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# **Annual Comprehensive Financial Report**

**Fiscal Years Ended June 30, 2021 and 2020**

**- California -**

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 and 2020**

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<b>Name</b>	<b>Office</b>	<b>Entity</b>
Janell Crane	President	Sonoma County
Scott Schimke	Vice President	GSRMA
Mark Howard	Public Entity Representative	ACCEL
Karen Caoile	At-Large	Contra Costa County
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Nathan Black	Finance	Sutter County
Michael Pott	Legal Counsel	PRISM General Counsel
Gina Dean	Chief Executive Officer	
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**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

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December 13, 2021

Public Risk Innovation, Solutions, and Management (PRISM)  
Members, Board of Directors

Ladies and Gentlemen:

The 2020/21 fiscal year was a big year for change! We quickly adapted to our new name, Public Risk Innovation, Solutions, and Management (PRISM). We went through a complete rebranding and in the process, changed our captive's name from the Excess Insurance Organization to PRISM Affiliate Risk Captive (ARC). The new web addresses for PRISM and ARC are PRISMrisk.gov and prismarc.org, respectively.

PRISM has been successfully navigating the challenges of COVID-19. The office in Folsom reopened effective October 11, 2021. We have adopted a hybrid model of in-person attendance for all of our staff. The office remained closed through the 2020/21 fiscal year, but we are pleased to report that PRISM has been able to continue to provide the same high level of service to our members, business partners, and employees.

Overall, PRISM continues to maintain a surplus (net position), membership has grown in most programs, and in spite of some challenging reinsurance renewals this year, the programs continued to evolve and use creative solutions to maintain broad coverage. Demand for PRISM's services is strong and the Member Services Department is responding to meet this demand.

PRISM continues to be a leader in our industry. We are recognized as one of the largest and most successful pools in the nation. For 2020/21, our annual revenue was \$1.3B, and for 2021/22 we estimate the revenue to approach \$1.5B.

Membership is growing at a steady and healthy pace. Year-over-year, our number of members, as well as the number of member units (each member in each major program), increased. There are now 2,000 entities, including members of members, who are covered in one or more of our major programs.

A captive insurance company, PRISM Affiliate Risk Captive (formerly known as Excess Insurance Organization), domiciled in and subject to the Utah Insurance Department's regulations, was formed to insure PRISM's risks and enhance investment earnings. The ARC investment program continues to perform well with the total rate of return on the equity portfolio returning 10.23%, 11.13%, 5.12%, (2.68)%, and 7.28% in the 2016/17, 2017/18, 2018/19, 2019/20, and 2020/21 years, respectively. The 2020/21 return on the equity portfolio was largely the result of fair market value adjustment recorded because of the rebounding of the equities market after the initial economic downturn from COVID-19. The fair market value of the ARC equity portfolio has seen a robust increase since June 2020, and this impact is reflected in the investment earnings for 2020/21. The surplus position of ARC, including the initial capital contribution of \$5M by PRISM,



increased from \$21.4M to \$28.9M during the 2020/21 fiscal year. ARC assumed risk from PRISM within fixed corridors in the Workers' Compensation, Liability, Property, and Medical Malpractice Programs. Those risks were fully funded except for anticipated investment earnings. Starting with the 2019/20 year, PRISM's Property Program transferred \$10M of aggregated earthquake risk, which was not fully funded; however, the expected loss for that risk was zero based on the very high attachment point (excess of \$340M). ARC assumed \$208M of corridor risk for the program year 2020/21 as compared to \$198M in program year 2019/20. In total, over \$640M in premiums has been collected by ARC in its first 5 years of operations from 6 PRISM programs.

In 2021/22, PRISM made great strides in the development of our own Claims Management Information System (CMIS). Most of the detailed business requirements have been fully explored through the work of various cross functional teams. This was a critical and lengthy process. As the business requirements gathering winds down, software development has ramped up. Many modules have been built and are currently functional. Several demonstrations to staff and members have taken place. A software architect and software developer have been hired in order to handle all future development in-house. The first release of the new system, to be used initially by PRISM staff, is expected to launch in the summer of 2022.

Another significant initiative this year was to market the PRISM programs, utilizing ARC as a vehicle to expand outside of California. National expansion will enable PRISM to spread and diversify risk, leverage reinsurance markets, and to identify and implement industry-wide best practices. Actual implementation will be on a program-by-program basis. As of October 2021, ARC has 3 entities as participants from outside of California: Pima County, Arizona, City of Portland, Oregon, and Arizona Schools Risk Retention Trust.

Ensuring PRISM has adequate staff resources to meet the members' needs is extremely important. For FY 2021/22 3 new staff positions were approved in the Liability and Underwriting Departments. PRISM had increased staffing levels with 7 new positions (out of which 2 were for development of the proprietary claims software) designed to meet the growing needs and complexities of our membership during 2020/21.

All these strategic initiatives influence our Annual Comprehensive Financial Report. PRISM is responsible for the accuracy, completeness, and fairness of the presentation, including all disclosures.

Based upon our comprehensive framework of internal control, we believe our report is accurate in all material respects, that it fairly sets forth the financial position and results of operations of PRISM as measured by the financial activity of its various programs and policy periods, and that all necessary disclosures for understanding the report have been included. Because the cost of control should not exceed the benefits to be derived, our objective is to provide reasonable, rather than absolute assurance, that our financial statements are free of any material misstatements.

Gilbert CPAs, independent auditors, has issued an unmodified opinion that PRISM's financial statements for the fiscal years ended June 30, 2021 and 2020, are fairly presented in conformity with Generally Accepted Accounting Principles. The Independent Auditor's Report is presented as the first component of the financial section of this report.



The Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **WHO WE ARE**

Public Risk Innovation, Solutions, and Management (PRISM) is a Joint Powers Authority (previously known as CSAC Excess Insurance Authority) that was established under Article 1, Chapter 5, Division 7, Title I of the California Government Code (§ 6500 et seq.) in October 1979. PRISM provides 2 classes of membership – county members and public entity members (any other public entity in California). The 62-member Board of Directors is comprised of representatives from each of the 55 county members appointed by their respective Boards of Supervisors, and 7 public entity representatives (plus 3 alternates) elected by the public entity membership.

PRISM has over 350 members, consisting of 55 counties and 301 public entities. The 55 member counties represent more than a 95% market share of the 58 California counties. Public entity membership consists of individual cities, schools, special districts, and 28 joint powers authorities consisting of pools of cities, schools, or special districts. The members collectively represent approximately 2,200 public agencies. Over 135 public agency members from 94 entities actively participate in PRISM's policy making and governance by their service on the Board of Directors and committees.

## **WHAT WE DO**

PRISM operates programs for excess and primary workers' compensation, 2 excess liability programs (including an option for primary liability coverage), a property program, a medical malpractice program, a master rolling owner controlled insurance program, an employee health benefit program, and a dental program, as well as several miscellaneous programs for other coverages. PRISM also provides support services for selected programs such as claims administration, risk management, claims audits, risk control and training, and subsidies for actuarial studies and risk management services. PRISM's reporting entity includes financial activities relating to all programs and insurance pools of PRISM and the wholly owned captive insurance company, ARC.

## **THE RENEWAL CYCLE**

PRISM operates in an environment that is affected by the evolving exposures of our membership, as well as the overall insurance market. PRISM's programs typically feature layers of member self-insurance, layers of pooled risk, and layers of risk transfer to the commercial insurance market. Based on the loss trends of our membership and the state of the insurance market, the structure of PRISM's programs evolve to provide the most stable and least costly solution for our members.

Currently, PRISM faces the most instability in the liability and property markets. Across the insurance industry, for public entities in particular, liability premiums are increasing in step with increased plaintiff demands and very large jury verdicts. As the industry is affected, PRISM's liability programs have also experienced higher claim costs. Due to adverse loss development and the hardening liability insurance market, General Liability 1 (GL1) and General Liability 2

(GL2) members worked through difficult renewals for 2020/21 and 2021/22, with premium increases. Property Program rates have increased as property insurance capacity has decreased globally in response to natural disasters. PRISM's own Property Program has experienced losses from California wildfires.

The GL1 Program faced its own challenges due to a sudden increase in loss development that was first seen in 2018/19. This resulted in a drop in net position of nearly \$21M in that year. In 2018/19, in response to the adverse loss development and the deterioration of the Program's surplus, PRISM's Board approved a Loss Portfolio Transfer (LPT) deal that transferred the Program's pool liabilities (SIR to \$5M), to a reinsurer, MultiStrat Re (MS Re), for claims going back to July 1, 2007, thereby stabilizing the Program's funding position, and also providing coverage for liabilities over the next 5 years (through June 30, 2024). While this LPT contributed to the surplus of this Program, the GL1 Program experienced further adverse loss development in 2019/20. In 2020/21, the Program stabilized and had a projected deficit of \$25.6M at June 30, 2021. The LPT corridor, transferred to the Captive, experienced adverse development in that layer. Although we did not expect the losses to deteriorate to that degree in 2020/21, we are pleased to report that the LPT transaction is still working as we intended and the plan to rebuild the Program's net position over the next few years is on track. With member contributions over the next few years, the Program is projected to rebuild the net position to over \$48M by June 30, 2024.

Although the liability, property, and medical malpractice markets' coverages are experiencing rate increases, we have successfully used multi-year reinsurance agreements to mitigate rates increases in the GL1, Property, and Medical Malpractice Programs. We have also used rate stabilization plans to help smooth fluctuations in reinsurance costs for our members in our EWC and PWC Programs. In general, these agreements outline the potential rate change at the next renewal if loss development falls within a specified range. Another mechanism used to mitigate the impact of changing market conditions is to increase or decrease PRISM's retained risk, and there are many ways this can be accomplished.

Our PRISMHealth Program continues to produce stable and equitable renewals, issuing below-traditional market renewals. The Program renewed with a 2.8% pool renewal in 2020 and 5.2% in 2021. The employee benefits suite of coverages, which includes Dental, Vision, Life/Disability, and Employee Assistance, continue to offer renewals at a flat or reduced rate, and often include multi-year rate guarantees. Of note, in 2021 the PPO Dental segment did not use accumulated program equity to lower renewals. Instead, the Program utilized program equity to implement a new and improved Dental and Vision Program Third Party Administrator. The new vendor will bring system enhancements and increased functionality for all program segment members. In addition, a dividend of \$7M was declared in 2020/21 and there are plans for more dividends in future years.

### **PRIMARY WORKERS' COMPENSATION**

The Primary Workers' Compensation (PWC) Program provides first dollar coverage to its members up to the \$125K limit, at which point coverage then feeds into the Excess Workers' Compensation (EWC) Program. The Program provides members with claims administration services and several cost containment programs including a Medical Provider Network (MPN), a 24/7 Nurse Triage Service, and a Return-to-Work Program. The Program pays for claims with a blending of pooling (both un-aggregated pooling and corridor pooling) and excess insurance. In

2020/21, the structure of the PWC Program provided that the first \$10k of each claim is paid out of the Program's pool and the Program's excess insurer pays for the balance of the claim, up to the Program limit of \$125k, per occurrence. This layer is also subject to a corridor retention of \$14.3M. As in prior years, the corridor risk was transferred to ARC.

The PWC Program continues to build equity. The Program ended the 2020/21 year with surplus of \$46.3M. This very healthy funding position has enabled the PWC Committee to declare dividends in 13 of the last 14 years, \$2M of which was in the 2020/21 fiscal year.

### **EXCESS WORKERS' COMPENSATION**

The Excess Workers' Compensation (EWC) Program provides members with statutory coverage for workers' compensation, subject to the members' self-insured retentions ranging from \$125k to \$5M. Because members maintain self-insured retentions in this Program, they are able to manage their own claims, either through a third party administrator or with their own claims staff. There are 2 Towers in this Program - the Educational Tower for our school members and the Core Tower for all other members.

In the Educational Tower, the Program funds a pool between \$125k and \$2.5M, subject to member self-insured retentions, and purchases reinsurance above the pooled layer to secure statutory limits.

In the Core Tower, the Program funds a \$5M pool, subject to members' self-insured retentions, and purchases reinsurance to secure statutory limits. Pooled layers for both Towers are reinsured by Great American and are subject to a \$46.2M corridor retention. The Educational Tower maintained a \$5.8M corridor in its primary layer. Both corridors were transferred to ARC. The EWC Program ended the 2020/21 year with surplus of \$57.5M.

### **GENERAL LIABILITY 1**

The GL1 Program provides members with coverage for third party liabilities (including general, automobile, employment practices, and errors and omissions) up to a limit of \$25M, subject to each member's self-insured retention, which can range from \$100k to \$1M. The Program also offers a \$10k deductible through the Deductible Buy-Down (DBD) option, previously known as the Primary General Liability (PGL) Program, for those who want to transfer more risk. Members who elect the DBD option have a deductible instead of a self-insured retention and are required to utilize one of the Program's contracted third party claim administrators. All other GL1 Program members are able to manage their own claims, either through a third party administrator of their choice or with their own claims staff. The Program funds a \$5M pool, which is transferred to MS Re via a LPT, and purchases \$20M in reinsurance from various reinsurers to achieve the \$25M program limit. Within the first reinsurance layer of \$5M to \$10M, there is a single \$15.1M corridor for the combined 2018/19, 2019/20, and for 2020/21 years, and that risk has been transferred to ARC. There is an additional corridor of \$1.25M in \$10M to \$20M layer, which was also transferred to the Captive in 2020/21.

The net position in this Program had been stable for many years and was within the Board's target funding range of \$30M to \$40M, but that changed in the 2017/18 fiscal year. At June 30, 2018, the net position had deteriorated to \$8.8M due to adverse development in claims. As explained earlier, PRISM entered into a LPT deal with MS Re to transfer their claims from July 1, 2007 to

June 30, 2024 for their pool layer of SIR to \$5M. As of June 30, 2021, the net position for this Program has stabilized at a deficit of (\$25.6M), which is an increase of \$160k over the prior year deficit of (\$25.8M). It is important to note that the adverse loss development over the past few years is not isolated to PRISM and its members. It is an industrywide phenomenon being felt by most entities and private companies.

## **GENERAL LIABILITY 2**

The GL2 Program also provides members with coverage for third party liabilities (general, automobile, employment practices, and errors and omissions) up to a limit of \$25M. This Program was designed for larger members with higher self-insured retentions, which range from \$1M to \$5M. Some members also have an Individual Member Corridor Deductible (IMCD) sitting on top of their member self-insured retention.

Each member of the Program (with a few exceptions) has a representative on the GL2 Committee, which was established to administer and govern the Program including determining the structure and reinsurance placements. For 2020/21, the first layer provided coverage between the member's self-insured retention (and IMCD where applicable) and \$10M. The layer was reinsured by QBE and ACE, which is above a \$33M group corridor deductible. There is also a \$10.9M corridor deductible in the \$5M excess of \$10M layer, which is reinsured by several reinsurers on a quota share basis. Both corridor deductibles are transferred to ARC.

## **PROPERTY**

The Property Program provides coverage for physical damage to members' real and personal property, with limits up to \$600M for All Risk, \$465M for Earthquake buyers, and \$300M in Flood. The structure of the Program is unique in that there are Towers, which spread risk both geographically and by occupancy type. This spread of risk allows the Program to access higher limits at reduced costs.

The pool exposure is comprised of an aggregate all-risk corridor of \$20M and a \$400k aggregate auto physical damage corridor, both of which have been transferred to ARC. The Program also pools risk in order to buy-down member deductibles below what is offered in the marketplace for catastrophic flood and earthquake losses. Each year, the members have continued to add monies to the Catastrophic Risk Pool, which is currently funded at \$35.7M. PRISM also leveraged its ability to retain risk by assuming \$25M of aggregated earthquake risk in excess of \$440M, with 40% of that risk being transferred to ARC.

## **MEDICAL MALPRACTICE**

The Medical Malpractice Program provides members with coverage for medical professional services and limited general liability exposures at established healthcare facilities. The Program offers limits of \$21.5M, in addition to each member's deductible or self-insured retention, which ranges from \$25k to \$1.1M. For members who maintain a deductible, claims administration is provided by the Program's third party administrator, Risk Management Services. Members who maintain a self-insured retention are able to manage their own claims either through a third party claims administrator or their own claims staff.



The Program renews on October 1<sup>st</sup> each year, but will be moving to a July 1<sup>st</sup> renewal in 2022. The pool provides coverage on a claims-made basis. The first reinsurance layer provided by Beta Healthcare Group (a JPA which PRISM has now partnered with for this coverage) is also on a claims-made basis. Excess of \$5M, reinsurance is provided on an occurrence basis by Medical Protective Company (Med Pro), a Berkshire Hathaway Company, and Coverys, a medical liability insurer. However, the medical malpractice marketplace is hardening for the same reasons as the general liability marketplace, which has increased pricing and reduced some limits available to the Program. In order to provide some premium relief for the members, a \$2M corridor deductible within the pool layer was established, and that risk was transferred to ARC.

### **MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM**

The Master Rolling Owner Controlled Insurance Program (MR OCIP) enables members to purchase workers' compensation and general liability coverage for all eligible parties (owner, general contractor, and sub-contractors) working on covered construction projects. These policies (also known as "wrap-ups") are widely used on public sector construction projects and capital improvement programs. The MR OCIP had historically included projects as small as \$20M; thereby, enabling members to receive the benefits of a "wrap-up" on projects that otherwise would not qualify because of their size. This Program continues to see growth, adding one large member and additional construction values during the 2020/21 year.

### **PRISMHEALTH**

The PRISMHealth Program, in partnership with Self Insured Schools of California (SISC), provides members with an alternative to traditional group health insurance plans using the concept of pooling to reduce insurance premiums by consolidating the fixed costs over a larger population. Members are able to create and maintain their own plan designs within the context of the pooling arrangement, which provides much greater stability than a standalone program. In addition, small group programs are available with predefined benefit options for public employers with less than 200 employees/retirees. Both PPO and HMO options are available to members. The Program experienced a 6% growth in membership in 2021, with the addition of 2 new members representing an additional 2,500 employee/retiree lives. The Program now consists of 45 members, providing coverage for 39,000 employees/retirees.

### **DENTAL**

Since 2010, the Dental Program has offered 2 segments of participation: pooled (fixed-rate) and standalone self-funded. In 2019, another pooled segment was added - the Dental Health Maintenance Organization (DHMO). The DHMO is a fee-for-service, fully-insured product that offers members a cost-effective alternative to traditional PPO dental coverage. The Program partners with Delta Dental to provide administrative services and access to the Delta Dental network of providers. The administrative fees in the Program are some of the lowest offered by Delta Dental of California. In light of the Program's strong net position (\$10.9M as of June 30, 2021), the Employee Benefits Committee has subsidized rates for the past 4 years by as much as \$2M per year, but in 2021 also opted to invest in system upgrades and enhanced program administration. In addition, the Committee also declared a dividend of \$7M in 2020/21, and has plans for more dividends in future years.

## AWARDS & ACKNOWLEDGMENT

The Government Finance Officers Association (GFOA) of the United States and Canada awarded us with a Certificate of Achievement for Excellence in Financial Reporting for our Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2019. This was the 26<sup>th</sup> consecutive year that we have received this prestigious award. PRISM's ACFR for the fiscal year ended June 30, 2020 is currently under review. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

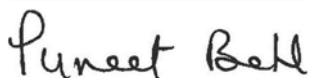
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

PRISM is a member of the California Association of Joint Powers Authorities (CAJPA). CAJPA sponsors the nation's first risk management accreditation program. This program establishes a model of professional standards, which serves as a guideline for all risk management pools regardless of size, scope of operation or membership structure. The accreditation process entails a detailed examination of legal and operational documents, risk management, loss control and claims programs, and statutory compliance. In March 2019, CAJPA renewed PRISM's Accreditation for a 3-year period ending in March 2022. PRISM staff is in the early stages of applying for renewal once again.

PRISM is also a member of the Association of Governmental Risk Pools (AGRiP). AGRiP, a national organization comprised of over 200 pools across the nation, has established Advisory Standards, which are an industry specific method for pools to conduct a comprehensive review and evaluation of internal operational procedures. The Advisory Standards prescribe best practices for pools in categories such as governance, staffing, claims management, finance, business continuity, and data security. Pools that meet the Advisory Standards are granted Recognition for 3 years. In 2019, PRISM was once again granted Recognition with AGRiP for 2020-2023.

The preparation of this report would not have been possible without the best efforts of the Finance and Administrative Departments, and we thank them for their contribution. We commend the members of PRISM's Finance Committee and Executive Committee for their support in maintaining the highest standards of professionalism in the management of PRISM's finances, and each Board of Director member and alternate, and all committee members, for their commitment to PRISM.

Respectfully Submitted,



Puneet Behl, CPA  
Chief Financial Officer



Gina Dean  
Chief Executive Officer



# Board of Directors and Alternates With Programs

As of 6/30/2021

Entity	PWC	EWC	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Alameda County		✓		✓	✓	✓				Lucretia Akil, Director, Risk Management	Timothy Leibowitz, Senior Risk & Insurance Analyst
Alpine County		✓	✓		✓	✓		✓	✓	Nichole Williamson, CAO/Health and Human Services Director	Sarah Simis, Deputy CAO to Personnel and Risk Management
Amador County	✓	✓	✓		✓	✓		✓	✓	Richard Forster, Supervisor	Sarah Duarte, HR/Risk Administrator
Butte County		✓	✓		✓	✓				Julia Ogonowski, Risk Manager	Sang Kim, Deputy Administrative Officer
Calaveras County	✓	✓	✓		✓	✓		✓	✓	Judy Hawkins, Deputy CAO/Director of Human Resources & Risk Management	Vacant
Colusa County		✓	✓		✓	✓			✓	Todd Manouse, Safety Officer/Assistant Risk Manager	Kaline Moore, CAO Budget Management Analyst
Contra Costa County		✓		✓	✓	✓				Karen Caoile, Director of Risk Management	Denise Rojas, Assistant Risk Manager
Del Norte County		✓	✓		✓	✓		✓	✓	Neal Lopez, Assistant County Administrative Officer	Cathy Hafterson, Human Resources/Risk Manager
El Dorado County	✓	✓		✓	✓	✓		✓	✓	Michael Andersen, Risk Manager	Joseph Carruesco, Director of Human Resources
Fresno County		✓	✓			✓				Steve Johnson, Risk Manager	Hollis Magill, Director of Human Resources



# Board of Directors and Alternates With Programs

As of 6/30/2021

Entity	PWC	EWC	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Glenn County		✓	✓		✓	✓				Scott H. De Moss, County Administrative Officer	Scott Schimke, GSRMA Executive Director
Humboldt County	✓	✓	✓		✓	✓			✓	Linda Catherine Le, Director of Human Resources and Risk Management	Kelly Barns, Assistant Director of Human Resources
Imperial County		✓	✓		✓	✓		✓		Rodolfo Aguayo, Director of HR & RM	Brenda Olivas-Neujahr, Human Resources Manager
Inyo County	✓	✓	✓		✓	✓			✓	Aaron Holmberg, Risk Manager	Clint Quilter, County Administrator
Kern County						✓	✓			Matt Gutierrez, Risk Manager	Brad Aragon, Loss Prevention Specialist
Kings County		✓	✓		✓	✓	✓			Sande Huddleston, Risk Manger	Francesca Lizaola, Risk Assistant
Lake County	✓	✓	✓			✓		✓	✓	Anita Grant, County Counsel	Vacant
Lassen County		✓	✓		✓	✓			✓	Richard Egan, County Administrative Officer	Tony Shaw, Deputy County Administrative Officer
Madera County		✓	✓		✓	✓				Darin McCandless, Deputy CAO	Jason Blanks, Risk Management Analyst
Marin County					✓					Karen Shelar, Risk Manager	Daniel Eilerman, Assistant County Administrator





# Board of Directors and Alternates With Programs

As of 6/30/2021

Entity	PWC	EWC	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Mariposa County		✓	✓		✓	✓			✓	Steve Dahlem, County Counsel	Kevin Briggs, Assistant County Counsel
Mendocino County	✓	✓	✓		✓	✓				Carmel Angelo, Chief Executive Officer	Heather Correll Rose, Risk Analyst
Merced County		✓	✓		✓	✓	✓	✓	✓	Jim Brown, County Executive Officer	Marci Barrera, Assistant County Executive Officer
Modoc County		✓	✓		✓	✓		✓	✓	Chester Robertson, County Administrative Officer	Pamela Randall, HR Director/Risk Management
Mono County		✓	✓		✓	✓			✓	Robert Lawton, CAO	Jay Sloane, Risk Manager
Monterey County		✓		✓		✓				Charles McKee, County Executive Officer	Leslie Girard, County Counsel, County Counsel's Office
Napa County		✓	✓		✓	✓			✓	Kerry John Whitney, Risk Manager	Helene Franchi, Deputy CEO
Nevada County	✓	✓	✓		✓	✓				Alison Lehman, County Executive Officer	Nick Poole, Risk Manager
Orange County						✓	✓			Michael Alio, Director of Risk Management	Michelle Aguirre, Chief Financial Officer
Placer County		✓	✓		✓	✓	✓		✓	Jim Kotey, Risk Manager	Joseph Morgan, Risk Management Administrator



# Board of Directors and Alternates With Programs

As of 6/30/2021

Entity	PWC	EWC	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Plumas County		✓	✓		✓	✓			✓	Gabriel Hydrick, County Administrator	Roberta Allen, Auditor/Controller/Risk Manager
Riverside County		✓		✓	✓	✓	✓			Brenda Diederichs, Assistant County Executive Officer / Director of the Human Resources Department	Mike Bowers, Assistant Human Resources Director
Sacramento County	✓	✓	✓	✓		✓				Paul Hight, Risk and Loss Control Division Manager	Vacant
San Benito County		✓	✓		✓	✓		✓	✓	Edgar Nolasco, Deputy County Administrative Officer	Vacant
San Bernardino County		✓	✓	✓		✓				Victor Tordesillas, Interim Director, Dept. of Risk Mgmt.	Rafael Viteri, Deputy Director
San Diego County		✓				✓	✓			Janice Mazone, Deputy Director, Human Resources	Debra Howell, Senior Risk & Insurance Analyst
San Joaquin County		✓		✓	✓	✓			✓	Tanya Moreno, County Safety and Risk Manager	Ted Cwiek, Director of Human Resources
San Luis Obispo County		✓	✓		✓	✓		✓	✓	Pamela Mitchell, Liability Analyst	Megan Fisher, Human Resources Deputy Director
Santa Barbara County	✓	✓	✓		✓	✓	✓	✓	✓	Ray Aromatorio, Risk Manager	Nancy Anderson, Assistant County Executive Officer
Santa Clara County		✓		✓	✓	✓				Lance Sposito, Director of Risk Management	Vacant



# Board of Directors and Alternates With Programs

As of 6/30/2021

Entity	PWC	EWC	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Santa Cruz County		✓		✓	✓	✓			✓	Enrique Sahagun, Risk Manager	Vacant
Shasta County		✓	✓		✓	✓			✓	Shelley Forbes, Assistant Director of Support Services	Jim Johnson, Risk Management Analyst III
Sierra County		✓	✓		✓	✓		✓	✓	Van Maddox, Auditor/Treasurer/Tax Collector	Judi Behlke, Personnel Analyst
Siskiyou County	✓	✓	✓		✓	✓			✓	Vacant	Michael Kobseff, Supervisor
Solano County		✓	✓		✓	✓	✓		✓	Sherri Adams, Risk Manager	Kimberly Williams, Director of Human Resources
Sonoma County		✓	✓		✓	✓				Janell Crane, Risk Manager	Jamie Bloom, Insurance Manager
Stanislaus County		✓	✓		✓	✓			✓	Karyn Watson, Liability & Insurance Analyst	Cari Griffin, Benefits Manager
Sutter County		✓	✓		✓	✓		✓	✓	Nathan Black, Auditor-Controller	Gina Rowland, HR Director
Tehama County	✓	✓	✓		✓	✓		✓	✓	Dava Kohlman, Risk Manager	Sean Houghtby, Staff Analyst II
Trinity County		✓	✓		✓	✓			✓	Shelly Nelson, HR Director/Risk Manager	Rebecca Cooper, Loss Prevention Specialist



# Board of Directors and Alternates With Programs

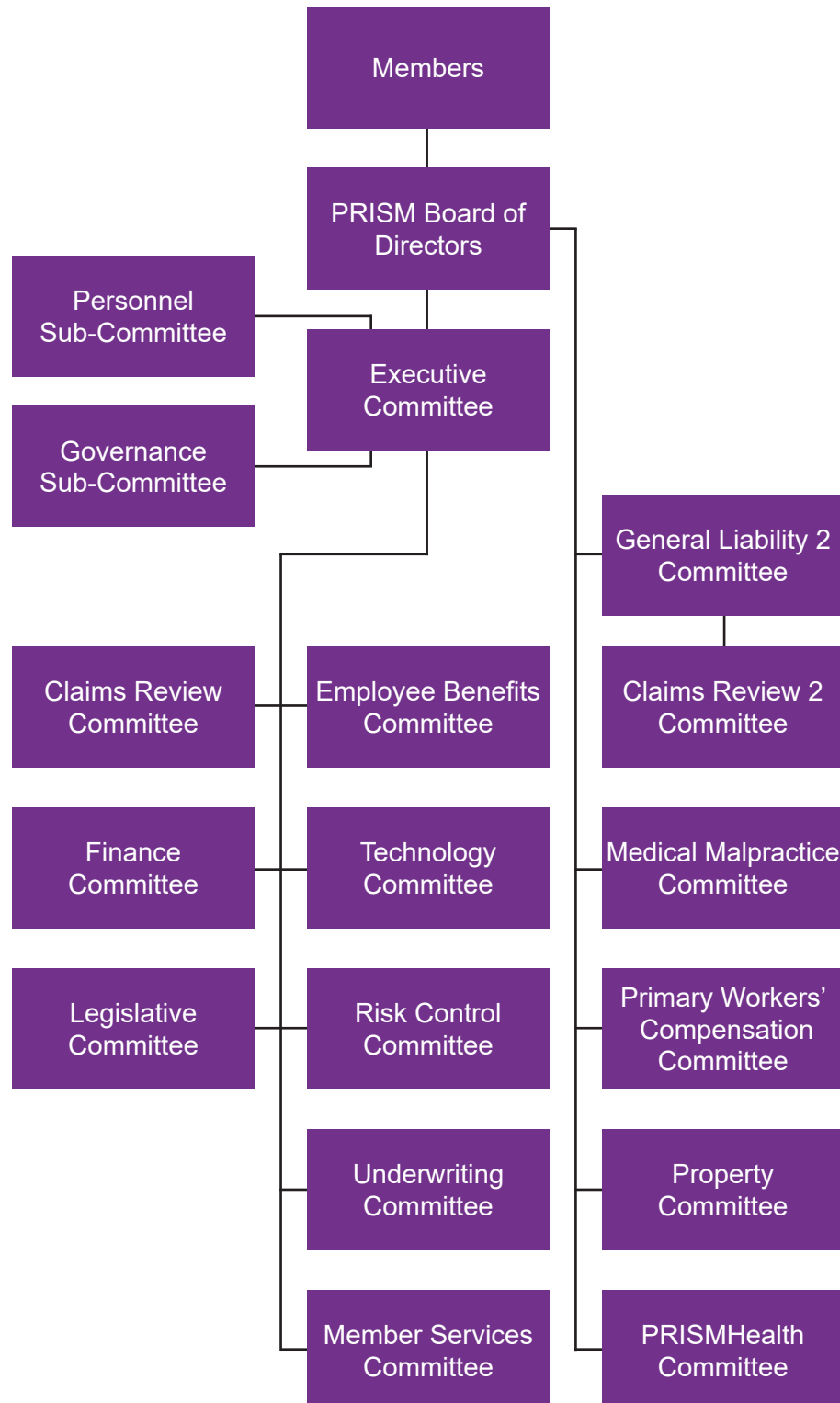
As of 6/30/2021

Entity	PWC	EWC	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Tulare County		✓	✓	✓	✓	✓	✓			Susan Cox, Risk Manager	Robert Anderson, Supervising Analyst
Tuolumne County		✓	✓		✓	✓	✓		✓	Ann Fremd, HR Director/Risk Manager	Nathan Birtwhistle, Risk Analyst
Ventura County						✓				Leonardo Selvaggi, CPCU, CWCP, ARM, AIC, AIS, Deputy Executive Officer	Theresa Bucci, Risk Analyst
Yolo County		✓			✓	✓			✓	Vacant	Mindi Nunes, Assistant County Administrator
Yuba County	✓	✓	✓		✓	✓			✓	Jill Abel, Director, Human Resources & Risk Management	Karen Fassler, Assistant Human Resources Director



# PRISM

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**





**CAJPA**  
**California Association of  
Joint Powers Authorities**

*Trusted Leadership  
for California's Public  
Risk Sharing Pools*

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

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

## **CSAC Excess Insurance Authority**

*this*

### **CERTIFICATE OF ACCREDITATION WITH EXCELLENCE**

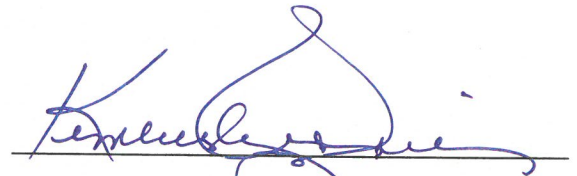
*having fulfilled the conditions of eligibility as prescribed by the Association for Accreditation.*



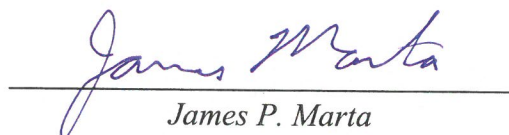
*Accreditation Period: March 28, 2019 – March 28, 2022*



*Karla Rhay, Ed. D.  
President*



*Kimberly Dennis  
Chairman, Accreditation Committee*



*James P. Marta  
Accreditation Program Manager*

## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

**Board of Directors and Members  
Public Risk Innovation, Solutions, and Management  
Folsom, California**

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

We have audited the accompanying financial statements of Public Risk Innovation, Solutions, and Management (PRISM) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise PRISM's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PRISM as of June 30, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, schedule of pension plan contributions, schedule of changes in the net OPEB liability and related ratios, schedule of PRISM OPEB contributions, reconciliation of unpaid claims liabilities, notes to earned premiums and claims development information, and schedule of earned premiums and claims development on pages 27-38 and 90-96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise PRISM's basic financial statements. The combining schedule of programs, the individual programs statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows, the individual programs membership data, reconciliations of unpaid claims liabilities, notes to earned premiums and claims development information, and schedules of earned premiums and claims development, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedule of programs and the individual programs statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of programs and the individual programs statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The individual programs membership data, reconciliations of unpaid claims liabilities, notes to earned premiums and claims development information, and schedules of earned premiums and claims development, and the introductory and statistical sections, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021, on our consideration of PRISM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PRISM's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PRISM's internal control over financial reporting and compliance.

*Gilbert CPAs*

**GILBERT CPAs**  
**Sacramento, California**

**December 2, 2021**

## Management's Discussion & Analysis

As management of PRISM, we offer readers of PRISM's financial statements this narrative overview and analysis of the financial activities for the fiscal years ended June 30, 2021, 2020, and 2019. All references to years are to the fiscal year ending at June 30<sup>th</sup>.

### Overview of the Financial Statements

PRISM reports as a government enterprise fund because its activities, the development and operation of public entity risk pools (Retained Risk), and group purchase of insurance (Transferred Risk) are paid for by its member users.

PRISM's basic financial statements are comprised of 2 components: 1) combined financial statements including the PRISM Affiliate Risk Captive (ARC), a component unit; and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements, which includes fund financial information for the individual programs.

The *Combined Financial Statements* are designed to provide readers with a broad overview of PRISM's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of PRISM's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets plus deferred outflows of resources minus liabilities and deferred inflows of resources is reported as net position. Net position includes the amount invested in capital assets.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing total revenues and total expenses, and how PRISM's net position changed during the most recent fiscal year. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. - claims incurred but not paid, unrealized market gains on investments, earned but unused compensated absences, and net pension and OPEB liabilities).

The *Statement of Cash Flows* presents information on the sources and uses of cash during the most recent fiscal year. The Statement of Cash Flows is subdivided into 3 major sections to show cash provided or used by Operating, Capital and Related Financing, and Investing Activities.

The Combined financial statements can be found on pages 39 through 43 of this report.

### Notes to the Financial Statements

The notes provide additional information that are essential to a full understanding of the data provided in the financial statements and can be found beginning on page 44 of this report.

### Captive

On June 30, 2021, PRISM's captive insurance company, PRISM Affiliate Risk Captive (ARC), a blended component unit of PRISM, completed its fifth year of operations. ARC is domiciled in, and subject to, the Utah Department of Insurance regulations to insure only PRISM's risks. ARC allows PRISM to better link their long-term claim liabilities with an appropriate type and term of investment. See Footnote 3 for the Investment Policy of ARC and Footnote 4 for a schedule of the liabilities insured through ARC. The governing board is made up of current PRISM Board, committee, and staff members along with PRISM General Counsel and Utah Counsel. ARC's separately-issued financial statements are available at <https://www.prismarc.org/>.

## Management's Discussion & Analysis

### Fund Financial Statements

PRISM operates one enterprise, proprietary fund to account for its 10 risk management programs, general administration and operation of PRISM's building, and ARC. Each program has established its own set of accounts, so that each program can be independently evaluated.

The following table shows the net position in each fund:

	<b>Net Position</b>
Primary Workers' Compensation	\$ 46,290,870
Excess Workers' Compensation	57,533,197
General Liability 1	(25,590,602)
General Liability 2	3,257,088
Property	42,833,451
Medical Malpractice	8,211,938
Master Rolling Owner Controlled Ins. Program	1,000,965
PRISMHealth	2,882,263
Dental Program	10,939,804
Miscellaneous Programs	2,224,399
Administration and Building	12,919,627
ARC net of Elimination	23,851,634
<b>Total Net Position</b>	<b>\$ 186,354,634</b>

### Financial Highlights

#### Combined Financial Analysis

PRISM's assets and deferred outflows exceeded liabilities and deferred inflows by \$186.4M, as of June 30, 2021, by \$174.3M at June 30, 2020, and by \$200M at June 30, 2019. Following is a condensed Statement of Net Position:

	June 30, 2021	June 30, 2020	June 30, 2019
Other Assets	\$ 995,307,395	\$ 859,389,111	\$ 955,696,924
Capital Assets	10,825,450	10,175,084	10,072,121
Total Assets	1,006,132,845	869,564,195	965,769,045
Deferred Outflows	2,167,314	1,995,729	1,227,362
Current Liabilities	179,117,210	130,180,773	321,909,836
Noncurrent Liabilities	641,852,245	566,410,195	444,459,373
Total Liabilities	820,969,455	696,590,968	766,369,209
Deferred Inflows	976,070	705,974	595,345
Invested in Capital Assets	10,825,450	10,175,084	10,072,121
Unrestricted Net Position	175,529,184	164,087,898	189,959,732
Total Net Position	\$ 186,354,634	\$ 174,262,982	\$ 200,031,853

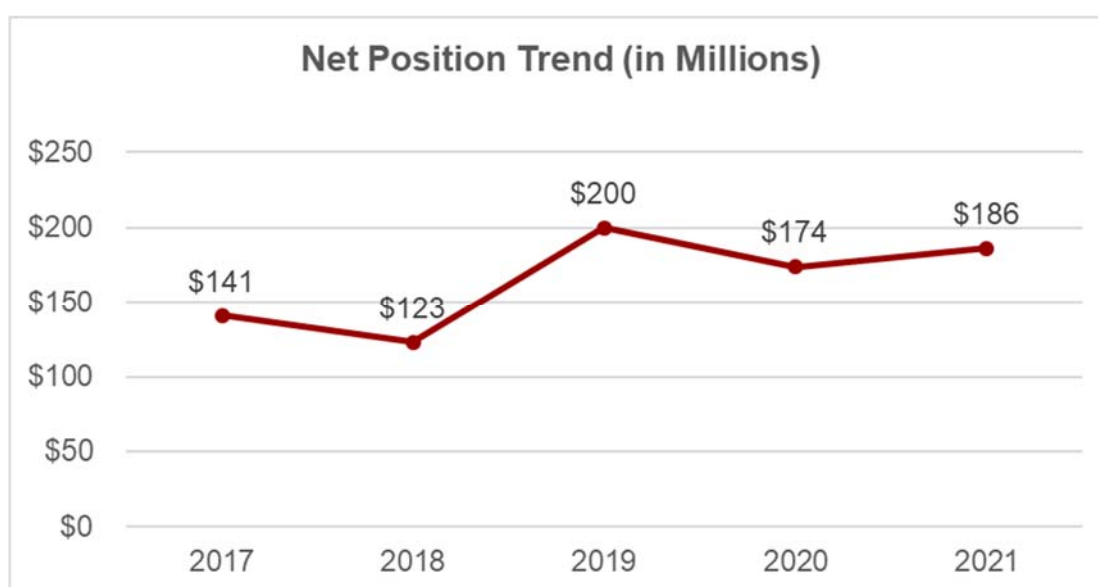
## Management's Discussion & Analysis

### Net Position

Net position is defined as the difference between Total Assets plus Deferred Outflows and Total Liabilities plus Deferred Inflows. PRISM started fiscal year 2020/21 with a net position of \$174.3M. Our ending balance in net position at June 30, 2021 was \$186.4M, which is an increase of \$12.1M from the prior year's end. The increase in net position was largely driven by positive investment returns, especially in the ARC portfolio (\$32.4M investment income). This helped to offset PRISM's operating loss of \$21.4M in fiscal year 2020/21.

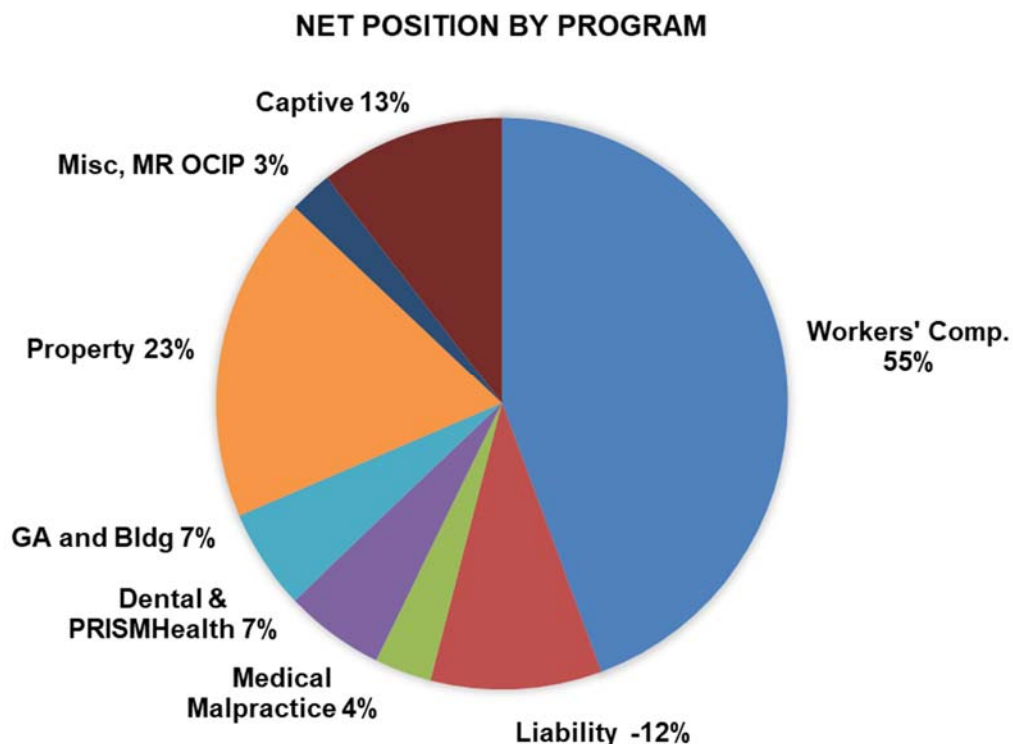
PRISM started fiscal year 2019/20 with a net position of \$200M. Our ending balance in net position at June 30, 2020 was \$174.3M, which increased by \$25.7M from fiscal year 2018/19. The decrease in net position was largely driven by negative development in prior year claims expense; especially in the General Liability 1 Program.

Our net position balances over the past 5 years are illustrated as follows:

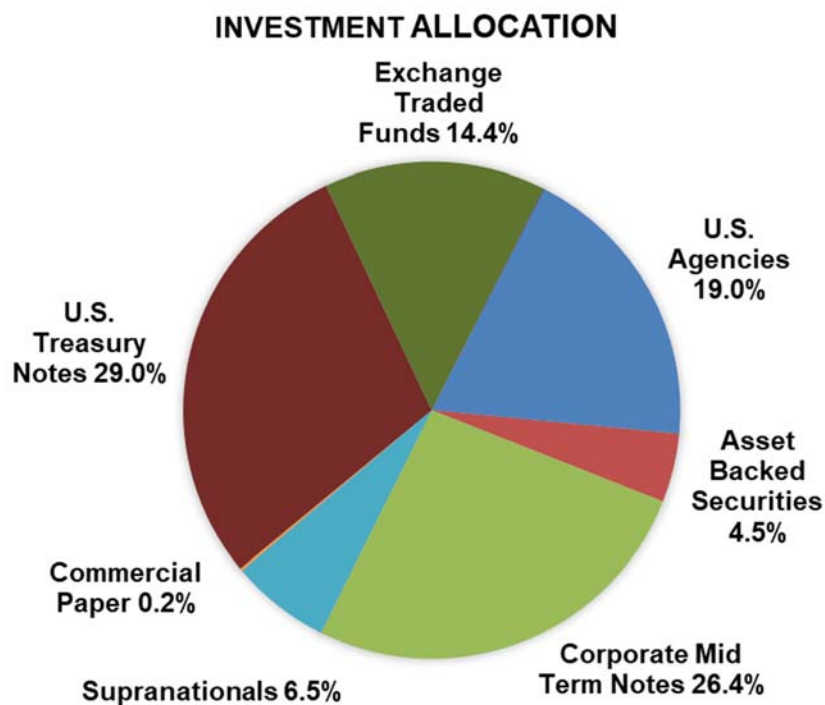


## Management's Discussion & Analysis

Our large pooled risk programs; workers' compensation and liability programs, account for 43% of net position as of June 30, 2021 as show below:



Approximately 99.7% of our Treasury assets consist of funds held for the payment of claims. Of these funds, 5% is in cash and 95% is invested. The following chart shows the asset allocation for the invested funds at June 30, 2021:



## Management's Discussion & Analysis

During the 2020/21 fiscal year, prevailing interest rates were low, but stable. The fair market value of PRISM's current investments was higher than the amortized cost, leading to unrealized gains on those investments. During fiscal year 2020/21, there was a net increase in fair value of \$20.1M, compared to a net increase of \$13.7M in fair value in fiscal year 2019/20. The increases and decreases in fair market value are primarily being driven by fluctuations in the market interest rate and mark-to-market valuation of ARC's equity holdings. The potential direction of interest rates, up or down, and the interest earned are both considered at the time the investment is made.

### Claim Liabilities

As another year is added on to our programs (some with a long payout pattern), claim liabilities will naturally increase. Claim payments will cause a decrease in outstanding claim liabilities. Claim liabilities increased from \$656M as of June 30, 2020 to \$775M at June 30, 2021. An increase of \$15M in claim liabilities for the GL1 Program, \$10M in the Medical Malpractice Program, and \$113M in the Captive, respectively, contributed to the overall increase in claim liabilities in 2020/21. A decrease of \$20M in the workers' compensation program claim liabilities provided an offset to this increase. The GL1 Program's prior years' claim liabilities increased as a result of loss development in the amount of \$12.3M in prior years during the 2020/21 fiscal year. The Captive's claim liabilities for prior years increased by \$79.7M in fiscal year 2020/21. The Captive's claim liabilities include the GL1 LPT corridor and some other multi-year corridors including future years treated as prior years for the purpose of financials.

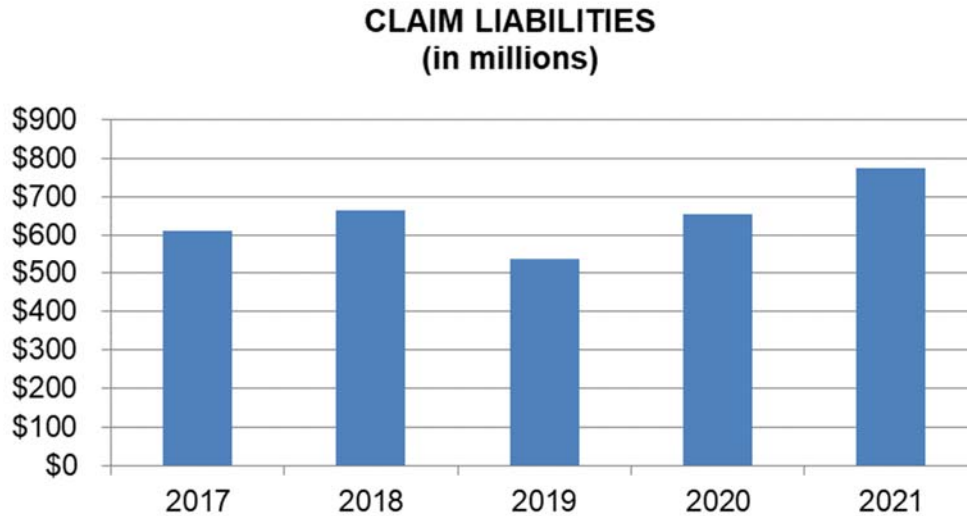
Claim liabilities increased from \$538.4M, as of June 30, 2019, to \$656M at June 30, 2020. An increase of \$21M in claim liabilities for the GL1 Program, \$10.5M in the PWC Program, \$5.2M in the Medical Malpractice Program, and \$104M in the Captive, respectively, contributed to the overall increase in claim liabilities in 2019/20. The GL1 Program's prior years' claim liabilities increased as a result of loss development in the amount of \$21M in prior years during the 2019/20 fiscal year. The PWC and EWC Programs also had an adverse claims development of \$24.2M combined in prior years. The Captive's claim liabilities for prior years increased by \$47M in fiscal year 2019/20.

In August 2016, the California Insurance Commissioner placed CastlePoint Insurance Companies (CastlePoint) in conservatorship. CastlePoint has been in liquidation since March 1, 2017. California Insurance Guarantee Association (CIGA) is administering the liquidation and paying claims. Our Primary and Excess Workers' Compensation Programs had coverage through CastlePoint. Although CIGA has paid on some claims, it has issued denials if other insurance is available to cover the exposure. The total exposure to PRISM that is considered unrecoverable is approximately \$2.9M, discounted, and this amount is included in claim liabilities.

PRISM's PGL Program had operated successfully since 1998 providing low deductible coverage for members that did not want the risks associated with self-insured programs. However, the PGL Program faced unique challenges that impacted its ability to self-insure the pooled risk, and spread PRISM administrative charges to its members. As a result, effective July 1, 2018, the GL1 Program assumed the current claim liabilities and all future risks of the PGL Program. The claim liabilities as of June 30, 2021 are included in PRISM's total claim liabilities.

Our claim liabilities are discounted, meaning they are stated at the present value of the future stream of claim payments. The discount rate is based on what PRISM expects to earn on the funds set aside to pay claims. The rate of return on invested funds has been less than anticipated since the recession which started in 2008. In fiscal year 2011, PRISM made significant adjustments to the discount rates. In 2012, 2013, and again in 2016, PRISM adjusted our discount rates lower to reflect the low interest rate environment, which continued into 2021. The claim liability trend over the past 5 years is as follows:

## Management's Discussion & Analysis



### Pension Liability

The pension liability was \$2.6M, \$1.9M, and \$1.4M at the end of fiscal years 2020/21, 2019/20, and 2018/19, respectively. PRISM merged with SANDPIPA (a JPA of Cities in San Diego County) as of July 1, 2017, and became the successor in interest to SANDPIPA's California Public Employers' Retirement (PERS) contract. Adjustments have been made to the PERS calculations to provide a conservative transfer of this risk. Because of this merger during the 2017/18 fiscal year, PRISM's beginning net pension liability, deferred inflow of resources, and deferred outflow of resources were adjusted to reflect net pension liability, deferred inflow of resources, and deferred outflow of resources of SANDPIPA.

### Other Post Employment Benefit (OPEB)

For the year ended June 30, 2018, PRISM implemented GASB Statement No. 75 (GASB 75), Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. In 2020/21, OPEB liability calculations were based on a blended discount rate. OPEB liability consists of explicit and implicit liability. PRISM's current policy is to prefund only the explicit liability, creating an unfunded liability for the implicit portion. Since fiduciary net position is not sufficient to pay all future obligations, in 2018/19, the PRISM Finance Committee approved the use of a split rate to discount future obligations. PRISM will use long-term rate of return when future projected benefits that can be covered by trust assets, while future projected benefits not covered by the available trust assets shall be discounted by the 20-year municipal bond rate. These 2 components are then simply added together to calculate the total OPEB liability.

This approach is more logical and straightforward, since PRISM has a clear line drawn around what will and will not be prefunded. PRISM reported net OPEB liability of \$288k for 2020/21, \$728k for 2019/20, and \$601k for 2018/19.

### Target Equity

Each of the pooled programs have established Target Funding Guidelines, which determine the range of net position to retain in the program in order to provide for the uncertainty of actuarial estimates, inconsistent or inaccurate reserving, and the possibility of catastrophic claims. The purpose of the guidelines is to assist Board and Committee members in making funding decisions. A range is determined by looking at various ratios; for instance Gross Premium to Equity, Equity to Pool retention, Outstanding Case Reserves to Equity, and Outstanding Ultimate Reserves to Equity. The following table shows the Target Equity Range for the pooled programs and program net position at June 30, 2021:



## Management's Discussion & Analysis

Program	Target Equity Range (in millions)		Program Net Position (in millions)
	Low	High	As of June 30,
			2021
Primary Workers' Compensation	\$7.1	\$36.0	\$46.3
Excess Workers' Compensation	34.1	83.9	57.5
General Liability 1	n/a	n/a	(25.6)
Medical Malpractice	7.9	14.9	8.2

The PWC Program's net position is above the target equity range, and the EWC and Medical Malpractice Program's net position is well within the target equity range for 2020/21. The GL1 Program's net position is in a deficit as a result of adverse development in claims. In response to that, PRISM Board approved a LPT. This deal transferred the Program's liabilities to a reinsurer, MultiStrat Re, going back to July 1, 2007, thereby stabilizing the Program's funding position, and also providing coverage for liabilities over the next 3 years (through June 30, 2024). Recent adverse loss development is an industrywide phenomenon being felt by most entities in the general liability insurance market. The LPT transaction is still working as intended, and the plan to rebuild the Program's net position over the next few years is on track. With member contributions over the next few years, the Program is projected to rebuild the net position to over \$48M by June 30, 2024.

The following is a condensed Statement of Revenues, Expenses, and Changes in Net Position:

	June 30, 2021	June 30, 2020	June 30, 2019
Operating Revenues:			
Premiums for Transferred Risk	\$ 950,074,535	\$ 844,596,238	\$ 826,382,527
Broker Fees	17,126,598	14,784,924	11,435,218
Contributions for Retained Risk	256,223,164	237,793,515	125,476,876
All Other Sources	34,133,560	28,257,971	25,808,470
Total Operating Revenues	1,257,557,857	1,125,432,648	989,103,091
Operating Expenses:			
Member Dividends & Stabilization Funds Distributed	9,195,666	7,311,760	2,187,466
Insurance Expense & Broker Fee	924,497,490	825,522,595	736,199,745
GL1 LPT Premium Expense & Broker Fee	23,925,717	59,383,098	85,395,000
Provisions for Claims	288,265,721	260,022,179	263,033,230
GL1 LPT Claims Transferred	-	-	(167,221,942)
Program Services & Loss Prevention Expenses	16,146,348	15,563,121	15,798,608
General Administrative Services	16,885,674	16,376,376	14,588,275
Total Operating Expenses	1,278,916,616	1,184,179,129	949,980,382
Operating Income (Loss)	(21,358,759)	(58,746,481)	39,122,709
Nonoperating Revenues (Expenses):			
Investment Income, Financing Fees, net of Investment Exp.	33,271,574	32,943,625	38,142,841
Lease Income, net of Building Maintenance and Depreciation	178,837	33,985	195,709
Total Nonoperating Revenues (Expenses)	33,450,411	32,977,610	38,338,550
Changes in Net Position	12,091,652	(25,768,871)	77,461,259
Net Position			
Beginning Balance, July 1	174,262,982	200,031,853	122,570,594
Ending Balance, June 30	\$ 186,354,634	\$ 174,262,982	\$ 200,031,853

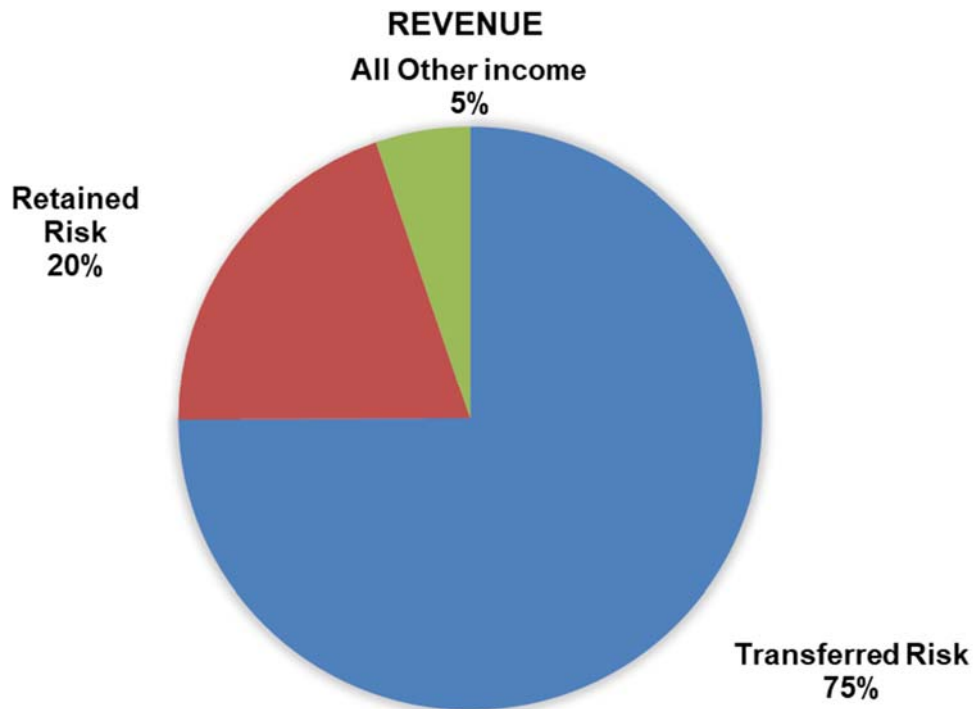
## Management's Discussion & Analysis

### Revenues

Total revenues were \$1.29B during 2021, which is an increase from \$1.16B in 2020. All programs have reported higher total revenue compared to 2020 except the PWC, EWC, and MR OCIP Programs. The reduction in the PWC and EWC Programs was due to a reduction in both premium and pool revenue due to falling payrolls, which is the exposure base for these programs. The reduction in the MR OCIP was due to a decrease in utilization. For the 2020/21 renewal, the GL1, GL2, Property, EWC excess layer, and PRISMHealth had rate increases whereas the Dental, EWC pool, and PWC Programs had rate decreases.

In fiscal year 2019/20, total revenues were \$1.16B during 2020, which was an increase from \$1.03B in 2019. All programs have reported higher total revenue compared to 2019 except the MR OCIP, due to a reduction in utilization. Additionally, both premium and pool revenue are up partly due to rising payrolls, which is the exposure base for many programs, and partly due to rising pool and excess rates. For the 2019/20 renewal, the GL1, GL2, Property, EWC excess layer, and PRISMHealth had rate increases whereas the Dental, EWC pool, PWC, and DBD Programs had rate decreases.

The total revenue allocation as of June 30, 2021 is shown in the following chart:



Membership: PRISM represents around 2,050 public agencies statewide. Our membership includes 95% of the counties in California and nearly 70% of the cities, as well as numerous school districts, special districts, housing authorities, fire districts, and 28 other Joint Powers Authorities. Our employee benefits programs continue to add new members. In addition to cities, counties, and special districts we insure directly, we cover an additional 1,700 members who are part of other Joint Powers Authorities that participate in our programs.

Premiums for Transferred Risk: Premiums for transferred risk increased from \$826.4M in 2019, and \$844.6M in 2020, to \$950.1M in 2021, which was up 12% from 2020. Much of this increase is in our Liability, Property, and PRISMHealth Programs and is driven by excess and reinsurance carrier rate increases.

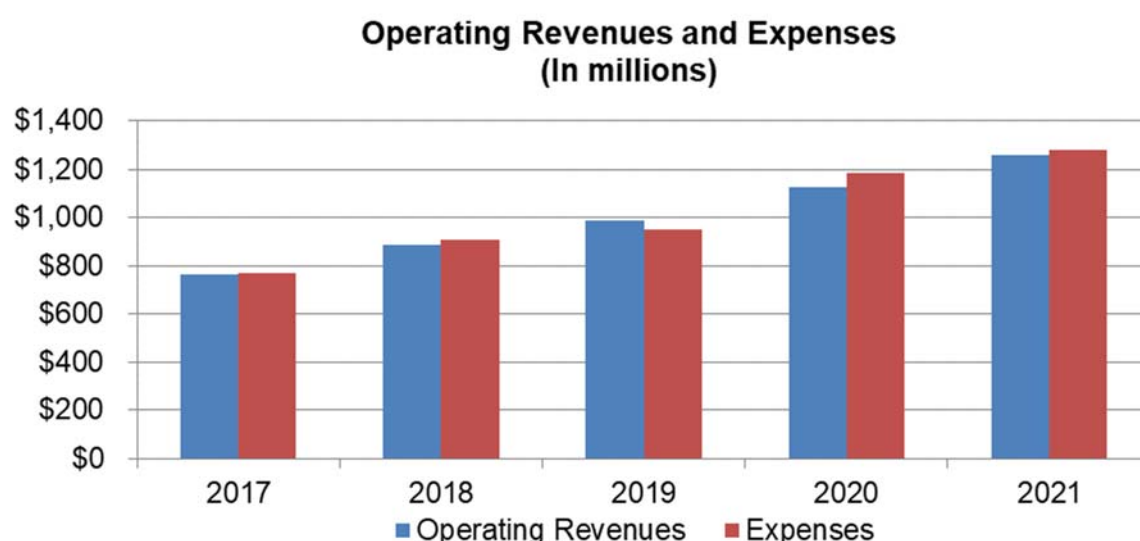
## Management's Discussion & Analysis

**Contributions for Retained Risk:** PRISM's contributions for retained risk revenues were \$256.2M in 2021, compared to \$237.8M last year, and \$265.1M in 2019. The contributions for retained risk, together with investment earnings, are used to finance the provision for claims. We have also experienced increase contribution for retained risk, as we have expanded our corridors and transferred those to ARC.

### Expenses

Total operating expenses increased by \$94.7M in fiscal year 2020/21, compared to a \$234.2M increase in 2019/20, when compared to fiscal year 2018/19. The significant increase in both the 2019/20 and 2018/19 was due to an increase in insurance expenses, primarily in the PRISM liability program, with a corresponding increase in revenue.

Operating expenses compared to revenue is shown in the following chart:



Significant expense items in the 2020/21 fiscal year included:

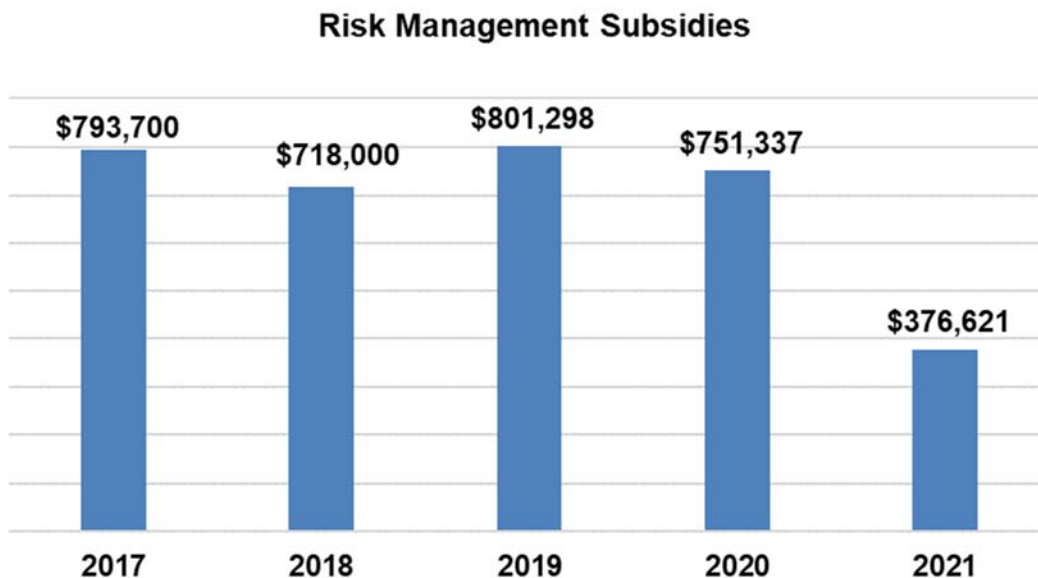
- Member dividends included \$2.2M to members of the PWC, PRISMHealth, and Miscellaneous Programs. Members of the Dental Program received a \$7M dividend in 2020/21.
- Insurance expenses increased by \$99M, mirroring the revenue increase in premiums for transferred risk for all programs.
- The provision for claims is a management estimate of the cost of pooled, or shared, claims. This estimate is based on a variety of actuarial and statistical techniques considering claims history, claim payment history and frequency, changes in the law, inflation, and other socio-economic factors. Because our claims are discounted to the present value, the effect of changes in the discount rate is included in the provision for claims. The provision for claims expense increased by \$26.3M, from \$260.6M in 2020 to \$286.9M in 2021. Of this total, \$106.8M or 37%, reflected adjustments to increase prior years' claim liabilities in the EWC, GL1, and Medical Malpractice Programs, as well as ARC.
- Unallocated Loss Adjustment Expense (ULAE) expense increased by \$2M from 2020's negative \$590k expense to \$1.4M in 2021 as the ULAE liability increased from \$48.9M at June 30, 2020 to \$50.3M at June 30, 2021.

## Management's Discussion & Analysis

- General Administrative expense was 3.1% higher in 2021 at \$16.9M compared to 2020. General Administrative services include salaries and benefits of PRISM staff, meetings and conferences, office expenses, and other expenses necessary for the operation of PRISM.
- Other program and member services expense was slightly higher by 3.7% at \$16.1M in the 2020/21 fiscal year, as compared to \$15.6M in the 2019/20 fiscal year.

The actuarial subsidy is \$2k, available in many programs. All members of the property and casualty programs are eligible for a risk management subsidy of \$1k, per program. In 2018, a total of \$8.9M was reclassified from the net position to PRISM's liabilities on the Statement of Net Position because these are being held by PRISM on behalf of their members. Therefore, risk management subsidy is no longer considered an expense but a reduction of liability.

The following chart shows the total dollars that were distributed through member subsidies for the last 5 years:



PRISM offers a variety of risk control, claims, and risk management services for our members. The services offered include:

- Distance Learning POST Certified Course on De-Escalation, viewed by over 2,000 law enforcement officers;
- Open Forums for risk control, liability claims management and a podcast called Perspectives, held monthly on general risk management topics;
- Member training, which increased in 2020/21 by more than 15% over the prior year;
- Webcasts on PRISMtv covering 44 unique topics, and counting;
- VectorSolutions offerings, which added 55 new courses and updated 32 others during the year;
- Various COVID-19, cyber security, and dangerous conditions risk assessments;
- A risk management mentor program; and
- Curated content for PRISM's COVID-19 Resources and Wildfire Resources webpages, and created a Law Enforcement landing page.

## Management's Discussion & Analysis

### Capital Assets

In January 2010, the new office facility at 75 Iron Point Circle, in Folsom, California was purchased at a cost of \$9.2M. We have invested in tenant improvements, both for the space occupied by PRISM and for the 23% of the building that is leased out. Other investments include scheduled replacements of office equipment and computers, and investments in new technology. Capital assets include scheduled replacements of office equipment and computers, and investments in new technology, including a new phone system. Implementation of the last viable workers' compensation third party administrator into our claims system was completed, and opportunities to automate claims management processes were implemented. We are also in the process of evaluating potential development of a proprietary claims system. More detail on the Capital Assets and depreciation is available under Notes to Financial Statements in Footnote 6 on Page 73 and 74 of this report.

### Economic Factors

The most significant economic factors that continue to have an effect on all public entities, including PRISM members, are the COVID-19 pandemic, legislation that affects changes or expands coverage, the hardening/tightening insurance market, and the investment market. More specifically, the property market continues to harden; however, PRISM was able to maintain broad coverage and continue to provide higher limits for our earthquake and flood risk exposures. There are fewer markets for our workers' compensation program; however, we are still able to reinsure the risk at a competitive cost. The least stable environment is the liability market where the trend towards higher settlements and larger adverse verdicts continues to have an impact. With that said, PRISM's Legislative Committee continues to actively follow, monitor, and work closely with PRISM's lobbyists to modify, craft, or push to enact legislation that protects our public entity members.

Each PRISM program committee is carefully monitoring changes to the insurance market, investment market, and their target equity, as they make funding decisions at each renewal. Whenever possible and where it makes financial sense, we continue to look for opportunities to secure multi-year reinsurance agreements as a way to stabilize rates in the various coverage programs. As the market has hardened, those are becoming more challenging to secure. We have also used Rate Stabilization Plans (RSP) to help stabilize expected reinsurance costs for our members in our EWC and PWC Programs. RSPs are a predetermined agreement with the carrier that outlines what the potential rate decrease or increase would be for the renewal if loss development for the new year falls within a certain range. The other tool typically used to respond to changing market conditions is to expand and contract pooled risk layers. This can be done with a traditional un-aggregated pooled layer that is funded based upon actuarial recommendations, or on an aggregated corridor basis.

### Other Information

Annually, as a subcontracted part of the financial audit, PRISM's actuarial data produced by its in-house actuarial staff and used in the production of the year-end financial statements, is peer reviewed by Bickmore Actuarial Consulting. Bickmore peer reviewers assess the propriety of the methodologies used and assumptions made in determining the actuarial results and the ultimate loss estimates, which underlie the estimates of IBNR liabilities within self-insured programs.

In addition to the basic financial statements and accompanying notes to the financial statements, this report also presents certain *Required Supplementary Information* reconciling PRISM claim liabilities and claim development schedules. In addition, required supplemental information on the proportionate share of the net pension liability, on pension plan contributions, a schedule of changes in the net OPEB liability and related ratios, and a schedule of PRISM's OPEB contributions is provided. Required supplementary information can be found beginning on page 90 of this report. The combining and individual program statements for all PRISM programs are

## **Management's Discussion & Analysis**

presented immediately following the required supplementary information beginning on page 98 of this report.

### **Conclusion**

This financial report is designed to provide a general overview of PRISM's finances for all those with an interest. Questions concerning any of the information should be addressed to the Chief Financial Officer, 75 Iron Point Circle, Suite 200, Folsom, California 95630.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets:		
Cash	\$ 300	\$ 300
Cash in Banks	2,908,760	326,278
Cash in the PRISM Treasury	38,122,127	58,772,207
	<hr/>	<hr/>
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	41,031,187	59,098,785
Investments	73,280,972	63,398,381
Accounts Receivable:		
Due from Members	50,795,535	34,829,174
Investment Income Receivable	2,643,890	2,659,921
Reinsurance Claims and Deposit with Carrier	39,407,986	39,369,013
GL1 LPT Rate Credit Receivable	5,992,234	-
GL1 LPT Prepaid Expense	12,652,620	21,469,000
Prepaid Insurance and Expenses	92,218,332	65,208,908
	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	318,022,756	286,033,182
Noncurrent Assets:		
Investments	655,535,971	537,218,045
Due from Members	1,000,000	1,000,000
Investments-Restricted	7,871,623	7,736,101
GL1 LPT Rate Credit Receivable	12,877,045	16,868,163
GL1 LPT Prepaid Expense	-	10,533,620
Land and Buildings, Net	6,228,933	6,441,543
Furniture and Equipment, Net	4,596,517	3,733,541
	<hr/>	<hr/>
<b>TOTAL NONCURRENT ASSETS</b>	688,110,089	583,531,013
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	1,006,132,845	869,564,195
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred Outflows of Resources on Pensions	1,976,583	1,688,302
Deferred Outflows of Resources on OPEB	190,731	307,427
	<hr/>	<hr/>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 2,167,314	\$ 1,995,729

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	\$ 5,837,390	\$ 3,856,875
GL1 LPT Payable	12,000,000	-
Deposits from Insurance Companies	1,637,214	2,345,095
Due to Members	5,673,857	5,640,738
Unearned Income	9,502,344	5,861,207
Claim Liabilities	144,321,563	112,352,125
Compensated Absences	144,842	124,733
<b>TOTAL CURRENT LIABILITIES</b>	<u>179,117,210</u>	<u>130,180,773</u>
Noncurrent Liabilities:		
Due to Members	7,771,623	7,636,102
GL1 LPT Payable	-	12,000,000
Claim Liabilities		
Claims Reported	232,899,136	235,332,595
Claims Incurred But Not Reported	347,449,597	259,339,886
Unallocated Loss Adjustment Expense Payable	50,306,000	48,944,000
Compensated Absences	579,367	498,932
Net OPEB Liability	288,072	728,262
Net Pension Liability	2,558,450	1,930,418
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>641,852,245</u>	<u>566,410,195</u>
<b>TOTAL LIABILITIES</b>	<u>820,969,455</u>	<u>696,590,968</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred Inflows of Resources on Pensions	329,222	325,407
Deferred Inflows of Resources on OPEB	646,848	380,567
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>976,070</u>	<u>705,974</u>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	10,825,450	10,175,084
Unrestricted	175,529,184	164,087,898
<b>TOTAL NET POSITION</b>	<u><u>\$ 186,354,634</u></u>	<u><u>\$ 174,262,982</u></u>



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 950,074,535	\$ 844,596,238
Broker Fees	17,126,598	14,784,924
Contributions for Retained Risk	256,223,164	237,793,515
Member Services & Dividend Income	931,951	753,833
Administration Fees	28,290,961	25,423,157
Schools Loss Control Fees	118,885	139,952
Other Income	4,791,763	1,941,029
<b>TOTAL OPERATING REVENUES</b>	<u>1,257,557,857</u>	<u>1,125,432,648</u>
<b>OPERATING EXPENSES:</b>		
Insurance and Provision for Losses:		
Insurance Expense	907,965,091	811,423,692
GL1 LPT Premium Expense	23,341,118	58,740,525
Broker Fees	16,532,399	14,098,903
GL1 LPT Broker Fees	584,599	642,573
Provision for Claims		
Current Year Claims	181,887,379	163,361,896
Prior Years' Claims	105,016,342	97,250,283
Unallocated Loss Adjustment Expenses	1,362,000	(590,000)
Program Services	13,436,501	13,102,555
Loss Prevention Expenses	2,709,847	2,460,566
General Administrative Services	16,885,674	16,376,376
Member Dividends & Stabilization Funds Distributed	9,195,666	7,311,760
<b>TOTAL OPERATING EXPENSES</b>	<u>1,278,916,616</u>	<u>1,184,179,129</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(21,358,759)</u>	<u>(58,746,481)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income & Financing Fees, net of Investment Expense	33,271,574	32,943,625
Lease Income, net of Building Expense	178,837	33,985
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>33,450,411</u>	<u>32,977,610</u>
<b>CHANGES IN NET POSITION</b>	12,091,652	(25,768,871)
<b>NET POSITION:</b>		
Beginning of Year	174,262,982	200,031,853
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 186,354,634</u></u>	<u><u>\$ 174,262,982</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 1,240,623,359	\$ 1,109,365,813
Receipts from Others	7,261,572	16,866,996
Payments to Others	(2,835,205)	(18,265,346)
Dividends Paid	(8,850,204)	(7,600,681)
Claims Paid	(169,258,031)	(162,702,877)
Insurance Purchased	(935,773,393)	(971,910,962)
Payments to Suppliers	(39,603,873)	(42,812,072)
Other Program Expenses	(89,566)	(4,868)
Payments to Employees	(12,817,978)	(11,918,577)
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>78,656,681</b>	<b>(88,982,574)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Purchase of Capital Assets	(1,925,823)	(1,316,417)
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,925,823)</b>	<b>(1,316,417)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Lease Receipts	354,074	437,334
Operating Lease Disbursements	(104,096)	(274,240)
Purchase of Securities	(437,478,103)	(396,123,486)
Sales of Securities	329,246,849	443,787,745
Cash from Investment Earnings	13,679,216	19,371,700
Cash from Finance Fees	190,217	1,049,082
Investment Expenses	(686,613)	(563,878)
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(94,798,456)</b>	<b>67,684,257</b>
	<hr/>	<hr/>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(18,067,598)</b>	<b>(22,614,734)</b>
	<hr/>	<hr/>
<b>CASH &amp; EQUIVALENTS: BEGINNING OF YEAR</b>	<b>59,098,785</b>	<b>81,713,519</b>
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<b>END OF YEAR</b>	<b>\$ 41,031,187</b>	<b>\$ 59,098,785</b>
	<hr/>	<hr/>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS)</b>		
<b>TO NET CASH PROVIDED (USED)</b>		
<b>BY OPERATING ACTIVITIES</b>		
Operating Income/(Loss)	\$ (21,358,759)	\$ (58,746,481)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation, net of leased portion	1,204,316	1,084,345
Changes in Assets and Liabilities		
Deposits, Accounts and Other Receivables, Net	(16,005,176)	(33,535,020)
GL1 LPT Receivable	17,348,884	58,765,837
Prepaid Insurance and Expenses	(27,020,755)	13,878,881
Deferred Outflows of Resources	(171,585)	(768,367)
Accounts and Other Payables	1,441,810	(5,764,105)
GL1 LPT Payable	-	(179,531,778)
Unearned Income	3,651,774	(2,619,584)
Claim Liabilities	117,645,690	118,152,984
Unallocated Loss Adjustment Expense Payable	1,362,000	(590,000)
Deferred Inflows of Resources	270,096	124,997
Net Pension Liability	187,842	500,768
Compensated Absences	100,544	64,949
<b>NET CASH PROVIDED (USED)</b>	<u><u>\$ 78,656,681</u></u>	<u><u>\$ (88,982,574)</u></u>
<b>BY OPERATING ACTIVITIES</b>		
<b>NONCASH INVESTING, CAPITAL &amp;</b>		
<b>FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ 20,104,785</u></u>	<u><u>\$ 13,655,749</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

1. Organization and Significant Accounting Policies

The accounting policies of PRISM conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

A. Organization and Reporting Entity

PRISM is a Joint Powers Authority (JPA) organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Code. The purpose of the entity is to develop and fund insurance programs for member counties and other public entities. PRISM operates public entity risk pools for workers' compensation, employee benefits, comprehensive liability, property, medical malpractice, and pool purchases of excess insurance and services for members.

PRISM is under the control and direction of the Board of Directors (the Board), consisting of representatives of the member counties and other public entities. For purposes of control and daily management, the PRISM Board annually elects an Executive Committee, which consists of a President, Vice President, and nine Directors. The immediate Past President and legal advisor are non-voting (advisory) members of the Executive Committee. The Executive Committee appoints the Chief Executive Officer.

In June 2016, the Board authorized the establishment of a captive insurance company, domiciled in and subject to the Utah Insurance Department regulations. This allowed PRISM to better link their long-term claim liabilities with an appropriate type and term of investment. The Captive, PRISM Affiliate Risk Captive (ARC or the Captive), is reported as a blended component unit of PRISM. See Footnote 3 for the Investment Policy of the Captive and Footnote 4 for a schedule of the liabilities insured through the Captive. The governing board is made up of current PRISM Board, committee, and staff members, along with PRISM General Counsel and Utah Counsel. ARC's separately issued financial statements are available at <https://www.prismarc.org/>.

B. Membership

There are 2 classes of membership; county members and public entity members. Each member has adopted the Joint Powers Agreement and has been approved for membership by the Executive Committee.

County membership is available to any county in the State of California. Currently, there are 55 county members of PRISM. Each county member is entitled to appoint 2 representatives to the Board, one voting and one alternate. County members have 9 positions on the Executive Committee.

Public entity membership is open to any other California public entity. Public entity members have 7 voting seats (and 3 alternates) on the Board of Directors, who are elected by the public entity membership. Two seats on the Executive Committee are designated for public entity members.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

1. Organization and Significant Accounting Policies (continued)

B. Membership (continued)

The following number of members participated in PRISM's programs, as of June 30, 2021 and 2020:

	2021	2020
Primary Workers' Compensation	38	39
Excess Workers' Compensation	180	180
General Liability 1	127	130
General Liability 2	21	18
Property	110	109
Medical Malpractice	51	52
Master Rolling Owner Controlled Insurance	18	18
PRISMHealth	43	42
Dental	167	166
	755	754

Members are assessed a contribution for each program in which they participate. Members may be subject to additional supplemental assessments, if it is determined that contributions are insufficient. The pool considers anticipated investment income in determining if a premium deficiency exists.

If a program has sufficient net position available, a dividend may be declared. Each member shall be eligible for a portion of the dividend, as determined by the Board or governing committee.

Members may withdraw from PRISM only at the end of a policy period, and only if a 60 day written notice is given. PRISM may cancel a membership at any time, upon two-thirds vote of the Board, and with 60 days written notice. Upon withdrawal or cancellation, a member shall remain liable for additional assessments for the program periods in which they have participated. Withdrawn or cancelled members are generally not eligible for future dividends, based on the conditions set forth in PRISM's Joint Powers Agreement.

C. Significant Accounting Policies

Basis of Presentation and Accounting

The accounts of PRISM are organized on the basis of governmental fund accounting. PRISM operates a single enterprise fund, which is considered a separate accounting entity. An enterprise fund is used to account for governmental activities where the intent is that the cost of providing goods or services is financed primarily through user charges. PRISM's operations consist of 9 insurance programs, miscellaneous programs, a general administration program, a building program for the office facility it owns, and the Captive. Each program has established its own chart of accounts for its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

The financial statements of PRISM have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As a governmental entity, PRISM follows the accounting standard hierarchy established by the GASB. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus

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1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

applied. The accounting records are maintained using the economic resources measurement focus and the accrual basis of accounting. Net operating income includes the cost of providing risk financing and related services, and the expenses related to providing those services. Net non-operating income includes investment income, rental income, and related expenses. Major revenue accrual entries include member premium receivable and investment income receivable in PRISM's and the Captive's Treasury. Expenses are recognized when goods or services are received, or in the case of claims, when the insured event occurs. Expense accrual entries include liabilities for reported claims and liabilities for claims incurred but not reported. The financial statements are presented on a consolidated basis including the Captive, but net of elimination of intercompany transactions between PRISM and the Captive.

Cash and Cash Equivalents

For purposes of the statement of cash flows, PRISM considers cash in banks and deposits in the State of California Local Agency Investment Fund to be cash equivalents.

Investments

Investments are recorded in the Treasury (Footnote 3) at fair value. Investment income is recorded as earned.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Interest on investments is recorded in the year the interest is earned and is considered 100% collectible. The June 30, 2021 and June 30, 2020 balances in the other receivable accounts are considered 100% collectible.

Due from Members

Due from members balance includes Catastrophic Pool revenue receivable for the Property Program, for the entire program year, renewed annually as of March 31<sup>st</sup> of each year, as the receivable and corresponding revenue does not relate to a specific period.

Prepaid Expenses

Payments for insurance and other services that extend to future accounting periods have been recorded as prepaid expenses.

Capital Assets

Capital assets include building, furniture, equipment, software, and tenant improvements with an individual cost of \$5k or more. Capital assets are recorded at cost. Expenses for maintenance and repairs are reflected in current earnings as incurred. Upon sale or retirement of an asset, its cost and related accumulated depreciation are removed from the account balances and charged to current earnings.

Depreciation for office furniture, equipment, and software is computed using the straight-line method, and an estimated useful life of 3 to 7 years. Depreciation for the office building and tenant improvements is computed using the straight-line method, either over the lease term or the useful life of the component units, as appropriate, with the period ranging from 3 to 60 years.

Unearned Income

Unearned income includes payments from members or others for future services received, but not earned until a subsequent accounting period.

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1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Unallocated Loss Adjustment Expenses Payable

The ULAE includes costs that cannot be specifically associated with particular claims, but are related to claims paid or the process of claim settlement and claims administration services. These costs include the cost of third party administrators in the PWC Program and Medical Malpractice Program to pay claim benefits and manage the claim until it is closed. Costs also include the cost of PRISM staff to pay claims and seek recovery from reinsurance carriers. Since the workers' compensation programs have claims that may stay open for benefits until the death of the claimant, the associated ULAE is a significant liability. The discounted outstanding ULAE is as follows:

	June 30, 2021	June 30, 2020
Primary Workers' Compensation	\$ 39,968,000	\$ 40,182,000
Excess Workers' Compensation	6,124,000	5,264,000
General Liability 1	2,392,000	1,567,000
General Liability 2	1,546,000	1,141,000
Property	22,000	8,000
Medical Malpractice	254,000	782,000
	<u>\$ 50,306,000</u>	<u>\$ 48,944,000</u>

Compensated Absences

PRISM's vacation policy provides for a limited accumulation of earned vacation leave, with such leave being fully vested when earned. A liability of \$724.2k for vacation pay has been computed and recorded, based on the unused days multiplied by the current daily rates of pay.

At June 30, 2021, the current portion of the liability is \$144.8k, and the balance of \$579.4k is considered long-term.

	Fiscal Year Ended	
	June 30, 2021	June 30, 2020
Beginning Balance	\$ 623,665	\$ 558,716
Increases	489,316	450,074
Decreases	(388,772)	(385,125)
Ending Balance	<u>\$ 724,209</u>	<u>\$ 623,665</u>
Current Portion	<u>\$ 144,842</u>	<u>\$ 124,733</u>
Long Term Portion	<u>\$ 579,367</u>	<u>\$ 498,932</u>

PRISM's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave, accumulated at the time of retirement, may be used in the determination of length of service for retirement benefit purposes. Since PRISM has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized

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1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PRISM's portion of the CalPERS Miscellaneous plan, and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis, as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Contributions made to PRISM's pension after the measurement date but before the fiscal year-end, are recorded as a deferred outflow of resources and will reduce the net pension liability in the next fiscal year.

Additional factors involved in the calculation of PRISM's pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, difference between projected and actual investment earnings, changes in proportion, and differences between PRISM's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and are amortized over various periods. See Footnote 8 for further details related to these pension deferred outflows and inflows.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of PRISM's portion, and additions to/deductions from PRISM's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, PRISM recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Additional factors involved in the calculation of PRISM's OPEB expense and net OPEB liability, include the differences between expected and actual experience, changes in assumptions, difference between projected and actual investment earnings, changes in proportion, and differences between PRISM's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Footnote 9 for further details related to these OPEB deferred outflows and inflows.

Classification of Revenues

PRISM has classified its revenue as either operating or non-operating revenues. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement 34 including investment income. Revenues and expenses are classified according to the following criteria:

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as insurance premiums, assessments for insured events, administration fees, and public entity fees.



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1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

- Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions and other revenue sources described in GASB Statement 34, such as investment income and finance charges.

Premiums for Transferred Risk and Contributions for Retained Risk

PRISM's programs blend the purchase of insurance with risk sharing pools. Premiums for transferred risk are resources collected to purchase commercial insurance. Contributions for retained risk are collected to fund the risk sharing pools and share in the cost of claims.

Both premiums for transferred risk and contributions for retained risk are collected in advance and recognized as revenues in the period for which insurance protection is provided. Workers' compensation program contributions are based on estimated payrolls and are adjusted in the subsequent fiscal year, based on actual payroll data.

Contributions for retained risk in the 2020/21 fiscal year include Catastrophic Pool Revenue for the entire program year for the Property Program, which was renewed March 31, 2021. The corresponding receivable was recognized as due from members in the 2020/21 fiscal year.

Provision for Claims

PRISM's programs include both arrangements in which the members combine resources to purchase commercial insurance products and risk sharing pools, where members pool risks and funds and share in the cost of losses. Some programs include elements of both; losses up to a certain amount are pooled, and PRISM purchases excess or reinsurance for losses not covered in the pooled layer. The provision for claims expense represents the pool's expense for claim costs.

Excess Insurance and Reinsurance

PRISM uses excess insurance and reinsurance agreements to reduce its exposure to large losses on all types of insured events. Excess insurance covers claims in excess of each pool's retention layer. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of PRISM as the direct insurer of the risk reinsured. PRISM does not report reinsured risk as a liability, unless it is probable that those risks will not be recovered from reinsurance.

Services

Services donated by many officers, directors, and committee members are important to the activities of PRISM. The financial statements do not recognize the value of these donated services, since there is no basis for measuring and valuing these services.

Income Taxes

PRISM is a government entity exempt under the Internal Revenue Code Section 115, and is not liable for federal or state income taxes. PRISM is liable for certain payroll taxes.

Management Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date, and revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term are described elsewhere in this report.

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1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Net Position

Net position represents the net investment in capital assets of \$10.8M, net of accumulated depreciation, and unrestricted net position of \$175.5M, as of June 30, 2021, for a total of \$186.4M. The unrestricted net position balances are available for future operations or distribution. The net position, as of June 30, 2020, was \$174.3M.

2. Cash

A. Cash and Cash Equivalents

Cash and cash equivalents, as of June 30, 2021 and 2020, are reported at fair value and consist of the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Petty Cash	\$ 300	\$ 300
Cash in Banks		
Primary Workers' Compensation	792,715	(1,957,741)
Primary General Liability	1,110,054	1,312,854
ARC Checking Account	339,398	335,419
Iron Point Building	666,593	635,746
Total Cash in Banks	<u>2,908,760</u>	<u>326,278</u>
Cash in PRISM Treasury		
Cash in Bank, General Checking	24,967,407	7,669,442
Treasury Money Market	3,819,198	9,008,803
State of California,		
Local Agency Investment Fund	9,335,522	42,093,962
Total Cash in PRISM Treasury	<u>38,122,127</u>	<u>58,772,207</u>
Total Cash and Cash Equivalents	<u>\$ 41,031,187</u>	<u>\$ 59,098,785</u>

B. Custodial Credit Risk

The carrying amount of PRISM's total cash in banks was \$27.9M at June 30, 2021, and \$8.0M at June 30, 2020. The bank balance was \$32.8M at June 30, 2021 and \$16.5M at June 30, 2020, and was partially insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2021, \$32.0M is in excess of the FDIC insured amounts. California law requires depository banks to hold collateral equal to 110% of government funds on deposit. PRISM's Investment Policy does not address custodial credit risk.

C. PRISM Treasury

PRISM pools cash resources of its various programs in order to facilitate the management of cash. Cash available to a particular program is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities, as part of PRISM's investments.

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2. Cash (continued)

PRISM and the Captive's treasury accounts were comprised of the following:

	June 30, 2021	June 30, 2020
Cash In Banks in PRISM Treasury	\$ 28,786,605	\$ 16,678,245
Cash in State of California		
Local Agency Investment Fund	9,335,522	42,093,962
Investments	736,688,566	608,352,527
Investment Income Receivable	2,643,890	2,659,921
Total Treasury Assets	<u>\$ 777,454,583</u>	<u>\$ 669,784,655</u>
	June 30, 2021	June 30, 2020
Primary Workers' Compensation	\$ 100,483,982	\$ 94,906,611
Excess Workers' Compensation	209,519,911	260,912,060
General Liability 1	(14,052,170)	(39,041,018)
General Liability 2	(11,510,342)	(5,921,475)
Property	(81,420,657)	(76,545,755)
Medical Malpractice	51,015,895	37,238,210
Master Rolling Owner Controlled Ins Program	409,673	453,824
PRISMHealth	6,768,060	6,158,091
Dental	7,145,342	20,100,844
Miscellaneous Programs	1,845,321	2,471,733
General Administration and Building	11,492,897	10,202,470
ARC	495,756,671	358,849,060
Total Treasury Balances	<u>\$ 777,454,583</u>	<u>\$ 669,784,655</u>

3. Investments

The investments in the financial statements are governed by PRISM and the Captive's Investment Policies.

PRISM's Investment Policy is designed to achieve an optimum rate of return on available assets not required for current operating needs. Section 53601 of the California Government Code provides the legal authority for investments. An appropriate level of risk shall be maintained by purchasing securities that are liquid, marketable, and high quality. Adequate diversification shall be applied to prevent an undue amount of investment risk with any one institution. The classes of investment that most adequately meet the above mentioned criteria shall be allowed for purchase. They are issues of the United States Government, federal agencies (GNMA, FNMA, FHLB, FFCB, and FHLMC), local government investment pools, municipal bonds including those issued by the State of California, bankers' assistance Commercial paper, asset-backed and mortgage-backed securities, supranational, money market mutual funds, and medium-term corporate notes. While not as liquid or marketable as previously mentioned securities, repurchase agreements, and time certificates of deposit are also allowable investments. PRISM may also deposit investment funds with the State of California Local Agency Investment Fund. The following table details the breakdown of PRISM's investments:

	June 30, 2021	June 30, 2020
Investments - Current Portion	\$ 73,280,972	\$ 63,398,381
Investments- Noncurrent Portion	655,535,971	537,218,045
Investments- Restricted	7,871,623	7,736,101
Total	<u>\$ 736,688,566</u>	<u>\$ 608,352,527</u>

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3. Investments (continued)

PRISM's Investment Policy places limits on the purchase of various categories of investments, as follows:

<b>Category</b>	<b>Standard</b>
U.S. Treasury Notes	No limitations
U.S Agencies	25% Maximum
U.S. Corporate (MTNs)	"A" or higher by at least 1 NRSRO; 30% maximum; 5% max issuer; Issuer is a corporation organized and operating within the U.S. or by depository institutions licensed by U.S.
Municipal Securities	"A" or higher by at least 1 NRSRO; 30% maximum; 5% max issuer for all others
Banker's Acceptance	"A-1" or higher short term rating by at least 1 NRSRO; "A" or higher long term rating by at least 1 NRSRO; 40% maximum; 5% max issuer; 180 days max maturity.
Federally Insured Time Deposits & Collateralized Time Deposits	20% maximum; FDIC insured or fully collateralized
Certificate of Deposit Placement Services (CDARS)	30% maximum on Certificates of Deposit, including CDARS
Negotiable CDs	Unrated up to FDIC limits; "A-1" or higher short term rating by at least 1 NRSRO; "A" or higher long term rating by at least 1 NRSRO; 30% maximum; 5% max issuer
Commercial Paper	"A-1" or higher short term rating by at least 1 NRSRO; "A" or higher long term rating by at least 1 NRSRO; 25% maximum, except through January 1, 2026 40% maximum if assets under management > \$100M; 5% max issuer; issuer assets to be > \$500M; 270 days max maturity
Asset Backed/Mortgage Backed/CMOs	"AA" or higher rating by NRSRO; 20% maximum; 5% max per asset backed/Comm. Mortgage issuer; no limit for US Treasury or Agency issuer
Supranationals	"AA" or higher rating by NRSROs; includes; IBRD, IFC, and IADB; 30% maximum; 10% per issuer
Mutual/Money Market Fund	Highest rating by 2 NRSROs; 20% maximum; 10% per fund for Mutual Funds, and 20% for Money Market Mutual Funds
Repurchase Agreements	102% collateralization; not issued by investment advisor; 1 year max maturity
LAIF	Authority may invest up to the maximum permitted by LAIF

**Other Stipulations**

Max Agency Callable Securities	30% of the portfolio (does not include make whole securities)
Max Per Issuer	No more than 5% of the portfolio may be deposited (except otherwise stated in the policy)
Maximum Maturity	5 Years maximum maturity

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3. Investments (continued)

The Captive's Investment Policy identifies procedures that will foster a prudent and systematic investment program designed to seek the Captive's objectives through a diversified investment portfolio. An appropriate level of risk shall be maintained by purchasing investments within the context of a well-diversified portfolio. Adequate diversification between Equities and Fixed Income securities shall be applied to prevent an undue amount of investment risk within any one area. The Captive strives to achieve returns and control risk by meeting certain asset allocation targets set forth in the Captive Investment Policy. The classes of investments that most adequately meet the above mentioned criteria shall be allowed for purchase. They are Equity and Fixed Income investments of U.S. and non-U.S. issuers, Real Estate Investment Trusts, and Commodities. The Investment Policy also lists some prohibited transactions such as direct short sales of individual securities, direct margin purchases, direct investment in commodities future contracts, direct investment in real estate or direct real estate lending, and hedge funds.

A. Investment Credit Risk

PRISM's investments at June 30, 2021 and 2020 are summarized in the following. The credit quality rating used is Standard and Poor's, a nationally recognized rating agency.

Investments	Credit Quality Rating	June 30, 2021		June 30, 2020	
		Fair Value	%	Fair Value	%
U.S. Treasury Notes	AA+	\$ 213,629,989	29.0%	\$ 190,756,320	31.4%
U.S. Agencies	AA+ to A-1+	140,097,747	19.0%	117,360,370	19.3%
Corporate Mid Term Notes	AAA to A+	46,536,000	6.3%	40,791,009	6.7%
Corporate Mid Term Notes	A to BBB	145,317,738	19.7%	107,074,361	17.6%
Negotiable CDs	A-1+ to A-1	499,965	0.1%	-	0.0%
Commercial Paper	A-1+ to A-1	1,248,986	0.2%	3,287,706	0.5%
Asset Backed Securities	AAA	27,735,973	3.8%	23,043,439	3.8%
Asset Backed Securities	NR*	5,282,181	0.7%	16,106,905	2.6%
Mortgage Pass Thru	Aaa	2,274,295	0.3%	4,705,828	0.8%
Supranationals	AAA to A-1+	41,210,557	5.6%	22,407,945	3.7%
Supranationals	NR*	6,567,960	0.9%	8,217,834	1.4%
International Real Estate	NR	1,842,120	0.3%	1,456,721	0.2%
Real Estate	NR	9,282,230	1.3%	7,161,151	1.2%
International Equity	NR	9,960,774	1.4%	7,499,581	1.2%
Emerging Market Equity	NR	5,255,470	0.7%	3,832,980	0.6%
Large Cap US Equity	NR	36,558,677	5.0%	26,334,799	4.3%
Mid Cap US Equity	NR	16,855,552	2.3%	11,153,404	1.8%
Small Cap US Equity	NR	26,532,352	3.7%	17,162,174	2.9%
Total Investments		\$ 736,688,566	100%	\$ 608,352,527	100%

NR - Not Rated

NR\* - Not rated by Standard & Poor's. However, rated Aaa by Moody's.

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3. Investments (continued)

B. Investment Interest Rate Risk

PRISM'S Investment Policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are generally limited to 5 years maturity, or less. PRISM's Finance Committee must approve investments maturing over 5 years for PRISM. Maturities of investments held at June 30, 2021 consist of the following:

	Fair Value	Less than 1 Year	One to Five Years	Time to Maturity
U.S. Treasury Notes	\$ 213,629,989	\$ 20,271,841	\$ 193,358,148	3.34
U.S. Agencies	140,097,747	12,838,254	127,259,493	3.20
Corporate Mid Term Notes	191,853,738	8,593,133	183,260,605	4.22
Negotiable CDs	499,965	499,965	-	0.98
Commercial Paper	1,248,986	1,248,986	-	0.38
Asset Backed Securities	33,018,154	14,291,099	18,727,055	2.87
Mortgage Pass Thru	2,274,295	-	2,274,295	26.46
Supranationals	47,778,517	15,537,694	32,240,823	2.74
Subtotals*	\$ 630,401,391	\$ 73,280,972	\$ 557,120,419	3.07
ETF	106,287,175	-	-	n/a
Totals	\$ 736,688,566	\$ 73,280,972	\$ 557,120,419	3.07

\*Excludes Exchange Traded Funds (ETF) that have no maturity dates.

Maturities of investments held at June 30, 2020 consist of the following:

	Fair Value	Less than 1 Year	One to Five Years	Time to Maturity
U.S. Treasury Notes	\$ 190,756,320	\$ 35,857,960	\$ 154,898,360	3.52
U.S. Agencies	117,360,370	6,344,789	111,015,581	3.20
Corporate Mid Term Notes	147,865,370	13,415,173	134,450,197	3.81
Commercial Paper	3,287,706	3,287,706	-	0.12
Asset Backed Securities	39,150,344	-	39,150,344	2.53
Mortgage Pass Thru	4,705,828	-	4,705,828	27.51
Supranationals	30,625,779	4,492,753	26,133,026	2.01
Subtotals*	\$ 533,751,717	\$ 63,398,381	\$ 470,353,336	3.13
ETF	74,600,810	-	-	n/a
Totals	\$ 608,352,527	\$ 63,398,381	\$ 470,353,336	3.13

\*Excludes Exchange Traded Funds (ETF) that have no maturity dates.

PRISM recognizes all investments at fair value in accordance with GASB Statement 31 and GASB Statement 72. Fair value equals estimated market values obtained from the Interactive Data Corporation (IDC) pricing system, a leading provider of financial information to global markets. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Realized gains and losses of the current period include unrealized amounts from prior periods. Investment income includes \$20.1M of unrealized gain for the year ended June 30, 2021. In the year ended June 30, 2020, \$13.7M of unrealized gain was recognized.

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3. Investments (continued)

B. Investment Interest Rate Risk (continued)

	2020/21	2019/20
Beginning Fair Value	\$ 608,352,527	\$ 642,361,039
Less: Proceeds of Investments Disposed	(329,246,849)	(443,787,747)
Add: Cost of Investments Purchased	437,478,103	396,123,486
Add: Unrealized Gain/(Loss) in the year	20,104,785	13,655,749
Ending Fair Value	\$ 736,688,566	\$ 608,352,527

The calculation of unrealized gains and losses are shown in the following table:

	Beginning Fair Value At July 1, 2020				Ending Fair Value At June 30, 2021	Unrealized Gain/(Loss) in the year
		Dispositions	Purchases	Subtotal		
U.S. Treasury Notes	\$ 190,756,320	\$ (236,263,561)	\$ 264,441,890	\$ 218,934,649	\$ 213,629,989	\$ (5,304,660)
U.S. Agencies	117,360,370	(17,619,022)	42,845,088	142,586,436	140,097,747	(2,488,689)
Corporate Mid Term Note	147,865,370	(35,256,772)	82,000,147	194,608,745	191,853,738	(2,755,007)
Negotiable CDs	-	(3,219,935)	3,719,935	500,000	499,965	(35)
Commercial Paper	3,287,706	(4,551,580)	2,512,860	1,248,986	1,248,986	-
Asset Backed Securities	39,150,344	(25,503,602)	19,814,287	33,461,029	33,018,154	(442,875)
Mortgage Pass Thru	4,705,828	(2,344,667)	-	2,361,161	2,274,295	(86,866)
Supranationals	30,625,779	(4,487,710)	22,143,896	48,281,965	47,778,517	(503,448)
International Real Estate	1,456,721	-	-	1,456,721	1,842,120	385,399
Real Estate	7,161,151	-	-	7,161,151	9,282,230	2,121,079
International Equity	7,499,581	-	-	7,499,581	9,960,774	2,461,193
Emerging Market Equity	3,832,980	-	-	3,832,980	5,255,470	1,422,490
Large Cap US Equity	26,334,799	-	-	26,334,799	36,558,677	10,223,878
Mid Cap US Equity	11,153,404	-	-	11,153,404	16,855,552	5,702,148
Small Cap US Equity	17,162,174	-	-	17,162,174	26,532,352	9,370,178
Totals	\$ 608,352,527	\$ (329,246,849)	\$ 437,478,103	\$ 716,583,781	\$ 736,688,566	\$ 20,104,785

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3. Investments (continued)

C. Concentration of Credit Risk

PRISM's Investment Policy places limits on the amount that may be invested in any one issuer. The limits are applied at the time the investment decision is made. These limits are summarized as follows:

	Limit per Institution	Limit per type of Investment
U.S. Treasury Notes and Bills	100%	100%
U.S. Agencies	25%	100%
Corporate Medium Term Notes	5%	30%
Municipal Bonds	5%	30%
Bankers' Acceptances	5%	40%
Federally Insured Time Deposits	5%	20% (A)
Collateralized Time Deposit	5%	20% (A)
Negotiable Certificates of Deposit	5%	30%
Commercial Paper	5%	25% (B)
Asset/Mort. Backed/CMOs	5%	20%
Supranationals	10%	30%
Mutual Fund	10%	20%
Mutual Money Market Fund	20%	20%
Repurchase Agreements	100%	100% (C)

(A) No more than 20% of the portfolio may be invested in a combination of federally insured and collateralized time deposits.

(B) No more than 25% of the portfolio may be invested in Commercial Paper; except through January 1, 2026, a maximum of 40% may be invested if PRISM assets under management exceed \$100M.

(C) Repurchase Agreements must be collateralized with securities authorized by the California Government Code, maintained at a level of at least 102% of the market value of the Repurchase Agreement. Maximum maturity may not exceed 1 year.

The Captive's Investment Policy places long-term asset allocation targets as stated below:

	<u>Captive Target</u>
Equities	0% - 50%
Fixed Income	50% - 100%

1. The equity allocation limitation are specific to the surplus funds of the Captive.
2. The asset manager will be responsible for determining the asset allocation within the targets, and will rebalance as necessary.
3. The Fixed Income allocation includes the liquidity portion to meet short-term cash flow requirements. The liquidity portfolio will maintain cash and cash equivalents of \$250k as required by the Utah Insurance Department regulations.
4. It is further noted the maximum amount of equity exposure, at the time of purchase, will be limited to 40% of the aggregated surplus of PRISM and the Captive.

The investments in the Captive portfolio, as of June 30, 2021, conform to these guidelines.



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3. Investments (continued)

C. Concentration of Credit Risk (continued)

Investments with one institution that represent 5% or more of the total investment portfolio are listed in the following. Investments issued or explicitly guaranteed by the U.S. government and investments with the State of California's Local Agency Investment Fund (LAIF) have been excluded.

At June 30, 2021	Number of		Percentage
Issuer	Securities	Fair Value	of Total Portfolio
Federal National Mortgage Assn	23	\$ 70,264,349	9.5%

At June 30, 2020	Number of		Percentage
Issuer	Securities	Fair Value	of Total Portfolio
Federal National Mortgage Assn	15	\$ 50,601,171	8.3%
Federal Home Loan Bank	13	40,878,564	6.7%

D. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into 3 levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The 3 levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 Inputs to the valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

U.S. Treasury Notes, U.S. Agencies, Corporate Mid-Term Notes, Municipal Bonds, Negotiable CD's, Commercial Paper, Asset Backed Securities, Mortgage Pass Thru, and Supranationals are valued using Level 2 inputs. International Real Estate, Real Estate, International Equity, Emerging Market Equity, Large Cap US Equity, Mid Cap US Equity, and Small Cap US Equity are valued using Level 1 inputs.

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3. Investments (continued)

D. Fair Value Measurements (continued)

Level 2 investments are evaluated on market-based measurements that are processed through a rules based pricing application and represent our good faith determination as to what the holder may receive in an orderly transaction (for an institutional round lot position typically \$1M or greater current value U.S. Dollar or local currency equivalent) under current market conditions.

The following table sets forth by level, within the fair value hierarchy, PRISM's assets at fair value as of June 30, 2021:

Investment type	Assets at Fair Value as of June 30, 2021		
	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ -	\$ 213,629,989	\$ -
U.S. Agencies	-	140,097,747	-
Corporate Mid Term Notes	-	191,853,738	-
Negotiable CDs	-	499,965	-
Commercial Paper	-	1,248,986	-
Asset Backed Securities	-	33,018,154	-
Mortgage Pass Thru	-	2,274,295	-
Supranationals	-	47,778,517	-
International Real Estate	1,842,120	-	-
Real Estate	9,282,230	-	-
International Equity	9,960,774	-	-
Emerging Market Equity	5,255,470	-	-
Large Cap US Equity	36,558,677	-	-
Mid Cap US Equity	16,855,552	-	-
Small Cap US Equity	26,532,352	-	-
<b>Total</b>	<b>\$ 106,287,175</b>	<b>\$ 630,401,391</b>	<b>\$ -</b>

The following table sets forth by level, within the fair value hierarchy, PRISM's assets at fair value as of June 30, 2020:

Investment type	Assets at Fair Value as of June 30, 2020		
	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ -	\$ 190,756,320	\$ -
U.S. Agencies	-	117,360,370	-
Corporate Mid Term Notes	-	147,865,370	-
Commercial Paper	-	3,287,706	-
Asset Backed Securities	-	39,150,344	-
Mortgage Pass Thru	-	4,705,828	-
Supranationals	-	30,625,779	-
International Real Estate	1,456,721	-	-
Real Estate	7,161,151	-	-
International Equity	7,499,581	-	-
Emerging Market Equity	3,832,980	-	-
Large Cap US Equity	26,334,799	-	-
Mid Cap US Equity	11,153,404	-	-
Small Cap US Equity	17,162,174	-	-
<b>Total</b>	<b>\$ 74,600,810</b>	<b>\$ 533,751,717</b>	<b>\$ -</b>

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3. Investments (continued)

E. California's Local Agency Investment Fund (LAIF)

PRISM may also invest in the State of California's LAIF, administered by the State Treasurer. California law restricts the Treasurer to investments in the following categories: U.S. Government securities, securities of federally sponsored agencies, domestic corporate bonds, interest bearing time deposits in California banks and savings and loan associations, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, bankers acceptances, negotiable certificates of deposit, supranational debentures, and loans to various bond funds. State of California LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office at 915 Capitol Mall C-15, Sacramento, California 95814.

The total amortized cost of the Pooled Money Investment Account at June 30, 2021, was \$193.3B. The fair value is estimated at \$193.3B or 1.00008297 of cost. The average maturity of LAIF investments is 291 days at June 30, 2021.

PRISM's balance in LAIF, at June 30, 2021, was \$9.3M and was recognized at LAIF's cost. State of California LAIF's cost approximates the fair value of PRISM's shares. PRISM's balance in LAIF, at June 30, 2020, was \$42.1M, and was also valued at LAIF's cost. State of California LAIF is not rated by the investment rating firms.

4. Claim Liabilities

PRISM establishes claim liabilities based on estimates of the ultimate cost of claims (including claims adjustment expenses) that have been reported but not settled, and of claims that were incurred but not reported. Because actual claim cost depends on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques. Claim liability estimates reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims cost is implicit in the calculation because reliance is placed both on actual historic data that reflects past inflation, and on other factors that are considered to be approximate modifiers of past experience. Adjustments to claim liabilities are charged, or credited, to expense in the period in which they are made.

The governing committees have elected to establish claim liabilities in some programs at a level which includes investment income on monies set aside to pay claims, that is, on a discounted basis. Total claim liabilities at June 30, 2021 in the amount of \$948.1M, have been presented at the net present value of \$775M. At June 30, 2020, claim liabilities in the amount of \$823.4M are presented at their present value of \$656M, discounted, based on the estimated investment income yield.

Annually, the Board and committees evaluate the discount rate to be used for pool funding and for the actuarial valuation of claim liabilities. This is of particular importance for the EWC Program, the GL1 Program, and the Medical Malpractice Program, because claim liabilities are paid off over a longer period of time. The rates in each program will vary because of the claims payout pattern.

The EWC Program has an extremely long payout period due to the nature of the claims. This is an "excess" program, meaning coverage sits on top of a member's self-insured retention, which can vary from \$125k up to \$5M. Much of the liability arises as a result of a future medical award, or disability award, that extends for the life of the injured worker, who may collect benefits for over 30 years. The total funds available to pay those claims earn interest for years, and because of the size of the Program, a change in the discount rate results in a change in the liability of millions.

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4. Claim Liabilities (continued)

The following chart shows the sensitivity of claim liabilities to the discount rate selected and the resulting effect on net position.

Discount Effect on Claim Liabilities in the EWC Program			
Discount Rate Selected	3.00%	2.00%	1.00%
Claim Liabilities	\$189,794,632	\$212,907,209	\$241,551,807
Net Position Balance	\$57,533,197	\$34,420,620	\$5,776,022

In the PWC Program, PRISM only retains the first \$10k of liability for the years 2009/10 to 2020/21. Since this is paid relatively quickly, the claims for these years are not discounted. Starting in the 2016/17 program year, corridors in the \$10k-\$125k layer adding up to \$60.5M for the 2016/17, 2017/18, 2018/19, 2019/20, and 2020/21 years were transferred to the Captive. Additionally, in fiscal year 2016/17, PRISM commuted or bought back the claim liabilities for the 1997-2004 years in the amount of \$9.8M, which was the balance of the aggregate stop loss coverage. PRISM transferred this risk to the Captive. Over and above the stop loss coverage, PRISM estimates a claim liability of \$7.4M, which is retained by PRISM and discounted at 1.5% to \$6.3M. The claims for the period 2004/05 to 2008/09 are fully insured.

The discount rate for each program is as follows:

<u>Program</u>	<u>Discount rate</u>
Primary Workers' Compensation	0% 2009/10 forward
Primary Workers' Compensation	1.5% 2003/04 and prior
Primary Workers' Compensation ULAE	1.50%
Excess Workers' Compensation	3.00%
General Liability 1	1.75%
General Liability 2	1.75%
Property	no discount
Medical Malpractice	1.75%
Dental	no discount

A summary of the claim liabilities by program is as follows:

	June 30, 2021	June 30, 2020
Primary Workers' Compensation	\$ 67,213,092	\$ 70,055,875
Excess Workers' Compensation	189,794,632	206,718,193
General Liability 1	42,355,465	27,250,572
General Liability 2	1,546,000	1,141,000
Property	22,000	8,000
Medical Malpractice	39,795,009	29,804,434
Dental	2,109,277	1,847,125
Affiliate Risk Captive	432,140,821	319,143,407
Total Claim Liabilities	<u>\$ 774,976,296</u>	<u>\$ 655,968,606</u>

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4. Claim Liabilities (continued)

The following represents changes in those aggregate liabilities for PRISM for the past 2 years:

	June 30, 2021	June 30, 2020
Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	\$ 655,968,606	\$ 538,405,622
Incurring claims and claim adjustment expenses:		
Provision for Retained Risk of the current fiscal year	183,249,379	162,771,896
Increase in Provision for Retained Risk, prior fiscal years	105,016,342	97,250,283
Total incurred claims & claim adjustment expenses	288,265,721	260,022,179
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	58,984,922	49,105,894
Claims and claim adjustment expenses attributable to insured events of the prior fiscal years	110,273,109	93,353,301
Total Payments	169,258,031	142,459,195
Total Unpaid claims and claim adjustment expenses at the end of the fiscal year	\$ 774,976,296	\$ 655,968,606
Reported Claims	\$ 377,220,699	\$ 347,684,720
Incurred But Not Reported Claims	347,449,597	259,339,886
Unallocated Loss Adjustment Expenses	50,306,000	48,944,000
Total Claim Liabilities	\$ 774,976,296	\$ 655,968,606
Current Claim Liabilities	\$ 144,321,563	\$ 112,352,125
Noncurrent Claim Liabilities	630,654,733	543,616,481
Total Claim Liabilities	\$ 774,976,296	\$ 655,968,606

A. Primary Workers' Compensation

The PWC Program was established on July 1, 1997. The PWC Program is a full service program including claims administration. The Program blends pooling of workers' compensation claims with purchasing of insurance. The Program currently covers workers' compensation claims up to \$125k, per occurrence. Claims in excess of \$125k are the responsibility of PRISM's Excess Workers' Compensation Program.

In March 2010, PRISM completed a LPT with ACE Insurance Company for the claim liabilities from July 2004 through June 2009. PRISM will continue to administer the claims and is responsible for the ULAE on a go-forward basis for those claim years, but ACE is responsible for all claim payments, so these claims are no longer PRISM's outstanding liabilities. In August 2016, PRISM commuted, or bought back, the claim liabilities for the 1997 to 2004 years of \$9.8M, which was the balance of the aggregate stop loss coverage. This risk was transferred to the Captive. PRISM has purchased insurance for claim liabilities in excess of \$10k (per claim) up to \$125k since 2009/10. For the 2010/11 and 2011/12 years, the coverage was with CastlePoint National Insurance Company, which has been placed in conservatorship. Any amounts not covered by CastlePoint are to be covered by the California Insurance Guarantee Association (CIGA).

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
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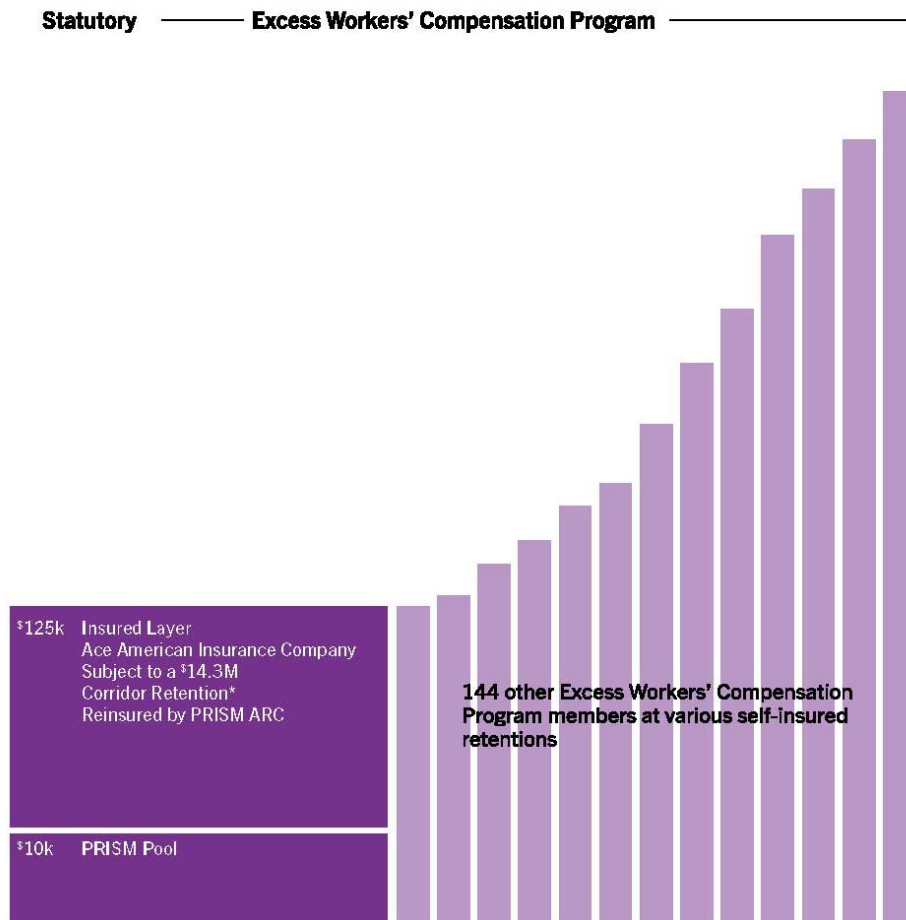
4. Claim Liabilities (continued)

A. Primary Workers' Compensation (continued)

Although CIGA has paid on some claims, it has issued denials if other insurance is available to cover the exposure.

The total exposure to the PWC Program that is considered unrecoverable as of June 30, 2021, is approximately \$846k, discounted, and this amount is included in the claim liabilities in the PWC Program. In 2019/20, the PWC Committee approved a LPT for Santa Barbara County of approximately 200 claims occurring from November 1979 through July 2010. The premium was set at \$15M, which was calculated at the 90% confidence level, discounted at 2.5%. PRISM will continue to administer the claims and is responsible for the ULAE on a go-forward basis for those claim years.

Starting in the 2016/17 policy year, the coverage for the \$115k excess of \$10k layer was purchased subject to a corridor retention. The insurance policies included a corridor retention of \$4.3M for 10 months from July 2016 to April 2017 from AmTrust Group, and another corridor retention of \$12.6M for 14 months from May 2017 to June 2018 from ACE/Chubb. These corridor risks were transferred to the Captive. The pro-rated corridor of \$1.7M for 2 months, May and June 2017, was transferred to the Captive in fiscal year 2016/17. The corridors transferred to the Captive for 2017/18, 2018/19, and 2019/20 were \$10.9M, \$14.3M, and \$15.0M, respectively. A corridor of \$14.3M was transferred to the Captive for the 2020/21 year. The corridor will be finalized after the final payroll reporting for 2020/21. The Program has a liability for total claims and ULAE of \$67.2M out of which \$40M are ULAE liabilities.



\* The Corridor Retention will be adjusted at the end of the year.

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4. Claim Liabilities (continued)

B. Excess Workers' Compensation

PRISM established the Excess Workers' Compensation (EWC) Program in 1979. The Program covers losses excess of member Self-Insured Retentions (SIRs) with pooled risk, reinsurance, and excess insurance. The EWC pool has retained responsibility for the payment of workers' compensation claims in excess of each members' SIR to the pool limit, which has varied by program year, as illustrated in the following table. Since 2008, the EWC Program pool has provided coverage from the individual SIR to \$5M, in some years reinsuring all, or parts, of the pooled layer. The Program reinsured 80% of the SIR to \$1M layer with CastlePoint during the program years of 2010/11 and 2011/12. In August 2016, the California Insurance Commissioner placed CastlePoint Insurance Companies (CastlePoint) into conservatorship/liquidation. CIGA has issued denials if other insurance is available to cover the exposure. The additional exposure to the EWC Program that is considered unrecoverable as of June 30, 2021, is approximately \$2.1M, discounted, and this amount is included in the claim liabilities and is considered unrecoverable.

Members' SIRs vary between \$125k and \$5M, and are approved by the Underwriting Committee. PRISM's coverage responsibility has varied from 1979 to present, as shown on the following page.

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4. Claim Liabilities (continued)

B. Excess Workers' Compensation (continued)

Coverage Period	Pool Layer
November 1, 1979 to October 5, 1993	SIR to \$500k
October 6, 1993 to December 31, 1994	SIR to \$750k
January 1, 1995 to June 30, 2002	SIR to \$300k
July 1, 2002 to June 30, 2008	SIR to \$5M
July 1, 2008 to June 30, 2010	SIR to \$5M: Reinsured SIR to \$1M 30%-PRISM; 70% - American Safety Casualty Insurance Company. 100% PRISM pool \$1M - \$5M.
July 1, 2010 to June 30, 2011	SIR to \$5M: Reinsured SIR to \$1M - 20%-PRISM; 80% - CastlePoint National Insurance Company. \$1M - \$5M Retained by PRISM pool.
July 1, 2011 to June 30, 2012	Pool SIR to \$5M: Reinsured SIR to \$1M - 20%-PRISM; 80% - CastlePoint National Insurance Company. \$1M - \$5M Layer: Reinsured by Wesco Insurance Company, \$3.5M Aggregate Corridor deductible retained by PRISM.
July 1, 2012 to June 30, 2013	SIR to \$5M: \$23.8M aggregate deductible in the SIR to \$1M layer and \$4.1M aggregate deductible in the \$1M to \$5M layer, both layers reinsured with Wesco Insurance.
July 1, 2013 to June 30, 2014	SIR to \$5M Pool: Reinsured with Wesco Insurance Company, subject to a \$19.9M aggregate corridor deductible.
July 1, 2014 to June 30, 2015	Core Tower SIR to \$5M - Reinsured with Wesco Insurance Co. \$23.5M aggregate deductible in the SIR to \$5M layer. Educational Tower (SIR to \$2.5M) effective 1/1/15 - \$8.6M aggregate corridor deductible.
July 1, 2015 to June 30, 2016	Core Tower SIR to \$5M - \$24.9M aggregate deductible in the SIR to \$5M layer. Educational Tower \$6.1M aggregate corridor deductible.
July 1, 2016 to June 30, 2017	Core Tower SIR to \$5M - Reinsured with Wesco Insurance Co (AmTrust) subject to \$22.1M aggregate corridor deductible transferred to PRISM ARC. Educational Tower SIR to \$2.5M/\$500k: \$10.4M aggregate corridor transferred to PRISM ARC. \$0-\$125k CSU primary layer subject to \$17.3M corridor deductible.
July 1, 2017 to June 30, 2018	SIR to pool limit \$5M for Core Tower & \$2.5M/\$750k for Educational Tower - Reinsured with Great American subject to a combined \$44.8M aggregate transferred to PRISM ARC. Educational Tower- corridor for the primary layer of \$16.4M transferred to PRISM ARC. \$0-\$125k CSU primary layer subject to \$16.8M corridor deductible.
July 1, 2018 to June 30, 2019	SIR to pool limit \$5M for Core Tower & \$2.5M/\$750k for Educational Tower - Reinsured with Great American, subject to a combined \$48.9M aggregate corridor deductible transferred to PRISM ARC. Educational Tower CSU primary layer - corridor for the primary layer of \$7.1M transferred to PRISM ARC.
July 1, 2019 to Jun 30, 2020	SIR to pool limit \$5M for Core Tower & \$2.5M/\$750k for Educational Tower - Reinsured with Great American, subject to a combined \$49.3M aggregate corridor deductible transferred to PRISM ARC. Educational Tower CSU primary layer - corridor for the primary layer of \$7.7M transferred to PRISM ARC.
July 1, 2020 to Jun 30, 2021	SIR to pool limit \$5M for Core Tower & \$2.5M/\$750k for Educational Tower - Reinsured with Great American, subject to a combined \$46.2M aggregate corridor deductible transferred to PRISM ARC. Educational Tower CSU primary layer - corridor for the primary layer of \$5.8M transferred to PRISM ARC.
July 1, 2021 to Jun 30, 2022	SIR to pool limit \$5M for Core Tower & \$2.5M/\$750k for Educational Tower - Reinsured with Great American, subject to a combined \$56.5M aggregate corridor deductible transferred to PRISM ARC. Educational Tower CSU primary layer - corridor for the primary layer of \$6.7M transferred to PRISM ARC.

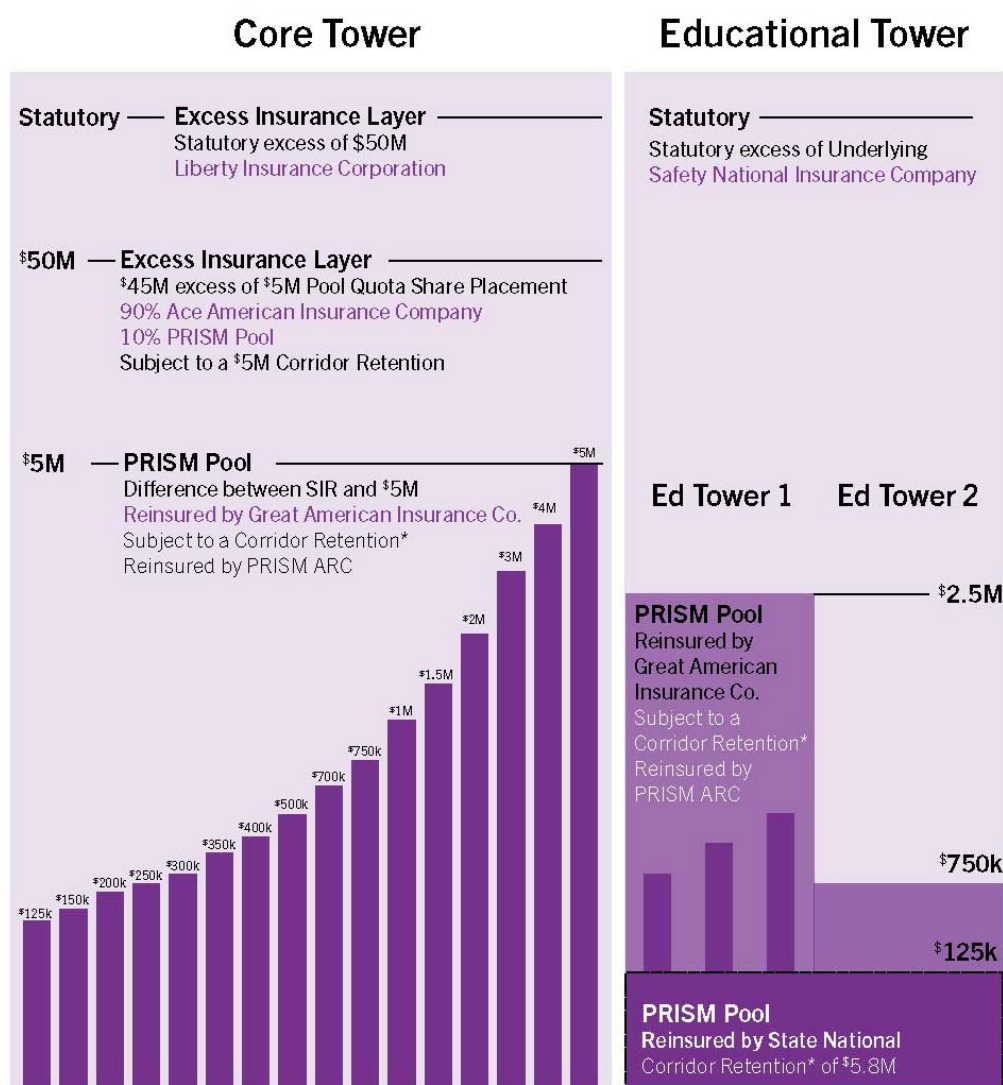


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4. Claim Liabilities (continued)

B. Excess Workers' Compensation (continued)

The EWC Program maintains a strong funding position and has benefited from stability in workers' compensation insurance rates over the last several years. The Program's overall funding position is over an 80% confidence level; a result of the Underwriting Committee's recommended strategies, which the PRISM Board has adopted, to address the risk of adverse loss development. First, beginning in 2008/09, PRISM has purchased reinsurance to cover or reduce the EWC pool exposure in the SIR to \$5M layer. Second, the EWC Program consistently funds future claims at a confidence level higher than the expected confidence level and has charged members at that rate, rather than the (lower) rate of actual insurance costs. As noted in the previous table, the Program retained an aggregate deductible (known as a corridor retention) as part of the reinsurance agreement in fiscal year 2012/13 forward. Since 2016/17, the corridor retentions have been transferred to the Captive to allow the Program to gain greater investment returns on the premiums to fund the corridor. The discount from the additional earnings was passed on to program members as premium savings. The Program also retains some risk in the \$5M to \$50M layer, by taking a 10% quota share of the layer.



\* The Corridor Retention will be adjusted at the end of the year. The Core and Educational Towers are subject to a single, shared corridor retention of \$46.2M (does not include Primary <\$125k layer).

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4. Claim Liabilities (continued)

C. General Liability 1

PRISM's GL1 Program began pooling risk on July 1, 1985. The GL1 Program combines risk retention, risk pooling, and the purchase of excess reinsurance. The Program includes a Deductible Buy-Down (DBD) option, providing members with a primary coverage option. Members of the DBD maintain a \$10k deductible per claim, where claim costs above their deductible and below the \$100k limit are the responsibility of the GL1 Program. The Program retained the DBD risk, pooling the \$10k - \$100k with a \$600k in a corridor risk transferred to the Captive in 2020/21.

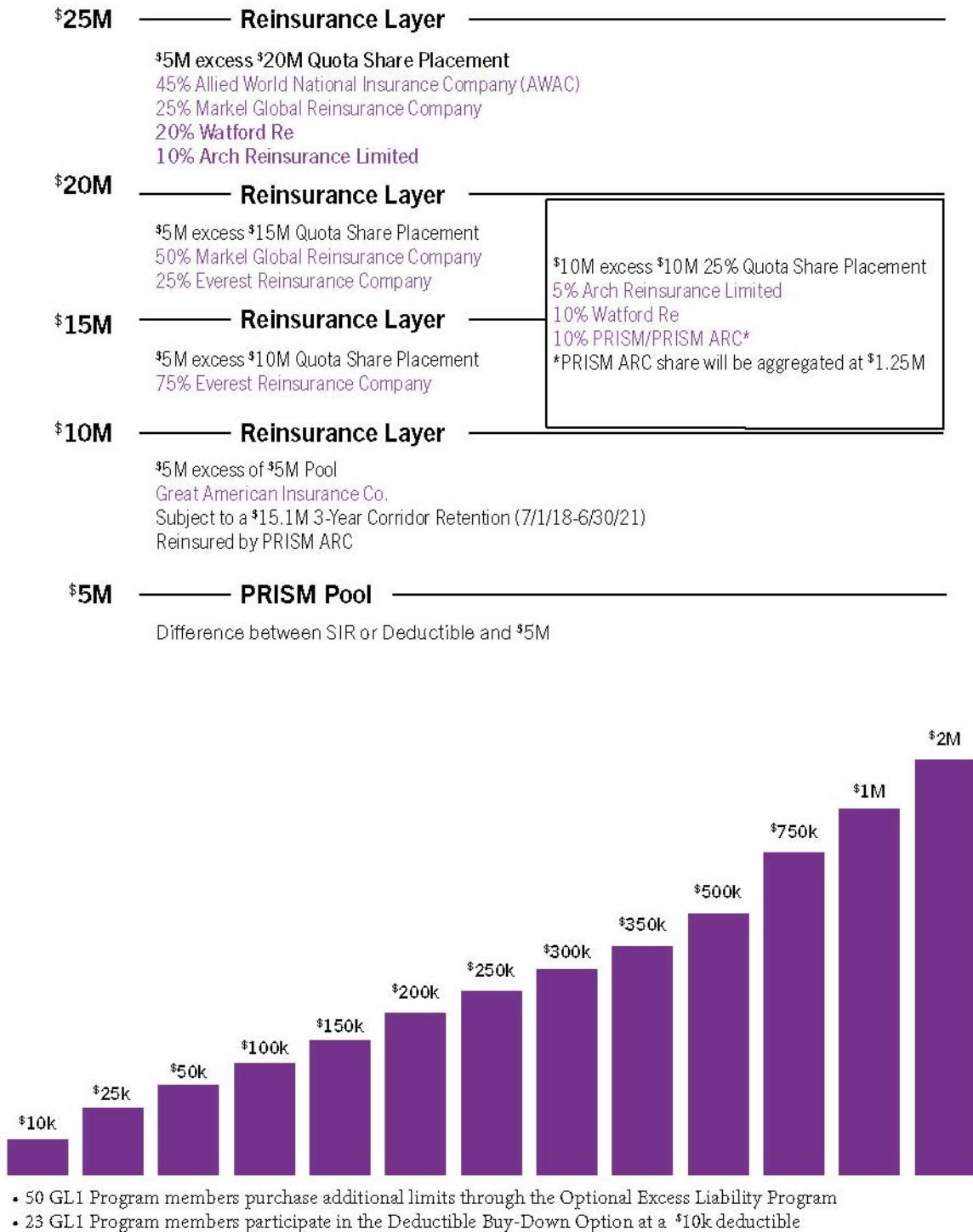
For the rest of the GL1 Program, each member maintains a SIR between \$25k and \$1M. The pool retains the responsibility for claims in excess of each member's SIR up to \$5M and purchases reinsurance from \$5M up to \$25M. In the first reinsurance layer (from \$5M to \$10M), the Program is responsible for the first \$15.1M in claims over the 3-year period encompassing the 2018/19 to 2020/21 fiscal years. This risk is transferred to the Captive. Another corridor risk of \$1.25M in the \$10M to \$20M layer is transferred to the captive in the 2020/21 fiscal year. Claim liabilities are recognized based on the actuarial estimate of the expected ultimate claim cost, discounted at 1.75%. Additional coverage can be added by purchasing optional excess liability insurance, which is available as part of the Miscellaneous Programs. Effective April 1, 2019, PRISM entered into a LPT transaction with MultiStrat Re (MS Re). This arrangement transfers the Program's pool liabilities to a reinsurer, MS Re, going back to July 1, 2007, thereby stabilizing the Program's funding position, and also providing coverage for liabilities through June 30, 2024. (See note 5 for MS Re LPT details). The multi-year reinsurance with MS Re will provide the Program time to gradually increase rates and the Program's funding position.

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4. Claim Liabilities (continued)

C. General Liability 1 (continued)

The chart below shows the current structure of the Program.



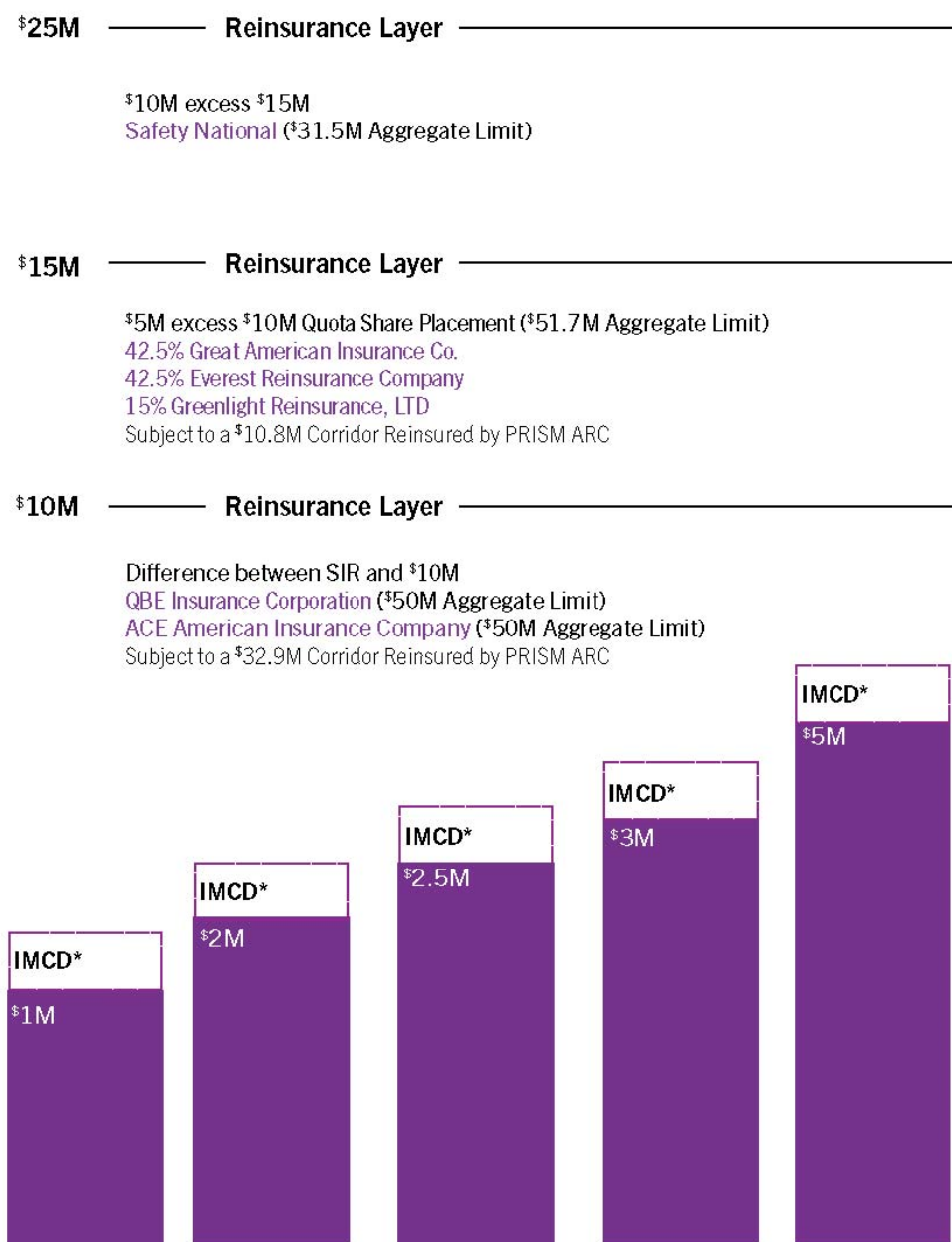
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4. Claim Liabilities (continued)

D. General Liability 2

The GL2 Program was designed to meet the liability insurance needs of the larger members and was implemented on February 15, 1991. In this Program, members are responsible for their SIRs ranging from \$1M to \$5M, and their Individual Member Corridor Deductibles (IMCD) ranging from \$250k to \$2.5M. Since 2014/15, the Program has utilized a pool funded corridor retention within the SIR to \$10M layer. For policy years 2019/20 and 2020/21, the Program retained 2 corridor retentions in the \$5M to \$10M and the \$10M to \$15M layers for a total of \$34.8M and \$43.9M, respectively. These corridors have been transferred to the Captive.

The chart below shows the current structure of the Program.



\* Individual Member Corridor Deductible (IMCD) where applicable.

•13 GL2 Program members purchase additional limits through the Optional Excess Liability Program.

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4. Claim Liabilities (continued)

E. Property

PRISM's Property Program was established to allow members to group purchase primary and excess property insurance. The coverage provides all risk, flood, boiler and machinery, and earthquake limits. The Program is separated into 8 Towers, as shown in the following chart. These Towers serve to diversify geographic risk within the Program. Members are responsible for all risk deductibles ranging from \$5k to \$100k. Deductibles may vary for specified exposures. The Program buys-down the earthquake deductible to 2% of the insured value, with a deductible cap of \$100M. The pool provides a unique benefit to members by assuming the risk for the difference between the member's deductible and the insurance deductible. Optional coverage is available for contractor's equipment, auto physical damage, and fine arts.

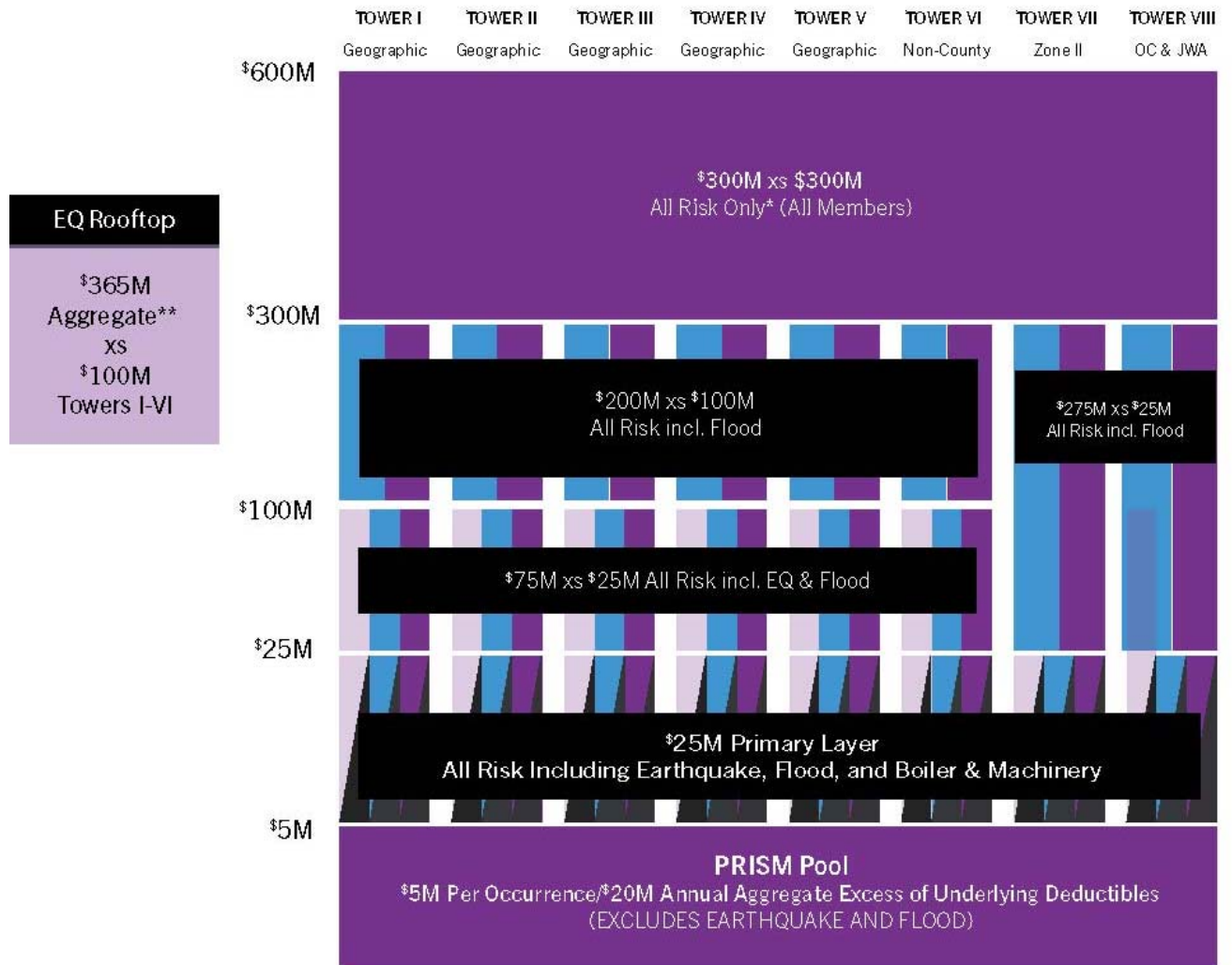
The primary layer of the Program is reinsured with National Union Fire. Members are billed each July for the coverage period of April 1<sup>st</sup> to March 31<sup>st</sup>. The primary insurance policy has pool limits of \$5M per occurrence and \$21.5M annual aggregate. Additionally, the pool buys down member auto physical damage deductibles by paying the difference between the member deductible of \$10k and \$20k, up to an annual aggregate total of \$400k. The pool risk was transferred to the Captive starting the 2016/17 year. Beginning in 2014, PRISM began funding a catastrophic risk pool to fund the Program's earthquake and flood deductibles. In the 2020/21 and 2021/22 year renewals, members were charged \$6M to fund the pool. As of June 30, 2021, PRISM has funded the \$35.7M goal for the catastrophic risk pool, with \$42.8M total funds in the pool.

Excess of PRISM's deductible and National Union Fire's \$25M all-risk primary layer, various layers of insurance provide coverage for flood, earthquake, and other exposures. The Program maintains total all risk limits of \$600M, earthquake limits of \$465M, and \$300M in flood limits. In 2019/20 and 2020/21, PRISM assumed \$25M of excess earthquake risk, in the \$25M excess \$340M layer. This risk was shared with the Captive in a quota share placement, where 40% of the layer risk was transferred to the Captive. Due to the high attachment point, no losses are anticipated in the excess earthquake layer.

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4. Claim Liabilities (continued)

E. Property (continued)



\*\$800M for San Bernardino County Arrowhead Regional Medical Center

\*\* Includes \$25M xs \$340M Pool Retained Aggregate Earthquake Rooftop



Not shown graphically is the Catastrophic Risk pool, designed to buy-down member deductibles for Flood and Earthquake.

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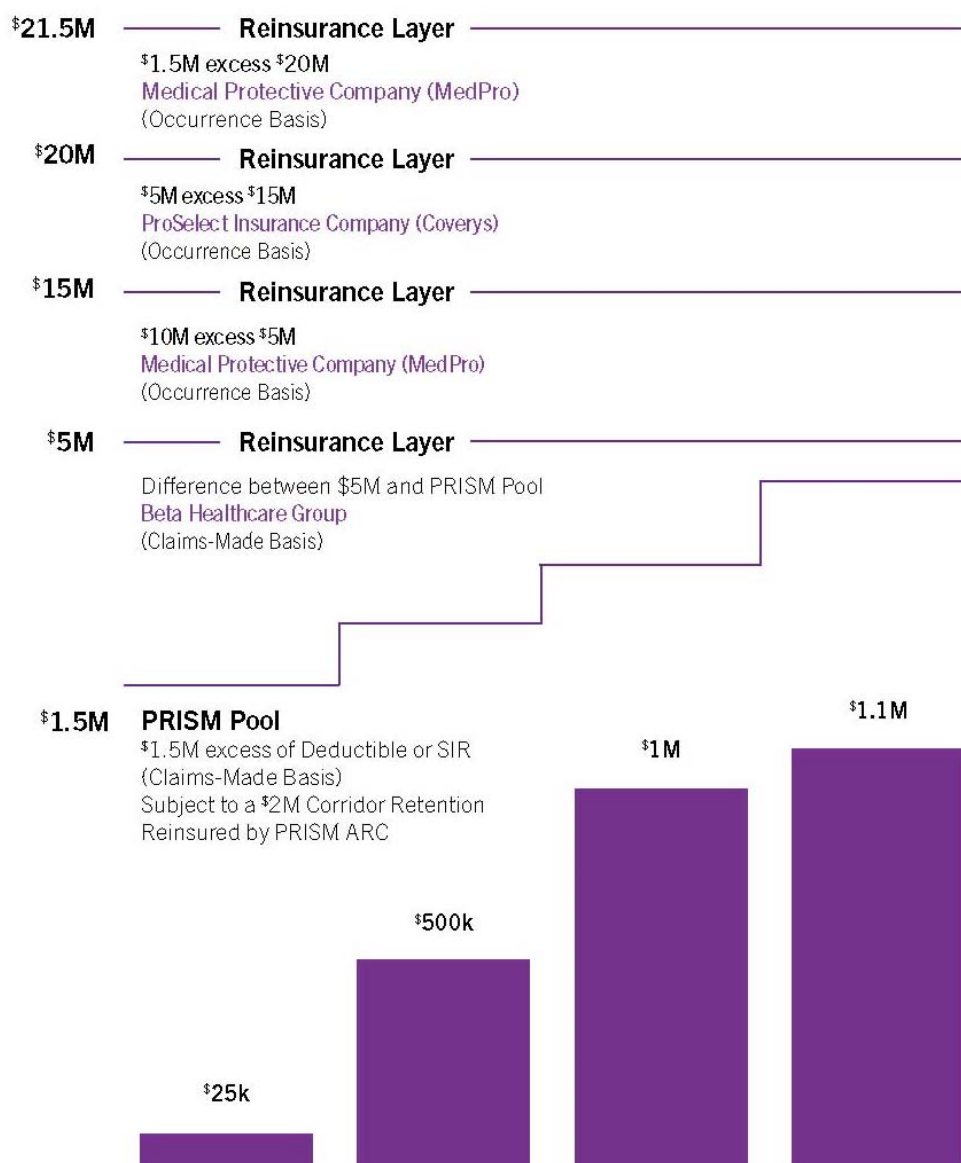
4. Claim Liabilities (continued)

F. Medical Malpractice

The Medical Malpractice Program was established on June 1, 1988, to provide medical malpractice, general liability, and blanket contract health coverage to public health facilities. The Program provides coverage to members with exposures ranging from large acute care hospitals to small public and mental health clinics. The Medical Malpractice Program combines risk retention, risk pooling, and the purchase of reinsurance insurance. The pooled layer is \$1.5M in excess of each member's deductible or retention and \$20M of reinsurance is purchased in excess of the pooled layer. In 2019/20, the Program added a \$2M corridor deductible to the Program's pooled layer to provide additional savings to the members.

The Program is divided into 2 groups for underwriting purposes – Program 1 for larger members with SIRs, and Program 2 for smaller members with deductibles. Medical Malpractice Program 1 members have a range of self-insured retentions from \$500k to \$1.1M. Medical Malpractice Program 2 members can elect deductibles from \$25k to \$75k.

The Program structure is illustrated in the following chart:





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4. Claim Liabilities (continued)

G. Dental

In the pooled Dental plan, claim liabilities are very predictable based on capped benefits. The claim liabilities at June 30, 2021 and June 30, 2020 of \$2.1M and \$1.8M, respectively, are undiscounted and are considered short-term.

H. Captive

Total claim liabilities of the Captive, as of June 30, 2021, in the amount of \$480.6M have been presented at the net present value of \$432.1M using a 2.85% discount rate. On June 30, 2020, the total claim liabilities of \$356.6M have been presented at the net present value of \$319.1M using 2.7% discount rate.

5. GL1 Loss Portfolio Transfer (LPT)

The General Liability 1 (GL1) Program faced challenges due to a sudden increase in loss development since the calendar year of 2018. In response to the adverse loss development and the deterioration of the Program's net position, the PRISM Board approved a LPT deal. The transaction, effective April 1, 2019, transferred the Program's liabilities to a reinsurer, MS Re, going back to July 1, 2007, thereby stabilizing the Program's funding position, and also providing coverage for liabilities over the next 5 years (through June 30, 2024).

A. Structure of the LPT

The Program splits the estimated claim payments for the entire coverage period of July 1, 2007 to June 30, 2024 into various layers, with MS Re being responsible for some layers while PRISM is responsible for others. Per the actuarial calculations, although it is expected that ultimately the total payments will be \$602.3M for the entire period, about 40% of the payment total will be made on claims incurred in future program years (2021/22 to 2023/24). Approximately \$360M of the payments are associated with claims incurred in the 2007/08 to 2020/21. In addition, the discounted value of claims of \$3.7M in PRISM's experience account and \$28.6M in PRISM's Corridor 2 are included in PRISM claim liabilities, as of June 30, 2021. The claim liabilities of \$147M in PRISM's Corridor 1 have been transferred to the Captive and are also part of the combined financial statements. The corresponding premium expense for those claim payments is \$291.1M, out of which \$178.9M was paid to MS Re and \$112.2M was paid to the Captive for the corridor that was transferred as explained below. Additionally, a rate credit of \$18.9M is recorded as an offset to the premium expense.

A breakdown of the layers is as follows:

<b>Layer</b>	<b>Original Layer Limit</b>	<b>Expected Future Payments as of June 30, 2020</b>	<b>Updated Layer Limit</b>	<b>Expected Future Payments as of June 30, 2021</b>
MsRe Reinsurance 1	\$ 170,631,620	\$ 124,469,733	\$ 170,631,620	\$ 61,108,485
PRISM Corridor 1 *	307,570,718	307,570,718	314,679,563	314,679,563
PRISM Experience Account	15,000,000	15,000,000	15,000,000	15,000,000
MsRe Reinsurance 2	17,500,000	17,500,000	17,500,000	17,500,000
PRISM Corridor 2	Unlimited	60,397,789	Unlimited	84,531,945
<b>Total</b>		<b>\$ 524,938,240</b>		<b>\$ 492,819,993</b>

\* PRISM Corridor 1 has been transferred to ARC.



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5. GL1 Loss Portfolio Transfer (LPT) (continued)

A. Structure of the LPT (continued)

Per the updated actuarial estimates, as of June 30, 2021, MS Re will cover the first \$170.6M in the claim payments, after which PRISM's Corridor 1 will cover the next \$314.7M. This corridor is transferred to the Captive for a premium of \$112.2M for all claims from July 1, 2007 to June 30, 2021. More payments will be transferred for this layer as we progress thru the years. Next is the PRISM experience account that is funded by the Premium Rate Credit, as explained below. The discounted value of claims of \$3.7M in PRISM's experience account are included in PRISM claim liabilities, as of June 30, 2021. Once PRISM's experience account is exhausted, MS Re will cover the next \$17.5M in claim payments after which PRISM's Corridor 2 kicks in with unlimited liability. The actuarially calculated liability in PRISM's Corridor 2 has increased from \$0 at the inception of the deal to \$84.5M at June 30, 2021. Although it is expected that ultimately the total payments will be \$492.8M, these numbers will be recalculated annually based on actual payments and recent claims developments.

The total cash premium of \$191.5M in exchange of the liabilities transferred was recorded as payable to MS Re, as of June 30, 2019. Only \$178.9M of this amount is related to claims from July 1, 2007 to June 30, 2021. Therefore, a corresponding prepaid asset of \$12.6M is recognized at June 30, 2021. Additionally, \$112.2M is recorded as premium expense to the Captive (and eliminated upon consolidation with PRISM) for a discounted value of \$147M for the PRISM Corridor 1 liabilities at June 30, 2021.

For the LPT experience account, MS Re has agreed to fund this layer thru Premium Rate Credits. They will pay PRISM a rate credit of .0165158% per month, compounded, on the monthly balance of premium paid less claim payments plus any rate credits not withdrawn by PRISM. Accordingly, PRISM has recorded a receivable of \$18.9M that is the present value of this rate credit, as of June 30, 2021. Correspondingly, the same amount is recorded as a reduction to premium in 2018/19, 2019/20, and 2020/21 program years.

6. Capital Assets

Capital assets include land, buildings, tenant improvements, furniture, equipment, and software assets. Depreciation of furniture, equipment, and software is reported as an operating expense in the General Administration fund. Depreciation for the building and tenant improvements is reported in the Building fund. A capital asset summary and the total accumulated depreciation is reported on the following page:

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**6. Capital Assets (continued)**

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2021</u>
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
<u>Depreciable Assets:</u>							
Buildings and Tenant Improvements	8,107,726	128,702	-	8,236,428	3,160	-	8,239,588
Furniture and Equipment	1,276,797	69,616	(16,173)	1,330,240	50,606	-	1,380,846
Software	5,105,833	1,118,099	-	6,223,932	1,872,057	-	8,095,989
Total Depreciable Assets	14,490,356	1,316,417	(16,173)	15,790,600	1,925,823	-	17,716,423
<u>Less Accumulated Depreciation:</u>							
Buildings and Tenant Improvements	(2,522,333)	(272,552)	-	(2,794,885)	(215,770)	-	(3,010,655)
Furniture and Equipment	(730,251)	(143,097)	16,173	(857,175)	(146,344)	-	(1,003,519)
Software	(2,165,651)	(797,805)	-	(2,963,456)	(913,343)	-	(3,876,799)
Total Accumulated Depreciation	(5,418,235)	(1,213,454)	16,173	(6,615,516)	(1,275,457)	-	(7,890,973)
<u>Net Depreciable Assets:</u>							
Buildings and Tenant Improvements	5,585,393	(143,850)	-	5,441,543	(212,610)	-	5,228,933
Furniture and Equipment	546,546	(73,481)	-	473,065	(95,738)	-	377,327
Software	2,940,182	320,294	-	3,260,476	958,714	-	4,219,190
Net Depreciable Assets	9,072,121	102,963	-	9,175,084	650,366	-	9,825,450
Net Land, Buildings and Equipment	\$ 10,072,121	\$ 102,963	\$ -	\$ 10,175,084	\$ 650,366	\$ -	\$ 10,825,450

**7. Operating Leases**

PRISM has occupied 59% of its 2 story building at 75 Iron Point Circle, Folsom, California 95630, leased out 23% and has 18% vacant space at June 30, 2021. Leases with various commercial tenants have been executed for periods of 5 to 10 years, with one lease having additional options to extend, but none exceeding 10 years. The cost of tenant improvements for the space under lease is \$963.8k with accumulated depreciation of \$873.9k. The cost of the building and improvements under lease is \$2.2M with accumulated depreciation of \$1.2M. The following is the schedule of lease revenue receivable under these operating leases for the next 5 years:

2022	\$ 369,901
2023	374,093
2024	378,411
2025	369,092
Total	<u>\$ 1,491,497</u>

**8. Employee Retirement System**

PRISM provides pension benefits to its employees through the 2% at age 55 Miscellaneous Plan, a cost-sharing, multiple-employer defined benefit pension plan (Classic) maintained by California Public Employees' Retirement System (CalPERS), an agency of the State of California. Effective January 1, 2013, new employees not eligible to participate in the 2% at 55 plan, are covered under the new Public Employees' Pension Reform Act Plan (PEPRA), which has a different benefit structure of 2% at age 62 and other differences. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California.

Collectively, the Classic Plan and the PEPRA Plan are referred to as the Plan. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. This report is available at the CalPERS' website: [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

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8. Employee Retirement System (continued)

A. General Information about the Pension Plan

Benefits Provided

The benefits for the Plan are established by contract with CalPERS, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. To be eligible for service retirement, members must be at least 50 and a minimum of 5 years of CalPERS-credited services. Members joining after January 1, 2013 must be at least 52.

Employees covered by the benefit terms

At June 30, 2021, the following number of employees were covered by the benefit terms:

Active members	78
Inactive members receiving benefits	11
Total	<u>89</u>

Contribution Description

Section 20814(c) of the PERL requires employer contribution rates for all public employers be determined on an annual basis by the actuary and are effective on the July 1<sup>st</sup> following notice of a change in the rate. The contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. PRISM is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. PRISM's required contribution rate on covered payroll for the measurement period ended June 30, 2020 (the measurement date) was 11.816% and 7.847% of annual pay for the Classic and PEPRA plans respectively.

For the year ended June 30, 2021, the legally required contributions were \$1,091,058. The legally required contribution for June 30, 2020 was \$792,370. The required contribution for the 2020/21 year is recognized as a Deferred Outflow of Resources Related to Pensions, since the measurement date of PRISM's pension-related accounts was June 30, 2020.

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8. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

Actuarial Assumptions

For the measurement period ended June 30, 2020 (the measurement date), the Total Pension Liability (TPL) was determined by rolling forward the June 30, 2019 TPL. The June 30, 2020 and June 30, 2019 TPL were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry - Age Normal
<u>Actuarial Assumptions</u>	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% Gross of Administrative Expenses
Mortality Rate Table (1)	Derived using CalPERS' Membership for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

(1)The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

Changes in Assumptions

There were no changes in assumptions, including discount rate, for the measurement period ended June 30, 2020.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, as well as actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term,

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8. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<b>Asset Class<sup>1</sup></b>	<b>Current Target Allocation</b>	<b>Real Return Years 1 - 10<sup>2</sup></b>	<b>Real Return Years 11<sup>3</sup></b>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Estate	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)

<sup>1</sup>In the System's Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup>An expected inflation of 2.00% used for this period

<sup>3</sup>An expected inflation of 2.92% used for this period

Sensitivity of PRISM's Proportional Share of the Net Pension Liability to the Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the June 30, 2020 measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

<b>6/30/2020 Measurement Date</b>	<b>Discount Rate - 1% 6.15%</b>	<b>Current Discount Rate 7.15%</b>	<b>Discount Rate +1% 8.15%</b>
Plan Net Pension Liability/(Asset)	\$ 5,966,358	\$ 2,558,450	\$ (257,397)

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8. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

For the measurement date of June 30, 2019, the following presents the net pension liability (asset) of the plan calculated using the discount rate 7.15%, as well as what the net pension liability (asset) would be if it were calculated using discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate.

<b>6/30/2019 Measurement Date</b>	<b>Discount Rate - 1% 6.15%</b>	<b>Current Discount Rate 7.15%</b>	<b>Discount Rate +1% 8.15%</b>
Plan Net Pension Liability/(Asset)	\$ 5,076,718	\$ 1,930,418	\$ (666,631)

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following time frames are used:

	<b>2020 - 2021 Fiscal Year</b>	<b>2019 - 2020 Fiscal Year</b>
Valuation Date	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019
Measurement Period	June 30, 2019 to June 30, 2020	June 30, 2018 to June 30, 2019

At June 30, 2021, PRISM reported a Net Pension Liability (NPL) of \$2,558,450 and \$1,930,418 at June 30, 2020 for its proportionate share of the Miscellaneous Pool's NPL.

PRISM's NPL for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured, as of June 30, 2020. The TPL used to calculate the NPL was determined by an actuarial valuation, as of June 30, 2019, and rolled forward to June 30, 2020 using standard update procedures. Using PRISM's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for PRISM by the actuary. PRISM's proportionate share of the NPL for PERF C, as of June 30, 2019, was 0.060654% for the Classic Plan and PEPR Plan combined. PRISM's proportionate share of the NPL for PERF C and PEPR combined, as of June 30, 2019, was 0.048206%.

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8. Employee Retirement System (continued)

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2021, PRISM recognized a pension expense of \$1,434,623. At June 30, 2021, PRISM reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>(Deferred Inflows) of Resources</b>
Differences Between Expected and Actual Experience	\$ 131,845	\$ -
Changes in Assumptions	-	(18,248)
Net Difference Between Projected and Actual Earnings on Pension Plan investments	76,003	-
Change in Proportions	677,677	-
Change in Proportionate Share of Contributions	-	(310,974)
Contributions Subsequent to Measurement Date	1,091,058	-
Total	<u>\$ 1,976,583</u>	<u>\$ (329,222)</u>

The \$1,091,058 reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the NPL in the year ending June 30, 2022.

At June 30, 2021, other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Measurement Period Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2021	\$ 268,106
2022	150,988
2023	100,756
2024	36,453
Total	<u>\$ 556,303</u>

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8. Employee Retirement System (continued)

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2020, PRISM recognized a pension expense of \$938,236. At June 30, 2020, PRISM reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>(Deferred Inflows) of Resources</b>
Differences Between Expected and Actual Experience	\$ 134,076	\$ (10,388)
Changes in Assumptions	92,052	(32,631)
Net Difference Between Projected and Actual Earnings on Pension Plan investments	-	(33,750)
Change in Proportions	669,804	-
Change in Proportionate Share of Contributions	-	(248,638)
Contributions Subsequent to Measurement Date	792,370	-
Total	\$ 1,688,302	\$ (325,407)

The \$792,370 reported as deferred outflows of resources related to contributions subsequent to the measurement date, was recognized as a reduction of the NPL in the year ending June 30, 2021.

At June 30, 2020, other amounts reported as deferred outflows/inflows of resources related to pensions was recognized as a pension expense as follows:

<b>Measurement Period Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2020	\$ 356,951
2021	166,000
2022	40,754
2023	6,820
Total	\$ 570,525



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

9. Other Postemployment Benefits (OPEB)

A. Plan Description

PRISM's defined benefit Other Postemployment Benefit (OPEB) Plan, provides OPEB for all permanent full-time employees of PRISM. This is an agent multiple-employer defined benefit OPEB plan administered by the California Employers' Retirement Benefit Trust (CERBT). PRISM's defined benefit postemployment healthcare plan, PRISM Postemployment Healthcare Plan (PRISM OPEB), provides limited medical benefits for retired employees and their beneficiaries. Retired employees and their beneficiaries must continue their participation in a CalPERS health care program to access PRISM OPEB benefits. The Public Employees' Medical and Hospital Care Act (PEMHCA) of the State of California assigns PRISM to establish and amend benefit provisions to the CalPERS Board of Directors.

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of CalPERS' annual financial report may be obtained from their executive office; 400 Q Street, Sacramento, California 95814.

The postemployment health care benefit rates per month, per retiree, have been established by the CalPERS Board of Directors, as shown in the following. Retirees, or their beneficiaries, are responsible for the remaining balance of their monthly health care cost.

Calendar Year 2018	\$133.00 per month
Calendar Year 2019	\$136.00 per month
Calendar Year 2020	\$139.00 per month
Calendar Year 2021	\$143.00 per month
Calendar Year 2022	\$149.00 per month
Thereafter	Adjusted by CalPERS Board to reflect changes in the medical care component of the CPI.

Under PEMHCA, PRISM is required to contribute toward medical coverage for the retiree's lifetime or until coverage is otherwise discontinued. If a covered spouse survives the retiree and is entitled to survivor pension benefits, PRISM will continue the applicable contribution toward the spouse's coverage until his or her death. PRISM OPEB provides employees who retire directly from PRISM, at a minimum age of 55, with a minimum of 5 years of coverage.

Employees covered by benefit terms: At June 30, 2021, the following number of employees were covered by the benefit terms:

Active employees	81
Inactive employees or beneficiaries receiving benefits	9
Inactive employees entitled to but not receiving benefits	3
Total participants	93

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. PRISM's OPEB Plan assets are invested as part of the CalPERS CERBT Strategy 1 portfolio with a 7.15% expected long-term rate of return. Each employer choosing CERBT Strategy 1 owns a percentage of this portfolio. PRISM does not have direct ownership of the securities in the portfolio. The target allocation and best estimates of real rates of return for each major class are summarized on the following page:

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

9. Other Postemployment Benefits (OPEB) (continued)

A. Plan Description (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	59%	4.80%
Fixed Income	25%	1.10%
Global Real Estate (REIT)	8%	3.20%
Treasury Inflation Protected Securities (TIPS)	5%	0.25%
Commodities	3%	1.50%

B. Net OPEB Liability

PRISM's net OPEB liability was \$288,072 as of June 30, 2021, and \$728,262 as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation, as of June 30, 2020.

Actuarial assumptions: The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	7.15% as of June 30, 2020 and June 30, 2019 net of plan investment expenses
Discount Rates	7.15% for all plan liabilities as of June 30, 2020 4.75% for all plan liabilities as of June 30, 2019
Municipal Bond Rate	2.45% as of June 30, 2020 and 3.13% as of June 30, 2019
Inflation	2.5% per year
Salary Increases	3.00% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants were considered in the valuation.

Changes in Assumptions

Increased discount rates for all plan liabilities from 4.75% at the June 30, 2019 measurement date to 7.15% at the June 30, 2020 measurement date.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

9. Other Postemployment Benefits (OPEB) (continued)

B. Net OPEB Liability (continued)

Discount Rate is the interest rate used to discount future potential benefit payments to the valuation date. The discount rate used to measure the total OPEB liability was 7.15% for all plan liabilities. The projection of explicit subsidy benefit cash flows used to determine the discount rate assumed that PRISM's contributions would be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net positions were projected to be available to make all projected explicit subsidy OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the OPEB Plan investments was applied to all periods of projected explicit subsidy benefit payments to determine the total OPEB liability.

Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of CalPERS using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Mortality rates used were those published by CalPERS, adjusted to back out 15 years of Scale MP 2016 to central year 2015. Mortality improvement assumption is based on MacLeod Watt Scale 2015 applied generationally.

PRISM's OPEB valuation is prepared for a closed group. There were no benefit changes in PRISM's OPEB Plan.

Mortality rates were based on published CalPERS rates. Healthcare Trend Medical plan premiums and claim costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown below:

<b>Effective January 1</b>	<b>Premium Increase</b>	<b>Effective January 1</b>	<b>Premium Increase</b>
2020	Actual	2060-2066	4.80%
2021	5.40%	2067	4.70%
2022	5.30%	2068	4.60%
2023-2026	5.20%	2069	4.50%
2027-2046	5.30%	2070-2071	4.40%
2047	5.20%	2072	4.30%
2048-2049	5.10%	2073-2074	4.20%
2050-2053	5.00%	2075	4.10%
2054-2059	4.90%	2076 & Later	4.00%

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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9. Other Postemployment Benefits (OPEB) (continued)

C. Changes in the Net OPEB Liability

Net OPEB Liability as of June 30, 2021 is \$288,072, a decrease of \$440,190 compared to June 30, 2020.

	Increase/(Decrease)		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
<b>Balance at fiscal year ending June 30, 2020</b>	\$ 1,614,810	\$ 886,548	\$ 728,262
Measurement date June 30, 2019			
Changes during the period			
Service Cost	172,953	-	172,953
Interest Cost	84,002	-	84,002
Changes in Assumptions	(352,436)	-	(352,436)
Benefit Payments	(37,363)	(37,363)	-
Employer Contributions	-	307,363	(307,363)
Net Investment Income	-	37,901	(37,901)
Administrative Expenses	-	(555)	555
Net Change in Fiscal Year	(132,844)	307,346	(440,190)
<b>Balance at fiscal year ending June 30, 2021</b>	<u>\$ 1,481,966</u>	<u>\$ 1,193,894</u>	<u>\$ 288,072</u>
Measurement date June 30, 2020			

Net OPEB Liability as of June 30, 2020 is \$728,262, an increase of \$127,160 compared to June 30, 2019.

	Increase/(Decrease)		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
<b>Balance at fiscal year ending June 30, 2019</b>	\$ 1,436,278	\$ 835,176	\$ 601,102
Measurement date June 30, 2018			
Changes during the period			
Service Cost	162,744	-	162,744
Interest Cost	81,742	-	81,742
Changes in Assumptions	(32,915)	-	(32,915)
Benefit Payments	(33,583)	(33,583)	-
Differences Between Expected and Actual Experience	544	-	544
Employer Contributions	-	33,583	(33,583)
Net Investment Income	-	51,551	(51,551)
Administrative Expenses	-	(179)	179
Net Change in Fiscal Year	178,532	51,372	127,160
<b>Balance at fiscal year ending June 30, 2020</b>	<u>\$ 1,614,810</u>	<u>\$ 886,548</u>	<u>\$ 728,262</u>
Measurement date June 30, 2019			

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
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9. Other Postemployment Benefits (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

Sensitivity of the net OPEB Liability to changes in the discount rate: The following table presents the net OPEB liability of PRISM, as well as what PRISM's net OPEB liability would be, if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate as of June 30, 2021:

	<b>1% Decrease 6.15%</b>	<b>Discount Rate 7.15%</b>	<b>1% Increase 8.15%</b>
Net OPEB Liability	\$ 493,215	\$ 288,072	\$ 117,365

The following table shows the net OPEB liability of PRISM, as well as what PRISM's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate as of June 30 2020:

	<b>1% Decrease 6.15%</b>	<b>Discount Rate 7.15%</b>	<b>1% Increase 8.15%</b>
Net OPEB Liability	\$ 944,617	\$ 728,262	\$ 544,298

The net OPEB liability is sensitive to changes in the healthcare cost trend rates. The following presents the net OPEB liability of PRISM, as well as what PRISM's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates. Healthcare Cost Trend Rate was assumed to start at 5.4%, effective January 2019, and then fluctuate to an ultimate increase rate of 4.0% for the years ended 2076 and later.

	<b>Medical Trend 4.40%</b>	<b>Current Medical Trend 5.40%</b>	<b>Medical Trend 6.40%</b>
Net OPEB Liability	\$ 71,547	\$ 288,072	\$ 560,390

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates as of June 30, 2020 is shown below:

	<b>Medical Trend 4.40%</b>	<b>Current Medical Trend 5.40%</b>	<b>Medical Trend 6.40%</b>
Net OPEB Liability	\$ 491,015	\$ 728,262	\$ 1,025,075

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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9. Other Postemployment Benefits (OPEB) (continued)

**D. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, PRISM recognized an OPEB expense of \$107,530. At June 30, 2021, PRISM reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		(Deferred Inflows) of Resources		Total	
	Explicit	Implicit	Explicit	Implicit	Deferred Outflows of Resources	(Deferred Inflows) of Resources
Changes of assumptions	\$ -	\$ 109,848	\$ (731,307)	\$ (25,389)	\$ -	\$ (646,848)
Net difference between expected and actual investment experience	28,096	-	(2,109)	-	25,987	-
Contributions made subsequent to the measurement date	143,150	21,594	-	-	164,744	-
	<u>\$ 171,246</u>	<u>\$ 131,442</u>	<u>\$ (733,416)</u>	<u>\$ (25,389)</u>	<u>\$ 190,731</u>	<u>\$ (646,848)</u>

The \$164,744 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources	Recognized Net Deferred Outflows (Inflows) of Resources	Total
	Explicit	Implicit	
2022	\$ (86,004)	\$ 8,981	\$ (77,023)
2023	(78,556)	8,981	(69,575)
2024	(78,455)	8,981	(69,474)
2025	(80,302)	8,981	(71,321)
2026	(87,326)	8,981	(78,345)
Thereafter	(294,677)	39,554	(255,123)

For the year ended June 30, 2020, PRISM recognized an OPEB expense of \$131,688. At June 30, 2020, PRISM reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		(Deferred Inflows) of Resources		Total	
	Explicit	Implicit	Explicit	Implicit	Deferred Outflows of Resources	(Deferred Inflows) of Resources
Changes of assumptions	\$ -	\$ 122,898	\$ (466,197)	\$ (29,458)	\$ -	\$ (372,757)
Net difference between expected and actual investment experience	-	-	(7,810)	-	-	(7,810)
Difference between expected and and actual plan experience	49,887	-	-	(49,823)	64	-
Contributions made subsequent to the measurement date	292,488	14,875	-	-	307,363	-
	<u>\$ 342,375</u>	<u>\$ 137,773</u>	<u>\$ (474,007)</u>	<u>\$ (79,281)</u>	<u>\$ 307,427</u>	<u>\$ (380,567)</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

9. Other Postemployment Benefits (OPEB) (continued)

D. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (continued)

The \$307,363 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources	Recognized Net Deferred Outflows (Inflows) of Resources	Total
	Explicit	Implicit	
2021	\$ (56,767)	\$ 4,584	\$ (52,183)
2022	(56,768)	4,584	(52,184)
2023	(49,320)	4,584	(44,736)
2024	(49,219)	4,584	(44,635)
2025	(51,066)	4,584	(46,482)
Thereafter	(160,980)	20,697	(140,283)

The Expected Average Remaining Service life was 11.23 for explicit subsidy and 12.33 for implicit subsidy. This is the period used to recognize changes in the OPEB liability other than those arising from investments gains and losses or relating to improvements in plan benefits.

10. AmTrust Group Payment Delays

Payment delays were experienced in fiscal year 2020/21 from AmTrust Group (AmTrust). PRISM has an ongoing dialogue with the carrier regarding status of claims processing and collections, and arbitrations are in process on several claims with a total value in excess of \$8M. AmTrust is involved with the following programs and policy periods:

Program / Tower	Policy Periods*					
	2011/12	2012/13	2013/14	2014/15**	2015/16**	2016/17***
Primary Workers' Comp.		\$115M xs \$10M	\$115M xs \$10M	\$115M xs \$10M	\$115M xs \$10M	\$115M xs \$10M
Primary Workers' Comp. (Ed Tower)				\$125k xs \$0	\$125k xs \$0	\$125k xs \$0
Excess Workers' Comp.	\$4M xs \$1M	\$4M xs \$1M \$875M xs \$125M	\$4.875M xs \$125k	\$4.875M xs \$125k	\$4.875M xs \$125k	\$4.875M xs \$125k
Excess Workers' Comp. (Ed Tower)				\$2.375M xs \$125k	\$2.375M xs \$125k	\$2.375M xs \$125k
General Liability 1					\$5M xs \$10M	\$5M xs \$10M
General Liability 2	SIR to \$10M	SIR to \$10M	SIR to \$10M	SIR to \$10M	SIR to \$10M	

\*All Policy Periods cover policy year July 1 to June 30, except as noted below

\*\*Policy Period December 31, 2014 to July 1, 2016 for Ed Towers only.

\*\*\*Policy Period July 1, 2016 to April 30, 2017 for Primary Workers' Comp coverage.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

AmTrust owes PRISM \$24.6M as of June 30, 2021. Management considers the full amount due to be collectible and, therefore, no allowance has been recorded.

11. Castlepoint Liquidation

In August 2016, the California Insurance Commissioner placed CastlePoint Insurance Companies (CastlePoint) in conservatorship. CastlePoint has been in liquidation since March 1, 2017. California Insurance Guarantee Association (CIGA) is administering the liquidation and paying claims. PRISM has insured the 2010/11 and 2011/12 years in the PWC Program in the layer from \$10k to \$125k with CastlePoint. Although CIGA has paid on some claims, it has issued denials if “other insurance” is available to cover the exposure. The total exposure to the PWC Program that is considered unrecoverable is approximately \$846k, discounted, and this amount is included in claim liabilities in the PWC Program.

The EWC Program also had coverage through CastlePoint on a quota-share basis in the 2010/11 and 2011/12 years, and on an 80% quota-share basis for the \$1M excess of SIR layer. Here, because CIGA’s coverage is limited to \$500k per claim, the Program does have exposure due to the liquidation. Additionally, CIGA has issued denials if “other insurance” is available to cover the exposure. PRISM estimates the ultimate cost of the EWC claims for this period, not covered by CIGA, to be \$2.1M, discounted, and this amount is included in claim liabilities in the EWC Program.

12. Subsequent Event

In 2017, PRISM’s building suffered significant water intrusion during several storms. Experts opined that this was due to defects in the original construction of the building. PRISM has since spent around \$1.1M to correct those defects and initiated litigation against the builder to recover the amounts expended. The parties settled the lawsuit after the current fiscal year end.

13. Risk and Uncertainties

On March 11, 2020, the World Health Organization characterized coronavirus (COVID-19) as a pandemic, and on March 13, 2020, the President of the United States declared a national emergency relating to the disease. In addition to the President’s declaration, state and local authorities have recommended social distancing and have imposed quarantine and isolation measures on large portions of the population throughout the past year and a half, including mandatory business closures. These measures are designed to protect the overall public health, and are expected to have material adverse impacts on domestic and foreign economies and may result in the United States entering a period of recession. A few vaccines have since been manufactured and made available for people worldwide. Although the vaccine usage varies from area to area, much of United States population has been vaccinated, and the domestic and global economy has begun to recover, although risks remain. Variants of the COVID-19 virus continue to pose a threat to human health as well as the economy.

As a result of COVID-19 and its variants, there has been heightened market risk and volatility associated with the pandemic, and this could materially affect investment balances and the amounts reported in the statement of net position, as mentioned above. Because of the uncertainty of the markets during this time, PRISM is unable to estimate the total impact the pandemic will have.

PRISM has various outstanding legal claims. However, based on consultation with legal counsel, management believes that the ultimate resolution of the matters will not have a material adverse effect on PRISM’s financial position or results of operations.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**AS OF JUNE 30, 2021**  
**10 YEAR SCHEDULE\***

	Measurement Date						
	2020	2019	2018	2017	2016	2015	2014
PRISM's proportion of the net pension liability	0.060654%	0.048206%	0.037935%	0.040671%	0.031435%	0.073809%	0.032050%
Proportionate share of the net pension liability	\$2,558,450	\$1,930,418	\$1,429,650	\$1,603,286	\$1,092,027	\$2,024,929	\$1,994,562
Covered payroll	\$7,426,247	\$7,828,396	\$7,123,473	\$6,441,367	\$5,449,159	\$4,924,748	\$4,058,309
Proportionate Share of the net pension liability as percentage of covered-employee payroll	34.45%	24.66%	20.07%	24.89%	20.04%	41.12%	49.15%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	75.26%	75.26%	73.31%	78.40%	78.40%	83.03%

\* Fiscal year 2015 was the first year of implementation, therefore only 7 years are shown

**Notes to Schedule**

1. There were no changes to benefit terms during the measurement period ended June 30, 2020.

**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION PLAN CONTRIBUTIONS  
AS OF JUNE 30, 2021  
10 YEAR SCHEDULE\***

	<b>Fiscal Year</b>						
	<b>2020/21</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2015/2016</b>	<b>2014/2015</b>
Contractually Required Contribution (Actuarially Determined Contribution)	\$ 1,091,058	\$ 792,370	\$ 656,865	\$ 612,233	\$ 551,010	\$ 533,877	\$ 587,253
Contributions in Relation to the Contractually Required Contributions	1,091,058	792,370	656,865	612,233	551,010	533,877	587,253
Contributions Deficiency (Excess)	-	-	-	-	-	-	-
Covered Payroll	\$9,387,235	\$7,426,247	\$7,828,396	\$7,123,473	\$6,441,367	\$ 5,449,159	\$ 4,924,748
Contributions as a Percentage of Covered Payroll	11.62%	10.67%	8.39%	8.59%	8.55%	9.80%	11.92%

\* Fiscal year 2015 was the first year of implementation, therefore only 7 years are shown

**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**AS OF JUNE 30, 2021**  
**LAST 10 FISCAL YEARS\***

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service Cost	\$ 172,953	\$ 162,744	\$ 188,704	\$ 208,154
Interest Cost	84,002	81,742	77,753	64,420
Changes in Assumptions	(352,436)	(32,915)	(286,746)	(159,144)
Benefit Payments	(37,363)	(33,583)	(25,165)	(20,480)
Differences Between Expected and Actual Experience	-	544	-	-
<b>Net Change in Total OPEB Liability</b>	(132,844)	178,532	(45,454)	92,950
<b>Total OPEB Liability - Beginning</b>	1,614,810	1,436,278	1,481,732	1,388,782
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 1,481,966</u>	<u>\$ 1,614,810</u>	<u>\$ 1,436,278</u>	<u>\$ 1,481,732</u>
<b>Plan Fiduciary Net Position</b>				
Employer Contributions	\$ 307,363	\$ 33,583	\$ 150,165	\$ 56,127
Net Investment Income	37,901	51,551	52,952	60,789
Benefit Payments	(37,363)	(33,583)	(25,165)	(20,480)
Administrative Expenses	(555)	(179)	(365)	(307)
Other Expenses	-	-	(871)	-
<b>Net Change in Plan Fiduciary Net Position</b>	307,346	51,372	176,716	96,129
<b>Plan Fiduciary Net Position - Beginning</b>	886,548	835,176	658,460	562,331
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 1,193,894</u>	<u>\$ 886,548</u>	<u>\$ 835,176</u>	<u>\$ 658,460</u>
<b>Net OPEB Liability (a)-(b)</b>	\$ 288,072	\$ 728,262	\$ 601,102	\$ 823,272
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	81%	55%	58%	44%
<b>Covered Payroll</b>	\$ 9,387,235	\$ 7,426,247	\$ 7,828,396	\$ 7,123,473
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	3%	10%	8%	12%

\* Fiscal year 2018 was the 1st year of implementation, therefore only 4 years are shown.

**Notes to Schedule**

Changes of Assumptions:

There were no benefit changes for the 2020 valuation.

The discount rate was changed from a weighted single equivalent rate of 4.75% as of June 30, 2019, to 7.15% as of June 30, 2020.

**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PRISM OPEB CONTRIBUTIONS**  
**AS OF JUNE 30, 2021**  
**LAST 10 FISCAL YEARS\***

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Actuarially determined contribution (ADC)				
Explicit ADC	\$ 37,994	\$ 40,441	\$ 36,039	\$ 44,616
Implicit ADC	126,750	134,915	127,677	114,616
<b>Total ADC</b>	<b>\$ 164,744</b>	<b>\$ 175,356</b>	<b>\$ 163,716</b>	<b>\$ 159,232</b>
Explicit Contributions	\$ 143,150	\$ 292,488	\$ 20,366	\$ 144,990
Implicit Contributions	21,594	14,875	13,217	5,175
<b>Total Contributions</b>	<b>\$ 164,744</b>	<b>\$ 307,363</b>	<b>\$ 33,583</b>	<b>\$ 150,165</b>
Contribution deficiency (excess) relative to the total ADC	\$ -	\$ (132,007)	\$ 130,133	\$ 9,067
Covered Payroll	\$ 9,387,235	\$ 7,426,247	\$ 7,828,396	\$ 7,123,473
Contributions as % of Covered Payroll	1.75%	4.14%	0.43%	2.11%
Contributions deficiency (excess) relative to the Explicit ADC only	\$ 105,156	\$ (252,047)	\$ 15,673	\$ (100,374)

\* Fiscal year 2018 was the first year of implementation, therefore only 4 years are shown.

**Notes to Schedule**

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, 2018 and June 30, 2019 on the June 30, 2017 valuation, June 30, 2020 rates are calculated based on June 30, 2019 valuation, and June 30, 2021 rates are calculated based on the June 30, 2020 valuation.

**Methods and assumptions used:**

Discount Rate	7.15%
Actuarial Cost method	Entry age
Amortization method	Level percent of pay closed 20 years
Amortization period	17 years
Asset Valuation method	Market value of assets
Inflation	2.50%
Healthcare cost trend rates	5.4% in 2021 fluctuating down to 4.0% in 2076
Salary increases	3.00% per year
Retirement age	50 to 75
Mortality	CalPERS 2017 Experience Study
Mortality Improvement	MacLeod Watts Scale 2018 generationally

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**RECONCILIATION OF UNPAID CLAIM LIABILITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability 1	General Liability 2	Property	Medical Malpractice	Dental	PRISM Affiliate Risk Captive	Total June 30, 2021	Total June 30, 2020
Unpaid Claims and Claim Adjustment Expenses at the										
A. Beginning of the Fiscal Year	\$ 70,055,875	\$ 206,718,193	\$ 27,250,572	\$ 1,141,000	\$ 8,000	\$ 29,804,434	\$ 1,847,125	\$ 319,143,407	\$ 655,968,606	\$ 538,405,622
Incurred Claims and Claim Adjustment Expenses:										
Provision for Claims										
Current Fiscal Year	6,754,000	3,620,517	4,683,581	405,000	1,195,329	5,136,000	36,112,649	125,342,303	183,249,379	162,771,896
Prior Fiscal Years	(1,828,717)	7,303,995	12,250,499	-	-	7,575,824	-	79,714,741	105,016,342	97,250,283
B. Total Incurred	4,925,283	10,924,512	16,934,080	405,000	1,195,329	12,711,824	36,112,649	205,057,044	288,265,721	260,022,179
Payments:										
Attributable to insured events of the										
Current Fiscal Year	2,755,296	-	-	-	-	-	35,850,497	20,379,129	58,984,922	49,105,894
Prior Fiscal Years	5,012,770	27,848,073	1,829,187	-	1,181,329	2,721,249	-	71,680,501	110,273,109	93,353,301
C. Total Payments	7,768,066	27,848,073	1,829,187	-	1,181,329	2,721,249	35,850,497	92,059,630	169,258,031	142,459,195
Total Unpaid Claims and Claim Adjustment Expenses at										
D. End of the Fiscal Year (A+B-C)	\$ 67,213,092	\$ 189,794,632	\$ 42,355,465	\$ 1,546,000	\$ 22,000	\$ 39,795,009	\$ 2,109,277	\$ 432,140,821	\$ 774,976,296	\$ 655,968,606
Claims Reported	\$ 18,431,501	\$ 147,637,813	\$ 3,675,694	\$ -	\$ -	\$ 25,797,630	\$ 2,109,277	\$ 179,568,784	\$ 377,220,699	\$ 347,684,720
Claims Incurred But Not Reported	8,813,591	36,032,819	36,287,771	-	-	13,743,379	-	252,572,037	347,449,597	259,339,886
Unallocated Loss Adjustment Expenses	39,968,000	6,124,000	2,392,000	1,546,000	22,000	254,000	-	-	50,306,000	48,944,000
Total Claim Liabilities	\$ 67,213,092	\$ 189,794,632	\$ 42,355,465	\$ 1,546,000	\$ 22,000	\$ 39,795,009	\$ 2,109,277	\$ 432,140,821	\$ 774,976,296	\$ 655,968,606
Current Claim Liabilities	\$ 7,573,407	\$ 25,324,232	\$ 540,961	\$ -	\$ -	\$ 6,859,000	\$ 2,109,277	\$ 101,914,686	\$ 144,321,563	\$ 112,352,125
Noncurrent Claim Liabilities	59,639,685	164,470,400	41,814,504	1,546,000	22,000	32,936,009	-	330,226,135	630,654,733	543,616,481
Total Claim Liabilities	\$ 67,213,092	\$ 189,794,632	\$ 42,355,465	\$ 1,546,000	\$ 22,000	\$ 39,795,009	\$ 2,109,277	\$ 432,140,821	\$ 774,976,296	\$ 655,968,606

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION**  
**FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2021**

The following schedule illustrates how PRISM's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by PRISM as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs not allocated to individual claims.
3. This line shows PRISM's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2021**  
**(ALL PROGRAMS)**

<b>POLICY YEAR</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>
Earned Premiums	\$ 241,982,693	\$ 257,966,103	\$ 285,324,897	\$ 319,317,028	\$ 350,559,894	\$ 469,691,910	\$ 505,760,442	\$ 642,499,647	\$ 607,788,728	\$ 679,016,899
Less Ceded	(140,284,953)	(133,678,087)	(164,918,367)	(179,542,634)	(195,577,777)	(280,217,877)	(295,276,073)	(310,413,725)	(347,824,023)	(412,021,405)
Loss Portfolio Transfer	(20,909,819)	(25,663,071)	(44,186,195)	(36,150,976)	(44,817,156)	(35,251,762)	(29,253,790)	(25,838,117)	(95,378,213)	(62,172,884)
Dividends Declared	-	-	-	-	-	-	-	(2,000,000)	(7,125,448)	(9,000,000)
Investment Earnings	4,099,506	5,469,497	3,868,544	4,395,955	4,625,378	9,566,023	15,802,674	26,462,533	11,743,701	8,878,250
1. Total Revenues Available For Payment of Claims	84,887,427	104,094,442	80,088,879	108,019,373	114,790,339	163,788,294	197,033,253	330,710,338	169,204,745	204,700,860
2. Unallocated Loss Adjustment Expense	1,030,388	1,898,811	2,366,823	2,938,137	3,688,136	3,784,052	7,980,841	8,201,648	7,534,270	3,240,791
3. Estimated Incurred Claims	215,211,245	224,347,031	255,248,896	289,100,975	326,801,063	443,588,666	467,745,044	498,954,780	511,345,287	592,453,937
Less Ceded Claims	(140,284,953)	(133,678,087)	(164,918,367)	(179,454,200)	(195,577,777)	(280,217,877)	(295,276,073)	(310,413,725)	(347,824,023)	(412,021,405)
Net Incurred Claims and Expenses, End of Policy Year	74,926,292	90,668,944	90,330,529	109,646,775	131,223,286	163,370,789	172,468,971	188,541,055	163,521,264	180,432,532
4. Cumulative Paid Claims as of:										
End of the Policy Year	30,092,932	37,166,285	35,078,443	41,819,464	46,845,645	52,254,041	50,859,036	53,505,254	49,033,613	58,984,922
One Year Later	43,112,132	47,650,221	48,129,843	55,107,212	62,990,323	70,987,228	77,406,457	74,007,811	69,644,549	
Two Years Later	48,937,969	56,141,733	55,838,278	64,984,162	88,685,970	106,880,592	94,177,491	101,624,160		
Three Years Later	56,857,493	66,795,768	69,238,862	91,256,950	121,100,075	123,574,410	113,149,753			
Four Years Later	66,851,630	76,730,519	78,729,022	111,768,089	136,824,900	135,685,813				
Five Years Later	70,003,396	83,902,984	100,731,441	107,787,847	135,254,359					
Six Years Later	72,850,346	87,848,920	105,302,558	115,575,435						
Seven Years Later	74,924,799	90,739,777	105,368,317							
Eight Years Later	75,918,962	91,863,442								
Nine Years Later	76,471,060									
5. Reestimated Ceded Claims and Expenses	101,492,039	108,977,329	136,811,348	244,949,620	177,878,226	291,403,126	303,829,000	285,992,365	202,295,357	136,238,025
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	74,926,292	90,668,944	90,330,529	109,646,775	131,223,286	163,370,789	172,468,971	188,541,055	163,521,264	180,432,532
One Year Later	80,331,706	92,306,009	92,687,394	115,831,832	133,962,994	171,585,114	146,440,138	255,246,311	170,695,606	
Two Years Later	81,126,796	93,008,024	97,238,564	113,158,272	152,739,976	151,894,547	156,054,777	335,009,333		
Three Years Later	80,533,113	98,342,503	100,362,092	126,906,754	142,475,106	150,047,659	156,206,901			
Four Years Later	84,551,699	105,222,229	110,051,193	116,585,582	152,017,636	151,373,010				
Five Years Later	83,762,949	109,914,153	108,190,734	107,185,396	144,165,483					
Six Years Later	87,344,432	98,922,791	108,276,425	116,700,294						
Seven Years Later	84,045,654	98,754,638	108,225,409							
Eight Years Later	81,483,301	98,823,629								
Nine Years Later	81,981,676									
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 7,055,384	\$ 8,154,685	\$ 17,894,880	\$ 7,053,519	\$ 12,942,197	\$ (11,997,779)	\$ (16,262,070)	\$ 146,468,278	\$ 7,174,342	\$ -



## **SUPPLEMENTARY INFORMATION**

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**COMBINING SCHEDULE OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	PRISMHealth	Dental	Miscellaneous Programs	General Administration & Building	PRISM Affiliate Risk Captive	Elimination Inter-Fund Trans	Totals June 30, 2021
<b>ASSETS:</b>														
<b>Current Assets:</b>														
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 300
Cash in Banks	792,715	-	1,110,054	-	-	-	-	-	-	-	666,593	339,398	-	2,908,760
Cash in the PRISM Treasury	7,587,413	19,743,298	-	-	-	4,497,688	36,118	596,689	629,951	162,688	1,544,788	3,323,494	-	38,122,127
Total Cash & Cash Equivalents	8,380,128	19,743,298	1,110,054	-	-	4,497,688	36,118	596,689	629,951	162,688	2,211,681	3,662,892	-	41,031,187
Investments	7,953,102	20,694,861	-	-	-	4,714,462	37,859	625,447	660,313	170,529	1,619,242	36,805,157	-	73,280,972
Accounts Receivable														
Due From Members	395,668	592,053	201,673	-	41,094,690	18,106	1,322,421	-	6,251,014	516,053	403,857	-	-	50,795,535
Investment Income Receivable	225,361	586,415	-	-	-	133,590	1,073	17,723	18,711	4,832	45,883	1,610,302	-	2,643,890
Reinsurance Claims and Deposit with Carrier	13,224,685	35,699,451	11,140,513	16,249,648	4,811,142	910,478	-	-	245,000	-	39,283	2,500,000	(45,412,214)	39,407,986
GL1 LPT Rate Credit Receivable	-	-	5,992,234	-	-	-	-	-	-	-	-	-	-	5,992,234
GL1 LPT Prepaid Expense	-	-	12,652,620	-	-	-	-	-	-	-	-	-	-	12,652,620
Due From Other Funds	19,031,904	11,994,773	-	-	4,924,774	2,732,509	21,943	362,510	382,718	98,839	938,515	-	(40,488,485)	-
Prepaid Insurance and Expenses	9,500	-	-	-	86,345,431	1,679,294	4,035,334	-	-	59,804	83,719	5,250	-	92,218,332
Total Current Assets	49,220,348	89,310,851	31,097,094	16,249,648	137,176,037	14,686,127	5,454,748	1,602,369	8,187,707	1,012,745	5,342,180	44,583,601	(85,900,699)	318,022,756
<b>Noncurrent Assets:</b>														
Investments	45,654,884	118,799,111	-	-	-	27,063,427	217,327	3,590,389	3,790,533	978,925	1,423,657	454,017,718	-	655,535,971
Due From Members	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000
Due From Other Funds	20,031,318	52,123,728	-	-	-	11,874,219	95,353	1,575,302	1,663,116	429,508	4,078,355	-	(91,870,899)	-
Investments-Restricted	-	-	-	-	-	-	-	-	-	-	7,871,623	-	-	7,871,623
Investment in Captive	514,969	2,841,641	1,035,807	65,294	66,714	253,487	654	77,472	129,055	14,907	-	-	(5,000,000)	-
GL1 LPT Rate Credit Receivable	-	-	12,877,045	-	-	-	-	-	-	-	-	-	-	12,877,045
Land and Buildings, Net	-	-	-	-	-	-	-	-	-	-	6,228,933	-	-	6,228,933
Furniture and Equipment, Net	-	-	-	-	-	-	-	-	-	-	4,596,517	-	-	4,596,517
Total Noncurrent Assets	67,201,171	173,764,480	13,912,852	65,294	66,714	39,191,133	313,334	5,243,163	5,582,704	1,423,340	24,199,085	454,017,718	(96,870,899)	688,110,089
<b>Total Assets</b>	<b>116,421,519</b>	<b>263,075,331</b>	<b>45,009,946</b>	<b>16,314,942</b>	<b>137,242,751</b>	<b>53,877,260</b>	<b>5,768,082</b>	<b>6,845,532</b>	<b>13,770,411</b>	<b>2,436,085</b>	<b>29,541,265</b>	<b>498,601,319</b>	<b>(182,771,598)</b>	<b>1,006,132,845</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>														
Deferred Outflows of Resources on Pensions	-	-	-	-	-	-	-	-	-	-	1,976,583	-	-	1,976,583
Deferred Outflows of Resources on OPEB	-	-	-	-	-	-	-	-	-	-	190,731	-	-	190,731
<b>Total Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,167,314</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,167,314</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**COMBINING SCHEDULE OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	PRISMHealth	Dental	Miscellaneous Programs	General Administration & Building	PRISM Affiliate Risk Captive	Elimination Inter-Fund Trans	Totals June 30, 2021
<b>LIABILITIES:</b>														
<b>Current Liabilities:</b>														
Accounts Payable	\$ 798,619	\$ 1,325,227	\$ 286,878	\$ 1,512	\$ 5,404,946	\$ 322,024	\$ 893,049	\$ 1,801,089	\$ -	\$ 19,449	\$ 287,947	\$ 37,608,864	\$ (42,912,214)	\$ 5,837,390
GL1 LPT Payable	-	-	12,000,000	-	-	-	-	-	-	-	-	-	-	12,000,000
Deposits from Insurance Companies	-	-	1,637,214	-	2,500,000	-	-	-	-	-	-	-	(2,500,000)	1,637,214
Due to Other Funds	-	14,422,275	14,052,170	11,510,342	-	-	-	-	-	-	503,699	-	(40,488,486)	-
Due to Members	2,118,938	-	268,821	-	136,923	-	-	2,157,164	699,774	192,237	100,000	-	-	5,673,857
Unearned Income	-	-	-	-	-	5,548,289	3,874,068	5,016	21,556	-	53,415	-	-	9,502,344
Claim Liabilities	7,573,407	25,324,232	540,961	-	-	6,859,000	-	-	2,109,277	-	-	101,914,686	-	144,321,563
Compensated Absences	-	-	-	-	-	-	-	-	-	-	144,842	-	-	144,842
<b>Total Current Liabilities</b>	<b>10,490,964</b>	<b>41,071,734</b>	<b>28,786,044</b>	<b>11,511,854</b>	<b>8,041,869</b>	<b>12,729,313</b>	<b>4,767,117</b>	<b>3,963,269</b>	<b>2,830,607</b>	<b>211,686</b>	<b>1,089,903</b>	<b>139,523,550</b>	<b>(85,900,700)</b>	<b>179,117,210</b>
<b>Noncurrent Liabilities:</b>														
Due to Members	-	-	-	-	-	-	-	-	-	-	7,771,623	-	-	7,771,623
Due to Other Funds	-	-	-	-	86,345,431	-	-	-	-	-	5,525,467	-	(91,870,898)	-
<b>Claim Liabilities:</b>														
Claims Reported	10,858,094	122,313,581	3,134,733	-	-	18,938,630	-	-	-	-	-	77,654,098	-	232,899,136
Claims Incurred But Not Reported	8,813,591	36,032,819	36,287,771	-	-	13,743,379	-	-	-	-	-	252,572,037	-	347,449,597
Unallocated Loss Adjustment Expense Payable	39,968,000	6,124,000	2,392,000	1,546,000	22,000	254,000	-	-	-	-	-	-	-	50,306,000
Compensated Absences	-	-	-	-	-	-	-	-	-	-	579,367	-	-	579,367
Net OPEB Liability	-	-	-	-	-	-	-	-	-	-	288,072	-	-	288,072
Net Pension Liability	-	-	-	-	-	-	-	-	-	-	2,558,450	-	-	2,558,450
<b>Total Noncurrent Liabilities</b>	<b>59,639,685</b>	<b>164,470,400</b>	<b>41,814,504</b>	<b>1,546,000</b>	<b>86,367,431</b>	<b>32,936,009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,722,979</b>	<b>330,226,135</b>	<b>(91,870,898)</b>	<b>641,852,245</b>
<b>Total Liabilities</b>	<b>70,130,649</b>	<b>205,542,134</b>	<b>70,600,548</b>	<b>13,057,854</b>	<b>94,409,300</b>	<b>45,665,322</b>	<b>4,767,117</b>	<b>3,963,269</b>	<b>2,830,607</b>	<b>211,686</b>	<b>17,812,882</b>	<b>469,749,685</b>	<b>(177,771,598)</b>	<b>820,969,455</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>														
Deferred Inflows of Resources on Pensions	-	-	-	-	-	-	-	-	-	-	329,222	-	-	329,222
Deferred Inflows of Resources on OPEB	-	-	-	-	-	-	-	-	-	-	646,848	-	-	646,848
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>976,070</b>	<b>-</b>	<b>-</b>	<b>976,070</b>
<b>NET POSITION:</b>														
Net Investment in Capital Assets	-	-	-	-	-	-	-	-	-	-	10,825,450	-	-	10,825,450
Capital Stock	-	-	-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-
Unrestricted	46,290,870	57,533,197	(25,590,602)	3,257,088	42,833,451	8,211,938	1,000,965	2,882,263	10,939,804	2,224,399	2,094,177	23,851,634	-	175,529,184
<b>Total Net Position</b>	<b>\$ 46,290,870</b>	<b>\$ 57,533,197</b>	<b>\$ (25,590,602)</b>	<b>\$ 3,257,088</b>	<b>\$ 42,833,451</b>	<b>\$ 8,211,938</b>	<b>\$ 1,000,965</b>	<b>\$ 2,882,263</b>	<b>\$ 10,939,804</b>	<b>\$ 2,224,399</b>	<b>\$ 12,919,627</b>	<b>\$ 28,851,634</b>	<b>\$ (5,000,000)</b>	<b>\$ 186,354,634</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	PRISMHealth	Dental	Miscellaneous Programs	General Administration & Building	PRISM Affiliate Risk Captive	Elimination Inter-Fund Trans	Totals June 30, 2021
<b>OPERATING REVENUES:</b>														
Premiums for Transferred Risk	\$ 31,209,423	\$ 126,150,591	\$ 110,685,563	\$ 100,070,874	\$ 112,325,527	\$ 10,773,579	\$ 7,757,658	\$ 561,215,117	\$ -	\$ 68,643,484	\$ -	\$ 1,599,257	\$ (180,356,538)	\$ 950,074,535
Broker Fees	1,301,306	4,264,063	2,622,433	2,447,691	23,227	11,984	-	4,104,193	2,337,757	-	-	13,944	-	17,126,598
Contributions for Retained Risk	17,773,981	2,898,687	-	-	6,000,000	10,264,485	-	-	38,929,473	-	-	180,356,538	-	256,223,164
Member Services & Dividend Income	-	-	-	-	-	-	-	-	-	192,456	739,495	-	-	931,951
Administration Fees	6,129,357	8,913,914	5,417,202	3,871,675	1,339,161	1,599,249	100,611	919,792	-	-	-	-	-	28,290,961
Schools Loss Control Fees	46,912	50,863	21,110	-	-	-	-	-	-	-	-	-	-	118,885
Other Income	72,757	-	-	-	3,867,335	-	501,579	119,964	-	-	230,128	-	-	4,791,763
<b>Total Operating Revenues</b>	<b>56,533,736</b>	<b>142,278,118</b>	<b>118,746,308</b>	<b>106,390,240</b>	<b>123,555,250</b>	<b>22,649,297</b>	<b>8,359,848</b>	<b>566,359,066</b>	<b>41,267,230</b>	<b>68,835,940</b>	<b>969,623</b>	<b>181,969,739</b>	<b>(180,356,538)</b>	<b>1,257,557,857</b>
<b>OPERATING EXPENSES:</b>														
Insurance and Provision for Losses:														
Transferred Risk & Insurance Exp	31,209,423	126,168,592	26,240,337	99,313,728	110,742,255	10,773,580	7,757,658	561,215,116	-	68,477,683	-	1,599,257	(135,532,538)	907,965,091
GL1 LPT Premium Expense	-	-	68,165,118	-	-	-	-	-	-	-	-	-	(44,824,000)	23,341,118
Broker Fees	1,301,307	4,264,067	2,037,835	2,447,691	-	11,984	-	4,117,814	2,337,757	-	-	13,944	-	16,532,399
GL1 LPT Broker Fees	-	-	584,599	-	-	-	-	-	-	-	-	-	-	584,599
Provision for Claims:														
Current Year Claims	6,968,000	2,760,517	3,858,581	-	1,181,329	5,664,000	-	-	36,112,649	-	-	125,342,303	-	181,887,379
Prior Year Claims	(1,828,717)	7,303,995	12,250,499	-	-	7,575,824	-	-	-	-	-	79,714,741	-	105,016,342
Unallocated Loss Adjustment Expenses	(214,000)	860,000	825,000	405,000	14,000	(528,000)	-	-	-	-	-	-	-	1,362,000
Program Services	7,430,098	1,281,312	327,462	260,728	157,890	477,423	-	137,566	3,239,779	-	-	124,243	-	13,436,501
Loss Prevention Expenses	-	-	-	-	-	-	-	-	-	-	2,709,847	-	-	2,709,847
General Administrative Services	-	-	-	-	-	-	-	-	-	-	16,885,674	-	-	16,885,674
Member Dividends & Stabilization	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Funds Distributed	2,000,000	-	-	-	-	-	-	3,210	7,000,000	192,456	-	-	-	9,195,666
<b>Total Operating Expenses</b>	<b>\$ 46,866,111</b>	<b>\$ 142,638,483</b>	<b>\$ 114,289,431</b>	<b>\$ 102,427,147</b>	<b>\$ 112,095,474</b>	<b>\$ 23,974,811</b>	<b>\$ 7,757,658</b>	<b>\$ 565,473,706</b>	<b>\$ 48,690,185</b>	<b>\$ 68,670,139</b>	<b>\$ 19,595,521</b>	<b>\$ 206,794,488</b>	<b>\$ (180,356,538)</b>	<b>\$ 1,278,916,616</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	PRISMHealth	Dental	Miscellaneous Programs	General Administration & Building	PRISM Affiliate Risk Captive	Elimination Inter-Fund Trans	Totals June 30, 2021
TRANSFERS IN (OUT):														
Administration														
Transfer In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,794,260	\$ -	\$ (20,794,260)	\$ -
Transfer Out	(5,413,779)	(6,227,479)	(4,030,058)	(2,353,874)	(677,615)	(987,434)	(52,574)	(560,419)	(326,237)	(14,791)	-	(150,000)	20,794,260	-
Total Transfers	(5,413,779)	(6,227,479)	(4,030,058)	(2,353,874)	(677,615)	(987,434)	(52,574)	(560,419)	(326,237)	(14,791)	20,794,260	(150,000)	-	-
<b>Operating Income (Loss)</b>	<b>4,253,846</b>	<b>(6,587,844)</b>	<b>426,819</b>	<b>1,609,219</b>	<b>10,782,161</b>	<b>(2,312,948)</b>	<b>549,616</b>	<b>324,941</b>	<b>(7,749,192)</b>	<b>151,010</b>	<b>2,168,362</b>	<b>(24,974,749)</b>	<b>-</b>	<b>(21,358,759)</b>
NONOPERATING REVENUES (EXPENSES):														
Investment Income & Financing Fees, net of Investment Expense	442,180	958,322	1,485	26,379	31,305	167,970	1,475	32,589	46,829	3,697	(204,759)	32,430,491	(666,389)	33,271,574
Lease Income, net of Building Expense	-	-	-	-	-	-	-	-	-	-	178,837	-	-	178,837
Program Financing Expenses	-	-	(266,424)	(121,411)	(278,554)	-	-	-	-	-	-	-	666,389	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>442,180</b>	<b>958,322</b>	<b>(264,939)</b>	<b>(95,032)</b>	<b>(247,249)</b>	<b>167,970</b>	<b>1,475</b>	<b>32,589</b>	<b>46,829</b>	<b>3,697</b>	<b>(25,922)</b>	<b>32,430,491</b>	<b>-</b>	<b>33,450,411</b>
<b>Changes in Net Position</b>	<b>4,696,026</b>	<b>(5,629,522)</b>	<b>161,880</b>	<b>1,514,187</b>	<b>10,534,912</b>	<b>(2,144,978)</b>	<b>551,091</b>	<b>357,530</b>	<b>(7,702,363)</b>	<b>154,707</b>	<b>2,142,440</b>	<b>7,455,742</b>	<b>-</b>	<b>12,091,652</b>
NET POSITION:														
Beginning of Year	41,594,844	63,162,719	(25,752,482)	1,742,901	32,298,539	10,356,916	449,874	2,524,733	18,642,167	2,069,692	10,777,187	21,395,892	(5,000,000)	174,262,982
<b>Net Position, End of Year</b>	<b>\$ 46,290,870</b>	<b>\$ 57,533,197</b>	<b>\$ (25,590,602)</b>	<b>\$ 3,257,088</b>	<b>\$ 42,833,451</b>	<b>\$ 8,211,938</b>	<b>\$ 1,000,965</b>	<b>\$ 2,882,263</b>	<b>\$ 10,939,804</b>	<b>\$ 2,224,399</b>	<b>\$ 12,919,627</b>	<b>\$ 28,851,634</b>	<b>\$ (5,000,000)</b>	<b>\$ 186,354,634</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	PRISMHealth	Dental	Miscellaneous Programs	General Administration & Building	PRISM Affiliate Risk Captive	Elimination Inter-Fund Trans	Totals June 30, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>														
Receipts from Members	\$ 56,834,124	\$ 142,112,218	\$ 118,735,087	\$ 106,390,240	\$ 110,299,343	\$ 23,620,903	\$ 9,534,108	\$ 566,333,513	\$ 36,496,231	\$ 68,166,115	\$ 502,220	\$ 169,336,007	\$ (167,736,750)	\$ 1,240,623,359
Receipts from Others	-	-	-	-	2,821,812	4,023,753	-	-	-	192,456	223,551	-	-	7,261,572
Payments to Others	(8,130,022)	(14,623,038)	(1,673,616)	(7,471,433)	-	-	-	-	-	-	-	-	29,062,904	(2,835,205)
Dividends Paid	(1,710,044)	-	-	-	-	-	-	-	(7,000,000)	(140,160)	-	-	-	(8,850,204)
Claims Paid	(7,768,066)	(27,848,073)	(1,829,187)	-	(1,181,329)	(2,721,249)	-	-	(35,850,497)	-	-	(62,996,726)	(29,062,904)	(169,258,031)
Insurance Purchased	(31,209,423)	(126,168,592)	(83,437,489)	(99,313,728)	(115,356,336)	(10,158,875)	(9,527,160)	(557,905,553)	-	(68,833,730)	-	(1,599,257)	167,736,750	(935,773,393)
Payments to Suppliers	(9,148,330)	(5,164,320)	(2,713,750)	(2,745,040)	(533,528)	(167,383)	-	(7,200,595)	(6,321,828)	-	(5,500,174)	(108,925)	-	(39,603,873)
Other Program Expenses	-	-	-	-	-	-	-	(89,566)	-	-	-	-	-	(89,566)
Payments to Employees	-	-	-	-	-	-	-	-	-	-	(12,817,978)	-	-	(12,817,978)
Internal Activities	(2,393,195)	5,666,176	(29,018,906)	3,234,993	4,197,287	(4,744,190)	(37,641)	(703,968)	3,484,645	177,043	20,287,756	(150,000)	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	(3,524,956)	(26,025,629)	62,139	95,032	247,249	9,852,959	(30,693)	433,831	(9,191,449)	(438,276)	2,695,375	104,481,099	-	78,656,681
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>														
Purchases of Capital Assets	-	-	-	-	-	-	-	-	-	-	(1,925,823)	-	-	(1,925,823)
<b>NET CASH (USED) BY CAPITAL &amp; BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	-	-	-	-	-	-	-	-	-	-	(1,925,823)	-	-	(1,925,823)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>														
Lease Receipts	-	-	-	-	-	-	-	-	-	-	354,074	-	-	354,074
Operating Lease Disbursements	-	-	-	-	-	-	-	-	-	-	(104,096)	-	-	(104,096)
Purchase of Securities	(39,353,157)	(96,077,411)	-	-	-	(29,722,447)	(164,000)	(4,480,820)	-	(32,360)	(12,011,243)	(255,636,665)	-	(437,478,103)
Sale of Securities	40,487,069	107,193,469	-	-	-	19,325,901	171,214	3,784,139	7,232,249	329,164	10,538,574	140,185,070	-	329,246,849
Cash from Investment Earnings	1,555,271	4,156,778	-	-	-	692,260	6,614	140,595	242,420	14,726	393,207	7,274,021	(796,676)	13,679,216
Cash from Finance Fees	93,495	35,157	1,485	26,379	31,305	1,532	-	-	-	864	-	-	-	190,217
Finance Fees Paid	-	-	(266,424)	(121,411)	(278,554)	-	-	-	-	-	(130,287)	-	796,676	-
Investment Expenses	-	-	-	-	-	-	-	-	-	-	(165,234)	(521,379)	-	(686,613)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	2,782,678	15,307,993	(264,939)	(95,032)	(247,249)	(9,702,754)	13,828	(556,086)	7,474,669	312,394	(1,125,005)	(108,698,953)	-	(94,798,456)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(742,278)	(10,717,636)	(202,800)	-	-	150,205	(16,865)	(122,255)	(1,716,780)	(125,882)	(355,453)	(4,217,854)	-	(18,067,598)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	9,122,406	30,460,934	1,312,854	-	-	4,347,483	52,983	718,944	2,346,731	288,570	2,567,134	7,880,746	-	59,098,785
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 8,380,128	\$ 19,743,298	\$ 1,110,054	\$ -	\$ -	\$ 4,497,688	\$ 36,118	\$ 596,689	\$ 629,951	\$ 162,688	\$ 2,211,681	\$ 3,662,892	\$ -	\$ 41,031,187

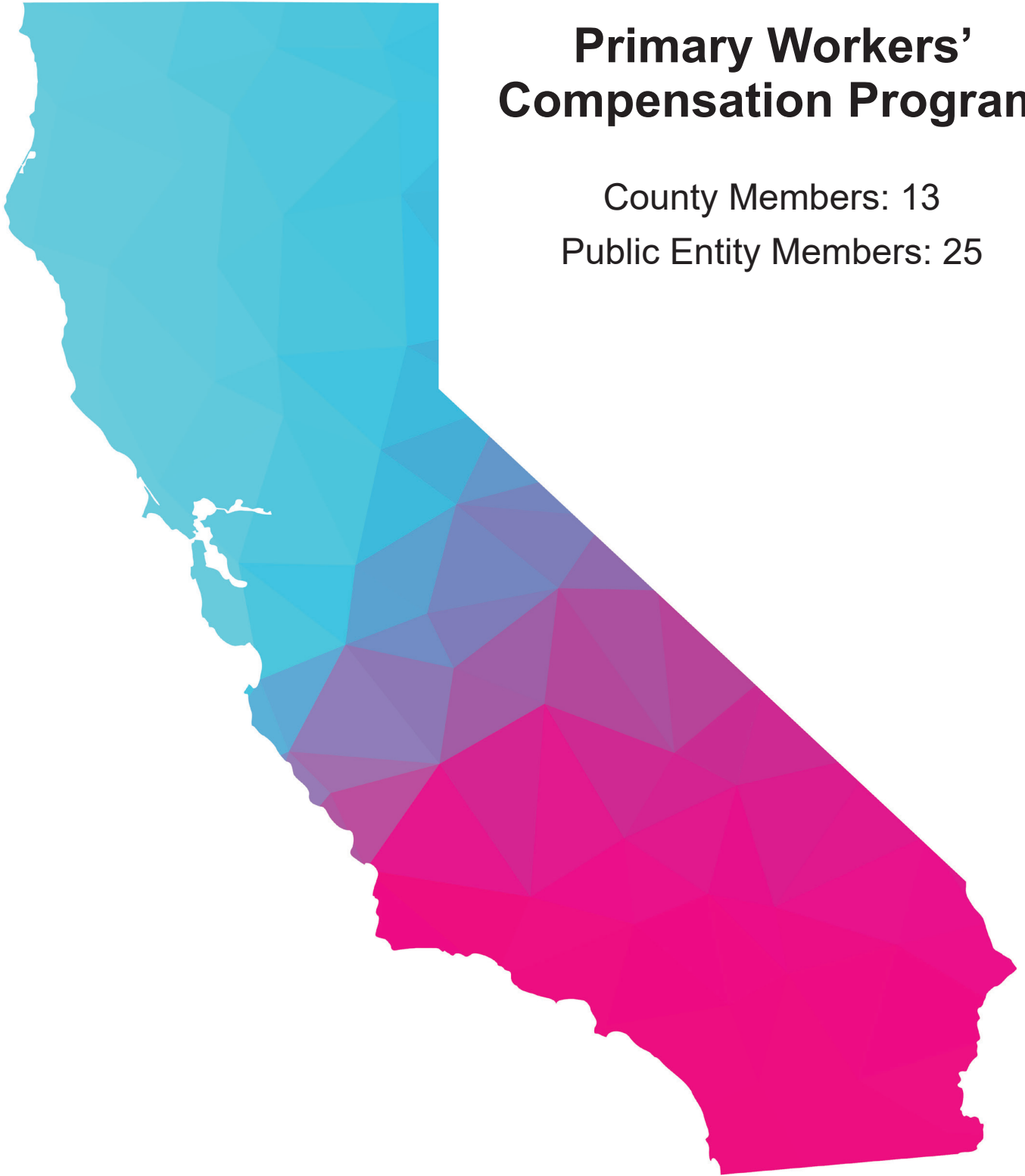
**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	PRISMHealth	Dental	Miscellaneous Programs	General Administration & Building	PRISM Affiliate Risk Captive	Elimination Inter-Fund Trans	Totals June 30, 2021
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>														
Operating Income/(Loss)	\$ 4,253,846	\$ (6,587,844)	\$ 426,819	\$ 1,609,219	\$ 10,782,161	\$ (2,312,948)	\$ 549,616	\$ 324,941	\$ (7,749,192)	\$ 151,010	\$ 2,168,362	\$ (24,974,749)	\$ -	\$ (21,358,759)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities														
Depreciation, net of leased portion	-	-	-	-	-	-	-	-	-	-	1,204,316	-	-	1,204,316
Changes in Assets and Liabilities:														
Deposits, Accounts and Other														
Receivables, Net	(7,652,305)	(14,788,938)	(1,696,230)	(7,471,433)	(10,571,018)	4,035,911	(1,322,421)	-	(4,704,189)	(512,803)	(373,414)	7,741,158	21,310,506	(16,005,176)
GL1 LPT Receivable	-	-	17,348,884	-	-	-	-	-	-	-	-	-	-	17,348,884
Due From or To Other Funds	3,020,584	11,893,655	(24,988,848)	5,588,867	4,874,902	(3,756,756)	14,933	(143,549)	3,810,882	191,833	(506,503)	-	-	-
Prepaid Insurance and Expenses	(9,500)	-	-	-	(9,984,027)	614,705	(2,662,551)	-	-	(59,804)	76,672	(5,250)	(14,991,000)	(27,020,755)
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	(171,585)	-	-	(171,585)
Accounts and Other Payables	(294,798)	381,059	1,607,621	(36,621)	5,131,231	126,379	893,049	252,439	(811,102)	(208,512)	(260,955)	23,713,526	(29,051,506)	1,441,810
GL1 LPT Payable	-	-	(7,741,000)	-	-	-	-	-	-	-	-	-	7,741,000	-
Unearned Income	-	-	-	-	-	1,155,093	2,496,681	-	-	-	-	(14,991,000)	14,991,000	3,651,774
Claim Liabilities	(2,628,783)	(17,783,561)	14,279,893	-	-	10,518,575	-	-	262,152	-	-	112,997,414	-	117,645,690
Unallocated Loss Adjustment Expense Payable	(214,000)	860,000	825,000	405,000	14,000	(528,000)	-	-	-	-	-	-	-	1,362,000
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	270,096	-	-	270,096
Net Pension Liability	-	-	-	-	-	-	-	-	-	-	187,842	-	-	187,842
Compensated Absences	-	-	-	-	-	-	-	-	-	-	100,544	-	-	100,544
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (3,524,956)</b>	<b>\$ (26,025,629)</b>	<b>\$ 62,139</b>	<b>\$ 95,032</b>	<b>\$ 247,249</b>	<b>\$ 9,852,959</b>	<b>\$ (30,693)</b>	<b>\$ 433,831</b>	<b>\$ (9,191,449)</b>	<b>\$ (438,276)</b>	<b>\$ 2,695,375</b>	<b>\$ 104,481,099</b>	<b>\$ -</b>	<b>\$ 78,656,681</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>														
Unrealized gain/(loss) on investments	\$ (1,148,244)	\$ (3,040,088)	\$ -	\$ -	\$ -	\$ (548,097)	\$ (4,856)	\$ (107,321)	\$ (154,215)	\$ (9,335)	\$ (298,882)	\$ 25,415,823	\$ -	\$ 20,104,785

# Primary Workers' Compensation Program

County Members: 13

Public Entity Members: 25





**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**PRIMARY WORKERS' COMPENSATION PROGRAM**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 792,715	\$ (1,957,741)
Cash, PRISM Treasury	7,587,413	11,080,147
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	8,380,128	9,122,406
Investments:	7,953,102	2,937,348
Accounts Receivable		
Due from Members	395,668	993,054
Investment Income Receivable	225,361	283,703
Reinsurance Claims	13,224,685	4,974,994
Due from Other Funds	19,031,904	24,300,429
Prepaid Expenses	9,500	-
<b>TOTAL CURRENT ASSETS</b>	49,220,348	42,611,934
Noncurrent Assets:		
Investments	45,654,884	52,952,794
Due from Members	1,000,000	1,000,000
Due from Other Funds	20,031,318	17,783,377
Investment in Captive	514,969	514,969
<b>TOTAL NONCURRENT ASSETS</b>	67,201,171	72,251,140
<b>TOTAL ASSETS</b>	116,421,519	114,863,074
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	798,619	(861,919)
Deposits from Insurance Companies	-	2,067,963
Dividends Payable to Members	2,000,000	1,710,044
Deposits from Members	118,938	296,267
Workers' Compensation Claims	7,573,407	5,337,000
<b>TOTAL CURRENT LIABILITIES</b>	10,490,964	8,549,355
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	10,858,094	14,538,915
Claims Incurred But Not Reported	8,813,591	9,997,960
Unallocated Loss Adjustment Expense Payable	39,968,000	40,182,000
<b>TOTAL NONCURRENT LIABILITIES</b>	59,639,685	64,718,875
<b>TOTAL LIABILITIES</b>	70,130,649	73,268,230
<b>NET POSITION:</b>		
Unrestricted	46,290,870	41,594,844
<b>TOTAL NET POSITION</b>	\$ 46,290,870	\$ 41,594,844

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**PRIMARY WORKERS' COMPENSATION PROGRAM**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 31,209,423	\$ 33,501,531
Broker Fees	1,301,306	1,473,413
Contributions for Retained Risk	17,773,981	34,144,362
Administration Fees	6,129,357	5,964,626
Schools Loss Control Fee	46,912	70,553
Other Income	<u>72,757</u>	<u>65,313</u>
<b>TOTAL OPERATING REVENUES</b>	<u>56,533,736</u>	<u>75,219,798</u>
<b>OPERATING EXPENSES:</b>		
Pool Dividends to Members	2,000,000	2,000,000
Insurance Expense	31,209,423	33,501,533
Broker Fees	1,301,307	1,473,410
Provision for Claims		
Current Year Claims	6,968,000	7,777,001
Prior Years' Claims	(1,828,717)	12,544,729
Provision for Unallocated Loss Adjustment Expenses	(214,000)	(59,000)
Program Services		
Claims Administration Services	5,295,409	5,725,282
Actuarial and Consulting Services	113,497	40,813
Claims Audits	61,560	88,985
Managed Care Program Review	114,000	114,000
Bank Fees and Services	64,924	55,714
Dept. of Industrial Relations Assessment	<u>1,780,708</u>	<u>1,942,071</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>46,866,111</u>	<u>65,204,538</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	<u>(5,413,779)</u>	<u>(5,095,583)</u>
<b>TOTAL TRANSFERS</b>	<u>(5,413,779)</u>	<u>(5,095,583)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>4,253,846</u>	<u>4,919,677</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	348,684	3,854,128
Member Financing Fees	<u>93,496</u>	<u>87,884</u>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>442,180</u>	<u>3,942,012</u>
<b>CHANGES IN NET POSITION</b>	4,696,026	8,861,689
Net Position, Beginning of Year	<u>41,594,844</u>	<u>32,733,155</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 46,290,870</u></u>	<u><u>\$ 41,594,844</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**PRIMARY WORKERS' COMPENSATION PROGRAM**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 56,834,124	\$ 71,855,880
Payments (to)/from Others	(8,130,022)	9,155,587
Dividends Paid	(1,710,044)	(2,289,956)
Claims Paid	(7,768,066)	(9,765,728)
Insurance Purchased	(31,209,423)	(33,501,533)
Payments to Suppliers	(9,148,330)	(11,767,811)
Internal Activities	<u>(2,393,195)</u>	<u>(22,476,321)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(3,524,956)</u>	<u>1,210,118</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(39,353,157)	(36,675,637)
Sales of Securities	40,487,069	31,962,208
Cash from Investment Earnings	1,555,271	2,441,842
Finance Fees from Members	<u>93,495</u>	<u>87,883</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>2,782,678</u>	<u>(2,183,704)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(742,278)	(973,586)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>9,122,406</u>	<u>10,095,992</u>
<b>END OF YEAR</b>	<u><u>\$ 8,380,128</u></u>	<u><u>\$ 9,122,406</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 4,253,846	\$ 4,919,677
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(7,652,305)	7,347,610
Due From or To Other Funds	3,020,584	(17,380,738)
Prepaid Expenses	(9,500)	-
Accounts and Other Payables	(294,798)	(4,173,433)
Claim Liabilities	(2,628,783)	10,556,002
Unallocated Loss Adjustment Expense Payable	<u>(214,000)</u>	<u>(59,000)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (3,524,956)</u></u>	<u><u>\$ 1,210,118</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ (1,148,244)</u></u>	<u><u>\$ 1,391,772</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
PRIMARY WORKERS' COMPENSATION PROGRAM  
RECONCILIATION OF UNPAID CLAIM LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 70,055,875</u>	<u>\$ 59,558,873</u>
Incurred claims and claim adjustment expenses:		
Provision for claims		
current fiscal year	6,754,000	7,718,001
Increase (Decrease) in the provision for claims of prior fiscal years	<u>(1,828,717)</u>	<u>12,544,729</u>
B. Total incurred claims and claim adjustment expenses	<u>4,925,283</u>	<u>20,262,730</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	2,755,296	3,629,684
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>5,012,770</u>	<u>6,136,044</u>
C. Total Payments	<u>7,768,066</u>	<u>9,765,728</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u><u>\$ 67,213,092</u></u>	<u><u>\$ 70,055,875</u></u>
Current Claim Liabilities	\$ 7,573,407	\$ 5,337,000
Noncurrent Claim Liabilities	59,639,685	64,718,875
Total Claim Liabilities	<u><u>\$ 67,213,092</u></u>	<u><u>\$ 70,055,875</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**SUPPLEMENTARY INFORMATION**  
**PRIMARY WORKERS' COMPENSATION PROGRAM**  
**NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION**  
**FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2021**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

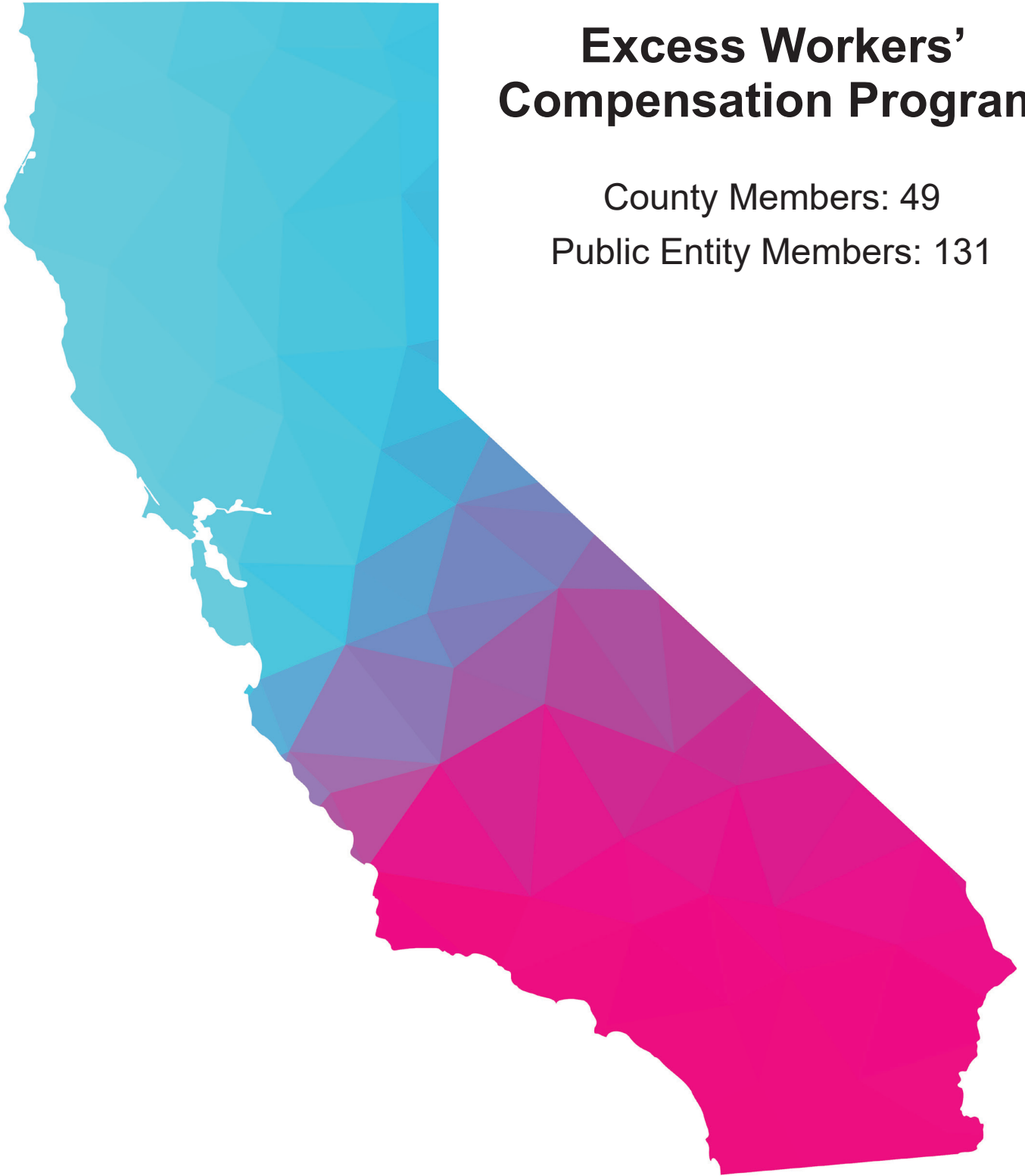
**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**PRIMARY WORKERS' COMPENSATION PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2021**

<b>POLICY YEAR</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>
Earned Premiums	\$ 45,874,402	\$ 46,505,777	\$ 52,184,743	\$ 52,591,921	\$ 54,292,221	\$ 66,898,451	\$ 55,273,807	\$ 48,089,020	\$ 46,048,068	\$ 41,096,959
Less Ceded	(31,324,253)	(32,660,803)	(37,380,293)	(40,948,454)	(42,158,960)	(54,689,379)	(42,939,979)	(35,044,943)	(33,071,603)	(31,209,423)
Dividends Declared	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)	(2,000,000)
Investment Earnings	225,476	151,332	-	-	-	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	14,775,625	13,996,306	14,804,450	11,643,467	12,133,261	12,209,072	12,333,828	11,044,077	10,976,465	7,887,536
2. Less Unallocated Loss Adjustment Expense	949,443	1,460,392	2,248,927	2,473,713	3,365,828	3,434,376	7,480,274	7,361,886	6,904,157	2,602,562
3. Estimated Incurred Claims	44,186,253	45,065,803	50,435,293	54,185,020	51,254,960	63,656,379	52,515,979	43,962,943	40,848,603	38,177,423
Less Ceded Claims	(31,324,253)	(32,660,803)	(37,380,293)	(40,860,020)	(42,158,960)	(54,689,379)	(42,939,979)	(35,044,943)	(33,071,603)	(31,209,423)
Net Incurred Claims and Expenses, End of Policy Year	12,862,000	12,405,000	13,055,000	13,325,000	9,096,000	8,967,000	9,576,000	8,918,000	7,777,000	6,968,000
4. Cumulative Paid Claims as of:										
End of the Policy Year	5,988,250	5,631,790	5,999,562	3,951,291	4,228,855	4,245,304	5,298,047	4,394,251	3,629,684	2,755,296
One Year Later	9,699,440	9,572,554	9,632,916	6,607,142	6,868,677	5,660,241	8,082,907	7,133,410	5,989,270	
Two Years Later	10,403,922	10,324,845	10,595,000	7,164,498	7,437,056	6,046,567	8,695,460	7,704,324		
Three Years Later	10,648,791	10,647,115	10,903,553	7,424,915	7,672,566	6,163,557	8,920,118			
Four Years Later	10,772,427	10,782,525	11,043,935	7,571,974	7,742,115	6,236,041				
Five Years Later	10,845,816	10,838,835	11,160,798	7,603,551	7,784,343					
Six Years Later	10,930,202	10,870,050	11,217,320	7,638,043						
Seven Years Later	10,947,443	10,887,944	11,260,317							
Eight Years Later	10,976,800	10,898,619								
Nine Years Later	10,961,969									
5. Reestimated Ceded Claims and Expenses	33,669,441	32,736,857	33,530,425	33,368,800	34,051,682	25,212,979	40,515,858	28,963,868	21,765,395	10,649,359
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	12,862,000	12,405,000	13,055,000	13,325,000	9,096,000	8,967,000	9,576,000	8,918,000	7,777,000	6,968,000
One Year Later	11,441,000	12,595,000	12,382,000	8,222,000	8,226,000	8,563,000	7,782,000	8,813,000	7,976,000	
Two Years Later	11,397,000	11,445,000	11,735,000	7,792,000	8,526,000	8,328,000	9,814,000	8,855,000		
Three Years Later	11,048,000	11,384,000	11,718,000	8,206,000	8,585,000	6,720,000	9,836,000			
Four Years Later	11,022,000	11,233,000	12,094,000	8,253,000	8,292,000	6,713,000				
Five Years Later	11,220,000	11,903,000	11,816,000	8,089,000	8,298,000					
Six Years Later	12,496,500	11,643,000	11,823,000	8,083,000						
Seven Years Later	12,220,500	11,400,000	11,817,000							
Eight Years Later	12,058,275	11,379,000								
Nine Years Later	11,960,149									
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ (901,851)	\$ (1,026,000)	\$ (1,238,000)	\$ (5,242,000)	\$ (798,000)	\$ (2,254,000)	\$ 260,000	\$ (63,000)	\$ 199,000	\$ -

# Excess Workers' Compensation Program

County Members: 49

Public Entity Members: 131



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**EXCESS WORKERS' COMPENSATION PROGRAM**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ 19,743,298	\$ 30,460,934
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	19,743,298	30,460,934
Investments	20,694,861	8,075,197
Accounts Receivable		
Due from Members	592,053	477,016
Investment Income Receivable	586,415	779,940
Reinsurance Claims	35,699,451	21,025,550
Due from Other Funds	11,994,773	27,131,980
<b>TOTAL CURRENT ASSETS</b>	89,310,851	87,950,617
Noncurrent Assets:		
Investments	118,799,111	145,574,921
Due from Other Funds	52,123,728	48,889,088
Investment in Captive	2,841,641	2,841,641
<b>TOTAL NONCURRENT ASSETS</b>	173,764,480	197,305,650
<b>TOTAL ASSETS</b>	263,075,331	285,256,267
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	1,325,227	944,168
Due to Other Funds	14,422,275	14,431,187
Workers' Compensation Claims	25,324,232	28,200,000
<b>TOTAL CURRENT LIABILITIES</b>	41,071,734	43,575,355
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	122,313,581	136,932,863
Claims Incurred But Not Reported	36,032,819	36,321,330
Unallocated Loss Adjustment Expense Payable	6,124,000	5,264,000
<b>TOTAL NONCURRENT LIABILITIES</b>	164,470,400	178,518,193
<b>TOTAL LIABILITIES</b>	205,542,134	222,093,548
<b>NET POSITION:</b>		
Unrestricted	57,533,197	63,162,719
<b>TOTAL NET POSITION</b>	\$ 57,533,197	\$ 63,162,719



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**EXCESS WORKERS' COMPENSATION PROGRAM**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 126,150,591	\$ 135,064,114
Broker Fees	4,264,063	4,025,170
Contributions for Retained Risk	2,898,687	4,511,522
Administration Fees	8,913,914	8,264,480
Schools Loss Control Fee	50,863	51,324
Other Income	-	360,712
<b>TOTAL OPERATING REVENUES</b>	<u>142,278,118</u>	<u>152,277,322</u>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	126,168,592	134,827,110
Broker Fees	4,264,067	4,027,895
Provision for Claims		
Current Year Claims	2,760,517	1,769,850
Prior Years' Claims	7,303,995	11,694,006
Provision for Unallocated Loss Adjustment Expenses	860,000	(956,000)
Program Services		
Actuarial, Legal & Managed Care Services	500,295	463,112
Claims Audits	770,937	655,880
Crisis Incident Management	10,080	
<b>TOTAL OPERATING EXPENSES</b>	<u>142,638,483</u>	<u>152,481,853</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(6,227,479)	(6,002,496)
<b>TOTAL TRANSFERS</b>	<u>(6,227,479)</u>	<u>(6,002,496)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(6,587,844)</u>	<u>(6,207,027)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	923,165	11,549,319
Member Financing Fees	35,157	39,532
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>958,322</u>	<u>11,588,851</u>
<b>CHANGES IN NET POSITION</b>	<u>(5,629,522)</u>	<u>5,381,824</u>
Net Position, Beginning of Year	<u>63,162,719</u>	<u>57,780,895</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 57,533,197</u></u>	<u><u>\$ 63,162,719</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
EXCESS WORKERS' COMPENSATION PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 142,112,218	\$ 151,731,811
Payments to Others	(14,623,038)	(2,584,522)
Claims Paid	(27,848,073)	(35,148,268)
Insurance Purchased	(126,168,592)	(134,827,110)
Payments to Suppliers	(5,164,320)	(6,817,792)
Internal Activities	5,666,176	(33,299,438)
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(26,025,629)</b>	<b>(60,945,319)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(96,077,411)	(47,172,336)
Sales of Securities	107,193,469	95,778,279
Cash from Investment Earnings	4,156,778	7,645,955
Finance Fees from Members	35,157	39,533
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>15,307,993</b>	<b>56,291,431</b>
	<hr/>	<hr/>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(10,717,636)</b>	<b>(4,653,888)</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>30,460,934</b>	<b>35,114,822</b>
	<hr/>	<hr/>
<b>END OF YEAR</b>	<b>\$ 19,743,298</b>	<b>\$ 30,460,934</b>
	<hr/>	<hr/>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (6,587,844)	\$ (6,207,027)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(14,788,938)	(3,130,033)
Due From or To Other Funds	11,893,655	(27,296,942)
Accounts and Other Payables	381,059	(1,670,905)
Claim Liabilities	(17,783,561)	(21,684,412)
Unallocated Loss Adjustment Expense Payable	860,000	(956,000)
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (26,025,629)</b>	<b>\$ (60,945,319)</b>
	<hr/>	<hr/>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ (3,040,088)</u>	<u>\$ 4,170,601</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**EXCESS WORKERS' COMPENSATION PROGRAM**  
**RECONCILIATION OF UNPAID CLAIM LIABILITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 206,718,193</u>	<u>\$ 229,358,605</u>
Incurring claims and claim adjustment expenses:		
Provision for claims		
Current fiscal year	3,620,517	813,850
Increase (Decrease) in the provision for Prior fiscal years	<u>7,303,995</u>	<u>11,694,006</u>
B. Total incurred claims and claim adjustment expenses	<u>10,924,512</u>	<u>12,507,856</u>
Payments attributable to insured events of the Prior fiscal years:	<u>27,848,073</u>	<u>35,148,268</u>
C. Total Payments	<u>27,848,073</u>	<u>35,148,268</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 189,794,632</u>	<u>\$ 206,718,193</u>
Current Claim Liabilities	\$ 25,324,232	\$ 28,200,000
Noncurrent Claim Liabilities	<u>164,470,400</u>	<u>178,518,193</u>
Total Claim Liabilities	<u>\$ 189,794,632</u>	<u>\$ 206,718,193</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**SUPPLEMENTARY INFORMATION**  
**EXCESS WORKERS' COMPENSATION PROGRAM**  
**NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION**  
**FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2021**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

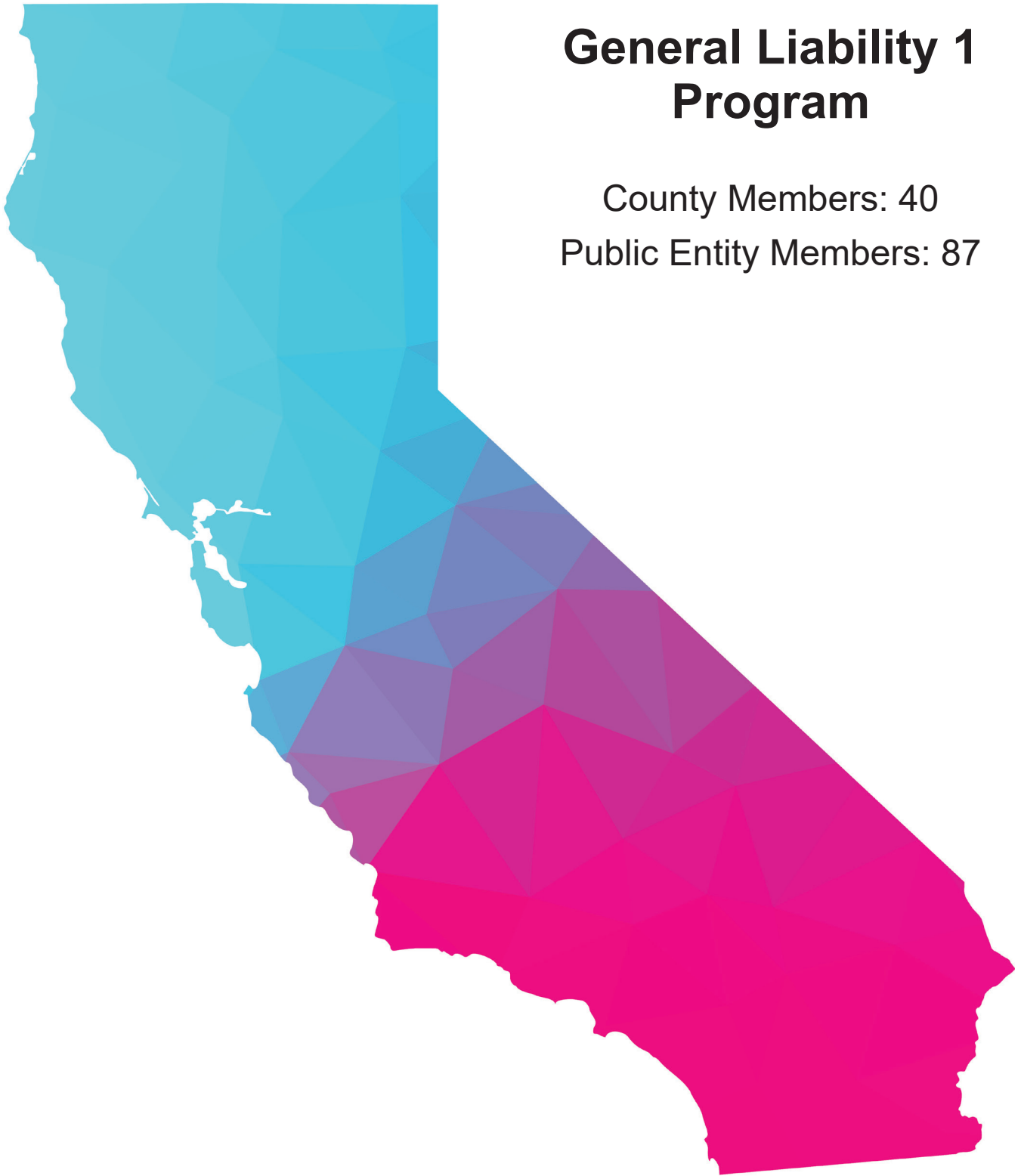
**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**EXCESS WORKERS' COMPENSATION PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2021**

<b>POLICY YEAR</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>
Earned Premiums	\$ 56,601,782	\$ 64,059,430	\$ 77,872,261	\$ 97,699,836	\$ 119,149,648	\$ 127,468,313	\$ 136,582,965	\$ 135,901,947	\$ 139,873,208	\$ 130,363,762
Less Ceded	(38,700,636)	(26,470,050)	(47,448,283)	(57,198,059)	(68,258,846)	(102,873,232)	(125,683,198)	(127,194,706)	(133,045,737)	(126,150,591)
Investment Earnings	2,053,953	3,732,007	2,684,424	2,952,691	3,346,997	1,312,880	913,649	645,692	216,879	13,964
1. Total Revenues Available For Payment of Claims	19,955,099	41,321,387	33,108,402	43,454,468	54,237,799	25,907,961	11,813,416	9,352,933	7,044,350	4,227,135
2. Unallocated Loss Adjustment Expense	136,391	196,904	(918)	6,369	198,729	59,166	-	58,952	86,291	93,209
3. Estimated Incurred Claims	47,772,920	43,142,223	60,295,762	80,522,151	106,542,005	117,788,870	125,683,198	128,007,526	134,815,587	129,165,591
Less Ceded Claims	(38,700,636)	(26,470,050)	(47,448,283)	(57,198,059)	(68,258,846)	(102,873,232)	(125,683,198)	(127,194,706)	(133,045,737)	(126,150,591)
Net Incurred Claims and Expenses, End of Policy Year	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159	14,915,638	-	812,820	1,769,850	3,015,000
4. Cumulative Paid Claims as of:										
End of the Policy Year	23,688	38,785	-	950,641	3,293,817	3,623,460	-	-	-	-
One Year Later	329,202	281,003	2,361,141	5,161,301	9,034,334	8,426,745	-	-	-	-
Two Years Later	785,063	2,103,809	6,162,084	10,430,178	17,164,800	11,266,723	-	-	-	-
Three Years Later	1,544,493	4,326,042	10,372,243	21,652,538	25,264,694	12,782,592	-	-	-	-
Four Years Later	2,305,965	9,927,320	12,944,505	29,973,034	38,263,345	13,403,080	-	-	-	-
Five Years Later	4,081,614	13,746,251	15,745,328	25,919,301	36,641,861	-	-	-	-	-
Six Years Later	5,650,357	16,948,677	20,259,923	33,562,033	-	-	-	-	-	-
Seven Years Later	6,450,365	19,821,641	20,282,685	-	-	-	-	-	-	-
Eight Years Later	7,410,436	20,934,630	-	-	-	-	-	-	-	-
Nine Years Later	7,976,184	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	8,405,453	26,543,481	44,451,247	77,560,235	70,574,675	79,977,430	77,833,635	78,561,931	99,475,434	25,674,557
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159	14,915,638	-	812,820	1,769,850	3,015,000
One Year Later	9,517,002	18,675,566	14,275,787	30,278,418	39,483,699	16,869,019	-	1,813,455	2,791,237	-
Two Years Later	10,336,945	19,544,588	19,231,418	31,534,751	42,063,111	16,249,725	-	1,906,906	-	-
Three Years Later	10,932,012	25,311,173	19,670,868	33,388,255	41,451,544	15,627,821	-	-	-	-
Four Years Later	12,982,166	25,835,519	20,038,856	33,285,931	52,256,161	15,316,902	-	-	-	-
Five Years Later	12,874,083	26,777,117	20,092,065	24,218,000	43,070,093	-	-	-	-	-
Six Years Later	15,469,230	26,987,941	20,252,228	33,768,027	-	-	-	-	-	-
Seven Years Later	14,093,494	27,164,671	20,253,000	-	-	-	-	-	-	-
Eight Years Later	11,753,812	27,303,819	-	-	-	-	-	-	-	-
Nine Years Later	12,387,987	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 3,315,703	\$ 10,631,646	\$ 7,405,521	\$ 10,443,935	\$ 4,786,934	\$ 401,264	\$ -	\$ 1,094,086	\$ 1,021,387	\$ -

# General Liability 1 Program

County Members: 40

Public Entity Members: 87



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**GENERAL LIABILITY 1 PROGRAM**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 1,110,054	\$ 1,312,854
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	1,110,054	1,312,854
Accounts Receivable		
Due from Members	201,673	179,059
Reinsurance Claims	11,140,513	9,466,897
GL1 LPT Rate Credit Receivable	5,992,234	-
GL1 LPT Prepaid Expense	12,652,620	21,469,000
<b>TOTAL CURRENT ASSETS</b>	31,097,094	32,427,810
Noncurrent Assets:		
Investment in Captive	1,035,807	1,035,807
GL1 LPT Rate Credit Receivable	12,877,045	16,868,163
GL1 LPT Prepaid Expense	-	10,533,620
<b>TOTAL NONCURRENT ASSETS</b>	13,912,852	28,437,590
<b>TOTAL ASSETS</b>	45,009,946	60,865,400
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	286,878	50,732
GL1 LPT Payable	12,000,000	7,741,000
Deposits from Insurance Companies	1,637,214	277,132
Due to Other Funds	14,052,170	39,041,018
Due to Members	268,821	257,428
Claims Liabilities	540,961	552,000
<b>TOTAL CURRENT LIABILITIES</b>	28,786,044	47,919,310
Noncurrent Liabilities:		
GL1 LPT Payable	-	12,000,000
Claims Liabilities		
Claims Reported	3,134,733	1,215,820
Claims Incurred But Not Reported	36,287,771	23,915,752
Unallocated Loss Adjustment Expense Payable	2,392,000	1,567,000
<b>TOTAL NONCURRENT LIABILITIES</b>	41,814,504	38,698,572
<b>TOTAL LIABILITIES</b>	70,600,548	86,617,882
<b>NET POSITION:</b>		
Unrestricted	(25,590,602)	(25,752,482)
<b>TOTAL NET POSITION</b>	\$ (25,590,602)	\$ (25,752,482)

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**GENERAL LIABILITY 1 PROGRAM**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 110,685,563	\$ 80,516,241
Broker Fees	2,622,433	2,348,595
Administration Fees	5,417,202	4,590,121
Schools Loss Control Fee	21,110	18,075
<b>TOTAL OPERATING REVENUES</b>	<u>118,746,308</u>	<u>87,473,032</u>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	26,240,337	20,097,390
GL1 LPT Premium Expense	68,165,118	87,662,525
Broker Fees	2,037,835	1,703,373
GL1 LPT Broker Fees	584,599	642,573
Provision for Claims		
Current Year Claims	3,858,581	-
Prior Years' Claims	12,250,499	21,015,078
Provision for Unallocated Loss Adjustment Expenses	825,000	331,000
Program Services		
Actuarial and Consulting Services	114,409	136,823
Legal Expenses & Labor Law Services	159,363	82,592
Claims Audits	44,898	114,575
Bank Services and Fees	4,578	2,965
Crisis Incident Management	4,214	7,554
<b>TOTAL OPERATING EXPENSES</b>	<u>114,289,431</u>	<u>131,796,448</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	<u>(4,030,058)</u>	<u>(3,427,566)</u>
<b>TOTAL TRANSFERS</b>	<u>(4,030,058)</u>	<u>(3,427,566)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>426,819</u>	<u>(47,750,982)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Member Finance Fees	1,485	2,398
Program Financing Expense	<u>(266,424)</u>	<u>(53,894)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(264,939)</u>	<u>(51,496)</u>
<b>CHANGES IN NET POSITION</b>	161,880	(47,802,478)
Net Position, Beginning of Year	<u>(25,752,482)</u>	<u>22,049,996</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ (25,590,602)</u></u>	<u><u>\$ (25,752,482)</u></u>



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
GENERAL LIABILITY 1 PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 118,735,087	\$ 87,423,058
Payments to Others	(1,673,616)	(7,439,931)
Claims Paid	(1,829,187)	(257,811)
Insurance Purchased	(83,437,489)	(259,300,698)
Payments to Suppliers	(2,713,750)	(4,341,868)
Internal Activities	<u>(29,018,906)</u>	<u>60,463,610</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>62,139</u>	<u>(123,453,640)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sales of Securities	-	104,407,379
Program Financing Expenses	(266,424)	498,054
Finance Fees from Members	<u>1,485</u>	<u>2,398</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(264,939)</u>	<u>104,907,831</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(202,800)	(18,545,809)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>1,312,854</u>	<u>19,858,663</u>
<b>END OF YEAR</b>	<u><u>\$ 1,110,054</u></u>	<u><u>\$ 1,312,854</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 426,819	\$ (47,750,982)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(1,696,230)	(7,498,491)
GL1 LPT Receivable	17,348,884	58,765,837
Due From or To Other Funds	(24,988,848)	63,891,175
Accounts and Other Payables	1,607,621	(1,642,826)
GL1 LPT Payable	(7,741,000)	(210,306,620)
Claim Liabilities	14,279,893	20,757,267
Unallocated Loss Adjustment Expense Payable	<u>825,000</u>	<u>331,000</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 62,139</u></u>	<u><u>\$ (123,453,640)</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**GENERAL LIABILITY 1 PROGRAM**  
**RECONCILIATION OF UNPAID CLAIM LIABILITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 27,250,572</u>	<u>\$ 6,162,305</u>
Incurring claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	4,683,581	331,000
Increase (Decrease) in the provision for claims of prior fiscal years	<u>12,250,499</u>	<u>21,015,078</u>
B. Total incurred claims and claim adjustment expenses	<u>16,934,080</u>	<u>21,346,078</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>1,829,187</u>	<u>257,811</u>
C. Total Payments	<u>1,829,187</u>	<u>257,811</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 42,355,465</u>	<u>\$ 27,250,572</u>
Current Claim Liabilities	\$ 540,961	\$ 552,000
Noncurrent Claim Liabilities	<u>41,814,504</u>	<u>26,698,572</u>
Total Claim Liabilities	<u>\$ 42,355,465</u>	<u>\$ 27,250,572</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**GENERAL LIABILITY 1 PROGRAM**  
**SUPPLEMENTARY INFORMATION**  
**NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION**  
**FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2021**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**GENERAL LIABILITY 1 PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2021**

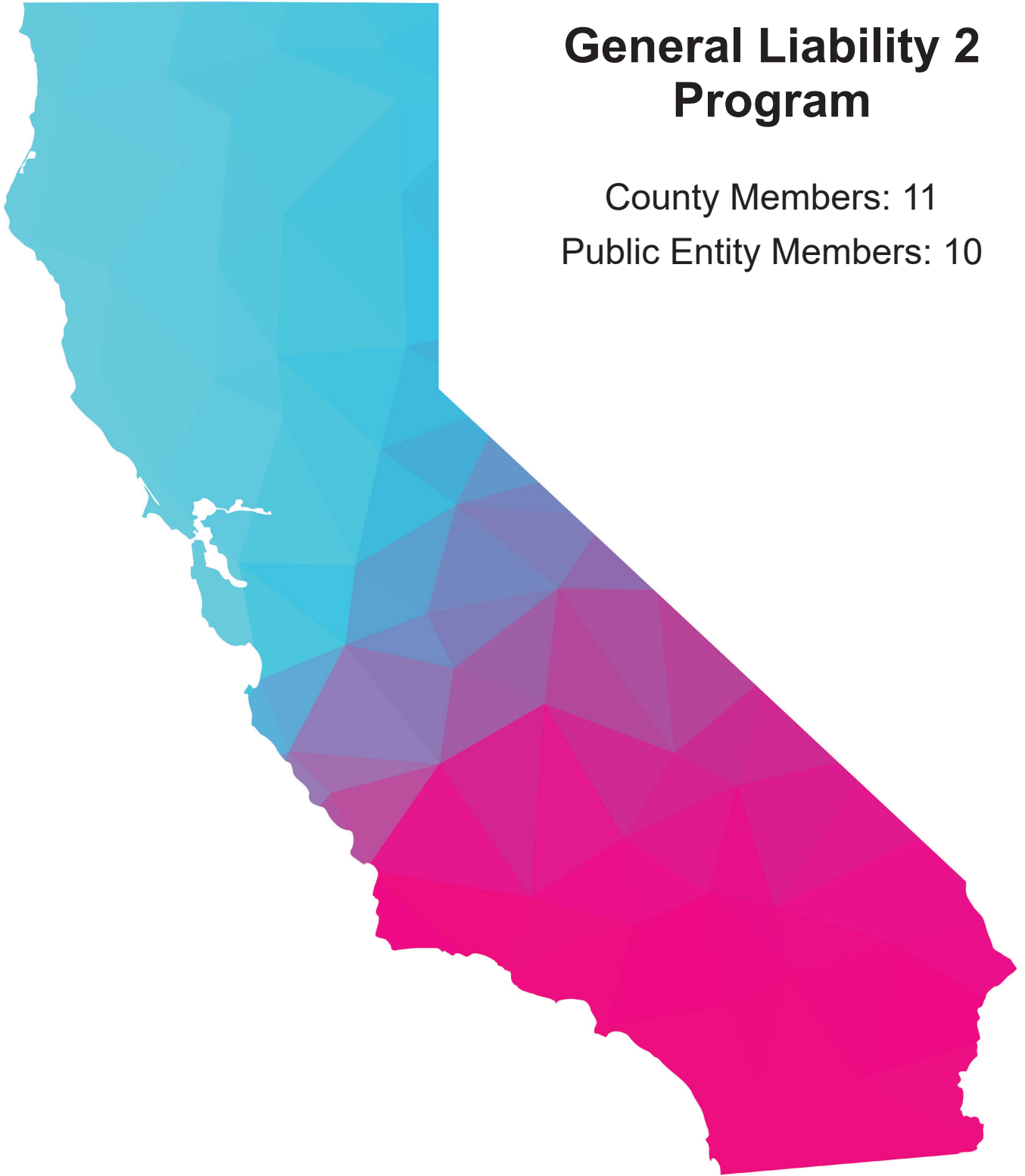
<b>POLICY YEAR</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019 *</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>
Earned Premiums	\$ 31,633,150	\$ 30,744,704	\$ 31,414,089	\$ 37,003,868	\$ 41,767,814	\$ 43,610,999	\$ 55,950,440	\$ 58,394,177	\$ 82,029,182	\$ 95,808,291
Less Ceded	(5,781,484)	(5,571,217)	(6,011,558)	(8,023,957)	(7,157,234)	(11,848,949)	(10,029,176)	(12,246,695)	(12,381,702)	(32,232,571)
Loss Portfolio Transfer	(20,909,819)	(25,663,071)	(44,186,195)	(36,150,976)	(44,817,156)	(35,251,762)	(29,253,790)	(25,838,117)	(95,378,213)	(62,172,884)
Investment Earnings	1,445,255	992,178	201,394	1,156,040	922,026	(1,437,519)	1,676,030	1,725,850	(49,004)	-
<b>1. Total Revenues Available*</b>										
For Payment of Claims	6,387,102	502,594	(18,582,270)	(6,015,025)	(9,284,550)	(4,927,231)	18,343,504	22,035,215	(25,779,737)	1,402,836
<b>2. Unallocated Loss</b>										
Adjustment Expense	8,076	35,181	32,661	63,608	53,387	141,947	352,152	363,264	434,786	522,636
<b>3. Estimated Incurred Claims</b>										
Less Ceded Claims	(5,781,484)	(5,571,217)	(6,011,558)	(8,023,957)	(7,157,234)	(11,848,949)	(10,029,176)	(12,246,695)	(12,381,702)	(32,232,571)
Net Incurred Claims and Expenses, End of Policy Year	16,590,668	20,686,170	22,705,020	23,484,390	29,585,040	28,521,710	32,042,720	3,420,000	-	3,858,581
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	241,064	-	-	-	-	-	-	-	-	-
One Year Later	666,287	1,668,017	2,443,124	110,653	760,444	732,315	2,113,472	-	-	-
Two Years Later	2,473,149	3,879,513	4,412,160	1,489,584	14,004,016	6,113,260	2,113,472	-	-	-
Three Years Later	7,001,701	11,698,043	12,165,139	14,487,153	33,792,442	6,113,260	2,113,472	-	-	-
Four Years Later	15,817,812	15,857,724	18,903,963	24,021,768	33,792,442	6,113,260	-	-	-	-
Five Years Later	17,071,287	18,738,930	37,988,696	24,021,768	33,792,442	-	-	-	-	-
Six Years Later	18,226,891	19,448,787	37,988,696	24,021,768	-	-	-	-	-	-
Seven Years Later	19,441,681	19,448,787	37,988,696	-	-	-	-	-	-	-
Eight Years Later	19,441,681	19,448,787	-	-	-	-	-	-	-	-
Nine Years Later*	19,441,681	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>										
	12,116,511	8,685,784	11,514,099	28,944,202	45,086,077	75,750,261	86,420,168	47,751,168	29,453,362	8,885,402
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	16,590,668	20,686,170	22,705,020	23,484,390	29,585,040	28,521,710	32,042,720	3,420,000	-	3,858,581
One Year Later	20,336,498	20,279,342	24,596,512	24,657,164	30,362,640	28,180,080	2,113,472	23,662,000	-	-
Two Years Later	19,869,339	19,432,855	23,564,995	19,501,022	42,210,919	6,113,260	2,113,472	23,662,000	-	-
Three Years Later	19,100,002	18,999,743	27,721,257	33,763,193	33,792,442	6,113,260	2,113,472	-	-	-
Four Years Later	22,130,738	25,606,114	39,512,839	24,021,768	33,792,442	6,113,260	-	-	-	-
Five Years Later	21,331,569	28,990,997	37,988,696	24,021,768	33,792,442	-	-	-	-	-
Six Years Later	21,018,903	19,448,787	37,988,696	24,021,768	-	-	-	-	-	-
Seven Years Later	19,441,681	19,448,787	37,988,696	-	-	-	-	-	-	-
Eight Years Later	19,441,681	19,448,787	-	-	-	-	-	-	-	-
Nine Years Later*	19,441,681	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>										
	\$ 2,851,013	\$ (1,237,383)	\$ 15,293,676	\$ 537,378	\$ 4,207,402	\$ (22,408,450)	\$ (29,929,248)	\$ 20,242,000	\$ -	\$ -

\*Claims transferred to reinsurer via an Loss Portfolio Transfer

## General Liability 2 Program

County Members: 11

Public Entity Members: 10



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**GENERAL LIABILITY 2 PROGRAM**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ -	\$ -
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	-	-
Accounts Receivable		
Reinsurance Claims	16,249,648	8,778,215
<b>TOTAL CURRENT ASSETS</b>	16,249,648	8,778,215
Noncurrent Assets:		
Investment in Captive	65,294	65,294
<b>TOTAL NONCURRENT ASSETS</b>	65,294	65,294
<b>TOTAL ASSETS</b>	16,314,942	8,843,509
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	1,512	38,133
Due to Other Funds	11,510,342	5,921,475
<b>TOTAL CURRENT LIABILITIES</b>	11,511,854	5,959,608
Noncurrent Liabilities:		
Claim Liabilities		
Unallocated Loss Adjustment Expense Payable	1,546,000	1,141,000
<b>TOTAL NONCURRENT LIABILITIES</b>	1,546,000	1,141,000
<b>TOTAL LIABILITIES</b>	13,057,854	7,100,608
<b>NET POSITION:</b>		
Unrestricted	3,257,088	1,742,901
<b>TOTAL NET POSITION</b>	\$ 3,257,088	\$ 1,742,901

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**GENERAL LIABILITY 2 PROGRAM**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 100,070,874	\$ 78,462,797
Broker Fees	2,447,691	645,421
Administration Fees	3,871,675	2,835,726
<b>TOTAL OPERATING REVENUES</b>	<u>106,390,240</u>	<u>81,943,944</u>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	99,313,728	78,462,798
Broker Fees	2,447,691	619,109
Provision for Unallocated Loss Adjustment Expenses	405,000	98,000
Program Services		
Consulting and Legal Services	173,960	117,789
Actuarial Studies	17,000	24,000
Claims Audits	69,768	55,725
<b>TOTAL OPERATING EXPENSES</b>	<u>102,427,147</u>	<u>79,377,421</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(2,353,874)	(2,068,140)
<b>TOTAL TRANSFERS</b>	<u>(2,353,874)</u>	<u>(2,068,140)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,609,219</u>	<u>498,383</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Member Financing Fees	26,379	-
Program Financing Expense	(121,411)	(59,197)
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>(95,032)</u>	<u>(59,197)</u>
<b>CHANGES IN NET POSITION</b>	<u>1,514,187</u>	<u>439,186</u>
Net Position, Beginning of Year	1,742,901	1,303,715
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 3,257,088</u></u>	<u><u>\$ 1,742,901</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
GENERAL LIABILITY 2 PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 106,390,240	\$ 81,943,944
Payments to Others	(7,471,433)	(3,771,863)
Claims Paid	-	(351,812)
Insurance Purchased	(99,313,728)	(78,462,798)
Payments to Suppliers	(2,745,040)	(778,532)
Internal Activities	<u>3,234,993</u>	<u>1,480,258</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>95,032</u>	<u>59,197</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Program Financing Expenses	(121,411)	(59,197)
Finance Fees from Members	<u>26,379</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(95,032)</u>	<u>(59,197)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	-	-
<b>END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 1,609,219	\$ 498,383
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(7,471,433)	(3,771,863)
Due From or To Other Funds	5,588,867	3,548,398
Accounts and Other Payables	(36,621)	38,091
Claim Liabilities	-	(351,812)
Unallocated Loss Adjustment Expense Payable	405,000	98,000
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 95,032</u></u>	<u><u>\$ 59,197</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**GENERAL LIABILITY 2 PROGRAM**  
**RECONCILIATION OF UNPAID CLAIM LIABILITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 1,141,000</u>	<u>\$ 1,394,812</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>405,000</u>	<u>98,000</u>
B. Total incurred claims and claim adjustment expenses	<u>405,000</u>	<u>98,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>-</u>	<u>351,812</u>
C. Total Payments	<u>-</u>	<u>351,812</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 1,546,000</u>	<u>\$ 1,141,000</u>
Noncurrent Claim Liabilities	<u>1,546,000</u>	<u>1,141,000</u>
Total Claim Liabilities	<u>\$ 1,546,000</u>	<u>\$ 1,141,000</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**SUPPLEMENTARY INFORMATION**  
**GENERAL LIABILITY 2 PROGRAM**  
**NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION**  
**FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2021**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**GENERAL LIABILITY 2 PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2021**

<b>POLICY YEAR</b>	<b>June 30, 2012*</b>	<b>June 30, 2013*</b>	<b>June 30, 2014*</b>	<b>June 30, 2015**</b>	<b>June 30, 2016***</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>
Earned Premiums	\$ 18,075,370	\$ 19,467,217	\$ 22,700,000	\$ 26,484,451	\$ 32,140,342	\$ 46,724,983	\$ 48,889,112	\$ 62,346,508	\$ 78,462,797	\$ 100,070,874
Less Ceded	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,887,339)	(46,724,983)	(48,889,112)	(62,346,508)	(78,462,797)	(99,313,728)
Investment Earnings	-	-	-	-	171,997	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	-	-	-	7,000,000	9,425,000	-	-	-	-	757,146
2. Unallocated Loss Adjustment Expense		143,908	57,908	367,802	68,444	123,617	208,327	349,537	55,030	-
3. Estimated Incurred Claims Less Ceded Claims	18,075,370 (18,075,370)	19,467,217 (19,467,217)	22,700,000 (22,700,000)	26,484,451 (19,484,451)	32,312,339 (22,887,339)	46,724,983 (46,724,983)	48,889,112 (48,889,112)	62,346,508 (62,346,508)	78,462,797 (78,462,797)	99,313,728 (99,313,728)
Net Incurred Claims and Expenses, End of Policy Year	-	-	-	7,000,000	9,425,000	-	-	-	-	-
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	5,600,000	6,192,816	-	-	-	-	-
Two Years Later	-	-	-	7,000,000	8,928,354	-	-	-	-	-
Three Years Later	-	-	-	7,000,000	9,073,189	-	-	-	-	-
Four Years Later	-	-	-	7,000,000	9,425,000	-	-	-	-	-
Five Years Later	-	-	-	7,000,000	9,425,000	-	-	-	-	-
Six Years Later	-	-	-	7,000,000		-	-	-	-	-
Seven Years Later	-	-	-			-	-	-	-	-
Eight Years Later	-	-	-			-	-	-	-	-
Nine Years Later	-	-	-			-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	44,700,634	33,747,525	35,138,119	46,057,198	14,907,992	60,559,622	51,668,719	57,080,942	5,216,410	250,000
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	-	-	-	7,000,000	9,425,000	-	-	-	-	-
One Year Later	-	-	-	7,000,000	9,425,000	-	-	-	-	-
Two Years Later	-	-	-	7,000,000	9,425,000	-	-	-	-	-
Three Years Later	-	-	-	7,000,000	9,425,000	-	-	-	-	-
Four Years Later	-	-	-	7,000,000	9,425,000	-	-	-	-	-
Five Years Later	-	-	-	7,000,000	9,425,000	-	-	-	-	-
Six Years Later	-	-	-	7,000,000		-	-	-	-	-
Seven Years Later	-	-	-			-	-	-	-	-
Eight Years Later	-	-	-			-	-	-	-	-
Nine Years Later	-	-	-			-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\*Fully Insured.

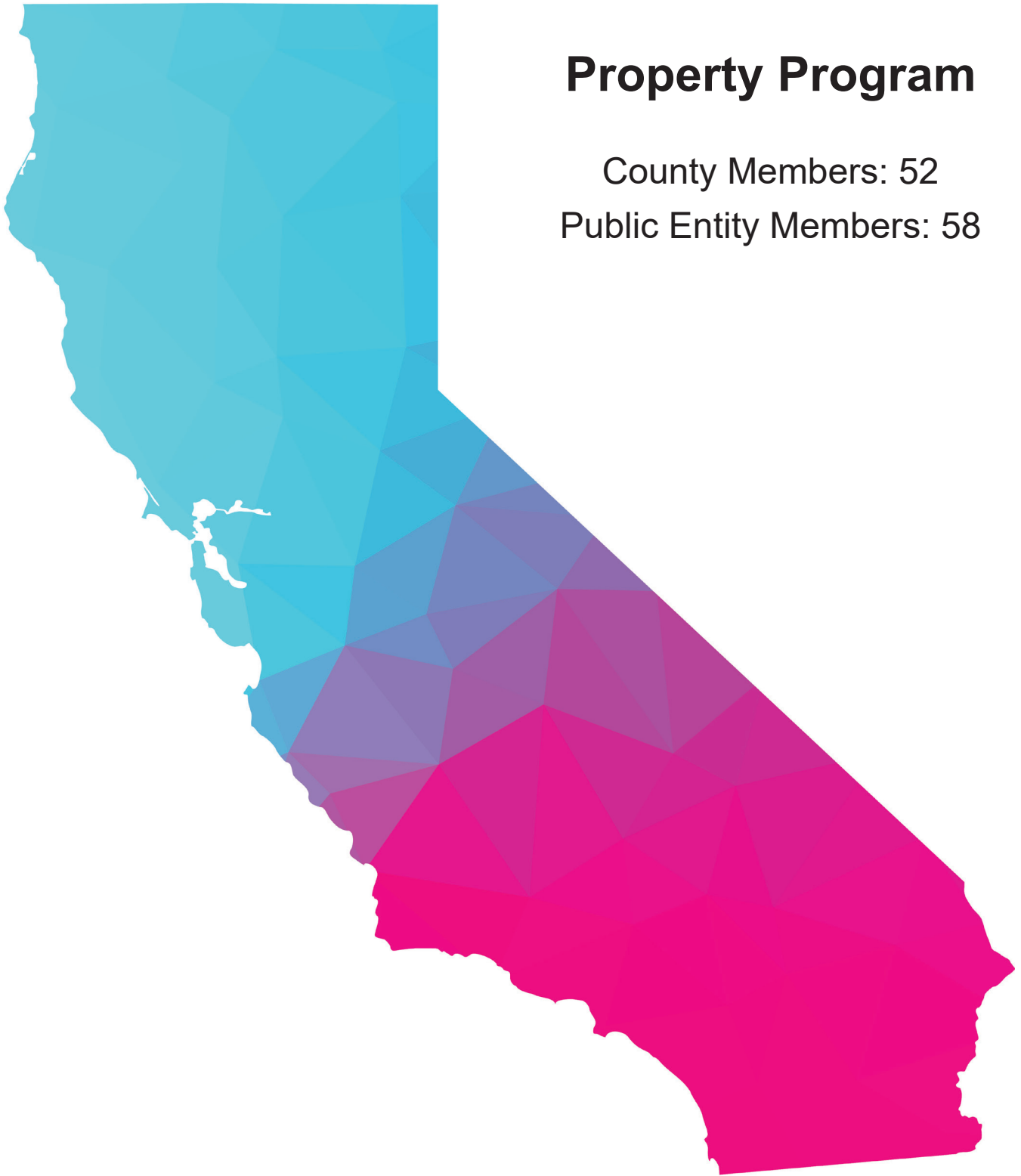
\*\*Fully Insured above Corridor Deductible of \$7,000,000.

\*\*\*Fully Insured above Corridor Deductible of \$9,425,000.

# Property Program

County Members: 52

Public Entity Members: 58



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
PROPERTY PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ -	\$ -
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>-</u>	<u>-</u>
Accounts Receivable:		
Due from Members	41,094,690	31,569,195
Due from Carriers	4,811,142	3,765,619
Prepaid Insurance	86,345,431	76,361,404
Due from Other Funds	4,924,774	-
<b>TOTAL CURRENT ASSETS</b>	<u>137,176,037</u>	<u>111,696,218</u>
Noncurrent Assets:		
Investment in Captive	66,714	66,714
<b>TOTAL NON-CURRENT ASSETS</b>	<u>66,714</u>	<u>66,714</u>
<b>TOTAL ASSETS</b>	<u>137,242,751</u>	<u>111,762,932</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	5,404,946	410,638
Due to Carriers	2,500,000	2,500,000
Due to Other Funds	-	184,350
Due to Members	136,923	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>8,041,869</u>	<u>3,094,988</u>
Noncurrent Liabilities:		
Due to Other Funds	86,345,431	76,361,405
Unallocated Loss Adjustment Expense Payable	22,000	8,000
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>86,367,431</u>	<u>76,369,405</u>
<b>TOTAL LIABILITIES</b>	<u>94,409,300</u>	<u>79,464,393</u>
<b>NET POSITION:</b>		
Unrestricted	42,833,451	32,298,539
<b>TOTAL NET POSITION</b>	<u>\$ 42,833,451</u>	<u>\$ 32,298,539</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
PROPERTY PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 112,325,527	\$ 83,802,978
Broker Fees	23,227	17,209
Contributions for Retained Risk	6,000,000	6,000,000
Administration Fees	1,339,161	1,293,331
Other Income	3,867,335	1,132,500
<b>TOTAL OPERATING REVENUES</b>	<u>123,555,250</u>	<u>92,246,018</u>
<b>OPERATING EXPENSES:</b>		
Dividends to Members	-	125,448
Insurance Expense	110,742,255	82,364,274
Provision for Claims	1,181,329	(159,369)
Provision for Unallocated Loss Adjustment Expenses	14,000	2,000
Program Services		
Property Appraisals and Consulting	157,890	245,574
<b>TOTAL OPERATING EXPENSES</b>	<u>112,095,474</u>	<u>82,577,927</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(677,615)	(634,491)
<b>TOTAL TRANSFERS</b>	<u>(677,615)</u>	<u>(634,491)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>10,782,161</u>	<u>9,033,600</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income (Loss)	(54)	892,931
Member Financing Fees	31,359	25,964
Program Financing Expense	(278,554)	(403,606)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(247,249)</u>	<u>515,289</u>
<b>CHANGES IN NET POSITION</b>	<u>10,534,912</u>	<u>9,548,889</u>
Net Position, Beginning of Year	<u>32,298,539</u>	<u>22,749,650</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 42,833,451</u></u>	<u><u>\$ 32,298,539</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
PROPERTY PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 110,299,343	\$ 82,593,380
Receipts from Others	3,867,335	1,132,500
Deposits (to)/from Carriers	(1,045,523)	6,302,378
Dividends Paid	-	(125,448)
Claims Paid	(1,181,329)	(250,000)
Insurance Purchased	(115,356,336)	(77,022,399)
Payments to Suppliers	(533,528)	54,367
Internal Activities	<u>4,197,287</u>	<u>(13,200,067)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>247,249</u>	<u>(515,289)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Member Financing Fees	31,305	918,895
Program Financing Expenses	<u>(278,554)</u>	<u>(403,606)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(247,249)</u>	<u>515,289</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	-	-
<b>END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 10,782,161	\$ 9,033,600
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(10,571,018)	(898,335)
Due From or To Other Funds	4,874,902	(12,565,576)
Prepaid Insurance	(9,984,027)	5,341,875
Accounts and Other Payables	5,131,231	299,941
Unearned Income	-	(1,319,425)
Claim Liabilities	-	(409,369)
Unallocated Loss Adjustment Expense Payable	<u>14,000</u>	<u>2,000</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 247,249</u>	<u>\$ (515,289)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ -</u>	<u>\$ -</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
PROPERTY PROGRAM  
RECONCILIATION OF UNPAID CLAIM LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 8,000</u>	<u>\$ 415,369</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>1,195,329</u>	<u>(157,369)</u>
B. Total incurred claims and claim adjustment expenses	<u>1,195,329</u>	<u>(157,369)</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>1,181,329</u>	<u>250,000</u>
C. Total Payments	<u>1,181,329</u>	<u>250,000</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 22,000</u>	<u>\$ 8,000</u>
Noncurrent Claim Liabilities	<u>22,000</u>	<u>8,000</u>
Total Claim Liabilities	<u>\$ 22,000</u>	<u>\$ 8,000</u>



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**SUPPLEMENTARY INFORMATION**  
**PROPERTY PROGRAM**  
**NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION**  
**FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2021**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

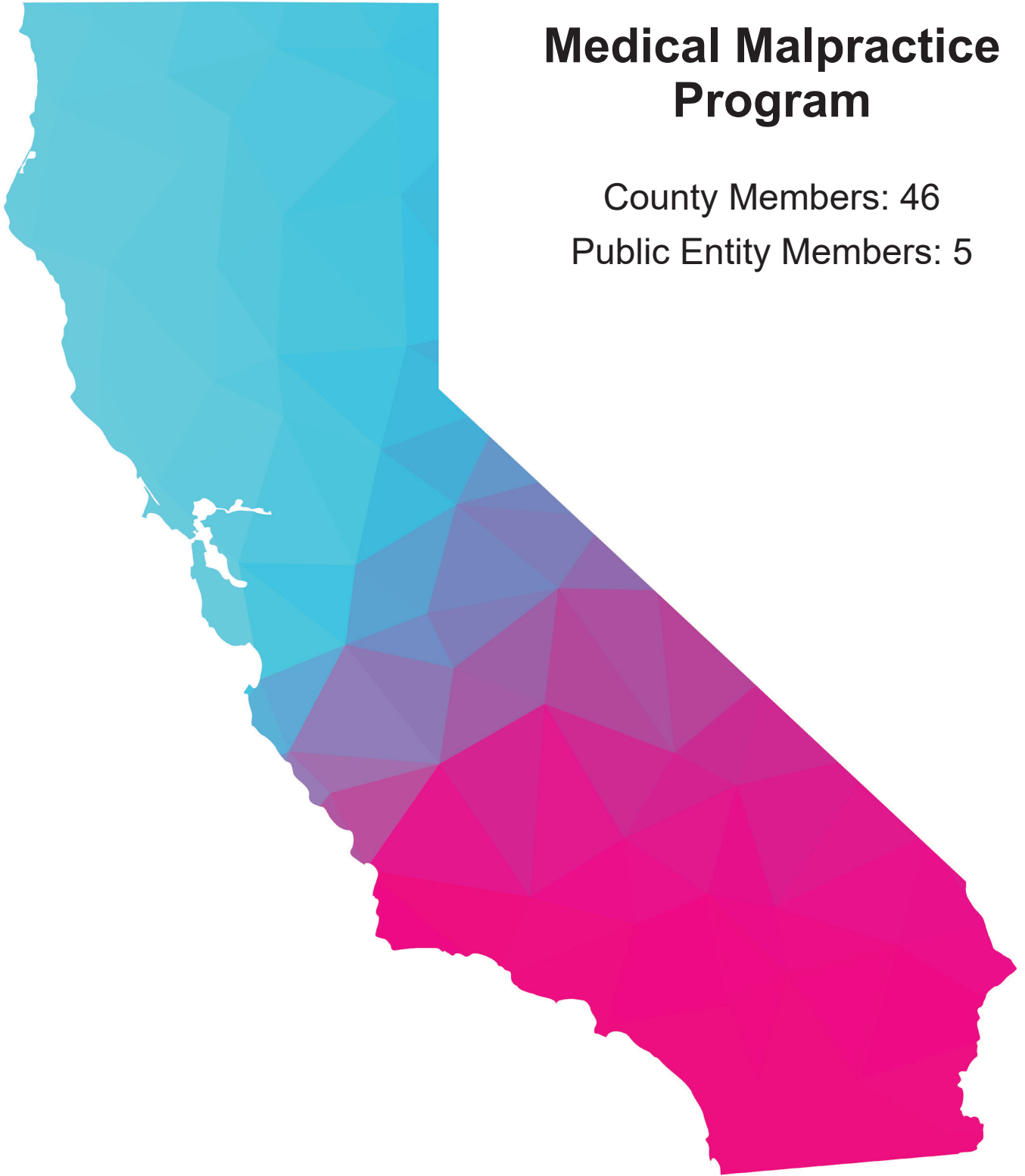
**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**PROPERTY PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2021**

<b>POLICY YEAR</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>
Earned Premiums	\$ 50,320,424	\$ 53,788,778	\$ 57,810,264	\$ 61,349,158	\$ 59,095,613	\$ 60,499,245	\$ 64,312,676	\$ 74,800,771	\$ 89,802,978	\$ 118,325,527
Less Ceded	(40,497,951)	(43,216,154)	(46,060,305)	(48,609,374)	(49,528,175)	(57,993,491)	(61,588,986)	(67,204,099)	(82,364,274)	(110,742,255)
Dividends Declared	-	-	-	-	-	-	-	-	(125,448)	-
1. Total Revenues Available For Payment of Claims	9,822,473	10,572,624	11,749,959	12,739,784	9,567,438	2,505,754	2,723,690	7,596,672	7,313,256	7,583,272
2. Unallocated Loss Adjustment Expense	(64,168)	61,715	27,474	23,601	(10,902)	4,003	(110,341)	(4,000)	(2,000)	(14,000)
3. Estimated Incurred Claims	50,497,951	53,216,154	56,060,305	58,677,313	59,095,613	58,118,491	61,588,986	67,329,099	82,364,274	110,742,255
Less Ceded Claims	(40,497,951)	(43,216,154)	(46,060,305)	(48,609,374)	(49,528,175)	(57,993,491)	(61,588,986)	(67,204,099)	(82,364,274)	(110,742,255)
Net Incurred Claims and Expenses, End of Policy Year	10,000,000	10,000,000	10,000,000	10,067,939	9,567,438	125,000	-	125,000	-	-
4. Cumulative Paid Claims as of:										
End of the Policy Year	2,600,227	5,800,207	4,795,812	10,000,000	9,567,438	-	-	-	-	-
One Year Later	8,782,088	10,000,000	9,409,593	10,206,664	10,152,576	-	-	125,000	-	-
Two Years Later	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	125,000	-	1,306,329	-	-
Three Years Later	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	125,000	-	-	-	-
Four Years Later	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	125,000	-	-	-	-
Five Years Later	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	-	-	-	-	-
Six Years Later	10,000,000	10,000,000	10,000,000	10,209,664	-	-	-	-	-	-
Seven Years Later	10,000,000	10,000,000	10,000,000	-	-	-	-	-	-	-
Eight Years Later	10,000,000	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	10,000,000	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	2,600,000	7,263,682	11,764,009	53,775,630	9,528,520	40,151,363	42,856,772	61,000,730	38,159,755	88,893,708
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	10,000,000	10,000,000	10,000,000	10,067,939	9,567,438	125,000	-	125,000	-	-
One Year Later	10,000,000	10,000,000	10,000,000	10,206,664	10,152,576	30,840	-	125,000	-	-
Two Years Later	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	284,369	-	1,306,329	-	-
Three Years Later	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	284,369	-	-	-	-
Four Years Later	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	284,369	-	-	-	-
Five Years Later	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	-	-	-	-	-
Six Years Later	10,000,000	10,000,000	10,000,000	10,209,664	-	-	-	-	-	-
Seven Years Later	10,000,000	10,000,000	10,000,000	-	-	-	-	-	-	-
Eight Years Later	10,000,000	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	10,000,000	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ -	\$ -	\$ 141,725	\$ 585,138	\$ 159,369	\$ -	\$ 1,181,329	\$ -	\$ -

# Medical Malpractice Program

County Members: 46

Public Entity Members: 5



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**MEDICAL MALPRACTICE PROGRAM**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ 4,497,688	\$ 4,347,483
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	4,497,688	4,347,483
Investments	4,714,462	1,152,518
Accounts Receivable		
Due from Members	18,106	30,264
Investment Income Receivable	133,590	111,316
Reinsurance Receivable	910,478	4,934,231
Due from Other Funds	2,732,509	3,872,364
Prepaid Insurance	1,679,294	2,293,999
<b>TOTAL CURRENT ASSETS</b>	14,686,127	16,742,175
Noncurrent Assets:		
Investments	27,063,427	20,776,921
Due from Other Funds	11,874,219	6,977,608
Investment in Captive	253,487	253,487
<b>TOTAL NONCURRENT ASSETS</b>	39,191,133	28,008,016
<b>TOTAL ASSETS</b>	53,877,260	44,750,191
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	322,024	-
Due to Members	-	195,645
Unearned Income	5,548,289	4,393,196
Claim Liabilities	6,859,000	6,859,000
<b>TOTAL CURRENT LIABILITIES</b>	12,729,313	11,447,841
Noncurrent Liabilities:		
Claims Liabilities		
Claims Reported	18,938,630	6,918,191
Claims Incurred But Not Reported	13,743,379	15,245,243
Unallocated Loss Adjustment Expense Payables	254,000	782,000
<b>TOTAL NONCURRENT LIABILITIES</b>	32,936,009	22,945,434
<b>TOTAL LIABILITIES</b>	45,665,322	34,393,275
<b>NET POSITION:</b>		
Unrestricted	8,211,938	10,356,916
<b>TOTAL NET POSITION</b>	\$ 8,211,938	\$ 10,356,916

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**MEDICAL MALPRACTICE PROGRAM**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 10,773,579	\$ 8,497,902
Broker Fees	11,984	11,539
Contributions for Retained Risk	10,264,485	8,405,120
Administration Fees	1,599,249	1,582,122
Other Income	-	3,169
<b>TOTAL OPERATING REVENUES</b>	<u>22,649,297</u>	<u>18,499,852</u>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	10,773,580	8,497,910
Broker Fees	11,984	11,539
Provision for Claims		
Current Year Claims	5,664,000	8,910,386
Prior Years' Claims	7,575,824	4,945,903
Provision for Unallocated Loss Adjustment Expenses	(528,000)	(6,000)
Program Services:		
Actuarial and Consulting Services	6,811	13,076
Claim Administration Services	470,612	471,188
<b>TOTAL OPERATING EXPENSES</b>	<u>23,974,811</u>	<u>22,844,002</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(987,434)	(888,658)
<b>TOTAL TRANSFERS</b>	<u>(987,434)</u>	<u>(888,658)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(2,312,948)</u>	<u>(5,232,808)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	166,438	1,796,363
Finance Fees from Members	1,532	-
<b>TOTAL NONOPERATING REVENUE (EXPENSE)</b>	<u>167,970</u>	<u>1,796,363</u>
<b>CHANGES IN NET POSITION</b>	<u>(2,144,978)</u>	<u>(3,436,445)</u>
Net Position, Beginning of Year	<u>10,356,916</u>	<u>13,793,361</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 8,211,938</u></u>	<u><u>\$ 10,356,916</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
MEDICAL MALPRACTICE PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 23,620,903	\$ 19,202,475
Payments (to)/from Others	4,023,753	(4,469,030)
Claims Paid	(2,721,249)	(8,609,436)
Insurance Purchased	(10,158,875)	(9,176,001)
Payments to Suppliers	(167,383)	(505,888)
Internal Activities	(4,744,190)	(5,055,467)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>9,852,959</u>	<u>(8,613,347)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(29,722,447)	(8,098,794)
Sales of Securities	19,325,901	14,897,202
Cash from Investment Earnings	692,260	1,184,799
Finance Fees from Members	1,532	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(9,702,754)</u>	<u>7,983,207</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	150,205	(630,140)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>4,347,483</u>	<u>4,977,623</u>
<b>END OF YEAR</b>	<u><u>\$ 4,497,688</u></u>	<u><u>\$ 4,347,483</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (2,312,948)	\$ (5,232,808)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	4,035,911	(4,497,462)
Due From or To Other Funds	(3,756,756)	(4,166,809)
Prepaid Insurance	614,705	(678,091)
Accounts and Other Payables	126,379	51,209
Unearned Income	1,155,093	669,761
Claim Liabilities	10,518,575	5,246,853
Unallocated Loss Adjustment Expense Payable	(528,000)	(6,000)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 9,852,959</u></u>	<u><u>\$ (8,613,347)</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ (548,097)</u></u>	<u><u>\$ 648,688</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**MEDICAL MALPRACTICE PROGRAM**  
**RECONCILIATION OF UNPAID CLAIM LIABILITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 29,804,434</u>	<u>\$ 24,563,581</u>
Incurring claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	5,136,000	8,904,386
Increase (Decrease) in the provision for claims of prior fiscal years	<u>7,575,824</u>	<u>4,945,903</u>
B. Total incurred claims and claim adjustment expenses	<u>12,711,824</u>	<u>13,850,289</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>2,721,249</u>	<u>8,609,436</u>
C. Total Payments	<u>2,721,249</u>	<u>8,609,436</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 39,795,009</u>	<u>\$ 29,804,434</u>
Current Claim Liabilities	\$ 6,859,000	\$ 6,859,000
Noncurrent Claim Liabilities	<u>32,936,009</u>	<u>22,945,434</u>
Total Claim Liabilities	<u>\$ 39,795,009</u>	<u>\$ 29,804,434</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**SUPPLEMENTARY INFORMATION**  
**MEDICAL MALPRACTICE PROGRAM**  
**NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION**  
**FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2021**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**MEDICAL MALPRACTICE PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2021**

<b>POLICY YEAR</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>
Earned Premiums	\$ 11,636,142	\$ 12,974,062	\$ 12,133,259	\$ 12,159,000	\$ 12,377,511	\$ 13,376,499	\$ 14,099,920	\$ 14,985,163	\$ 16,894,700	\$ 18,410,868
Less Ceded	(5,905,259)	(6,292,646)	(5,317,928)	(5,278,339)	(5,587,223)	(6,087,843)	(6,145,622)	(6,376,774)	(8,497,910)	(10,773,580)
Investment Earnings and Other Income	374,822	593,980	982,726	287,224	184,358	78,389	648,652	804,529	562,592	164,759
1. Total Revenues Available For Payment of Claims	6,105,705	7,275,396	7,798,057	7,167,885	6,974,646	7,367,045	8,602,950	9,412,918	8,959,382	7,802,047
2. Unallocated Loss Adjustment Expense	646	711	771	3,044	12,650	20,943	50,429	72,009	56,006	36,384
3. Estimated Incurred Claims	11,093,594	11,506,272	10,557,889	10,806,161	11,115,839	11,939,908	12,281,464	12,333,491	17,408,296	15,909,580
Less Ceded Claims	(5,905,259)	(6,292,646)	(5,317,928)	(5,278,339)	(5,587,223)	(6,087,843)	(6,145,622)	(6,376,774)	(8,497,910)	(10,773,580)
Net Incurred Claims and Expenses, End of Policy Year	5,188,335	5,213,626	5,239,961	5,527,822	5,528,616	5,852,065	6,135,842	5,956,717	8,910,386	5,136,000
4. Cumulative Paid Claims as of:										
End of the Policy Year	26,698	3,528	-	-	17,502	37,635	15,523	245,810	-	-
One Year Later	181,822	436,672	-	503,920	243,443	1,894,067	1,752,099	2,176,225	19,547	
Two Years Later	1,822,542	4,141,591	385,965	1,772,706	1,261,135	5,071,771	3,849,559	3,087,506		
Three Years Later	4,209,215	4,432,593	1,514,858	3,565,148	5,406,575	7,301,811	5,106,054			
Four Years Later	4,502,133	4,470,975	1,553,550	6,074,117	7,711,389	7,715,476				
Five Years Later	4,551,386	4,886,993	1,553,550	6,116,030	7,720,104					
Six Years Later	4,589,603	4,889,431	1,553,550	6,226,395						
Seven Years Later	4,632,017	4,889,431	1,553,550							
Eight Years Later	4,636,752	4,889,431								
Nine Years Later	4,637,933									
5. Reestimated Ceded Claims and Expenses	-	-	413,449	5,243,555	3,729,280	9,751,472	4,533,847	12,633,727	8,225,000	1,885,000
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	5,188,335	5,213,626	5,239,961	5,527,822	5,528,616	5,852,065	6,135,842	5,956,717	8,910,386	5,136,000
One Year Later	5,583,913	5,064,126	4,950,026	8,550,054	6,575,046	9,989,538	8,779,726	7,480,935	8,738,250	
Two Years Later	6,070,219	6,893,606	6,224,082	10,203,303	10,624,337	10,379,536	13,770,438	14,297,448		
Three Years Later	5,999,806	6,955,612	4,768,898	7,422,110	9,330,511	10,347,322	12,956,481			
Four Years Later	4,963,502	6,855,621	1,922,429	6,897,687	8,361,424	10,975,751				
Five Years Later	4,884,004	6,551,064	1,810,904	6,729,432	9,689,339					
Six Years Later	4,906,506	5,151,088	1,729,432	6,700,303						
Seven Years Later	4,836,686	5,049,205	1,673,644							
Eight Years Later	4,776,240	5,000,048								
Nine Years Later	4,738,566									
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ (449,769)	\$ (213,578)	\$ (3,566,317)	\$ 1,172,481	\$ 4,160,723	\$ 5,123,686	\$ 6,820,639	\$ 8,340,731	\$ (172,136)	\$ -



## **Master Rolling Owner Controlled Insurance Program**

County Members: 11 Public  
Entity Members: 7

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

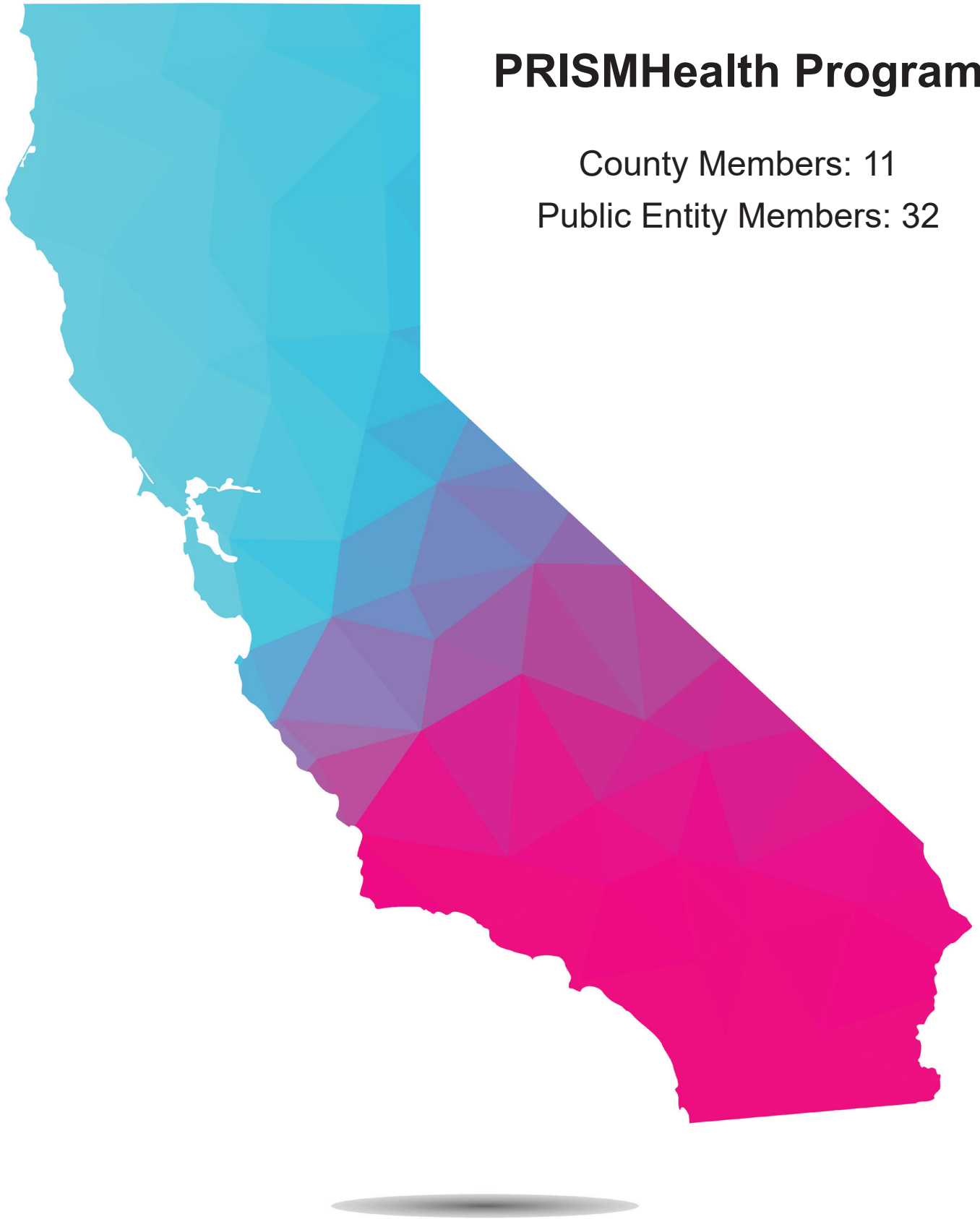
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ 36,118	\$ 52,983
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	36,118	52,983
Investments	37,859	14,046
Accounts Receivable:		
Due from Members	1,322,421	-
Investment Income Receivable	1,073	1,357
Due from Other Funds	21,943	47,193
Prepaid Insurance	4,035,334	1,372,783
<b>TOTAL CURRENT ASSETS</b>	5,454,748	1,488,362
Noncurrent Assets:		
Investments	217,327	253,209
Due From Other Funds	95,353	85,036
Investment in Captive	654	654
<b>TOTAL NONCURRENT ASSETS</b>	313,334	338,899
<b>TOTAL ASSETS</b>	5,768,082	1,827,261
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	893,049	-
Unearned Income	3,874,068	1,377,387
<b>TOTAL CURRENT LIABILITIES</b>	4,767,117	1,377,387
<b>TOTAL LIABILITIES</b>	4,767,117	1,377,387
<b>NET POSITION:</b>		
Unrestricted	1,000,965	449,874
<b>TOTAL NET POSITION</b>	\$ 1,000,965	\$ 449,874

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>OPERATING REVENUES:</b>		
Premium for Transferred Risk	\$ 7,757,658	\$ 10,009,123
Administration Fees	100,611	127,843
Other Income	501,579	130
<b>TOTAL OPERATING REVENUES</b>	<u>8,359,848</u>	<u>10,137,096</u>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	<u>7,757,658</u>	<u>10,009,126</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>7,757,658</u>	<u>10,009,126</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	<u>(52,574)</u>	<u>(74,221)</u>
<b>TOTAL TRANSFERS</b>	<u>(52,574)</u>	<u>(74,221)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>549,616</u>	<u>53,749</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	<u>1,475</u>	<u>20,695</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>1,475</u>	<u>20,695</u>
<b>CHANGES IN NET POSITION</b>	<u>551,091</u>	<u>74,444</u>
Net Position, Beginning of Year	<u>449,874</u>	<u>375,430</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 1,000,965</u></u>	<u><u>\$ 449,874</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 9,534,108	\$ 8,242,038
Insurance Purchased	(9,527,160)	(8,023,596)
Internal Activities	(37,641)	(158,044)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(30,693)</u>	<u>60,398</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(164,000)	(228,034)
Sales of Securities	171,214	171,627
Cash from Investment Earnings	6,614	12,939
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>13,828</u>	<u>(43,468)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>	(16,865)	16,930
<b>CASH AND CASH EQUIVALENTS:</b>		
<b>BEGINNING OF YEAR</b>	<u>52,983</u>	<u>36,053</u>
<b>END OF YEAR</b>	<u><u>\$ 36,118</u></u>	<u><u>\$ 52,983</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 549,616	\$ 53,749
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(1,322,421)	96,418
Due From or To Other Funds	14,933	(83,823)
Prepaid Insurance	(2,662,551)	1,985,530
Accounts and Other Payables	893,049	-
Unearned Income	2,496,681	(1,991,476)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (30,693)</u></u>	<u><u>\$ 60,398</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ (4,856)</u></u>	<u><u>\$ 7,473</u></u>



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**PRISMHEALTH PROGRAM**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ 596,689	\$ 718,944
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	596,689	718,944
Investments	625,447	190,592
Investment Income Receivable	17,723	18,408
Due from Other Funds	362,510	640,374
<b>TOTAL CURRENT ASSETS</b>	1,602,369	1,568,318
Noncurrent Assets:		
Investments	3,590,389	3,435,884
Due from Other Funds	1,575,302	1,153,889
Investment in Captive	77,472	77,472
<b>TOTAL NONCURRENT ASSETS</b>	5,243,163	4,667,245
<b>TOTAL ASSETS</b>	6,845,532	6,235,563
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	1,801,089	1,526,307
Due to Members	13,960	34,835
Dividends Payable to Members	2,143,204	2,139,994
Unearned Income	5,016	9,694
<b>TOTAL CURRENT LIABILITIES</b>	3,963,269	3,710,830
<b>TOTAL LIABILITIES</b>	3,963,269	3,710,830
<b>NET POSITION:</b>		
Unrestricted	2,882,263	2,524,733
<b>TOTAL NET POSITION</b>	\$ 2,882,263	\$ 2,524,733

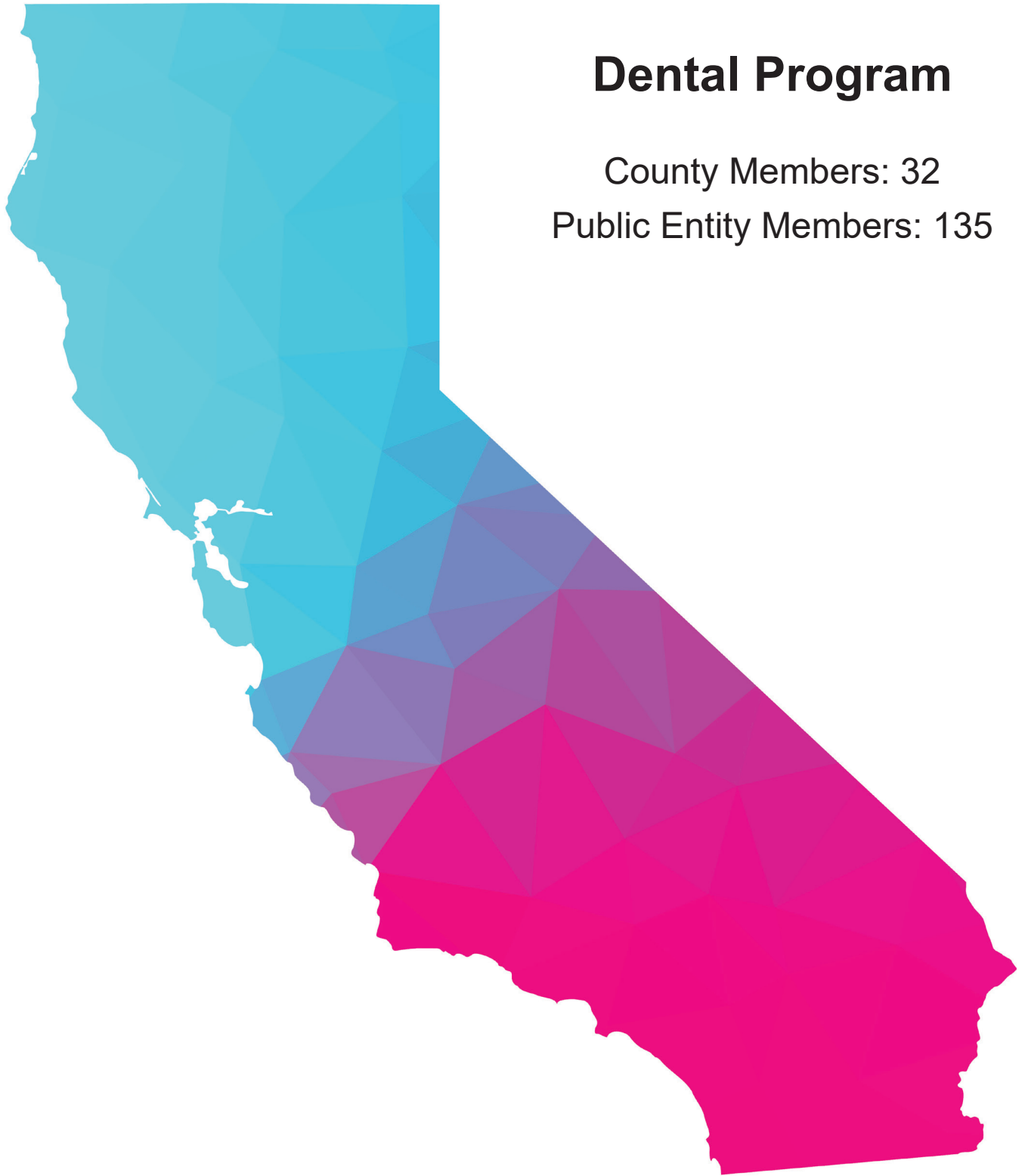
**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
PRISMHEALTH PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 536,942,374	\$ 493,242,230
TPA Claims Administration Fees	20,963,180	19,483,769
Eligibility Administration Fees	3,231,962	3,184,930
Health Reform Fees and Taxes	77,601	1,206
Broker Fees	4,104,193	3,913,336
Administration Fees	919,792	764,908
Other Income	119,964	220,248
<b>TOTAL OPERATING REVENUES</b>	<u>566,359,066</u>	<u>520,810,627</u>
<b>OPERATING EXPENSES:</b>		
Interest on Dividends to Members	3,210	12,259
Insurance Premiums and TPA Fees	557,905,553	512,726,000
Eligibility Administration	3,231,962	3,184,930
Health Reform Fees and Taxes	77,601	1,206
Broker Fees	4,117,814	3,913,336
Program Services		
Actuarial Consulting Services	48,000	48,000
PRISMHealth Seminar	(8,539)	4,868
Other Program Expense	98,105	-
<b>TOTAL OPERATING EXPENSES</b>	<u>565,473,706</u>	<u>519,890,599</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(560,419)	(541,775)
<b>TOTAL TRANSFERS</b>	<u>(560,419)</u>	<u>(541,775)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>324,941</u>	<u>378,253</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	32,589	282,254
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>32,589</u>	<u>282,254</u>
<b>CHANGES IN NET POSITION</b>	<u>357,530</u>	<u>660,507</u>
Net Position, Beginning of Year	2,524,733	1,864,226
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 2,882,263</u></u>	<u><u>\$ 2,524,733</u></u>



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
PRISMHEALTH PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 566,333,513	\$ 520,821,350
Dividends Paid	-	(7,170)
Insurance Purchased	(557,905,553)	(512,726,000)
Payments to Suppliers	(7,200,595)	(8,046,965)
Other Program Expense	(89,566)	(4,868)
Internal Activities	(703,968)	(1,266,879)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>433,831</u>	<u>(1,230,532)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(4,480,820)	(1,373,225)
Sales of Securities	3,784,139	2,340,723
Cash from Investment Earnings	140,595	185,668
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(556,086)</u>	<u>1,153,166</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(122,255)	(77,366)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>718,944</u>	<u>796,310</u>
<b>END OF YEAR</b>	<u><u>\$ 596,689</u></u>	<u><u>\$ 718,944</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 324,941	\$ 378,253
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Due From or To Other Funds	(143,549)	(725,104)
Accounts and Other Payables	252,439	(883,681)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 433,831</u></u>	<u><u>\$ (1,230,532)</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ (107,321)</u></u>	<u><u>\$ 101,925</u></u>



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
DENTAL PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ 629,951	\$ 2,346,731
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	629,951	2,346,731
Investments	660,313	622,119
Accounts Receivable		
Due from Members	6,251,014	1,546,825
Investment Income Receivable	18,711	60,087
Deposits With Carrier	245,000	245,000
Due from Other Funds	382,718	2,090,267
<b>TOTAL CURRENT ASSETS</b>	8,187,707	6,911,029
Noncurrent Assets:		
Investments	3,790,533	11,215,191
Due from Other Funds	1,663,116	3,766,449
Investment in Captive	129,055	129,055
<b>TOTAL NONCURRENT ASSETS</b>	5,582,704	15,110,695
<b>TOTAL ASSETS</b>	13,770,411	22,021,724
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	-	744,292
Legacy Stabilization Fund	699,774	766,584
Unearned Income	21,556	21,556
Dental Claim Liabilities	2,109,277	1,847,125
<b>TOTAL CURRENT LIABILITIES</b>	2,830,607	3,379,557
<b>TOTAL LIABILITIES</b>	2,830,607	3,379,557
<b>NET POSITION:</b>		
Unrestricted	10,939,804	18,642,167
<b>TOTAL NET POSITION</b>	\$ 10,939,804	\$ 18,642,167

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
DENTAL PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>OPERATING REVENUES:</b>		
Broker Fees	\$ 2,337,757	\$ 2,350,241
Contribution for Retained Risk	38,511,767	37,758,487
Eligibility Admin Fee Revenue	<u>417,706</u>	<u>432,625</u>
<b>TOTAL OPERATING REVENUES</b>	<u>41,267,230</u>	<u>40,541,353</u>
<b>OPERATING EXPENSES:</b>		
Dividends to Members	7,000,000	5,000,000
Broker Fees	2,337,757	2,350,241
Provision for Claims, Current Year	36,112,649	29,603,710
Claims Administration and Eligibility Fees	3,237,114	2,573,364
Other Program Services	<u>2,665</u>	<u>6,016</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>48,690,185</u>	<u>39,533,331</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	<u>(326,237)</u>	<u>(243,526)</u>
<b>TOTAL TRANSFERS</b>	<u>(326,237)</u>	<u>(243,526)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(7,749,192)</u>	<u>764,496</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	<u>46,829</u>	<u>782,331</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>46,829</u>	<u>782,331</u>
<b>CHANGES IN NET POSITION</b>	<u>(7,702,363)</u>	<u>1,546,827</u>
Net Position, Beginning of Year	<u>18,642,167</u>	<u>17,095,340</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 10,939,804</u></u>	<u><u>\$ 18,642,167</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
DENTAL PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 36,496,231	\$ 39,465,582
Dividends Paid	(7,000,000)	(5,000,000)
Claims Paid	(35,850,497)	(29,675,991)
Payments to Suppliers	(6,321,828)	(4,935,455)
Internal Activities	3,484,645	(2,798,250)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(9,191,449)</u>	<u>(2,944,114)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	-	(4,169,411)
Sales of Securities	7,232,249	6,487,855
Cash from Investment Earnings	242,420	513,076
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>7,474,669</u>	<u>2,831,520</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,716,780)	(112,594)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>2,346,731</u>	<u>2,459,325</u>
<b>END OF YEAR</b>	<u><u>\$ 629,951</u></u>	<u><u>\$ 2,346,731</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (7,749,192)	\$ 764,496
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(4,704,189)	(1,053,103)
Due From or To Other Funds	3,810,882	(2,554,723)
Accounts and Other Payables	(811,102)	(50,059)
Unearned Income	-	21,556
Claim Liabilities	262,152	(72,281)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (9,191,449)</u></u>	<u><u>\$ (2,944,114)</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ (154,215)</u></u>	<u><u>\$ 282,509</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
DENTAL PROGRAM  
RECONCILIATION OF UNPAID CLAIM LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 1,847,125</u>	<u>\$ 1,919,406</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>36,112,649</u>	<u>29,603,710</u>
B. Total incurred claims and claim adjustment expenses	<u>36,112,649</u>	<u>29,603,710</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	<u>35,850,497</u>	<u>29,675,991</u>
C. Total Payments	<u>35,850,497</u>	<u>29,675,991</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 2,109,277</u>	<u>\$ 1,847,125</u>
Current Claim Liabilities	<u>2,109,277</u>	<u>1,847,125</u>
Total Claim Liabilities	<u>\$ 2,109,277</u>	<u>\$ 1,847,125</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**SUPPLEMENTARY INFORMATION**  
**DENTAL PROGRAM**  
**NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION**  
**FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2021**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

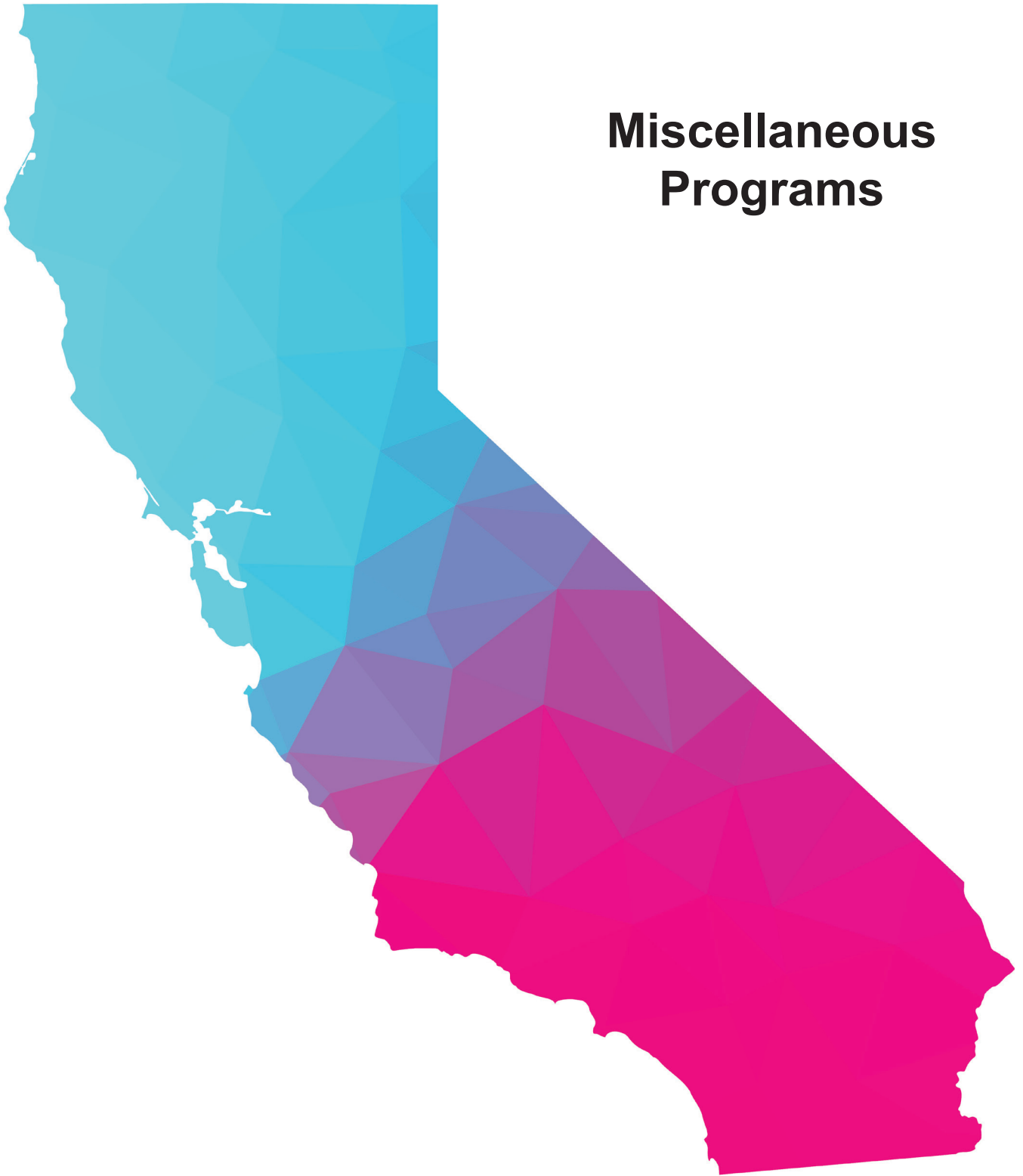
The columns of the schedule show data for successive policy years.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**DENTAL PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2021**

<b>POLICY YEAR</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>
Earned Premiums	\$ 27,841,423	\$ 30,426,135	\$ 31,210,281	\$ 32,028,794	\$ 31,736,745	\$ 32,978,281	\$ 33,604,042	\$ 35,255,976	\$ 37,758,487	\$ 37,770,792
Dividends Declared	-	-	-	-	-	-	-	-	(5,000,000)	(7,000,000)
1. Total Revenues Available For Payment of Claims	27,841,423	30,426,135	31,210,281	32,028,794	31,736,745	32,978,281	33,604,042	35,255,976	32,758,487	30,770,792
2. Unallocated Loss Adjustment Expense	-	-	-	-	-	-	-	-	-	-
3. Estimated Incurred Claims Net Incurred Claims and Expenses, End of Policy Year	21,213,005	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280	31,142,949	33,073,327	29,603,710	36,112,649
4. Cumulative Paid Claims as of:										
End of the Policy Year	21,213,005	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280	31,142,949	33,073,327	29,603,710	35,850,497
One Year Later	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280	31,142,949	33,073,327	29,603,710	
Two Years Later	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280	31,142,949	33,073,327		
Three Years Later	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280	31,142,949			
Four Years Later	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280				
Five Years Later	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033					
Six Years Later	23,453,293	25,691,975	24,283,069	26,917,532						
Seven Years Later	23,453,293	25,691,975	24,283,069							
Eight Years Later	23,453,293	25,691,975								
Nine Years Later	23,453,293									
5. Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-	-	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	21,213,005	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280	31,142,949	33,073,327	29,603,710	36,112,649
One Year Later	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280	31,142,949	33,073,327	29,603,710	
Two Years Later	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280	31,142,949	33,073,327		
Three Years Later	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280	31,142,949			
Four Years Later	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280				
Five Years Later	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033					
Six Years Later	23,453,293	25,691,975	26,483,069	26,917,532						
Seven Years Later	23,453,293	25,691,975	26,483,069							
Eight Years Later	23,453,293	25,691,975								
Nine Years Later	23,453,293									
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 2,240,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



## Miscellaneous Programs



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**MISCELLANEOUS PROGRAMS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ 162,688	\$ 288,570
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	162,688	288,570
Investments	170,529	76,500
Accounts Receivable		
Due From Members	516,053	3,250
Investment Income Receivable	4,832	7,389
Due from Other Funds	98,839	257,033
Prepaid Insurance	59,804	-
<b>TOTAL CURRENT ASSETS</b>	1,012,745	632,742
Noncurrent Assets:		
Investments	978,925	1,379,094
Due from Other Funds	429,508	463,147
Investment in Captive	14,907	14,907
<b>TOTAL NONCURRENT ASSETS</b>	1,423,340	1,857,148
<b>TOTAL ASSETS</b>	2,436,085	2,489,890
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	19,449	280,257
Due to Members	192,237	139,941
<b>TOTAL CURRENT LIABILITIES</b>	211,686	420,198
<b>TOTAL LIABILITIES</b>	211,686	420,198
<b>NET POSITION:</b>		
Unrestricted	2,224,399	2,069,692
<b>TOTAL NET POSITION</b>	<u>\$ 2,224,399</u>	<u>\$ 2,069,692</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**MISCELLANEOUS PROGRAMS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>OPERATING REVENUES:</b>		
Premiums For Transferred Risk:		
Optional Excess Liability Insurance	\$ 16,296,548	\$ 9,902,522
Watercraft Insurance	354,961	330,988
Aviation Insurance	2,434,517	1,693,505
Course of Construction Insurance	-	144,778
Crime and Honesty Bonds	2,151,710	1,760,003
SPIP/SLIP	26,345	41,167
Cyber Liability	2,460,698	1,756,023
Pollution Liability	451,432	487,063
Inmate Medical Insurance	732,097	637,675
Employee Assistance Program	1,953,620	1,658,040
Life, Long-Term Disability and ADD Insurance	36,946,067	22,424,743
Vision Insurance	4,781,236	4,321,273
Other Miscellaneous Programs	54,253	213,036
Dividends	<u>192,456</u>	<u>174,054</u>
<b>TOTAL OPERATING REVENUES</b>	<u>68,835,940</u>	<u>45,544,870</u>
<b>OPERATING EXPENSES:</b>		
Member Dividends	192,456	174,053
Insurance Premiums:		
Optional Excess Liability Insurance	16,296,542	9,902,520
Watercraft Insurance	354,963	330,983
Aviation Insurance	2,434,517	1,693,505
Course of Construction Insurance	-	144,778
Crime and Honesty Bonds	2,151,716	1,760,005
SPIP/SLIP	26,344	41,167
Cyber Liability	2,294,883	1,756,023
Pollution Liability	451,445	487,066
Inmate Medical Insurance	732,097	637,675
Employee Assistance Program	1,953,620	1,658,040
Life, Long-Term Disability and ADD Insurance	36,946,067	22,424,743
Vision Insurance	4,781,236	4,321,273
Other Miscellaneous Programs	<u>54,253</u>	<u>213,036</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>68,670,139</u>	<u>45,544,867</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	<u>(14,791)</u>	<u>(15,004)</u>
<b>TOTAL TRANSFERS</b>	<u>(14,791)</u>	<u>(15,004)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 151,010</u>	<u>\$ (15,001)</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
MISCELLANEOUS PROGRAMS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	\$ 2,833	\$ 97,297
Member Finance Fees	<u>864</u>	<u>373</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>3,697</u>	<u>97,670</u>
<b>CHANGES IN NET POSITION</b>	154,707	82,669
Net Position, Beginning of Year	<u>2,069,692</u>	<u>1,987,023</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 2,224,399</u></u>	<u><u>\$ 2,069,692</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**MISCELLANEOUS PROGRAMS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 68,166,115	\$ 45,460,453
Receipts from Others	192,456	174,054
Dividends Paid	(140,160)	(185,277)
Insurance Purchased	(68,833,730)	(45,230,578)
Internal Activities	<u>177,043</u>	<u>(371,538)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(438,276)</u>	<u>(152,886)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(32,360)	(699,493)
Sales of Securities	329,164	806,883
Financing Fees	864	373
Cash from Investment Earnings	<u>14,726</u>	<u>62,850</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>312,394</u>	<u>170,613</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(125,882)	17,727
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>288,570</u>	<u>270,843</u>
<b>END OF YEAR</b>	<u><u>\$ 162,688</u></u>	<u><u>\$ 288,570</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 151,010	\$ (15,001)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(512,803)	89,638
Due From or To Other Funds	191,833	(356,535)
Prepaid Insurance	(59,804)	-
Accounts and Other Payables	<u>(208,512)</u>	<u>129,012</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (438,276)</u></u>	<u><u>\$ (152,886)</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ (9,335)</u></u>	<u><u>\$ 35,135</u></u>

## **General Administration and Building**



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**GENERAL ADMINISTRATION AND BUILDING**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets:		
Petty Cash Fund	\$ 300	\$ 300
Cash in Bank	666,593	635,746
Cash, PRISM Treasury	<u>1,544,788</u>	<u>1,931,088</u>
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>2,211,681</b>	<b>2,567,134</b>
Investments	1,619,242	511,932
Accounts Receivable		
Due from Members	403,857	30,511
Investment Income Receivable	45,883	49,445
Other Receivables	39,283	39,215
Due from Other Funds	938,515	1,720,047
Prepaid Expense	<u>83,719</u>	<u>171,722</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>5,342,180</u></b>	<b><u>5,090,006</u></b>
Noncurrent Assets:		
Investments	1,423,657	1,492,703
Investments-Restricted	7,871,623	7,736,101
Due from Other Funds	4,078,355	3,099,351
Capital Assets:		
Land	1,000,000	1,000,000
Building	5,745,390	5,745,390
Less Accumulated Depreciation, Building	(1,292,954)	(1,180,807)
Tenant Improvements	2,494,198	2,491,038
Less Accumulated Depreciation, Tenant Improvements	(1,717,701)	(1,614,078)
Office Furniture and Equipment	1,380,846	1,330,239
Computer Software	8,095,989	6,223,933
Less Accumulated Depreciation	<u>(4,880,318)</u>	<u>(3,820,631)</u>
<b>TOTAL NONCURRENT ASSETS</b>	<b><u>24,199,085</u></b>	<b><u>22,503,239</u></b>
<b>TOTAL ASSETS</b>	<b><u>29,541,265</u></b>	<b><u>27,593,245</u></b>
Deferred Outflows of Resources:		
Deferred Outflows of Resources on Pensions	1,976,583	1,688,302
Deferred Outflows of Resources on OPEB	<u>190,731</u>	<u>307,427</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 2,167,314</u></b>	<b><u>\$ 1,995,729</u></b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF NET POSITION  
JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	\$ 287,947	\$ 689,795
Due to Other Funds	503,699	481,657
Risk Mgmt. Subsidy Deposits	100,000	100,000
Unearned Income	42,117	36,745
Security Deposits	11,298	22,629
Compensated Absences	144,842	124,733
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,089,903</u>	<u>1,455,559</u>
Noncurrent Liabilities:		
Due to Other Funds	5,525,467	5,856,540
Risk Mgmt. Subsidy Deposits	7,771,623	7,363,102
Compensated Absences	579,367	498,932
Net OPEB Liability	288,072	728,262
Net Pension Liability	2,558,450	1,930,418
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>16,722,979</u>	<u>16,650,254</u>
<b>TOTAL LIABILITIES</b>	<u>17,812,882</u>	<u>18,105,813</u>
Deferred Inflows of Resources:		
Deferred Inflow of Resources on Pensions	329,222	325,407
Deferred Inflows of Resources on OPEB	646,848	380,567
<b>TOTAL INFLOWS OF RESOURCES</b>	<u>976,070</u>	<u>705,974</u>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	10,825,450	10,175,084
Unrestricted	2,094,177	602,103
<b>TOTAL NET POSITION</b>	<u><u>\$ 12,919,627</u></u>	<u><u>\$ 10,777,187</u></u>



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**GENERAL ADMINISTRATION AND BUILDING**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>OPERATING REVENUES:</b>		
Member Services		
Claims Information Systems	\$ 514,857	\$ 325,275
and Crisis Incident Carrier Contr.	194,941	57,206
Insurance Certificate Tracking Service	29,697	197,298
Other Income		
Personal Lines Insurance Program Income	75,147	77,107
Shared Cost Agreements	125,496	29,176
Other Income	29,485	52,674
<b>TOTAL REVENUES</b>	<u>969,623</u>	<u>738,736</u>
<b>EXPENSES:</b>		
Loss Prevention Expenses	2,709,847	2,460,566
Salaries and Benefits	13,204,875	11,953,716
Staff Support	225,636	877,201
Services and Supplies	1,902,348	2,097,589
Building Maintenance and Operating Expense	348,499	363,525
Depreciation and Amortization	1,204,316	1,084,345
<b>TOTAL EXPENSES</b>	<u>19,595,521</u>	<u>18,836,942</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfers In from		
Excess Workers' Compensation	6,227,479	6,002,496
Primary Workers' Compensation	5,413,779	5,095,583
Dental	326,237	243,526
PRISMHealth	560,419	541,775
General Liability 1	4,030,058	3,427,566
General Liability 2	2,353,874	2,068,140
Miscellaneous Programs	14,791	15,004
Property	677,615	634,491
Medical Malpractice	987,434	888,658
Master Rolling Owner Controlled Ins. Program	52,574	74,221
PRISM ARC	150,000	150,000
<b>TOTAL TRANSFERS</b>	<u>20,794,260</u>	<u>19,141,460</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 2,168,362</u>	<u>\$ 1,043,254</u>

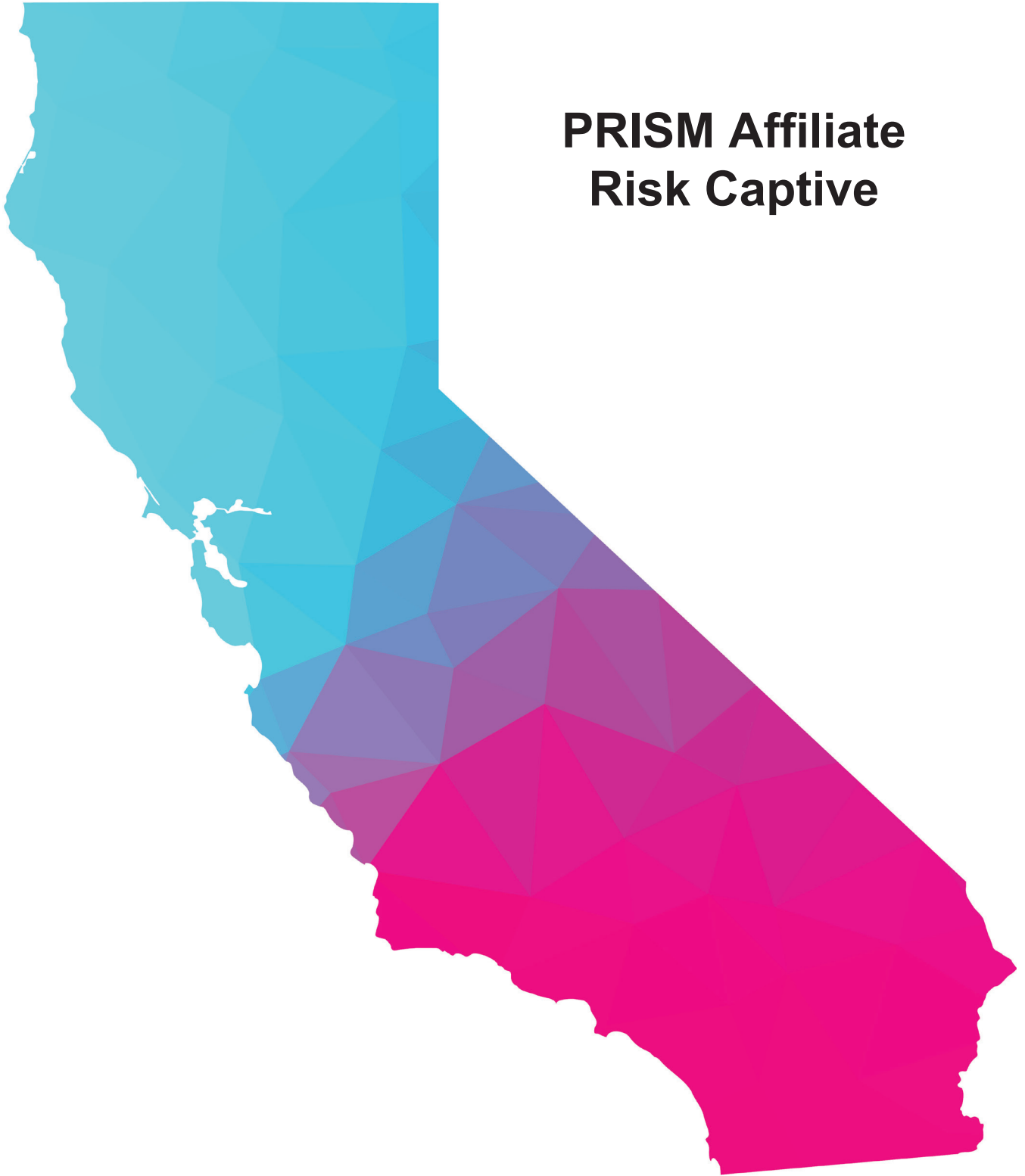
**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	\$ 90,762	\$ 867,508
Lease Income	354,074	437,334
Investment Expenses	(165,234)	(177,795)
Building Maintenance and Operating Expense	(104,096)	(274,240)
Depreciation and Amortization	(71,141)	(129,109)
Building Program Financing Expense	<u>(130,287)</u>	<u>(131,465)</u>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>(25,922)</u>	<u>592,233</u>
<b>CHANGES IN NET POSITION</b>	2,142,440	1,635,487
Beginning of Year	<u>10,777,187</u>	<u>9,141,700</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 12,919,627</u></u>	<u><u>\$ 10,777,187</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**GENERAL ADMINISTRATION AND BUILDING**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 366,699	\$ 652,353
Subsidy Payments (to)/from Members	135,521	(26,511)
Receipts from Others	223,551	102,477
Payments to Suppliers	(5,500,174)	(5,564,065)
Payments to Employees	(12,817,978)	(11,918,577)
Internal Activities	20,287,756	16,832,136
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>2,695,375</u>	<u>77,813</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Purchase of Capital Assets	(1,925,823)	(1,316,417)
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>(1,925,823)</u>	<u>(1,316,417)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Lease Receipts	354,074	437,334
Operating Lease Disbursements	(104,096)	(274,240)
Purchase of Securities	(12,011,243)	(6,282,945)
Sales of Securities	10,538,574	7,194,229
Cash from Investment Earnings	393,207	559,451
Building Program Financing Expenses	(130,287)	(131,465)
Investment Expenses	(165,234)	(177,795)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(1,125,005)</u>	<u>1,324,569</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(355,453)	85,965
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>2,567,134</u>	<u>2,481,169</u>
<b>END OF YEAR</b>	<u><u>\$ 2,211,681</u></u>	<u><u>\$ 2,567,134</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 2,168,362	\$ 1,043,254
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	1,204,316	1,084,345
Changes in Assets and Liabilities		
Accounts Receivable, Net	(373,414)	7,569
Due From or To Other Funds	(506,503)	(2,309,323)
Prepaid Expense	76,672	(76,383)
Deferred Outflows of Resources	(171,585)	(768,367)
Accounts and Other Payables	(396,476)	432,515
Subsidy Funds Payable	135,521	(26,511)
Deferred Inflows of Resources	270,096	124,997
Post Employment Benefits	187,842	500,768
Compensated Absences	100,544	64,949
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 2,695,375</u></u>	<u><u>\$ 77,813</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
<b>FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ (298,882)</u></u>	<u><u>\$ 313,268</u></u>

## **PRISM Affiliate Risk Captive**



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**PRISM AFFILIATE RISK CAPTIVE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 339,398	\$ 335,419
Cash, Treasury	3,323,494	7,545,327
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>3,662,892</b>	<b>7,880,746</b>
Investments	36,805,157	49,818,129
Accounts Receivable		
Investment Income Receivable	1,610,302	1,348,276
Due from Carrier	-	7,741,158
Prefunded Deposit	2,500,000	2,500,000
Prepaid Expense	5,250	-
<b>TOTAL CURRENT ASSETS</b>	<b>44,583,601</b>	<b>69,288,309</b>
Noncurrent Assets:		
Investments	454,017,718	300,137,328
<b>TOTAL NONCURRENT ASSETS</b>	<b>454,017,718</b>	<b>300,137,328</b>
<b>TOTAL ASSETS</b>	<b>498,601,319</b>	<b>369,425,637</b>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	37,608,864	13,895,338
Unearned Income	-	14,991,000
Claims Liabilities	101,914,686	69,557,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>139,523,550</b>	<b>98,443,338</b>
Noncurrent Liabilities:		
Claims Reported	77,654,098	75,726,806
Claims Incurred But Not Reported	252,572,037	173,859,601
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>330,226,135</b>	<b>249,586,407</b>
<b>TOTAL LIABILITIES</b>	<b>469,749,685</b>	<b>348,029,745</b>
<b>NET POSITION:</b>		
Capital Stock	5,000,000	5,000,000
Unrestricted	23,851,634	16,395,892
<b>TOTAL NET POSITION</b>	<b>\$ 28,851,634</b>	<b>\$ 21,395,892</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**PRISM AFFILIATE RISK CAPTIVE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 1,599,257	\$ -
Broker Fees	13,944	-
Contributions for Retained Risk	180,356,538	146,541,399
<b>TOTAL OPERATING REVENUES</b>	<u>181,969,739</u>	<u>146,541,399</u>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	1,599,257	-
Broker Fees	13,944	-
Provision for Claims, Current Year	125,342,303	115,460,318
Provision for Claims, Prior Years	79,714,741	47,050,567
Program Expense		
Actuarial/Audit	18,600	18,000
Licensing Fees	5,250	5,250
Captive Meetings and Travel	-	11,554
Legal Counsel	7,116	10,423
Office Supplies, Website Hosting & Misc. Expenses	2,912	-
Bank Fees	90,365	67,362
<b>TOTAL OPERATING EXPENSES</b>	<u>206,794,488</u>	<u>162,623,474</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(150,000)	(150,000)
<b>TOTAL TRANSFERS</b>	<u>(150,000)</u>	<u>(150,000)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(24,974,749)</u>	<u>(16,232,075)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	32,951,870	13,856,688
Investment Expenses	(521,379)	(386,083)
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>32,430,491</u>	<u>13,470,605</u>
<b>CHANGES IN NET POSITION</b>	<u>7,455,742</u>	<u>(2,761,470)</u>
Net Position, Beginning of Year	21,395,892	24,157,362
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 28,851,634</u></u>	<u><u>\$ 21,395,892</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**PRISM AFFILIATE RISK CAPTIVE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Participants	\$ 169,336,007	\$ 186,366,921
Claims Paid	(62,996,726)	(78,643,831)
Insurance Purchased	(1,599,257)	-
Payments to Suppliers	(108,925)	(108,063)
Payments for General Administration	(150,000)	(150,000)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>104,481,099</u>	<u>107,465,027</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Securities	(255,636,665)	(291,423,611)
Sales of Securities	140,185,070	179,741,360
Investment Earnings	7,274,021	6,861,334
Investment Expense	(521,379)	(386,083)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(108,698,953)</u>	<u>(105,207,000)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(4,217,854)</u>	<u>2,258,027</u>
<b>CASH AND CASH EQUIVALENTS:</b>		
<b>BEGINNING OF YEAR</b>	<u>7,880,746</u>	<u>5,622,719</u>
<b>END OF YEAR</b>	<u><u>\$ 3,662,892</u></u>	<u><u>\$ 7,880,746</u></u>
<b>RECONCILIATION OF INCOME (LOSS) TO NET</b>		
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (24,974,749)	\$ (16,232,075)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities:		
Accounts Receivable, Net	-	1,744,730
Due from Carrier	7,741,158	30,774,842
Prepaid Expenses	(5,250)	6,950
Accounts Payable	23,713,526	(20,239,156)
Unearned Income	(14,991,000)	7,299,000
Claims Liabilities	112,997,414	104,110,736
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 104,481,099</u></u>	<u><u>\$ 107,465,027</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ 25,415,823</u></u>	<u><u>\$ 6,704,378</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**PRISM AFFILIATE RISK CAPTIVE**  
**RECONCILIATION OF UNPAID CLAIM LIABILITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 319,143,407</u>	<u>\$ 215,032,671</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	125,342,303	115,460,318
Increase (Decrease) in the provision for claims of prior fiscal years	<u>79,714,741</u>	<u>47,050,567</u>
B. Total incurred claims and claim adjustment expenses	<u>205,057,044</u>	<u>162,510,885</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	20,379,129	15,800,219
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>71,680,501</u>	<u>42,599,930</u>
C. Total Payments	<u>92,059,630</u>	<u>58,400,149</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u><u>\$ 432,140,821</u></u>	<u><u>\$ 319,143,407</u></u>
Current Claim Liabilities	\$ 101,914,686	\$ 69,557,000
Noncurrent Claim Liabilities	330,226,135	249,586,407
Total Claim Liabilities	<u><u>\$ 432,140,821</u></u>	<u><u>\$ 319,143,407</u></u>



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**SUPPLEMENTARY INFORMATION**  
**PRISM AFFILIATE RISK CAPTIVE**  
**NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION**  
**FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2021**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**PRISM AFFILIATE RISK CAPTIVE**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2021**

<b>POLICY YEAR</b>	<b>June 30, 2017*</b>	<b>June 30, 2018</b>	<b>June 30, 2019**</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>
Earned Premiums	\$ 78,135,139	\$ 97,047,480	\$ 212,726,085	\$ 116,919,308	\$ 137,169,826
Less Ceded	-	-	-	-	(1,599,257)
Investment Earnings	9,612,273	12,564,343	23,286,462	11,013,234	8,699,527
1. Total Revenues Available For Payment of Claims	87,747,412	109,611,823	236,012,547	127,932,542	144,270,096
2. Unallocated Loss Adjustment Expense	-	-	-	-	-
3. Estimated Incurred Claims Less Ceded Claims	75,803,096	93,571,460	136,235,191	115,460,318	126,941,559
Net Incurred Claims and Expenses, End of Policy Year	75,803,096	93,571,460	136,235,191	115,460,318	125,342,302
4. Cumulative Paid Claims as of:					
End of the Policy Year	15,161,362	14,402,517	15,791,866	15,800,219	20,379,129
One Year Later	25,087,580	34,315,031	31,499,850	34,032,022	
Two Years Later	49,070,991	48,376,052	56,452,674		
Three Years Later	61,901,911	65,867,160			
Four Years Later	72,906,676				
5. Reestimated Ceded Claims and Expenses	-	-	-	-	-
6. Reestimated Incurred Claims and Expenses					
End of the Policy Year	75,803,096	93,571,460	136,235,191	115,460,318	125,342,302
One Year Later	78,766,357	96,621,991	180,278,594	121,586,409	
Two Years Later	81,353,377	99,213,918	251,908,323		
Three Years Later	81,768,607	100,157,999			
Four Years Later	82,783,448				
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 6,980,352	\$ 6,586,539	\$ 115,673,132	\$ 6,126,091	\$ -

\*Affiliate Risk Captive established July 1, 2016

\*\*GL1 LPT corridor included in 2018/19 program year

## **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of PRISM's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about PRISM's overall financial health.

### Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. They show how revenues and expenses have developed over years. They show how our Net Position has increased, then fallen and increased again.

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Schedule of Net Position.....	181
Schedule of Revenues, Expenses and Changes in Net Position .....	182
History of Dividends Returned to Members.....	183

### Demographic and Economic Information

These schedules offer demographic and economic information indicators to help the reader understand the environment within which PRISM's financial activities take place. The number of Workers' Compensation, General Liability 1, Property, and Medical Malpractice claims is an indicator of the Provision for Claims. Payrolls for Workers' Compensation and General Liability 1, together with claims experience are an indicator for premium revenues. Property values are indicators for Property premiums.

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Economic Statistics .....	184
Number of Claims .....	185
Property Values.....	186

### Operating Information

These schedules contain information regarding PRISM employees by department, member participation by program, and the growth of office space.

	<u>Page</u>
Economic Indicators and Information .....	187

Schedules showing trends for property tax rates and revenues along with corresponding assessed valuations are not presented since PRISM does not levy such taxes.

Schedules showing bonded debt and related legal debt ratios are also not applicable.

**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT**  
**SCHEDULE OF NET POSITION**  
**FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2021**

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
<b>Assets</b>										
Current Assets	\$ 343,635,991	\$ 326,533,622	\$ 309,440,001	\$ 207,777,344	\$ 227,525,217	\$ 237,651,931	\$ 176,669,754	\$ 290,175,714	\$ 286,033,182	\$ 318,022,756
Noncurrent Assets	230,227,831	261,618,903	283,144,273	434,584,578	511,133,020	553,711,422	657,644,997	675,593,331	583,531,013	688,110,089
Deferred Outflows - Pension & OPEB	-	-	-	587,253	3,329,112	1,537,233	1,718,920	1,227,362	1,995,729	2,167,314
Total Assets and Deferred Outflows	573,863,822	588,152,525	592,584,274	642,949,175	741,987,349	792,900,586	836,033,671	966,996,407	871,559,924	1,008,300,159
<b>Liabilities</b>										
Current Liabilities	108,329,137	117,831,208	124,485,595	148,795,667	144,506,871	144,362,878	183,323,834	321,909,836	130,180,773	179,117,210
Noncurrent Liabilities	359,982,865	351,705,921	354,769,678	380,901,782	458,363,786	506,550,093	528,994,951	444,459,373	566,410,195	641,852,245
Deferred Inflows - Pension & OPEB	-	-	-	845,081	1,444,075	1,466,353	1,144,292	595,345	705,974	976,070
Total Liabilities and Deferred Inflows	468,312,002	469,537,129	479,255,273	530,542,530	604,314,732	652,379,324	713,463,077	766,964,554	697,296,942	821,945,525
<b>Net Position</b>										
Invested in Capital Assets	8,848,705	8,677,508	8,414,447	9,043,933	9,578,879	9,838,240	10,205,042	10,072,121	10,175,084	10,825,450
Unrestricted	96,703,115	109,937,888	104,914,554	103,362,712	128,093,738	130,683,022	112,365,552	189,959,732	164,087,898	175,529,184
Total Net Position	\$ 105,551,820	\$ 118,615,396	\$ 113,329,001	\$ 112,406,645	\$ 137,672,617	\$ 140,521,262	\$ 122,570,594	\$ 200,031,853	\$ 174,262,982	\$ 186,354,634

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
<b>REVENUES:</b>										
Premiums for Transferred Risk	\$ 374,220,717	\$ 384,507,793	\$ 423,229,776	\$ 443,008,816	\$ 493,749,250	\$ 535,583,984	\$ 639,585,449	\$ 826,382,527	\$ 844,596,238	\$ 950,074,535
Broker Fees	7,085,654	7,382,605	8,342,982	8,775,741	9,385,697	9,996,927	10,678,116	11,435,218	14,784,924	17,126,598
Contributions for Retained Risk	108,763,785	129,253,959	124,089,007	143,354,781	163,031,197	196,118,073	212,774,426	125,476,876	237,793,515	256,223,164
Dividend Income	75,314	213,606	215,008	241,593	232,389	192,828	93,904	173,634	174,054	192,456
Member Services	613,490	640,078	865,314	1,111,493	747,513	935,244	637,546	678,036	579,779	739,495
Administrative Fees	11,487,622	12,617,685	14,400,637	16,107,839	18,830,010	21,294,667	22,797,612	22,542,735	25,423,157	28,290,961
Public Entity/Schools Loss Control Fees	456,577	480,351	552,493	604,556	655,463	738,862	138,545	106,979	139,952	118,885
Program Development Fees	3,550	-	-	-	-	2,400	-	-	-	-
Other Income	7,673,338	1,991,075	2,284,488	1,878,251	86,854,558	2,172,511	2,105,826	2,502,795	1,975,014	4,970,600
Investment Income	5,103,554	1,782,998	6,227,796	6,159,321	13,786,527	4,602,220	6,283,097	38,142,841	32,943,625	33,271,574
Total Revenues	515,483,601	538,870,150	580,207,501	621,242,391	787,272,604	771,637,716	895,094,521	1,027,441,641	1,158,410,258	1,291,008,268
<b>EXPENSES:</b>										
Insurance Expense	372,467,736	383,759,144	422,937,089	444,479,808	496,527,761	537,135,168	638,628,836	808,697,072	870,164,217	931,306,209
Broker Fees	7,053,183	7,384,093	8,079,636	8,559,724	9,125,742	10,056,293	10,636,299	12,897,673	14,741,476	17,116,998
Provision for Insured Claims	101,501,141	99,860,765	122,157,339	135,224,386	213,524,014	185,159,424	231,224,547	96,385,288	260,612,179	286,903,721
Unallocated Loss Expenses	(424,706)	18,714	2,332,280	2,119,213	9,400,117	4,035,629	(5,702,516)	(574,000)	(590,000)	1,362,000
Program Services	13,426,729	13,831,864	12,134,125	12,005,843	13,744,756	13,006,216	13,382,182	13,393,090	13,102,555	13,436,501
Member Services and Subsidies	2,056,405	2,192,839	2,358,826	2,852,087	2,963,429	2,753,144	2,634,689	2,405,518	2,460,566	2,709,847
General Administration	7,118,673	7,702,622	8,412,166	8,870,057	9,574,758	12,500,483	12,910,631	13,067,124	14,525,157	15,157,622
Dividends	10,291,841	10,281,301	6,179,489	4,703,871	5,554,624	2,970,796	1,082,497	2,187,466	7,311,760	9,195,666
Stabilization Funds	-	-	-	-	477,716	64,106	47,210	-	-	-
Building Depreciation & Maintenance	755,418	775,232	902,946	888,371	1,113,715	1,107,812	2,005,446	1,521,151	1,851,219	1,728,052
Total Expenses	514,246,420	525,806,574	585,493,896	619,703,360	762,006,632	768,789,071	906,849,821	949,980,382	1,184,179,129	1,278,916,616
Changes in Net Position	1,237,181	13,063,576	(5,286,395)	1,539,031	25,265,972	2,848,645	(11,755,300)	77,461,259	(25,768,871)	12,091,652
<b>NET POSITION:</b>										
Beginning Net Position	104,314,639	105,551,820	118,615,396	113,329,001	112,406,645	137,672,617	140,521,262	122,570,594	200,031,853	174,262,982
Adjustment to	-	-	-	(2,461,387)	-	-	(6,195,368)	-	-	-
Beginning Net Position	-	-	-	(2,461,387)	-	-	(6,195,368)	-	-	-
Ending Net Position	\$ 105,551,820	\$ 118,615,396	\$ 113,329,001	\$ 112,406,645	\$ 137,672,617	\$ 140,521,262	\$ 122,570,594	\$ 200,031,853	\$ 174,262,982	\$ 186,354,634

**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT**  
**HISTORY OF DIVIDENDS RETURNED TO MEMBERS**  
**FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2021**

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Excess Workers' Compensation Pool Dividends Reinsurance	\$ - -	\$ - -	\$ - -	\$ - -	\$ - -	\$ - -	\$ - -	\$ - -	\$ - -	\$ - -
Primary Workers' Compensation	7,000,000	6,500,000	5,500,000	3,998,408	2,300,000	2,500,000	-	2,000,000	2,000,000	2,000,000
Employee Benefits PRISMHealth Program Dental	29,472 -	17,695 -	14,481 -	13,870 -	22,235 -	15,857 -	8,174 -	13,833 -	12,259 5,000,000	3,210 7,000,000
General Liability 1 Program Pool Dividend	-	3,000,000	-	-	3,000,000	-	-	-	-	-
Primary General Liability	1,187,055	550,000	450,000	450,000	-	266,000	980,419	-	-	-
General Liability 2 Program Mega Fund Reinsurance	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Miscellaneous Programs	11,173	100,827	99,743	114,475	116,728	91,516	20,239	173,634	174,053	192,456
Property	64,141	112,779	115,265	127,118	115,661	97,423	73,665	-	125,448	-
Medical Malpractice Mega Fund Reinsurance Pool 2	2,000,000 - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -
Building Fund	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 10,291,841</b>	<b>\$ 10,281,301</b>	<b>\$ 6,179,489</b>	<b>\$ 4,703,871</b>	<b>\$ 5,554,624</b>	<b>\$ 2,970,796</b>	<b>\$ 1,082,497</b>	<b>\$ 2,187,466</b>	<b>\$ 7,311,760</b>	<b>\$ 9,195,666</b>

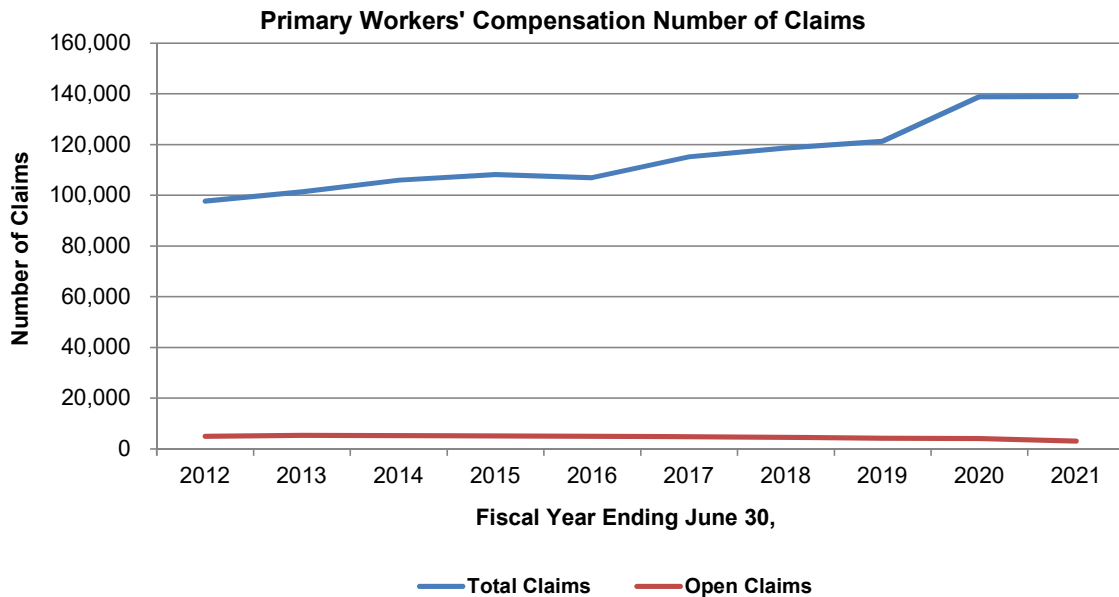
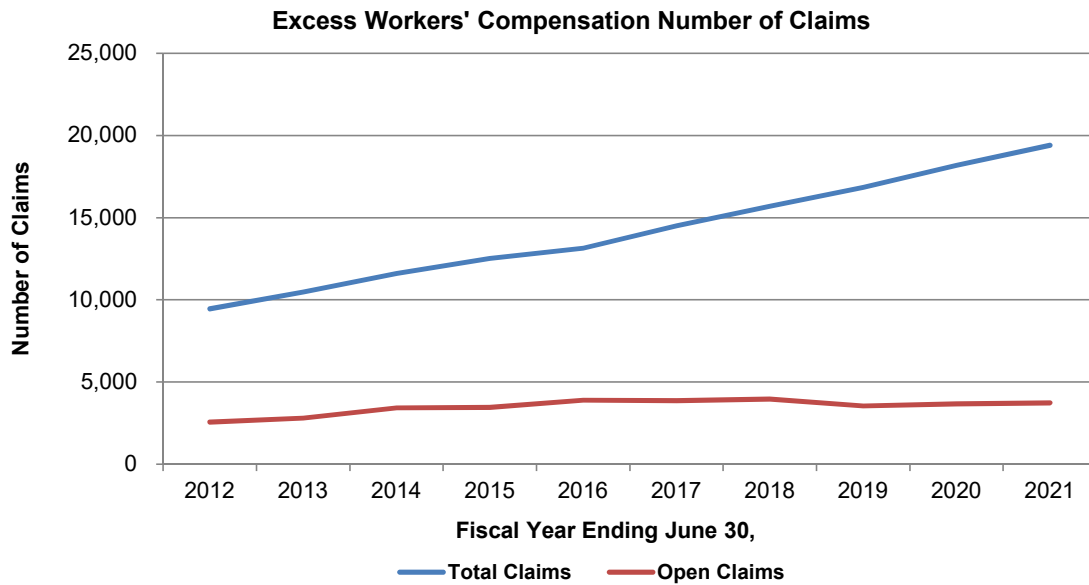
**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT**  
**ECONOMIC STATISTICS**  
**FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2021**

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Excess Workers' Compensation										
Total Number of Claims	9,453	10,472	11,602	12,525	13,145	14,496	15,686	16,840	18,189	19,402
Open Claims	2,561	2,800	3,424	3,465	3,904	3,884	3,964	3,543	3,682	3,734
Covered Payroll	\$ 20,727,171,214	\$ 20,360,673,861	\$ 21,071,214,181	\$ 23,245,479,774	\$ 26,384,416,150	\$ 28,017,837,370	\$ 29,451,565,009	\$ 31,071,536,016	\$ 32,583,253,402	\$ 31,668,032,929
Primary Workers' Compensation										
Total Number of Claims	98,618	102,474	106,031	108,204	107,009	115,224	118,732	121,315	138,891	139,029
Open Claims	5,212	5,304	5,235	5,198	5,078	4,787	4,630	4,211	4,113	3,085
Covered Payroll	\$ 2,919,336,198	\$ 2,713,847,270	\$ 2,738,537,582	\$ 2,834,695,200	\$ 2,916,995,600	\$ 3,151,778,300	\$ 3,503,927,308	\$ 2,525,228,074	\$ 2,567,230,502	\$ 2,449,858,060
General Liability 1										
Total Number of Claims	4,803	5,058	5,330	5,612	5,944	6,255	6,688	7,123	7,430	8,135
Open Claims	437	446	447	511	556	547	661	775	700	964
Covered Payroll	\$ 5,281,330,317	\$ 6,773,455,082	\$ 4,247,637,803	\$ 4,699,750,004	\$ 4,959,948,402	\$ 5,709,976,288	\$ 6,252,866,616	\$ 6,682,822,103	\$ 6,916,517,840	\$ 8,231,319,666
Property										
Total Number of PRISM Claims	1,740	2,154	2,375	2,593	2,799	3,083	3,459	3,946	4,422	5,067
Open PRISM Claims	95	28	118	164	28	13	105	178	129	119
Total Number of Excess Claims	1,135	1,208	1,146	1,283	1,364	1,473	1,655	1,833	2,076	2,345
Open Excess Claims	80	100	58	128	141	165	191	211	294	317
Total Property Values	\$ 51,904,952,869	\$ 53,581,274,859	\$ 54,664,987,390	\$ 58,530,759,169	\$ 61,522,521,668	\$ 65,055,750,921	\$ 65,631,724,325	\$ 69,370,324,423	\$ 74,419,557,887	\$ 75,542,604,936

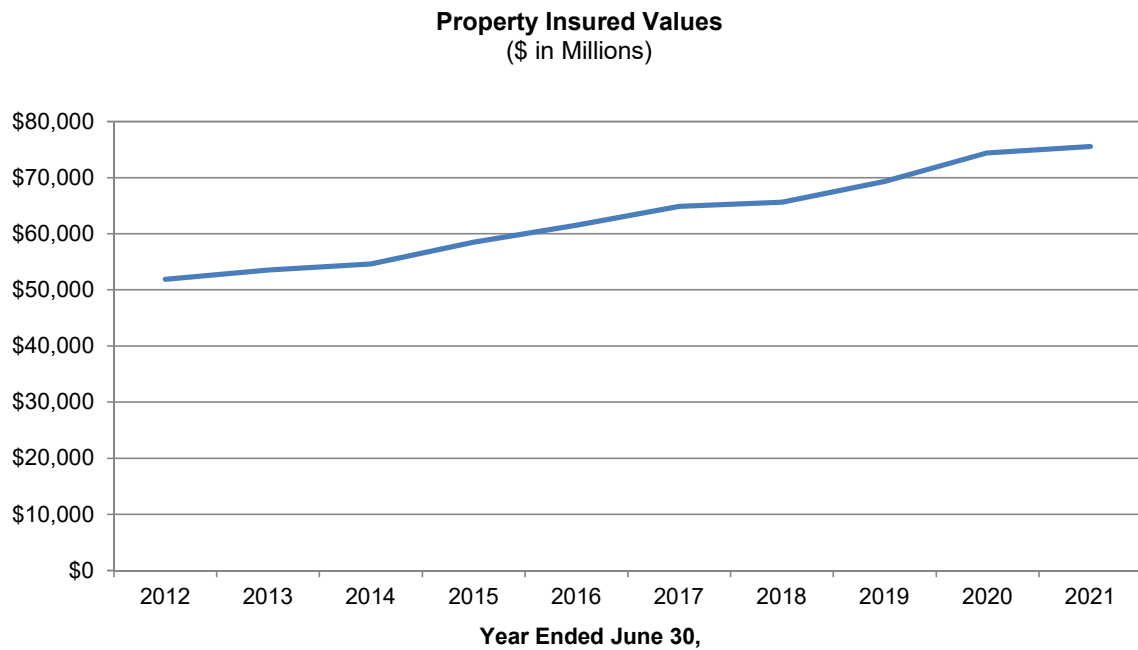
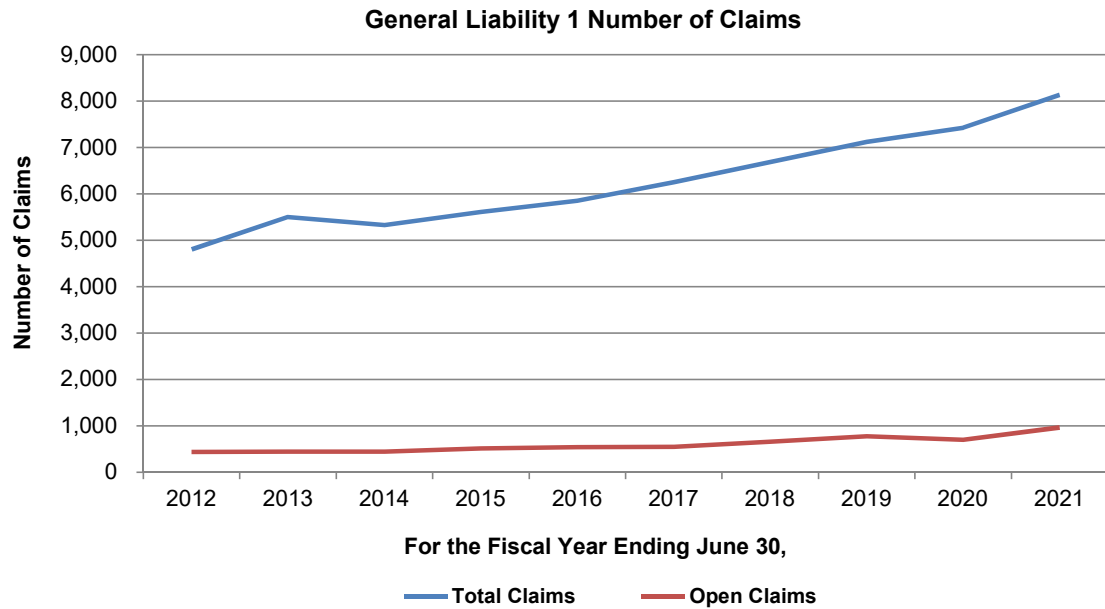


**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT  
ECONOMIC INDICATORS AND INFORMATION  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2021**

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.



**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT**  
**ECONOMIC INDICATORS AND INFORMATION**  
**FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2021**



**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT  
ECONOMIC INDICATORS AND INFORMATION  
FOR THE TEN-YEAR PERIOD ENDING JUNE 30, 2021**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Full-time Equivalent Employees as of June 30</b>	53	54	54	59	62	68	74	79	79	86
<b>Number of Retirees</b>	4	4	4	6	6	6	9	10	11	11
<b>Square footage of Office Space</b>	25,000	25,000	25,000	25,000	29,000	29,000	29,000	29,000	29,000	29,000
<b>Member Units*</b>										
Primary Workers' Compensation	41	38	39	38	38	39	39	41	39	38
Excess Workers' Compensation	166	161	166	166	167	171	175	174	180	180
Primary General Liability	29	23	23	23	23	22	-	-	-	-
General Liability 1	103	100	104	104	117	114	125	128	130	127
General Liability 2	11	11	11	11	12	15	18	18	18	21
Property	82	82	84	85	96	98	105	104	109	110
Medical Malpractice	50	50	49	49	49	51	52	52	52	51
Master Owner Controlled Ins	-	-	2	4	8	15	16	17	18	18
PRISMHealth	24	25	25	25	28	32	37	43	42	43
Dental	122	126	133	142	145	153	154	163	166	167
<b>Total Member Units</b>	<b>628</b>	<b>616</b>	<b>636</b>	<b>647</b>	<b>683</b>	<b>710</b>	<b>721</b>	<b>740</b>	<b>754</b>	<b>755</b>
Member Counties	54	54	55	55	55	55	55	55	55	55
Member Public Entities	247	245	255	262	260	273	288	295	295	301
<b>Total Members</b>	<b>301</b>	<b>299</b>	<b>310</b>	<b>317</b>	<b>315</b>	<b>328</b>	<b>343</b>	<b>350</b>	<b>350</b>	<b>356</b>

\* If a member participates in one program that counts as 1 member unit, if they participate in 3 programs, that counts as 3 member units.

## **BUDGET HIGHLIGHTS**

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**BUDGET HIGHLIGHTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual Results	Variance
Revenues:			
Premiums for Transferred Risk	\$ 905,130,388	\$ 950,074,535	\$ 44,944,148
Broker Fees	12,443,462	17,126,598	4,683,136
Contributions for Retained Risk	296,572,013	256,223,164	(40,348,849)
Public Entity Fees	-	118,885	118,885
Investment Income	17,226,200	33,271,574	16,045,374
Financing Fees	157,000	-	(157,000)
Administration Fees	27,486,572	28,290,961	804,389
Member Services	636,180	931,951	295,771
Tenant Income	419,353	178,837	(240,516)
Other Income	126,000	4,791,763	4,665,763
<b>Total Revenues</b>	<b>1,260,197,168</b>	<b>1,291,008,268</b>	<b>30,811,101</b>
Expenses:			
Member Dividends and return of Stabilization Funds	4,014,000	9,195,666	(5,181,666)
Insurance Expense	881,452,238	931,306,209	(49,853,971)
Broker Fees	12,443,462	17,116,998	(4,673,536)
Provision for Claims	260,537,168	286,903,721	(26,366,553)
Unallocated Loss Adjustment Expenses	2,084,000	1,362,000	722,000
Program Services	37,425,606	13,436,501	23,989,105
Member Services and Subsidies	2,639,315	2,709,847	(70,532)
General Administrative/Building/Depr Expense	20,787,420	16,885,674	3,901,746
<b>Total Expenses</b>	<b>1,221,383,209</b>	<b>1,278,916,616</b>	<b>(57,533,407)</b>
<b>Total Income (Loss)</b>	<b>\$ 38,813,959</b>	<b>\$ 12,091,652</b>	<b>\$(26,722,307)</b>
<b>Change in Net Position</b>	<b>\$ 38,813,959</b>	<b>\$ 12,091,652</b>	
<b>Beginning Net Position Balance July 1, 2020</b>	<b>174,262,982</b>	<b>174,262,982</b>	
<b>Ending Net Position Balance, June 30, 2021</b>	<b>\$ 213,076,941</b>	<b>\$ 186,354,634</b>	

For purposes of Actual to Budget comparison the above budgets do not include the \$50 million budgeted for both revenue and expense in the Member Growth category. New member revenue and expense is included in the appropriate revenue and expense category