses to the market as part of the annual loss data package and to the carriers via the monthly and quarterly BDX. We are also providing monthly COVID loss data for the PRISM Excess Claims system (SIMS).
- Provided actuarial study data for the Actuarial team for the PWC, EWC, DBD, GL1, GL2 and Med/Mal programs.

- On behalf of the members, provided approximately 100 loss data files to Bickmore Actuarial in support of member actuarial studies.
- Deployed Member Dashboards to the membership on schedule, and work continues on additional member dashboard components and reporting:
 - Dashboards were released to a pilot group of members in May of 2021.
 - After the initial pilot program, the dashboards were released to the entire PRISM Membership soon thereafter.
 - A new monthly loss experience report package (both liability and WC) will be distributed to a pilot group of members in May of 2022, and the package is planned for release to all members (who provide monthly loss data) on a monthly basis beginning prior to fiscal year end 21/22.
- Initial Staff Dashboards were provided to a small group of PRISM staff in Q1 and Q2 2022:
 - Membership Information
 - Member Loss Performance
 - Member Visit

These dashboards will be released to additional staff prior to fiscal year end, and additional dashboards (including member services) are planned for 22/23.

D&A Performance Measures for Fiscal 2022/23:

- Strive for continued innovation, creative ideas, and progressive strategy as respects the programs, services and organization as a whole.
- Ensure objectives outlined in the organizational strategic plan are moving forward and/or completed within established timeframes.
- Support the renewal process by providing needed data, information, and reports to the reinsurance market.
- Complete the Annual and Semi-Annual Loss Data Collection processes for the major programs accurately and on time.
- Deliver all quarterly Claims Summary (CSR) and Loss Portfolio Transfer (LPT) reports, and monthly Bordereau (BDX) reports accurately, and on time. Add new reports as needed.
- Transition to the new PRISM claim system as the source for excess loss reporting data. Working with IT Claims, support the development and deployment of the system.
- Continue to track and report on COVID-19 claim activity and develop database components and reports to accommodate the changing requirements.
- Produce annual excess reportable reports, monthly CIGA tracking, monthly loss runs, and monthly Ed Tower reports.
- Continue development and expansion of benchmarking tools and member dashboards throughout 2022 and 2023.
- Provide an annual loss experience summary report to all Liability and WC Members beginning in the fall of 2022.
- Deploy additional internal dashboards to support general staff information needs, and allow staff to better support the membership.
- Deploy PRISM Program Performance (PPP) dashboards to PRISM staff, and generate additional PPP reports for the Board and Executive and Underwriting Committees.
- Support the Data Science and Actuarial practices as needed.
- Continue to maintain and improve the DnA database and develop and deploy new information products for the membership, partners, and staff.

CLAIMS DEPARTMENT

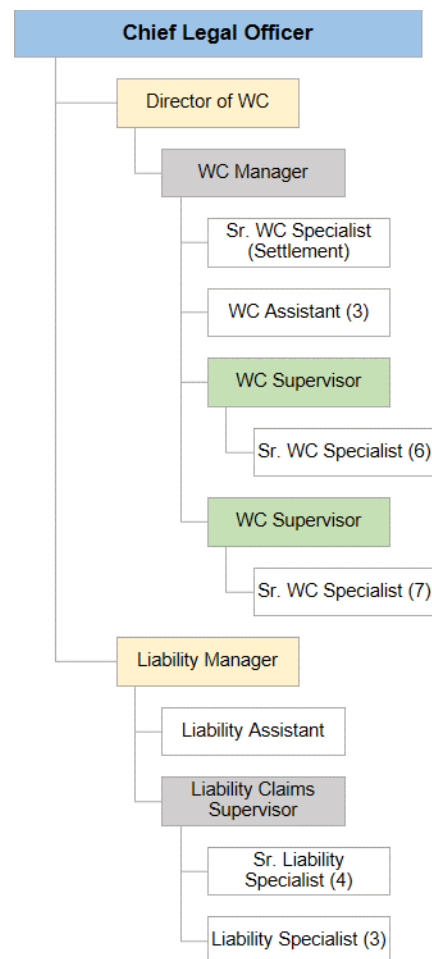
2022/23 Staffing Budget: \$4,555,638

Departmental Functions:

- Plan, organize and direct the claim functions throughout PRISM.
- Work with members, vendors and business partners to control claims costs.
- Provide Legal Services to PRISM including legal advice, respond to subpoenas and public records act requests, advise regarding Brown Act Compliance, and review contracts.

Major Accomplishments in Fiscal 2021/22:

- Negotiated TPA Contract for the Property Program, established processes for managing Property claims under new Program structure, and began direct oversight of TPA.
- Provided legal advice to PRISM staff including, but not limited to the following areas: Human Resource matters, Brown Act issues, and service provider contracts.
- Reviewed WC COVID loss data from SIMS system and member data feeds on a monthly basis to aggregate data and provided updates to EWC reinsurers.
- Worked with IT Department to build IMCD and Group Corridor Tracking mechanisms in SIMS.
- Implemented a new claims reporting process for GL1 and GL2 reinsurers including weekly new loss reports and quarterly email updates on large loss exposures.
- Worked with IT Department on gathering requirements for the PRISM Proprietary Claims system.
- Reviewed and influenced the terms of various Program reinsurance contracts for the 2021/22 Program year.
- Through lobbying efforts, had a significant impact on a variety of bills introduced by the California legislature in 2021 and 2022, including CalOSHA's COVID-19 ETS.
- 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.
- Continued to obtain reimbursements from CIGA and Riverstone for the EWC coverage periods that involved Castlepoint.
- Processed Bordereaux invoicing for EWC and DBD programs monthly.
- Continued to evaluate WC Member's use of Carve-Out Programs and provided performance metrics to the Claims Review Committee.
- Participated in the Peace Officer Mental Health Task Force.
- Developed coverage alert letters for the Medical Malpractice Program.

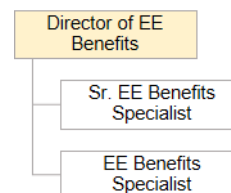


Performance Measures for Fiscal 2022/23:

- Continue collaborating with IT to build the in-house proprietary claims system.
- 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.
- 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.
- 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.
- Establish PWC TPA Report Cards for key claims performance measures.
- Review possibility of offering quarterly GL claims reviews with members.
- Update existing and develop new program reports to improve overall program management.
- Work with IT to develop a property line of business in the new proprietary claims system.

EMPLOYEE BENEFITS DEPARTMENT

2022/23 Staffing Budget: \$463,742



Departmental Functions:

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

Major Accomplishments in Fiscal 2021/22:

- Stable and equitable renewals for all Employee Benefits programs.
- Continued PRISMHealth and Dental program growth, with an increase in service levels to members and their employees/retirees.
- Distributed \$75K in wellness funds to the members of the PRISMHealth program in a continued effort to support member wellness initiatives.
- Provided enhanced PRISMHealth member utilization reports via the new Integrate Data Analytics Platform for PRISMHealth members.
- Added new Health program partners that address Specialty Drug Pharmacy costs, Diabetes Management and Musculoskeletal conditions.
- \$2 Million Dental Program dividend declared and distributed to program members.
- Increased communication of Life & Disability, Vision and EAP services to existing members and to those not currently participating in the programs.
- Added Paid Family Leave and Group Voluntary Benefits to the Life & Disability program options.
- Successful completion of the TPA transition on the Dental and Vision Program.

Performance Measures for Fiscal 2022/23:

- Increase continued visibility and education of services available to members through the Employee Benefits programs.
- Increased communication plan for members of all Employee Benefits programs.
- Further implement the PRISMHealth direct member communication plan for important program announcements.
- Increase PRISM visibility at Employee Benefits related conferences.
- Maintain high member satisfaction.
- Implement new TPA partners, UMR, Accolade and Bind for Health program.
- Promote member growth in all Employee Benefits Programs.
- Strengthen communication and collaboration with our Broker and Carriers.

INFORMATION TECHNOLOGY DEPARTMENT

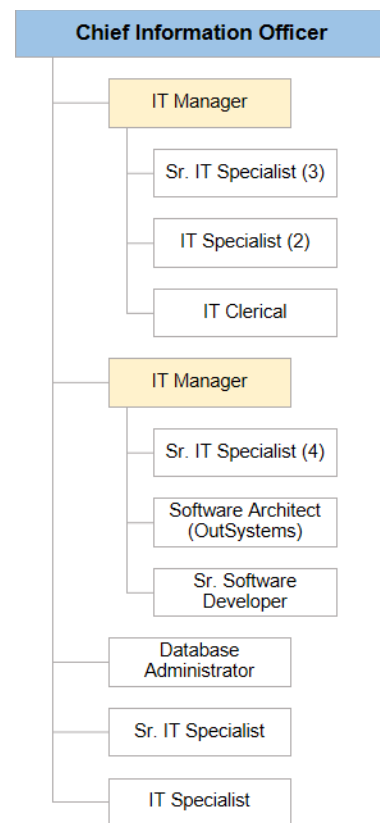
2022/23 Staffing Budget: \$2,560,192

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 are on our Insurity ClaimsXpress contract.
- Provide project management, system conversion, and system upgrade support for members.
- Provide development and management of digital media and content – website, pool management, and communications.
- Support all software systems including Claims Management, Policy Management, Human Resource Management, Financial Management, and others.

Major Accomplishments in Fiscal 2021/22:

- Continued development of the ANCP and Prospect applications
- Enhanced grid renewal application question types to better identify changes occurring
- Started development on Form Builder solution that will address renewal application's roadmap for final enhancement work as well as enable staff the ability to create/manage new forms, as needed
- Continued requirements gathering and development of Contact Management for staff and members
- Assisted with selection and implementation of new accounting system
- Selected system, completed discovery and requirements gathering, begun build of new HR system
- Provided support for 19 ClaimsXPress instances, as well as support 3 self-hosted members
- Continued development of the new proprietary claims system, as well as provided extensive testing of developed items, and provided clarification on requirements
- Collaborated to import and validate over 20,000 EWC member claims from D&A, including financials
- Improved functionality and accuracy to the OSIP reports for all TPAs and WC members in ClaimsXPress
- Created an independent validation processes to ensure accurate OSIP reporting resulting in over \$100k savings for one member
- Created new Frequency and Severity reporting for Risk Control
- Resolved member ISO billing issue that saved the member \$234k
- Created a highly customized POA template for Corvel
- Added logic to the ExamWorks interface to incorporate Medicare MAP data
- Improved functionality and accuracy for 1099 reporting, as well as incorporated new reporting requirements
- Created new Chubb 45x5 reports



- Created custom reports and subscription process for reinsurers
- Created several new business rules for TPAs, members, and PRISM
- Provided new employee training for TPAs, members, and PRISM
- Conducted true-up process for AmTrust
- Created SIMFIN accounts payable interface for Santa Barbara
- Created new bill review interface for LWP's new vendor
- Implemented information security improvements to further protect critical and sensitive data
 - Additional Managed Detection and Response (MDR)
 - Enhanced protections with security operations center (SOC)
 - Improved email security
 - Additional protections for data backups
- Successfully expanded staff cybersecurity training and lowered organizational risk score
- Implemented Software Defined Network (SD-WAN)
- Enabled meeting rooms at Folsom office for hybrid meetings
- Robotic Process Automation (RPA) software upgrade

Performance Measures for Fiscal 2022/23:

- Complete development of the ANCP, Prospect, and Form Builder solutions
- Implement supplemental WC applications in support of WC Payroll Audit and collection of additional information needed for OSIP reporting
- Make Contact Management available to staff and members on the website
- Implement redesigned user dashboards on the website
- Enhance Coverage Data (data not specific to a coverage period)
- Implementation of new HR system, expected go-live in August
- Continue development of the new proprietary claims system
 - Tentative Minimum Viable Product (MVP) implementation Fall 2022
- Evaluate and pursue development of the following claims system (ClaimsXpress) activities, if deemed appropriate
 - Migrate Corvel data to selected TPA(s) by 6/30/22
 - Continued enhancement and execution of bulk claim load for member submitted data and from the DNA database
 - Continued report development and enhancement
- Improve organizational risk score (within security awareness platform)
- Develop information security roadmap
- Perform email server upgrade
- Implement virtual desktop technology to increase efficiency of PC management and lower long term cost of desktop computing
- Expand usage of Robotic Process Automation (RPA) to automate tasks and workflows that save staff hours

MEMBER SERVICES DEPARTMENT

2022/23 Staffing Budget: \$1,990,837

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
- Participate in PRISM prospect evaluation process
- Participate in and conduct PRISM member meetings

Major Accomplishments in Fiscal 2021/22:

Created

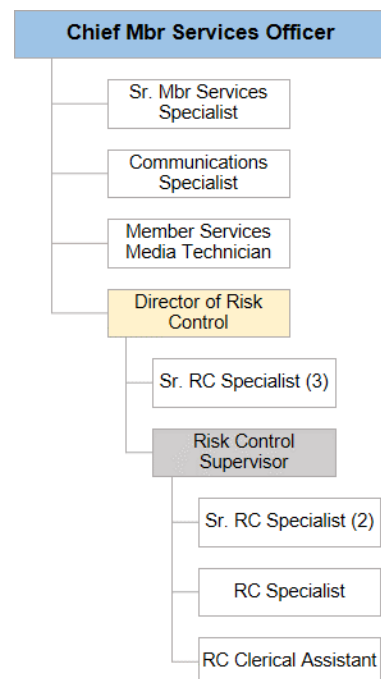
- A COVID Resource Page on prismrisk.gov and a Law Enforcement landing page
- A 19% increase in training course completions and 92% increase in Vector Solutions course completions Continued providing distance learning through POST and created an on-line, self-paced de-escalation course. Parallel course (unaffiliated with POST) was also developed and is available to all PRISM members on our LMS
- Courses with Articulate software & posted to Vector Solutions platform
- Risk Control Open Forum, Claims Conversation Corner and Perspectives – monthly online open forums for members
- A risk management mentor program called Pass the Baton
- An open channel & Podcast channel on PRISMtv
- Added 241 new contacts as a result of the Three Deep Initiative

Updated

- CPS HR course work to include hybrid/online risk management practitioners program
- Safety Talks: A Tailgate/ Toolbox Resource
- IRIC Manual
- School Administrator's Guide to Preventing Sexual Abuse & Misconduct
- School Liability Handbook: Student Activities & Employment Issues
- Employment Practices Manuals
- HSI services - Added RSV & AVERT Training
- Plexus Global services – Added Drug & Alcohol Testing Program Management

Performance Measures and Goals for Fiscal 2022/23:

- Evaluate stop gap measures to fill risk management needs
- Continue to identify individuals at member agencies to send targeted resources and information (Three Deep campaign)
- Expand member networking opportunities
- Develop methods to continually highlight available services to all members

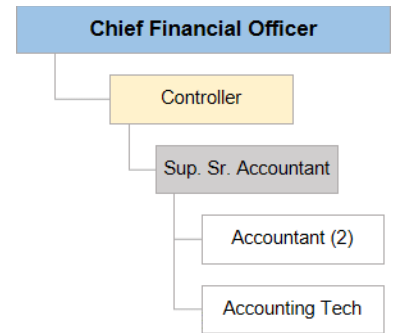


FINANCE DEPARTMENT

2022/23 Staffing Budget: \$894,775

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 2021/22:

- 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 2020/21 with no findings and unqualified opinion.
- Successfully implemented Intacct Finance software, configured for interim financial statement reporting and began evaluating software capabilities for preparation of ACFR schedules.
- Met or exceeded deadlines for claims reconciliation and funding information on programs' Claim reconciliations.
- Successful renewal billing cycle of 1099 invoices with a total value of \$685.3M with all amounts collected within 60 days.
- Assisted with CIGA invoicing process on the claim years from the CastlePoint liquidation.

Performance Measures for Fiscal 2022/23:

- Obtain ACFR and budget awards from GFOA.
- Present financials to the Board by their October meeting that agree in substance to the final audited financials.
- Select and implement a suitable software for ACFR preparation, or configure Intacct to produce ACFR reports.
- Provide Claims reconciliations funding numbers within quarterly specified time frames.
- Ensure that Treasurer's Reports are 100% accurate and released timely on a quarterly basis per California Government Code Section 53646 (b) (1).
- Ensure that the investment portfolio holding are in line with the adopted investment policy at the end of each quarter.
- Exercise prudent cash management practices which maximize earnings.
- Reconcile investment accounts timely and record all elements of investment activity with 99% percent accuracy (trivial rounding or timing differences are acceptable).
- Re-evaluate Captive investment policy and management of assets.
- Bill and collect 100% of renewal billing within 60 days of the new fiscal year.
- Bill claim reimbursements and member reimbursements within 3 days of receipt from the Claims and Underwriting Departments.
- Produce all invoices/billings 100% consistent with authorized requests with respect to customer and amount.
- Ensure that invoice coding is correct on 95% of invoices resulting in only minor reclassification of revenue needed at closing.

- Contact 100% of members via email and phone with invoices outstanding longer than 30 days.
- Provide aging of outstanding non-member invoices to other PRISM departments for follow up at least monthly.
- Pay all invoices within the due date and claim reimbursements within 2 weeks.
- Ensure that cash is disbursed only upon proper authorization of management for 100% of transactions.
- Ensure that invoice coding is correct on 95% of invoices resulting in only minor reclassification of expenses needed at closing (not counting routine accruals).
- Ensure that 100% of payments are routed to the correct payee address (checks) or bank account information provided to Finance (ACH).
- Collect signed Form W9 from 100% of new vendors before release of payment.
- Support HR payroll functions by processing all payroll on time and consistent with instructions and data provided by the HR department, including all employee and vendor payments.
- Work with HR to ensure that quarterly and annual regulatory and tax filings are 100% accurate and filed timely.
- Ensure payroll-related transactions are properly coded in the accounting system and properly reported in the quarterly financial statements.
- Assist HR with implementation of new HR System
- Implement UiPath BOT processing for accounts payable tasks.

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL ADMINISTRATION PROGRAM
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Member Services								
Enterprise Risk Consultant Fees	\$ 224,637	\$ 104,871	\$ 0	\$ 3,000	\$ 3,000	\$ 0	0.0%	Insurance Cert. Tracking Pass through program discontinued in 20/21
Claims System Access	514,857	3,781	280,000	466,899	428,391	(38,508)	(8.2%)	No new member implementation or customizations anticipated, more work in-house; pass thru item
Investment Income	90,760	(100,079)	150,000	400,000	300,000	(100,000)	(25.0%)	
PLIP Income	75,147	34,534	75,000	75,000	75,000	0	0.0%	
Shared Cost Agreements	125,496	0	125,000	125,000	160,000	35,000	28.0%	50% of Employee Benefits Specialists; 2/3 salary for CIGA temp
Reinsurer LP Subsidy/Credit	28,935	45,879	100,000	0	0	0	0.0%	No credit anticipated
TOTAL REVENUES	1,060,383	88,987	730,000	1,069,899	966,391	(103,508)	(9.7%)	
EXPENSES:								
Salaries and Benefits								
Regular Salaries	9,604,215	4,897,556	10,000,000	10,420,252	11,583,403	1,163,151	11.2%	See Schedule 1 for detail on Salaries and Benefits
Retirement	1,496,755	485,165	1,050,000	1,264,650	1,412,320	147,670	11.7%	
Employee Benefits	1,867,814	917,816	2,250,000	2,310,022	2,381,031	71,009	3.1%	See Sch 2. Includes Benefit costs of new employees
Employment Taxes	152,680	68,541	150,000	178,120	194,982	16,862	9.5%	
Temporary Services	46,923	13,119	32,798	481,410	342,000	(139,410)	(29.0%)	Includes CIGA and COVID temps
Employment Services	36,487	38,630	15,400	15,400	20,400	5,000	32.5%	
Total Salaries and Benefits	13,204,875	6,420,827	13,498,198	14,669,854	15,934,136	1,264,282	8.6%	
Services and Supplies:								
Staff Travel	7,086	28,545	75,000	400,445	410,490	10,045	2.5%	Includes travel to file reviews, settlements, etc.
Authority Meeting Expenses	21,551	1,082	100,000	355,670	519,850	164,180	46.2%	See Schedule 3
Committee Expenses	1,610	9,016	15,000	156,000	165,000	9,000	5.8%	See Schedule 4
Audit Service	82,716	69,100	80,000	80,000	85,000	5,000	6.3%	
Legal Counsel	33,784	0	5,000	25,000	25,000	0	0.0%	Includes \$20k for Amicus
Periodicals and Publications	5,226	1,225	5,000	8,900	9,100	200	2.2%	See Schedule 5
Training and Education	8,827	4,426	30,000	128,145	133,049	4,904	3.8%	See Schedule 5
Educational Scholarships	356	0	0	7,000	7,000	0	0.0%	See Schedule 5
Conferences and Seminars	15,840	9,493	30,000	93,274	109,452	16,178	17.3%	See Schedule 5
Membership Dues	22,939	38,426	54,476	54,476	60,564	6,088	11.2%	See Schedule 5
Insurance Cert Tracking Serv- PRISM Expense	0	0	3,000	6,000	3,000	(3,000)	(50.0%)	
Office Supplies	22,717	9,793	15,000	81,600	66,180	(15,420)	(18.9%)	Decreased need for office furniture in prior year
Computer Supplies, Software and Annual Maint.	159,557	230,779	674,667	674,667	788,498	113,831	16.9%	See Schedule 6; New HR, Accounting software and Claims System softwares
Computer Hardware, Backup Data Center	77,583	91,221	182,650	182,650	245,150	62,500	34.2%	See Schedule 6; addition of database backup solution and the number of staff PCs to be purchased
Web Conferencing	49,979	620	30,335	30,335	41,025	10,690	35.2%	See Schedule 6; additional staff licensing needs (Webinar/large meeting capacity) as well as several Zoom Room licenses (support of hybrid)
Computer Technical Assistance	42,951	74,950	154,550	154,550	184,550	30,000	19.4%	See Schedule 6; addition of new security services

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL ADMINISTRATION PROGRAM
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
Website Design/Hosting/Support	\$ 362,016	\$ 196,757	\$ 400,000	\$ 400,000	\$ 400,000	\$ 0	0.0%	See Schedule 6
Claims System	622,054	311,752	951,127	951,127	1,456,977	505,850	53.2%	See Schedule 7; Parallel operating cost of SIMS and new claim systems
Insurance	334,033	501,872	450,698	454,900	546,625	91,725	20.2%	See Schedule 8; increase in all lines of coverage
Postage	8,497	2,658	5,000	12,000	12,000	0	0.0%	
Telephone	59,710	28,118	60,000	106,400	108,520	2,120	2.0%	
Printing	31,811	10,380	15,000	64,500	49,500	(15,000)	(23.3%)	See Schedule 9
Maintenance	0	0	7,000	7,000	7,000	0	0.0%	
Accreditation and Certifications	805	8,745	11,000	12,000	3,000	(9,000)	(75.0%)	CAJPA accreditation due in FY 21/22; GFOA award submissions included
Consultant	25,700	9,278	25,000	49,000	49,500	500	1.0%	Software consulting, PERS and OPEB actuarial; addl peer review for actuarial 25k, internal audit 10k
Awards and Recognition	2,111	2,485	10,000	21,545	21,195	(350)	(1.6%)	
Member Development	8,412	17,872	30,000	69,900	58,100	(11,800)	(16.9%)	See Schedule 10
Legislative Advocate Contracts	112,917	57,917	125,000	125,000	140,000	15,000	12.0%	Based on contracts
Bank Charges	7,195	4,607	10,136	6,000	10,000	4,000	66.7%	
Investment Expense	165,234	76,811	180,000	250,000	220,000	(30,000)	(12.0%)	Portfolio investment management services; due to collection of annual premium in advance
Total Services and Supplies	2,293,216	1,797,929	3,734,640	4,968,084	5,935,325	967,241	19.5%	
Member Services								
RC Seminars / Training Programs & Materials	32,769	0	15,000	69,600	69,600	0	0.0%	
EIA Loss Prevention Platform	1,228,500	1,316,450	1,320,000	1,320,000	1,350,000	30,000	2.3%	
A-Check Global EPN Program	174,234	90,602	181,204	181,204	185,000	3,796	2.1%	Contractual increase
Automated Assessment Tool	123,878	0	75,000	115,100	75,000	(40,100)	(34.8%)	Maintenance & support cost
INXPO On Demand Program	0	18,000	36,000	36,000	36,000	0	0.0%	PRISM TV
Service partner Trade Show	0	0	0	7,000	7,000	0	0.0%	No cost to PRISM
Member Legal Services	487,200	267,600	519,000	519,000	559,200	40,200	7.7%	Incl. Evers Law Group and Legal Counsel.
Other RC Program Services & Materials	0	0	8,600	23,600	33,800	10,200	43.2%	IRIC, video streaming and misc. risk control
Enterprise Risk Consultant Expense	226,028	103,603	103,603	0	0	0	0.0%	Pass Thru for PRISM
Claims System Access	437,238	136,616	280,000	466,899	428,391	(38,508)	(8.2%)	No new member implementation or customizations anticipated, more work in-house; pass thru item
Total Member Services	2,709,847	1,932,871	2,538,407	2,738,403	2,743,991	5,588	0.2%	
Depreciation								
Furniture and Equipment	146,344	68,231	256,100	256,100	353,772	97,672	38.1%	Incl. virtual desktops and Backup/Security Appliance (Rubrik), Conf. room speaker and IT serves
Software	913,343	329,486	817,245	817,245	906,134	88,889	10.9%	Incl. Website development, Bots, Data analytics development platform
Total Depreciation	1,059,687	397,717	1,073,345	1,073,345	1,259,906	186,561	17.4%	
Contingency Delegated to Executive Committee	0	0	0	200,000	200,000	0		Available with a two-thirds vote of the Executive Committee
TOTAL EXPENSES	19,267,625	10,549,344	20,844,589	23,649,686	26,073,358	2,423,672	10.2%	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL ADMINISTRATION PROGRAM
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Admin Transfer - PWC	\$ 4,684,283	\$ 4,217,206	\$ 4,217,206	\$ 4,217,206	\$ 4,701,779	\$ 484,573	11.5%	Based on 3 year average time study of PRISM staff
General Admin Transfer - EWC	5,933,554	5,763,941	5,763,941	5,763,941	6,494,533	730,592	12.7%	" "
General Admin Transfer - GL1	3,963,474	4,021,789	4,021,789	4,021,789	4,573,489	551,700	13.7%	" "
General Admin Transfer - GL2	2,319,798	2,306,896	2,306,896	2,306,896	2,663,142	356,246	15.4%	" "
General Admin Transfer - Property	668,351	616,309	616,309	616,309	667,665	51,356	8.3%	" "
General Admin Transfer - Medical Malpractice	928,696	899,172	899,172	899,172	925,864	26,692	3.0%	" "
General Admin Transfer - MROCIP	52,458	46,827	46,827	46,827	49,120	2,293	4.9%	" "
General Admin Transfer - PRISMHealth	557,606	485,945	485,945	485,945	561,535	75,590	15.6%	" "
General Admin Transfer - Dental	320,575	341,039	341,039	341,039	395,937	54,898	16.1%	" "
General Admin Transfer - Misc Programs	14,200	14,200	14,200	14,200	14,200	0	0.0%	Interest earned in program funds admin fees
General Admin Transfer - PRISM ARC	150,000	150,000	150,000	150,000	150,000	0	0.0%	Fee to PRISM ARC for administrative services
Claims System Costs, PWC	696,428	639,999	637,255	637,255	941,511	304,256	47.7%	Now participating in new claims system that includes all PWC TPAs
Claims System Costs, EWC	207,889	176,000	190,225	190,225	291,395	101,170	53.2%	See Schedule 7
Claims System Costs, GL1	62,367	62,367	57,068	57,068	104,750	47,682	83.6%	" "
Claims System Costs, GL2	31,183	31,183	28,534	28,534	61,041	32,507	113.9%	" "
Claims System Costs, Med Mal	41,578	41,578	38,045	38,045	49,614	11,569	30.4%	" "
Claims System Costs, Property	0	0	0	0	8,666	8,666	100.0%	" "
PRISM Rent	(503,699)	(503,699)	(503,699)	(503,699)	(429,275)	74,424	(14.8%)	Transfer to building program
Investment Fees	161,820	76,811	180,000	250,000	220,000	(30,000)	(12.0%)	Charge to programs based on their share of treasury funds
TOTAL TRANSFERS	20,290,561	19,387,563	19,490,752	19,560,752	22,444,966	2,884,214	14.7%	
Net Increase or (Decrease)	2,083,319	8,927,206	(623,837)	(3,019,035)	(2,662,001)	357,034	(11.8%)	
NET POSITION - JULY 1	10,022,889	12,106,205	12,106,208	11,392,662	11,482,371			
NET POSITION - JUNE 30	12,106,208	21,033,410	11,482,371	8,373,627	8,820,370			

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
ADOPTED CAPITAL OUTLAY BUDGET
July 1, 2022 to June 30, 2023

Line Item	2022/23 Budget
General Administration Fund	
<u>Furniture and Equipment</u>	
Conference Room	\$ 150,000
Servers - D&A	45,000
Servers - IT	150,000
Virtual Desktops	200,000
Copier	15,000
Backup/Security Appliance	55,000
Total Furniture and Equipment	615,000
<u>Software</u>	
Website Development	845,000
Laserfiche Modules (Web/Forms/Portal)	5,000
Bots	75,000
Data Analytics development platform	30,000
<u>SIMS Claims System</u>	
SIMS: Professional Services	300,200
SIMS: New User Licenses PRISM and TPAs	4,800
SIMS: Member Moves	33,000
SIMS: One-Time costs	30,000
SIMS: Contingency	54,000
SIMS MBR: Professional Services	19,000
SIMS MBR: New User Licenses	3,000
SIMS MBR: Contingency	2,000
<u>Proprietary Claims System</u>	
System Development	1,400,000
Professional Services	600,000
Platform Costs	605,000
PRISM Staff	346,900
Contingency	748,100
Less: Estimated amount spent thru 6/30/22	(3,040,520)
Total Software Additions	2,060,480
Building Fund	
PRISM Tenant Improvements	100,000
Other Tenant Improvements-downstairs space	25,000
Parking Lot Repair	11,250
Total Building Fund	136,250
ARC website	15,000
Grand Total Capital Outlay	\$ 2,826,730

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
Publicly Available Pay Schedule
Adopted Salary Range Effective July 1, 2022

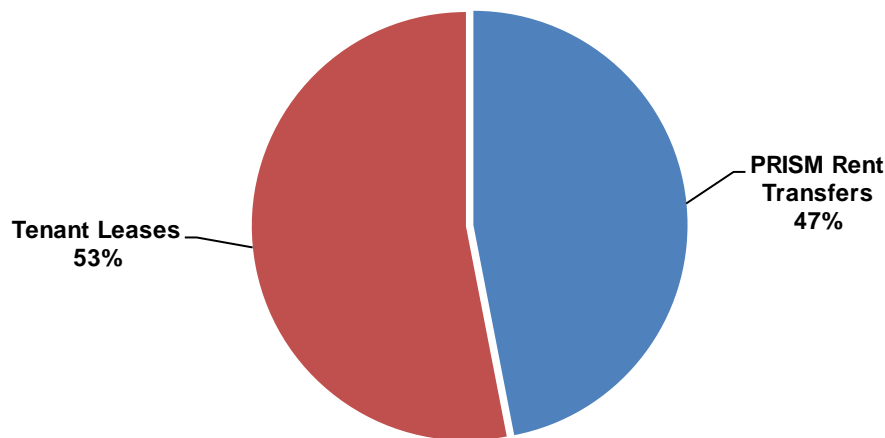
Schedule 1A

Position	Salary Grade	Salary Range (Annual)
Chief Executive Officer	Contract	314,004
Chief Actuarial Officer	16	245,976 - 393,564
Chief Operating Officer	15	188,976 - 302,364
Chief Member Services Officer	15	188,976 - 302,364
Chief Legal Counsel	15	188,976 - 302,364
Data Scientist	14	182,184 - 264,168
Software Architect	14	182,184 - 264,168
Database Administrator	14	182,184 - 264,168
Chief Information Officer	13	154,356 - 246,972
Chief Financial Officer	13	154,356 - 246,972
Director of Business Analytics	12	151,752 - 227,628
Director of Employee Benefits	12	151,752 - 227,628
Director of Risk Control	12	151,752 - 227,628
Director of Liability Claims	12	151,752 - 227,628
Director of WC Claims	12	151,752 - 227,628
IT Manager	11	144,528 - 216,792
Underwriting Manager	10	121,968 - 182,952
WC Claims Manager	10	121,968 - 182,952
Controller	10	121,968 - 182,952
Human Resources Manager	10	121,968 - 182,952
Office Manager	10	121,968 - 182,952
Actuarial Rating Manager	10	121,968 - 182,952
Supervising Sr. RC Specialist	9-S	101,280 - 146,856
Supervising Sr. Accountant	8-S	96,564 - 140,016
Supervising Sr. WC Claims Specialist	8-S	96,564 - 140,016
Supervising Liability Claims Specialist	8-S	96,564 - 140,016
Sr. Risk Control Specialist	9	88,056 - 127,680
Sr. I.T. Specialist	9	88,056 - 127,680
Sr. Member Services Specialist	9	88,056 - 127,680
Sr. Database Developer	9	88,056 - 127,680
Sr. Specialist - Software Developer	9	88,056 - 127,680
Actuarial Analyst	9	73,332 - 102,660
Sr. Liability Claims Specialist	8	83,976 - 121,764
Sr. WC Claims Specialist	8	83,976 - 121,764
Sr. Underwriting Analyst	8	83,976 - 121,764
Sr. Business Analytics Developer	8	83,976 - 121,764
Sr. Employee Benefits Specialist	8	83,976 - 121,764
Liability Claims Specialist	7	73,332 - 102,660
Data Analyst	7	73,332 - 102,660
Risk Control Specialist	6	64,692 - 90,564
IT Specialist	5	61,752 - 86,448
Accountant	5	61,752 - 86,448
Underwriting Specialist	5	61,752 - 86,448
Employee Benefits Specialist	5	61,752 - 86,448
Communications Specialist	5	61,752 - 86,448
Meeting Coordinator	4	58,284 - 81,600
Executive Secretary	4	58,284 - 81,600
Claims Assistant	3	52,140 - 72,996
Media Technician	3	52,140 - 72,996
Accounting Technician	2	46,596 - 65,232
Clerical Assistant	1	42,972 - 55,860
Receptionist	1	42,972 - 55,860

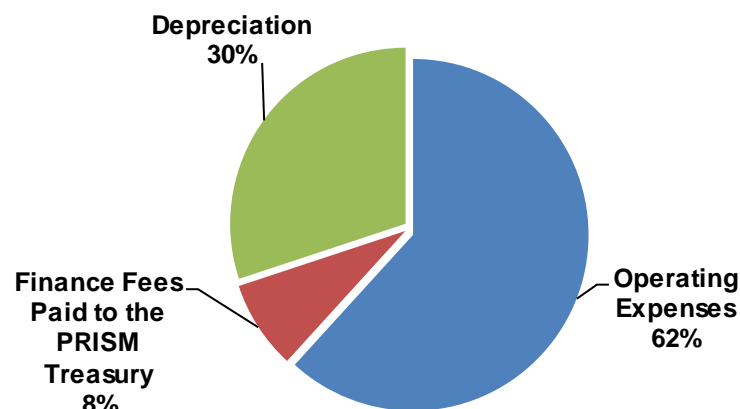
Building Fund

PRISM has invested \$9.2M in our office facility located on Iron Point Circle in Folsom, California. This investment includes improvement to our office as well as preparing the remaining space for our tenants. The building fund houses PRISM at low occupancy cost as well as provides profit from our leasing operations. The Building Fund budget is illustrated in the following charts.

Building fund Revenues and Transfers
(in thousands)



Building Fund Budget - Expense Summary



PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
IRON POINT BUILDING PROGRAM
July 1, 2022 to June 30, 2023

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2020/21	Year to Date 12/31/2021	Estimated 2021/22	Budget 2021/22	Budget 2022/23	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Lease Income - Tenants	\$ 354,074	\$ 182,569	\$ 365,138	\$ 422,642	\$ 485,138	\$ 62,496	14.8%	Tenant terminated lease, budgeted vacancy
Other Revenue	0	739,250	770,250	0	0	0	0.0%	Building Lawsuit-monies recd in FY 21/22
TOTAL REVENUES	354,074	921,819	1,135,388	422,642	485,138	62,496	14.8%	
EXPENSES:								
Operating Expenses								
Janitorial	42,748	24,473	68,360	68,360	70,000	1,640	2.4%	
Utilities	87,071	42,718	84,490	84,490	84,490	0	0.0%	addl cleaning in July 2020
Garbage	6,865	2,850	6,800	6,800	10,000	3,200	47.1%	
Water and Sewer	12,298	3,466	9,000	16,000	16,000	0	0.0%	
Security & Fire Sprinkler Monitoring	14,995	6,107	15,000	20,360	20,360	0	0.0%	
Landscape Maintenance	18,300	10,553	22,290	22,290	22,290	0	0.0%	
Pest Control	1,365	763	1,530	1,530	1,600	70	4.6%	
Commission Expense	74,580	0	0	0	100,000	100,000	100.0%	Broker commision for lease renewals in 20/21; estimated for 22/23
Common Area Maintenance	22,524	12,587	25,000	32,400	32,400	0	0.0%	
Building Repairs	5,334	0	10,000	60,000	60,000	0	0.0%	Lobby door hardware, Poss HVAC repairs
Building Maintenance	66,162	13,994	50,000	110,600	110,600	0	0.0%	
Mello Roos Tax	13,275	715	14,660	14,660	16,000	1,340	9.1%	
Insurance	31,400	0	51,174	42,500	62,400	19,900	46.8%	
Legal Service	20,514	1,969	4,000	100,000	20,000	(80,000)	(80.0%)	Litigation for building to end in FY 21/22
Management Fees	35,167	12,938	35,460	35,460	35,460	0	0.0%	
Finance Fees to PRISM Treasury	130,286	37,192	90,000	90,000	90,000	0	0.0%	
Total Operating Expenses	582,881	170,325	487,764	705,450	751,600	46,150	6.5%	
Depreciation								
Depreciation - Building	96,314	40,240	96,314	96,314	111,064	14,750	15.3%	
Depreciation - Roof	8,333	8,333	8,333	8,333	8,333	0	0.0%	
Depreciation - Parking Lot	7,500	7,500	10,313	10,313	33,703	23,390	226.8%	
Depreciation - Tenant Improvements	103,624	54,371	123,379	123,379	178,576	55,197	44.7%	Certain items fully depreciated
Total Depreciation	215,771	110,444	238,339	238,339	331,676	93,337	39.2%	
Appropriation for Contingencies	0	0	0	20,000	20,000	0	0.0%	
TOTAL EXPENSES	798,652	280,769	726,103	963,789	1,103,276	139,487	14.5%	
TRANSFERS:								
Transfers in from General Administration								
Building Rent	503,699	503,699	503,699	503,699	429,275	(74,424)	(14.8%)	
TOTAL TRANSFERS	503,699	503,699	503,699	503,699	429,275	(74,424)	(14.8%)	
Net Increase or (Decrease)	59,121	1,144,749	912,984	(37,448)	(188,863)	(151,415)	404.3%	
NET POSITION - JULY 1	754,298	813,419	813,419	717,296	1,726,403			
NET POSITION - JUNE 30	813,419	1,958,168	1,726,403	679,848	1,537,540			

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA

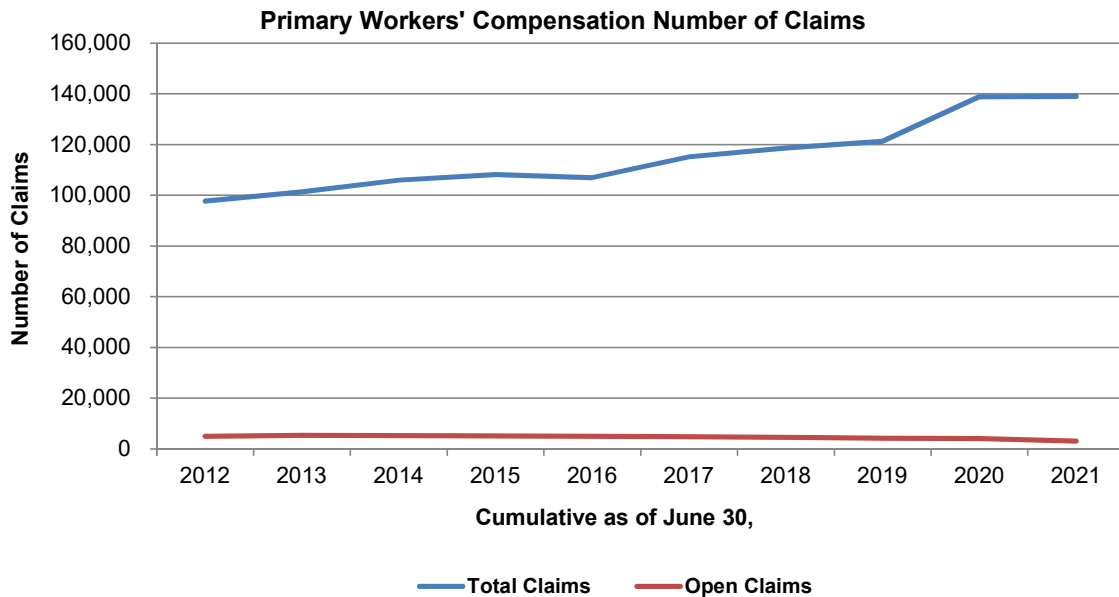
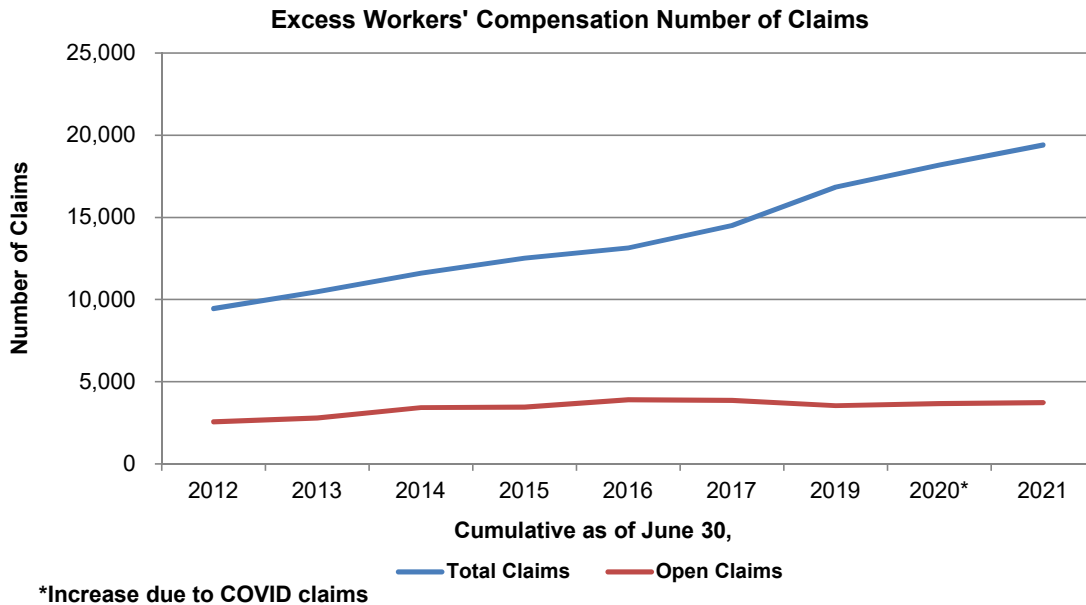


STATISTICAL/ SUPPLEMENTAL SECTION

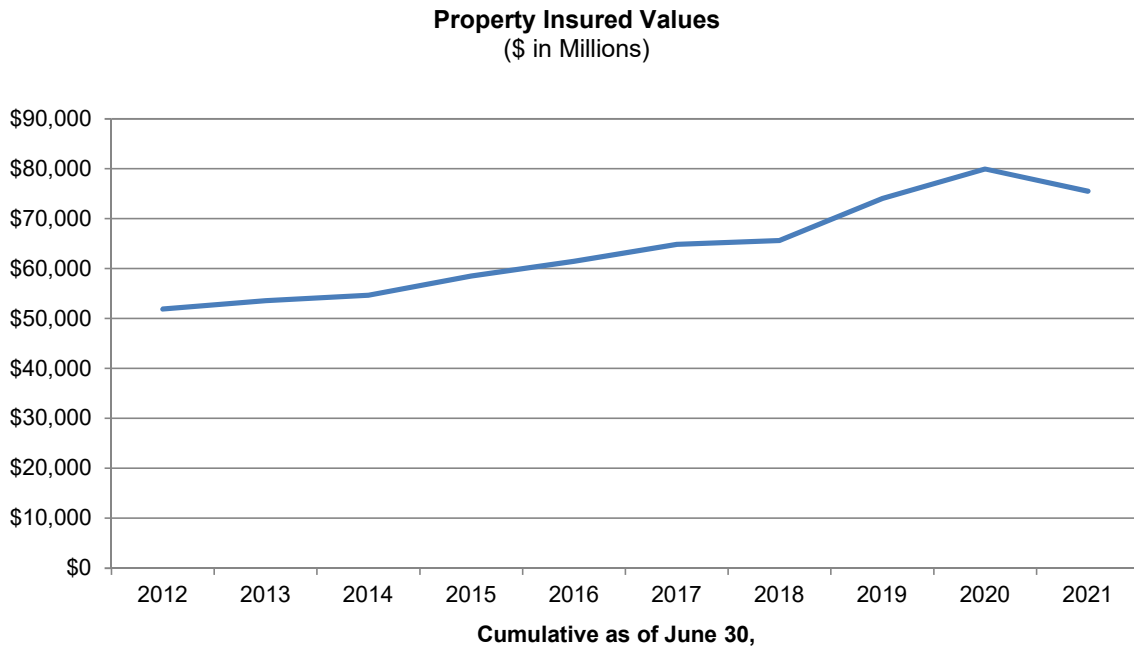
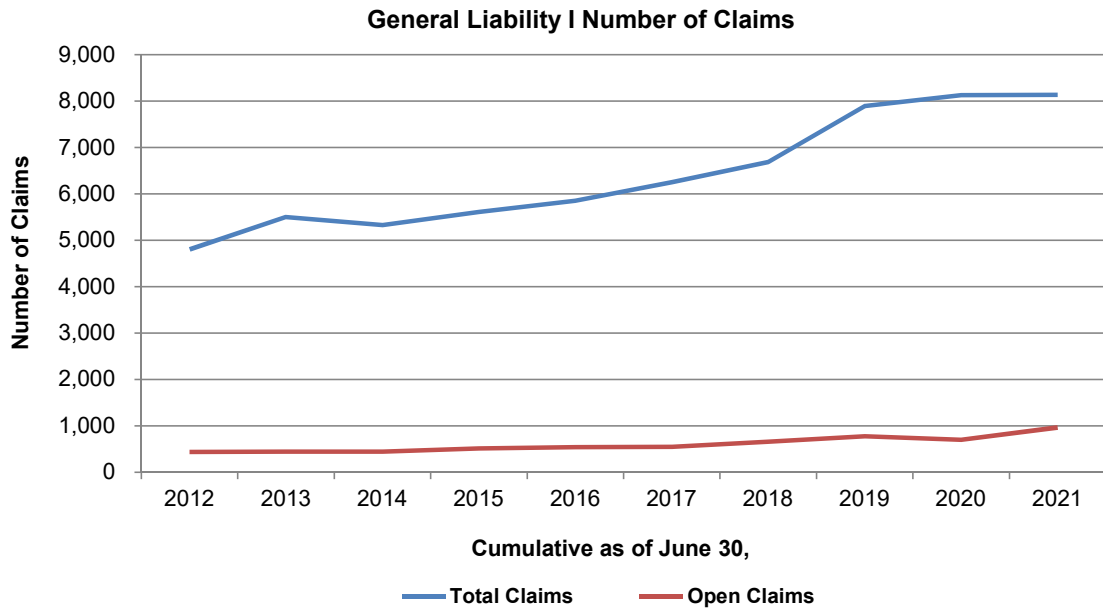
For the Fiscal Year
July 1, 2022 to June 30, 2023

**PRISM
ECONOMIC INDICATORS AND INFORMATION
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2021**

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



PRISM
ECONOMIC INDICATORS AND INFORMATION FOR
THE 10-YEAR PERIOD ENDING JUNE 30, 2021



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

	Budget Year Beginning				
	2018	2019	2020	2021	2022
Budgeted Full-Time Equivalents by Department					
Administration	13	13	13	14	14
Actuarial	8	8	11	11	11
Finance	6	6	6	6	6
Information Technology	14	15	17	17	18
Claims	26	28	29	31	32
Member Services (LP)	12	12	13	13	13
Employee Benefits	2	3	3	3	3
Total Employees	81	85	92	95	97
Number of Retirees	9	9	10	12	13

	Fiscal Year End				
	2019	2020	2021	2022	Budgeted 2023
Member Units					
Primary Workers' Comp	38	39	38	37	37
Excess Workers' Comp	171	181	183	180	182
Primary General Liability	21	0	0	0	0
General Liability 1	122	132	123	125	134
General Liability 2	17	18	18	18	25
Property	100	110	107	104	118
Medical Malpractice	52	52	52	52	51
Master Owner Controlled Insurance	16	18	18	17	6
PRISMHealth	36	42	42	44	45
Dental	154	171	171	170	174
Total Member Units	727	763	752	760	772
Member Counties	55	55	55	55	55
Member Public Entities	283	306	305	302	305
Total Members	338	361	360	357	360

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Occurrence: An accident or event which triggers coverage.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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