



# **PRISM**

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## **Comprehensive Annual Financial Report**

**Fiscal Years Ended June 30, 2020 and 2019**

**- California -**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 and 2019**

**EXECUTIVE COMMITTEE**

<b>Name</b>	<b>Office</b>	<b>Entity</b>
Janell Crane	President	Sonoma County
Scott Schimke	Vice President	GSRMA
Karen Caoile	At-Large	Contra Costa County
John Viegas	Supervisor	Glenn County
Matt Gutierrez	Risk Manager	Kern County
Richard Egan	CAO	Lassen County
James Brown	At-Large	Merced County
Kerry John Whitney	Past President	Napa County
Kimberly Greer	Public Entity Rep.	City of Richmond
Lance Sposito	At-Large	Santa Clara County
Nathan Black	Finance	Sutter County
Heather Correll Rose	At-Large	Mendocino County
Michael Pott	Legal Counsel	PRISM General Counsel
Gina Dean	Chief Executive Officer	
Brian Kelley	Chief Operating Officer	

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**Report Prepared By The  
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Julie McGregor, Accountant  
Evaluz (Ven) Barrameda, Accounting Technician

**Public Risk Innovations, Solutions, and Management (PRISM)**  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

<b><u>INTRODUCTORY SECTION</u></b>	<b><u>Page</u></b>
Cover Page and Table of Contents .....	1
Letter of Transmittal .....	7
Board of Directors .....	15
Organizational Chart .....	22
Certificate of Achievement for Excellence in Financial Reporting.....	23
Certificate of Accreditation with Excellence, CAJPA .....	24
 <b><u>FINANCIAL SECTION</u></b>	
Report of Gilbert CPAs, Independent Auditors.....	26
Management's Discussion and Analysis .....	29
Basic Financial Statements	
Statement of Net Position .....	41
Statement of Revenues, Expenses, and Changes in Net Position .....	43
Statement of Cash Flows .....	45
Notes to the Financial Statements .....	47
Required Supplemental Information	
Schedule of Proportionate Share of the Net Pension Liability .....	91
Schedule of Pension Plan Contributions .....	92
Schedule of Changes in the Net OPEB Liability and Related Ratios .....	93
Schedule of PRISM OPEB Contributions.....	94
Reconciliation of Unpaid Claims Liabilities.....	95
Notes to Earned Premiums and Claims Development Information.....	96
Schedule of Earned Premium and Claims Development .....	97
Supplemental Information	
Combining Schedule of Programs	
Combining Schedule of Net Position .....	108
Combining Schedule of Revenues, Expenses, and Changes in Net Position .....	110
Combining Schedule of Cash Flows .....	112

**Public Risk Innovations, Solutions, and Management (PRISM)**  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

<b><u>FINANCIAL SECTION</u></b> (continued)	<b><u>Page</u></b>
Individual Program Schedules	
Primary Workers' Compensation	
Program Membership Data .....	115
Statement of Net Position.....	116
Statement of Revenues, Expenses, and Changes in Net Position .....	117
Statement of Cash Flows .....	118
Reconciliation of Unpaid Claims Liabilities .....	119
Notes to Earned Premiums and Claims Development Information.....	120
Schedule of Earned Premiums and Claims Development .....	121
Excess Workers' Compensation	
Program Membership Data .....	123
Statement of Net Position.....	124
Statement of Revenues, Expenses, and Changes in Net Position .....	125
Statement of Cash Flows .....	126
Reconciliation of Unpaid Claims Liabilities .....	127
Notes to Earned Premiums and Claims Development Information.....	128
Schedule of Earned Premiums and Claims Development .....	129
General Liability 1	
Program Membership Data .....	131
Statement of Net Position.....	132
Statement of Revenues, Expenses, and Changes in Net Position .....	133
Statement of Cash Flows .....	134
Reconciliation of Unpaid Claims Liabilities .....	135
Notes to Earned Premiums and Claims Development Information.....	136
Schedule of Earned Premiums and Claims Development .....	137
General Liability 2	
Program Membership Data .....	139
Statement of Net Position.....	140
Statement of Revenues, Expenses, and Changes in Net Position .....	141
Statement of Cash Flows .....	142
Reconciliation of Unpaid Claims Liabilities .....	143
Notes to Earned Premiums and Claims Development Information.....	144
Schedule of Earned Premiums and Claims Development .....	145

**Public Risk Innovations, Solutions, and Management (PRISM)**  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

<b><u>FINANCIAL SECTION</u></b> (continued)	<b><u>Page</u></b>
Property	
Program Membership Data .....	147
Statement of Net Position.....	148
Statement of Revenues, Expenses, and Changes in Net Position .....	149
Statement of Cash Flows .....	150
Reconciliation of Unpaid Claims Liabilities .....	151
Notes to Earned Premiums and Claims Development Information.....	152
Schedule of Earned Premiums and Claims Development .....	153
Medical Malpractice	
Program Membership Data .....	155
Statement of Net Position.....	156
Statement of Revenues, Expenses, and Changes in Net Position .....	157
Statement of Cash Flows .....	158
Reconciliation of Unpaid Claims Liabilities .....	159
Notes to Earned Premiums and Claims Development Information.....	160
Schedule of Earned Premiums and Claims Development .....	161
Master Rolling Owner Controlled Insurance Program	
Program Membership Data .....	163
Statement of Net Position.....	164
Statement of Revenues, Expenses, and Changes in Net Position .....	165
Statement of Cash Flows .....	166
PRISMHealth	
Program Membership Data .....	167
Statement of Net Position.....	168
Statement of Revenues, Expenses, and Changes in Net Position .....	169
Schedule of Cash Flows.....	170
Dental	
Program Membership Data .....	171
Statement of Net Position.....	172
Statement of Revenues, Expenses, and Changes in Net Position .....	173
Statement of Cash Flows .....	174
Reconciliation of Unpaid Claims Liabilities .....	175
Notes to Earned Premiums and Claims Development Information.....	176
Schedule of Earned Premiums and Claims Development Information.....	177

**Public Risk Innovations, Solutions, and Management (PRISM)**  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

<b><u>FINANCIAL SECTION</u></b> (continued)	<b><u>Page</u></b>
Miscellaneous Programs	
Statement of Net Position.....	180
Statement of Revenues, Expenses, and Changes in Net Position .....	181
Statement of Cash Flows .....	183
 General Administration and Building	
Statement of Net Position.....	186
Statement of Revenues, Expenses, and Changes in Net Position .....	188
Statement of Cash Flows .....	190
 Excess Insurance Organization	
Statement of Net Position.....	192
Statement of Revenues, Expenses, and Changes in Net Position .....	193
Statement of Cash Flows .....	194
Reconciliation of Unpaid Claims Liabilities .....	195
Notes to Earned Premiums and Claims Development Information.....	196
Schedule of Earned Premiums and Claims Development Information.....	197
 <b><u>STATISTICAL SECTION</u></b>	
(Not covered by Independent Auditor's Report)	
Statistical Section.....	199
Schedule of Net Position .....	200
10-Year History of Revenues, Expenses and Changes in Net Position .....	201
10-Year History of Dividends Returned to Members .....	202
Economic Statistics.....	203
10-Year History Number of Claims.....	204
10-Year History Property Values.....	205
Economic Indicators and Information .....	206
 <b><u>BUDGET HIGHLIGHTS</u></b> .....	208



December 9, 2020

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

Ladies and Gentlemen:

The 2019/20 fiscal year was a big year for change! After 40 years of doing business as CSAC Excess Insurance Authority, we changed our name, and are now Public Risk Innovation, Solutions, and Management (PRISM). We went through a complete rebranding, as you will note with our new logo. Since we need to change our web address, we decided to go through the process to obtain a .gov extension. The new web address will be PRISMrisk.gov and we will begin the transition shortly. We ended the fiscal year by helping our longtime CEO, Michael Fleming, celebrate retirement after 35 years of exceptional service. Gina Dean assumed the CEO position to lead PRISM into the future.

PRISM has been successfully navigating the challenges of COVID-19. The office in Folsom is still closed and the staff are working from home. However, 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 2019/20, our annual revenue was \$1.16B, and for 2020/21 we estimate the revenue to be around \$1.31B.

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 2,050 entities, including members of members, who are covered in one or more of our major programs.

A captive insurance company, the Excess Insurance Organization (EIO), domiciled in and subject to the Utah Insurance Department's regulations, was formed to insure PRISM's risks and enhance investment earnings. The EIO investment program continues to perform well with the total rate of return on the equity portfolio returning 10.23%, 11.13%, 5.12% and (2.68)% in the 2016/17, 2017/18, 2018/19 and 2019/20 years, respectively. The 2019/20 return on the equity portfolio was negative due to a negative fair market value adjustment recorded because of the initial economic downturn from COVID-19. The fair market value of the EIO equity portfolio has seen a robust increase since June 2020, the impact of which will be reflected in the investment earnings for 2020/21. The surplus position of the EIO, including the initial capital contribution of \$5M by PRISM, reduced from \$24.2M to \$21.4M during the 2019/20 fiscal year. The EIO assumed risk



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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. In 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). The EIO assumed \$198M of corridor risk for program year 2018/19 as compared to \$127M in program year 2019/20. In total, over \$460M in premiums has been collected by the EIO in the first four years of operations from six PRISM programs.

In 2019/20, PRISM furthered progress on development of a Claims Management Information System (CMIS). The business plan was completed; followed by pursuit of an outsourced development solution. Vendors were invited to participate in a proof-of-concept design exercise, which concluded with demonstrations of the applications they built in 4 weeks. Following an in-depth, comprehensive evaluation of these vendors, the Executive Committee approved moving forward with a low-code solution and development partner. With contracts finalized for both the software platform and the systems integrator, requirement gathering meetings have commenced with emphasis on the delivery of a minimally viable product in the coming year.

Another significant initiative this year was to market the PRISM programs, utilizing the EIO 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. In October 2020, PRISM welcomed the first entity from outside of California: Pima County, Arizona who is now participating in our Property Program.

Ensuring PRISM has adequate staff resources to meet the members' needs is extremely important. For FY 2020/21, seven new staff positions (two of which are specific to the development of the CMIS) were approved in the Information Technology, Workers' Compensation Claims, Administration, Risk Control, and Data & Analytics Departments. PRISM had increased staffing levels with four new positions designed to meet the growing needs and complexities of our membership during 2019/20.

All these strategic initiatives influence our Comprehensive Annual 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, 2020 and 2019, 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.

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 two 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 360 members, consisting of 55 counties and 306 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 2,050 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, two 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.

## **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 market. 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 2019/20 and 2020/21, with premium increases.

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 liabilities to a reinsurer, MultiStrat 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 and now has a projected deficit of \$25.8M at June 30, 2020. Although we did not expect the losses to deteriorate to that degree in 2019/20, 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 \$50M by June 30, 2024.

We have successfully used multi-year reinsurance agreements to stabilize rates 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-trend renewals. The Program renewed with a 3.9% pool renewal in 2019 and 2.8% in 2020. 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, is the PPO Dental segment that continues to use accumulated program equity to lower renewals for all program segment members. In addition, a dividend of \$5M was declared in 2019/20 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 2019/20, 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 \$15.3M. As in prior years, the corridor risk was transferred to the EIO.

The PWC Program continues to build equity. The Program ended the 2019/20 year with surplus of \$41.6M. This very healthy funding position has enabled the PWC Committee to declare dividends in 12 of the last 13 years, \$2M of which was in the 2019/20 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 two 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 \$49.3M corridor retention. The Educational Tower maintained a \$7.7M corridor in its primary layer. Both corridors were transferred to the EIO.

## **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 (retentions as low as \$25k can be provided on an exception basis). 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 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 the EIO.

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 MultiStrat Re to transfer their claims from July 1, 2007 to June 30, 2024. As of June 30, 2020, the net position for this Program has decreased from \$22.1M to a deficit of \$25.8M, as a result of further adverse development. 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 Deductibles (IMCDs) 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 2019/20, 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 above a \$27.8M group corridor deductible. There is also a \$7M corridor deductible in the \$5M excess of \$10M layer, which is reinsured by a few reinsurers on a quota share basis. Both corridor deductibles are transferred to the EIO.

## **PROPERTY**

The Property Program provides coverage for physical damage to members' real and personal property, with limits up to \$600M for All Risk and \$600M in Flood. Members also have the opportunity to purchase earthquake coverage. The structure of the Program is unique in that there are Towers, which spreads risk both geographically and categorically. 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 \$10M and a \$400k aggregate auto physical damage corridor, both of which have been transferred to the EIO. 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 \$28.7M. PRISM also leveraged its ability to retain risk by assuming \$25M of aggregated earthquake risk excess of \$440M, with 40% of that risk being transferred to the EIO.

## **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 \$5k 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 pool coverage is on a claims-made basis, and the purchased reinsurance is on an occurrence basis. The Program renews on October 1<sup>st</sup> each year, and, for the past few years, reinsurance has been provided by Medical Protective Company (Med Pro), a Berkshire Hathaway Company. However, the medical malpractice marketplace is hardening, for the same reasons as the general liability marketplace, which will impact pricing and coverage in future years. 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 the EIO.

## **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 with two new members added during the 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. HMO options are also available to members on an insured basis. The Program experienced 6% growth in membership in 2020, with the addition of 2 new members representing an additional 1,100 employee/retiree lives. The Program now consists of 44 members, providing coverage for 37,000 employees/retirees.

### **DENTAL**

Since 2010, the Dental Program has offered two 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 (\$18.6M as of June 30, 2020), the Employee Benefits Committee has subsidized rates for the past four years by as much as \$2M per year. In addition, the Committee also declared a dividend of \$5M in 2019/20, 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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the 26<sup>th</sup> consecutive year that we have received this prestigious award. 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 comprehensive annual 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 with Excellence," the highest form of accreditation, for a three-year period ending in March 2022.

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 three 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.

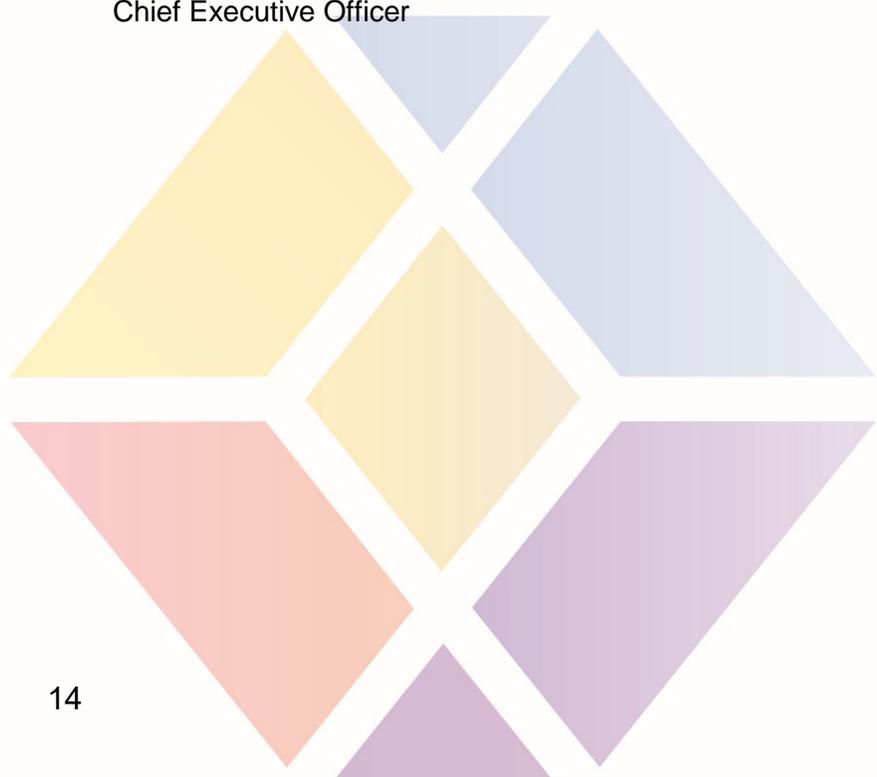
Respectfully Submitted,



Puneet Behl, CPA  
Chief Financial Officer



Gina Dean  
Chief Executive Officer





Board of Directors and Alternates With Programs

As of 6/30/2020

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/Risk & Human Resources Director	Deborah Schoeman, Human Resource Analyst
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	✓	✓		✓	✓	✓		✓	✓	Robert Schroeder, Risk Manager	Tameka Usher, Director of Human Resources
Fresno County		✓	✓			✓				Hollis Magill, Risk Manager	Paul Nerland, Director of Human Resources



Board of Directors and Alternates With Programs

As of 6/30/2020

Entity	PWC	EWC	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Glenn County		✓	✓		✓	✓				John Viegas, Supervisor	Scott H. De Moss, County Administrative Officer
Humboldt County	✓	✓	✓		✓	✓			✓	Kelly Barns, Assistant HR Director	Kacy Green, Risk Manager
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 6/30/2020

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		✓	✓		✓	✓	✓	✓	✓	James Brown, County Executive Officer	Marci Barrera, Assistant County Executive Officer
Modoc County		✓	✓		✓	✓		✓	✓	Chester Robertson, County Administrative Officer	Pamela Randall, CFO/Assistant CAO
Mono County		✓	✓		✓	✓			✓	Robert Lawton, CAO	Jay Sloane, Risk Manager
Monterey County		✓				✓				Charles McKee, County Counsel	Leslie Girard, Chief Assistant County Council
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 6/30/2020

Entity	PWC	EWC	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Plumas County		✓	✓		✓	✓			✓	Roberta Allen, Auditor/Controller/Risk Manager	Vacant
Riverside County		✓		✓	✓	✓	✓			Brenda Diederichs, Assistant County Exec Officer/HR Director	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	Stewart Patri, Budget Officer
San Bernardino County		✓	✓	✓		✓				LeAnna Williams, Director of Risk Management	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 6/30/2020

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	✓	✓	✓		✓	✓			✓	Terry Barber, County Administrator	Michael Kobseff, Supervisor
Solano County		✓	✓		✓	✓	✓		✓	Sherri Adams, Risk Manager	Vacant
Sonoma County		✓	✓		✓	✓				Janell Crane, Risk Manager	Vacant
Stanislaus County		✓	✓		✓	✓			✓	Brenda Kiely, Senior Management Consultant	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 6/30/2020

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, Human Resources Manager	Kimberly Phipps, Senior Human Resources Analyst
Ventura County						✓				Chuck Pode, Senior Deputy Executive Officer	Theresa Bucci, Risk Analyst
Yolo County		✓			✓	✓			✓	Marilyn Kelley, Interim CEO/Risk Manager	Mindi Nunes, Assistant County Administrator
Yuba County	✓	✓	✓		✓	✓			✓	Jill Abel, Director, Human Resources & Risk Management	Karen Fassler, Assistant Human Resources Director

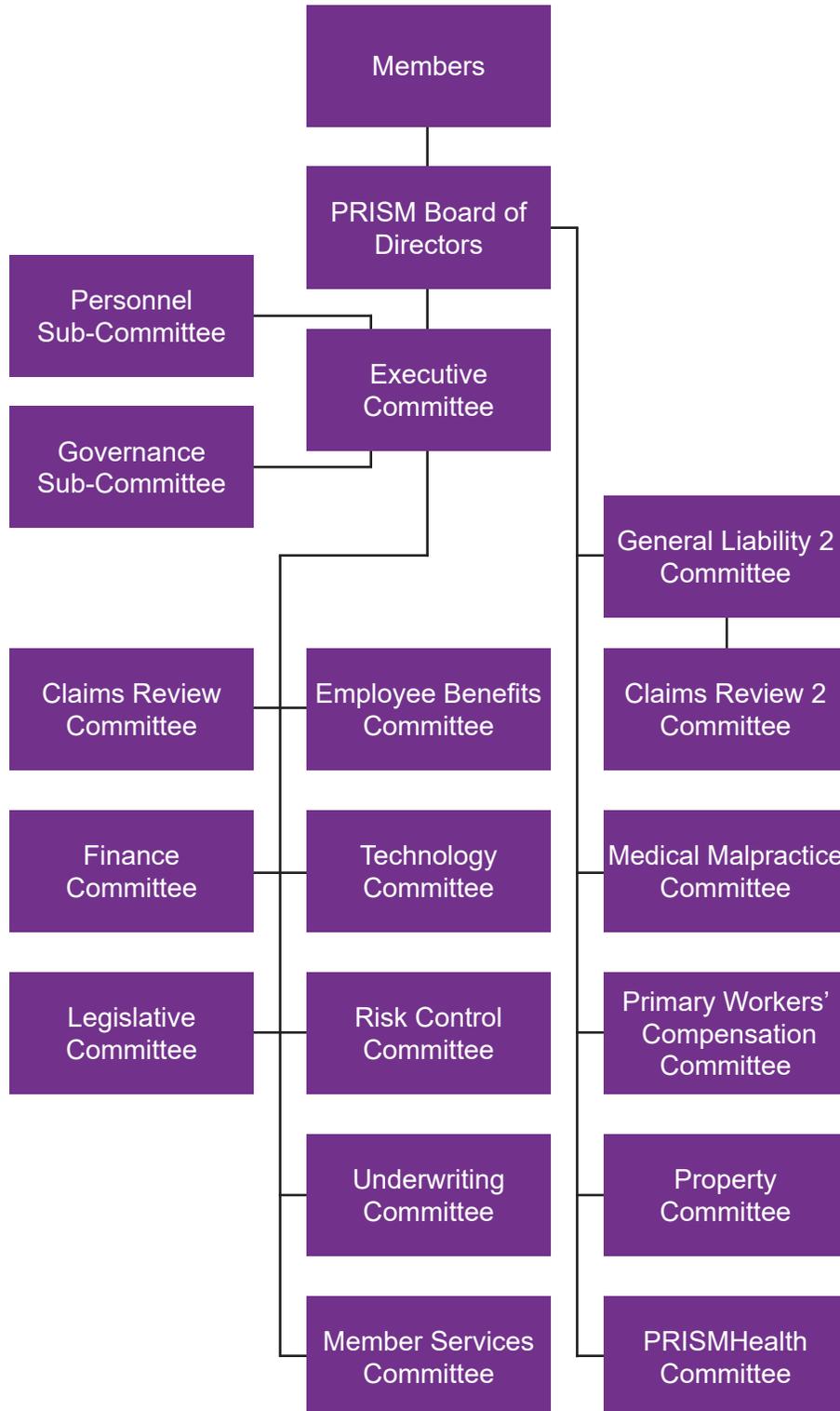


Board Member	Public Entity	Designated Board Position/Representative
Andrew Lathrop, Risk Manager	City of Oakland	At-Large
Barbara Esquivel, WC Claims Manager	Municipal Pooling Authority (MPA)	Alternate
C. Paul Frydendal, Chief Operating Officer	Special District Risk Management Authority (SDRMA)	Alternate
Janice Galleher, Senior Risk Mgt Specialist	City of Chula Vista	At-Large
Kimberly Greer, Risk Manager	City of Richmond	At-Large
Mark Howard, Risk Manager	ACCEL	At-Large
Scott Mann, Risk Manager	City of Sunnyvale	Alternate
Scott Schimke, Risk Manager	Golden State Risk Management Authority (GSRMA)	Special District
Susan Adams, Executive Director	Central Region School Insurance Group (CRSIG)	Schools
Vacant	N/A	City



# PRISM

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





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**CSAC Excess Insurance Authority  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



# 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 June 30, 2020 and 2019, 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, the State Controller's *Minimum Audit Requirements for California Special Districts*, 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, 2020 and 2019, and the changes in financial position and cash flows 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 and the Required Supplementary Information, as listed in the table of contents, 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, as listed in the table of contents, 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 November 30, 2020, on our consideration of PRISM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts 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**

**November 30, 2020**

## 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, 2020, 2019, and 2018. 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 two components: 1) Combined financial statements including the EIO, 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 vacation leave, 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 three 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 41 through 45 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 46 of this report.

### Captive

On June 30, 2020, PRISM's captive insurance company, the Excess Insurance Organization (EIO), a blended component unit of PRISM, completed its fourth year of operations. The EIO is domiciled in, and subject to, the Utah Department of Insurance regulations to insure only PRISM's risks. The EIO 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 the EIO and Footnote 4 for a schedule of the liabilities insured through the EIO. The governing board is made up of current PRISM Board, committee, and staff members along with PRISM General Counsel and Utah Counsel.

### 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 the EIO. Each program has established its own set of accounts, so that each program can be independently evaluated.

## Management's Discussion & Analysis

The following table shows the net position in each fund:

	<b>Net Position</b>
Primary Workers' Compensation	\$ 41,594,844
Excess Workers' Compensation	63,162,719
General Liability 1	(25,752,482)
General Liability 2	1,742,901
Property	32,298,539
Medical Malpractice	10,356,916
Master Rolling Owner Controlled I	449,874
EIAHealth	2,524,733
Dental Program	18,642,167
Miscellaneous Programs	2,069,692
Administration and Building	10,777,187
EIO net of Elimination	16,395,892
Total Net Position	\$ 174,262,982

### Financial Highlights

#### **Combined Financial Analysis**

PRISM's assets and deferred outflows exceeded liabilities and deferred inflows by \$174.3M, as of June 30, 2020, by \$200M at June 30, 2019, and by \$122.6M at June 30, 2018. Following is a condensed Statement of Net Position:

	June 30, 2020	June 30, 2019	June 30, 2018
Other Assets	\$ 859,389,111	\$ 955,696,924	\$ 824,109,709
Capital Assets	10,175,084	10,072,121	10,205,042
Total Assets	869,564,195	965,769,045	834,314,751
Deferred Outflows	1,995,729	1,227,362	1,718,920
Current Liabilities	130,180,773	321,909,836	183,323,834
Noncurrent Liabilities	566,410,195	444,459,373	528,994,951
Total Liabilities	696,590,968	766,369,209	712,318,785
Deferred Inflows	705,974	595,345	1,144,292
Invested in Capital Assets	10,175,084	10,072,121	10,205,042
Unrestricted Net Position	164,087,898	189,959,732	112,365,552
Total Net Position	\$ 174,262,982	\$ 200,031,853	\$ 122,570,594

#### **Net Position**

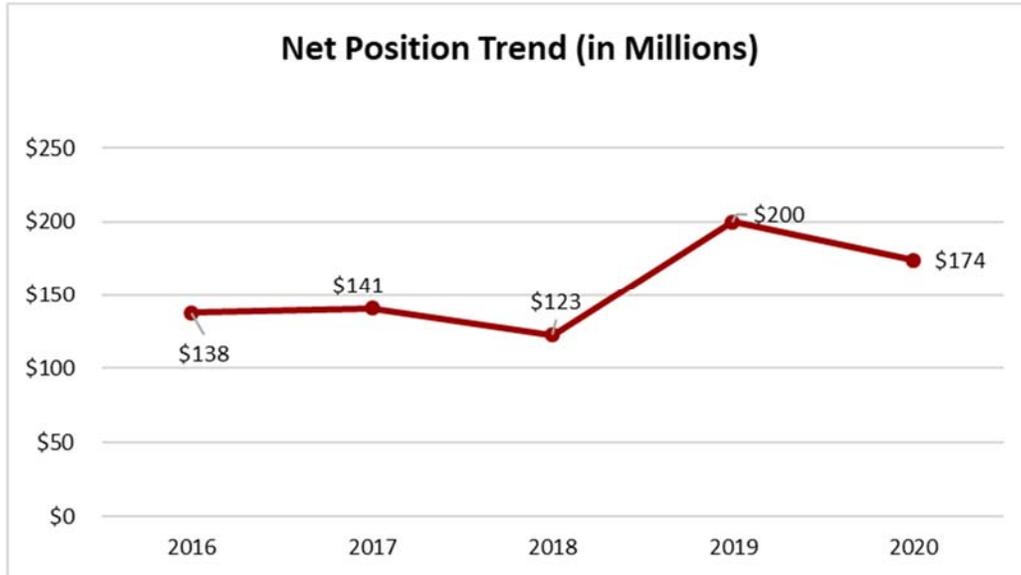
Net position is defined as the difference between Total Assets plus Deferred Outflows and Total Liabilities plus Deferred Inflows. PRISM started fiscal year 2019/20 with a net position of \$200M. Our ending balance in net position at June 30, 2020 was \$174.3M, decreased by \$25.8M from

## Management's Discussion & Analysis

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.

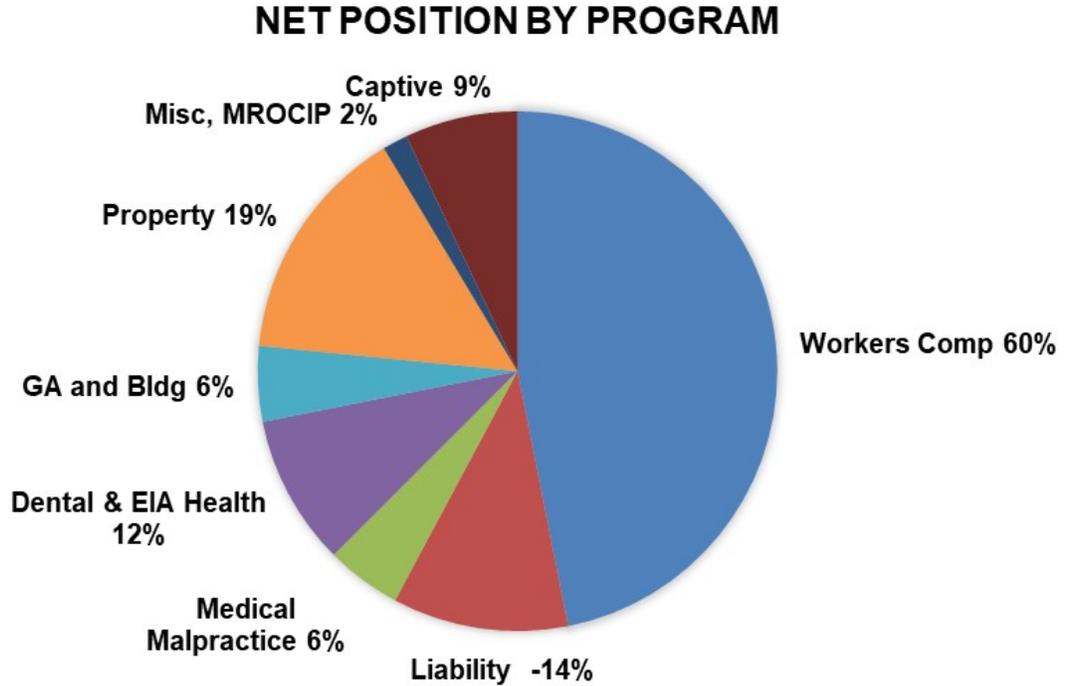
PRISM started fiscal year 2018/19 with a net position of \$122.6M. Our ending balance in net position at June 30, 2019 was \$200M, increased by \$77.4M from fiscal year 2017/2018. The increase in net position was largely driven by positive development in prior year claims expense; especially in the Workers' Compensation and Medical Malpractice Programs.

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

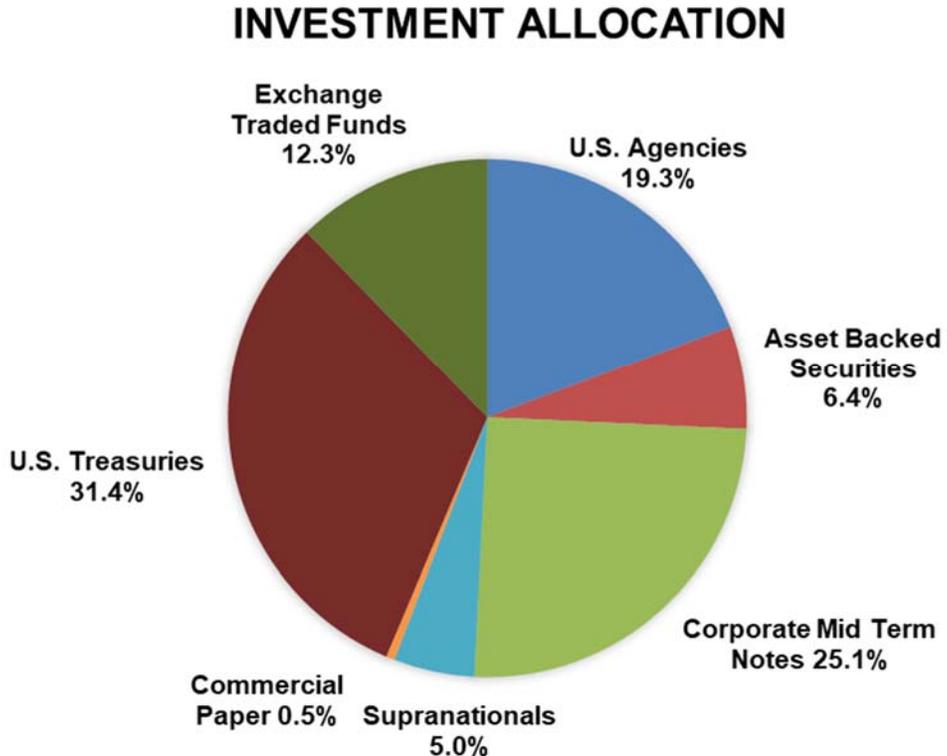


## Management's Discussion & Analysis

Our large pooled risk programs; workers' compensation and liability programs, account for 46% of net position as of June 30, 2020 as show below:



Approximately 98% of our Treasury assets consist of funds held for the payment of claims. Of these funds, 9% is in cash and 91% is invested. The following chart shows the asset allocation for the invested funds at June 30, 2020:



## Management's Discussion & Analysis

During the 2019/20 fiscal year, interest rates were volatile, but lower on a year-over-year basis. 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 2019/20, there was a net increase in fair value of \$13.7M, compared to a net increase in fair value in fiscal year 2018/19 of \$21.1M. The increases and decreases in fair market value are primarily being driven by fluctuations in the market interest rate. The potential direction of interest rates, up or down, and the interest earned are both considered at the time the investment is made.

### Claims 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 \$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 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.

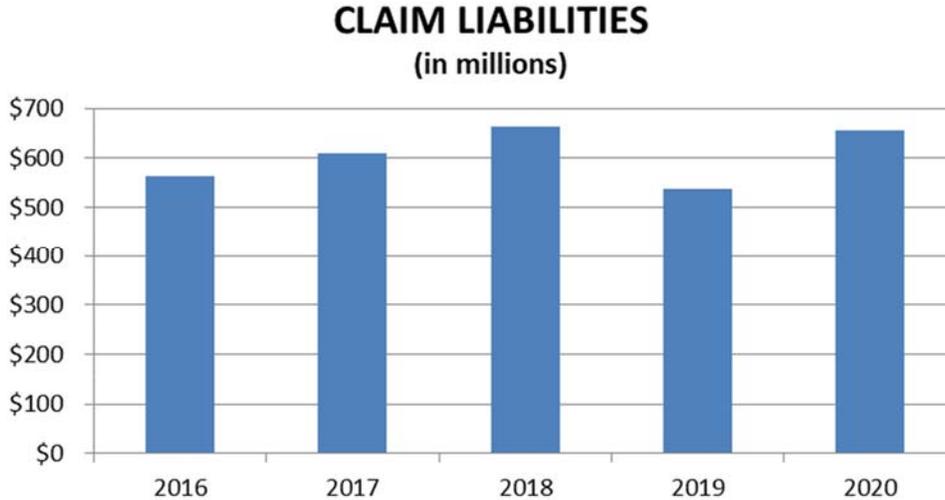
Claim liabilities decreased from \$664.5M as of June 30, 2018 to \$538.4M at June 30, 2019. A decrease of \$144M in claim liabilities for the GL1 Program and \$53M in the EWC Program, respectively, contributed to the overall reduction in claim liabilities in 2018/19. GL1 Program claim liabilities decreased as a result of a GL1 Loss Portfolio Transfer to MultiStrat Re during fiscal year 2018/19. The PWC and Medical Malpractice Programs had an increase in claims liabilities, despite positive claims development in prior years, while EIO claim liabilities increased by \$82.2M in fiscal year 2018/19.

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 \$2.8M, discounted, and this amount is included in claim liabilities.

Our PGL Program has operated successfully since 1998 providing low deductible coverage for members that do 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 claims liabilities and all future risks of the PGL Program. The claim liabilities as of June 30, 2020 are included in PRISM's total claims 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 recent recession 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 continued low interest rate environment. The claim liability trend over the past five years is as follows:

## Management's Discussion & Analysis



### Pension Liability

The pension liability was \$1.9M, \$1.4M, and \$1.4M at the end of fiscal years 2019/20, 2018/19, and 2017/18, 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 fiscal 2017/18, 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 2019/20 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 FY 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 two 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 \$728k for 2019/20, \$601k for 2018/19, and \$823k for 2017/18.

### 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 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, 2020:

## Management's Discussion & Analysis

Program	Target Equity Range (in millions)		Program Net Position (in millions)
	High	Low	As of June 30, 2020
Primary Workers' Compensation	\$9.8	\$30.7	\$41.6
Excess Workers' Compensation	34.1	80.3	63.2
General Liability I	43.9	53.3	(25.8)
Medical Malpractice	4.5	15.6	10.4

The EWC, PWC, and Med Mal Program's net position is well within the target equity range for 2019/20. The GL1 Program's net position is below their Target Equity Range, as a result of adverse development in claims. In response to that, PRISM Board approved a Loss Portfolio Transfer (LPT) deal. 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 four 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 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 \$50M by June 30, 2024.

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

	June 30, 2020	June 30, 2019	June 30, 2018
Operating Revenues:			
Premiums for Transferred Risk	\$ 991,137,637	\$ 826,382,527	\$ 639,585,449
Broker Fees	14,784,924	11,435,218	10,678,116
Contributions for Retained Risk	91,252,116	125,476,876	212,774,426
All Other Sources	28,257,971	25,808,470	25,326,989
Total Operating Revenues	<u>1,125,432,648</u>	<u>989,103,091</u>	<u>888,364,980</u>
Operating Expenses:			
Member Dividends & Stabilization Funds Distributed	7,311,760	2,187,466	1,129,707
Insurance Expense & Broker Fee	825,522,595	736,199,745	649,265,135
GL1 LPT Premium Expense & Broker Fee	59,383,098	85,395,000	-
Provisions for Claims	260,022,179	263,033,230	225,522,031
GL1 LPT Claims Transferred	-	(167,221,942)	-
Program Services & Loss Prevention Expenses	15,563,121	15,798,608	16,016,871
General Administrative Services	16,376,376	14,588,275	14,335,463
Total Operating Expenses	<u>1,184,179,129</u>	<u>949,980,382</u>	<u>906,269,207</u>
Operating Income (Loss)	<u>(58,746,481)</u>	<u>39,122,709</u>	<u>(17,904,227)</u>
NonOperating Revenues (Expenses):			
Investment Income, Financing Fees, net of Investment Expen	32,943,625	38,142,841	6,283,097
Lease Income, net of Building Maintenance and Depreciation	33,985	195,709	(134,170)
Total NonOperating Revenues (Expenses)	<u>32,977,610</u>	<u>38,338,550</u>	<u>6,148,927</u>
Changes in Net Position	<u>(25,768,871)</u>	<u>77,461,259</u>	<u>(11,755,300)</u>
Adjustment to Beginning Net Position	-	-	(6,195,368)
Net Position			
Beginning Balance, July 1, as previously reported	200,031,853	122,570,594	140,521,262
Ending Balance, June 30	<u>\$ 174,262,982</u>	<u>\$ 200,031,853</u>	<u>\$ 122,570,594</u>

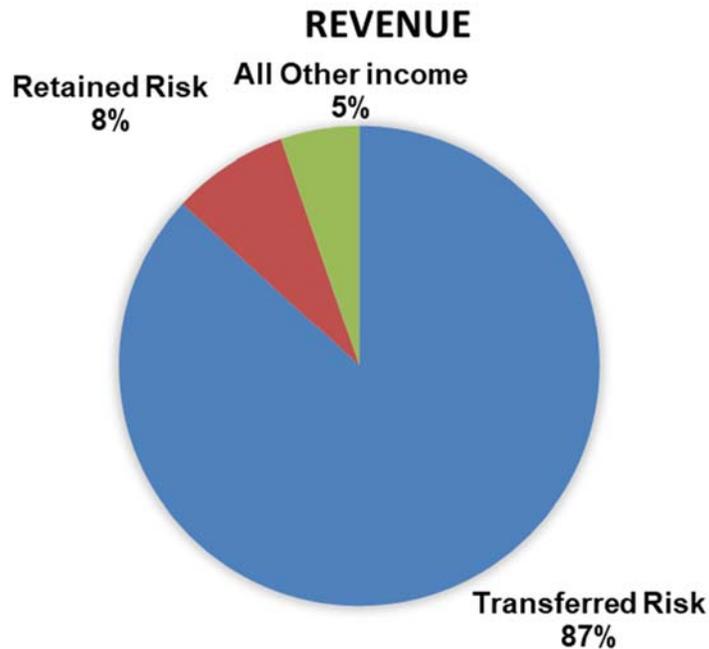
## Management's Discussion & Analysis

### Revenues

Total revenues were \$1.16B during 2020, 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 Health had rate increases whereas the Dental, EWC pool, PWC, and DBD Programs had rate decreases.

In fiscal year 2018/19, total revenues experienced an increase from the \$895M in fiscal year 2017/18 to \$1.03B. All programs reported higher total revenue compared to 2018 except the PWC Program. Increase in investment income also contributed to an increase in total revenue compared to fiscal year 2018/19. Additionally, both premium and pool revenue is up partly due to rising payrolls which is the exposure base for many programs. For the 2018/19 renewal, the GL1, GL2, Property, EWC (excess layers), and Health experienced rate increases, whereas the Dental, EWC (pool layer), PWC, and PGL Programs had rate decreases.

The total revenue allocation as of June 30, 2020 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 and our new MR OCIP (wrap-up program for major construction contracts) added several new projects to our pooled program. 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 \$650.3M in 2018 and \$698.1M in 2019 to \$859.4M in 2020, up 23% from 2019. Much of this increase is in our Liability, Property, and PRISMHealth Programs. Due to economic recovery, payrolls across members are increasing, which is the exposure base for workers' compensation and general liability programs.

Contributions for Retained Risk: PRISM's contributions for retained risk revenues were \$237.8M in 2020, compared to \$265.1M last year, and \$212.8M in 2018. The contributions for retained risk,

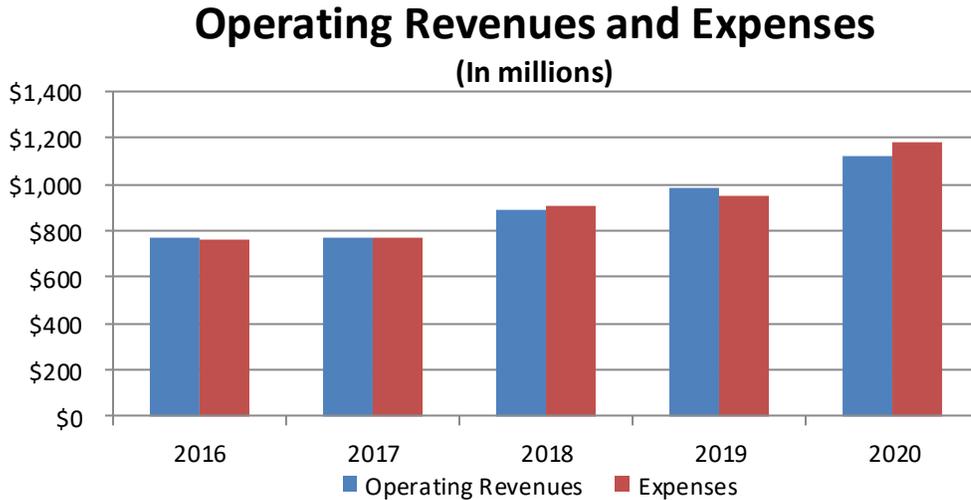
## Management's Discussion & Analysis

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 our newly established captive.

### Expenses

Total operating expenses increased by \$234.2M in fiscal year 2019/20 compared to \$43.7M increase in 2018/19 when compared to fiscal year 2017/18. The significant increase in both years 2019/20 and 2018/19 was due to an increase in insurance expense, primarily in the PRISM Liability Program, with a corresponding increase in revenue.

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



Significant expense items in fiscal year 2019/20 included:

- Member dividends included \$2.3M to members of the PWC, Property, PRISMHealth, and Miscellaneous Program members. Members of the Dental Program received a \$5M dividend in 2019/20.
- Insurance expense increased by \$63.3M, 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 \$164.2M from \$96.4M in 2019 to \$260.6M in 2020. This was mainly because prior year claim costs in the GL1 Program included a reduction in claims due to the LPT of \$167M.
- Unallocated Loss Adjustment Expense (ULAE) expense decreased by \$16k from 2019 to negative \$590k in 2020 as the ULAE liability decreased from \$49.5M at June 30, 2019 to \$48.9M at June 30, 2020.
- General Administrative expense was 12% higher in 2020 at \$16.4M compared to 2019. General Administrative services include salaries and benefits of PRISM staff, meetings

## Management's Discussion & Analysis

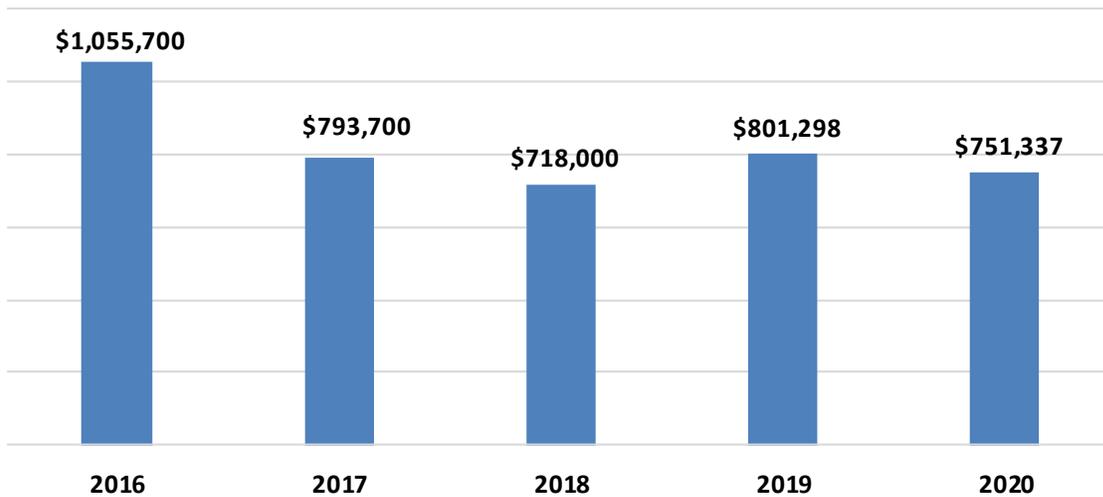
and conferences, office expenses, and other expenses necessary for the operation of PRISM.

- Other program and member services expense was slightly lower by 1% at \$15.6M in 2019/20 fiscal year as compared to \$15.8M in 2018/19 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 2019, a total of \$8.9M 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 reduction of liability.

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

### Risk Management Subsidies



PRISM offers a variety of Risk Control, Claims, and Risk Management services for our members. The services offered include:

- Development of a POST Certified Course on De-Escalation held at 10 member locations;
- Added an online blended learning component to the Risk Management Practitioners Program;
- Produced 50 webcasts on PRISMtv;
- Expanded the TargetSolutions offerings to include the new Driver Assessment and Training Program and added 7 micro-courses focusing on COVID-19 prevention;
- Assisted in development of COVID-19 risk assessment plans; and
- Curated content for PRISM's COVID-19 Resources webpage and content for Wildfire Resources.

## 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 38% 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 Capital Assets and depreciation is available under Notes to Financial Statements in Footnote 6 on Page 75 and 76 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 in 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 toward 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 lobbyist 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 91 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 106 of this report.

### **Conclusion**

This financial report is designed to provide a general overview of PRISM's finances for all those with an interest in PRISM's finances. 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 (PRISM)**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS:</b>		
Current Assets:		
Cash	\$ 300	\$ 300
Cash in Banks	326,278	3,602,631
Cash in the PRISM Treasury	58,772,207	78,110,588
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	59,098,785	81,713,519
Investments	63,398,381	80,977,510
Accounts Receivable:		
Due from Members	34,829,174	27,663,368
Investment Income Receivable	2,659,921	3,228,947
Reinsurance Claims and Deposit with Carrier	39,369,013	13,999,798
GL1 LPT Prepaid Expense	21,469,000	30,290,620
Prepaid Insurance and Expenses	65,208,908	52,301,952
<b>TOTAL CURRENT ASSETS</b>	286,033,182	290,175,714
Noncurrent Assets:		
Investments	537,218,045	553,620,916
Due from Members	1,000,000	-
Investments-Restricted	7,736,101	7,762,613
Prepaid Insurance and Expenses	-	26,791,681
GL1 LPT Rate Credit Receivable	16,868,163	16,653,000
GL1 LPT Prepaid Expense	10,533,620	60,693,000
Land and Buildings, Net	6,441,543	6,585,393
Furniture and Equipment, Net	3,733,541	3,486,728
<b>TOTAL NONCURRENT ASSETS</b>	583,531,013	675,593,331
<b>TOTAL ASSETS</b>	869,564,195	965,769,045
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows of Resources on Pensions	1,688,302	1,193,779
Deferred Outflows of Resources on OPEB	307,427	33,583
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 1,995,729	\$ 1,227,362

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	\$ 3,856,875	\$ 6,865,065
GL1 LPT Payable	-	179,531,620
Deposits from Insurance Companies	2,345,095	3,386,163
Due to Members	5,640,738	9,357,049
Unearned Income	5,861,207	8,471,609
Claim Liabilities	112,352,125	114,186,587
Compensated Absences	124,733	111,743
<b>TOTAL CURRENT LIABILITIES</b>	<b>130,180,773</b>	<b>321,909,836</b>
Noncurrent Liabilities:		
Due to Members	7,636,102	5,762,613
GL1 LPT Payable	12,000,000	12,000,000
Claim Liabilities		
Claims Reported	235,332,595	188,344,856
Claims Incurred But Not Reported	259,339,886	186,340,179
Unallocated Loss Adjustment Expense Payable	48,944,000	49,534,000
Compensated Absences	498,932	446,973
Net OPEB Liability	728,262	601,102
Net Pension Liability	1,930,418	1,429,650
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>566,410,195</b>	<b>444,459,373</b>
<b>TOTAL LIABILITIES</b>	<b>696,590,968</b>	<b>766,369,209</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows of Resources on Pensions	325,407	185,786
Deferred Inflows of Resources on OPEB	380,567	409,559
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>705,974</b>	<b>595,345</b>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	10,175,084	10,072,121
Unrestricted	164,087,898	189,959,732
<b>TOTAL NET POSITION</b>	<b>\$ 174,262,982</b>	<b>\$ 200,031,853</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 991,137,637	\$ 826,382,527
Broker Fees	14,784,924	11,435,218
Contributions for Retained Risk	91,252,116	125,476,876
Member Services & Dividend Income	753,833	851,670
Administration Fees	25,423,157	22,542,735
Public Entity Fees	139,952	106,979
Other Income	1,941,029	2,307,086
<b>TOTAL OPERATING REVENUES</b>	<b>1,125,432,648</b>	<b>989,103,091</b>
<b>OPERATING EXPENSES:</b>		
Member Dividends & Stabilization Funds Distributed	7,311,760	2,187,466
Insurance and Provision for Losses:		
Insurance Expense	811,423,692	724,802,072
GL1 LPT Premium Expense	58,740,525	83,895,000
Broker Fees	14,098,903	11,397,673
GL1 LPT Broker Fees	642,573	1,500,000
Provision for Claims		
Current Year Claims	163,361,896	186,815,070
Prior Years' Claims	97,250,283	76,792,160
GL1 LPT Claims Transferred	-	(167,221,942)
Unallocated Loss Adjustment Expenses	(590,000)	(574,000)
Program Services	13,102,555	13,393,090
Loss Prevention Expenses	2,460,566	2,405,518
General Administrative Services	16,376,376	14,588,275
<b>TOTAL OPERATING EXPENSES</b>	<b>1,184,179,129</b>	<b>949,980,382</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(58,746,481)</b>	<b>39,122,709</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income & Financing Fees, net of Investment Expense	32,943,625	38,142,841
Lease Income, net of Building Expense	33,985	195,709
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>32,977,610</b>	<b>38,338,550</b>
<b>CHANGES IN NET POSITION</b>	<b>(25,768,871)</b>	<b>77,461,259</b>
<b>NET POSITION:</b>		
Beginning of Year,	200,031,853	122,570,594
<b>NET POSITION, END OF YEAR</b>	<b>\$ 174,262,982</b>	<b>\$ 200,031,853</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 1,109,365,813	\$ 979,069,715
Receipts from Others	16,866,996	1,303,171
Payments to Others	(18,265,346)	(33,013,401)
Dividends Paid	(7,600,681)	(163,030)
Claims Paid	(162,702,877)	(193,466,763)
Insurance Purchased	(971,910,962)	(704,941,855)
Payments to Suppliers	(42,812,072)	(36,962,187)
Other Program Expenses	(4,868)	(29,704)
Payments to Employees	(11,918,577)	(10,657,188)
	<b>NET CASH PROVIDED (USED)</b>	<b>BY OPERATING ACTIVITIES</b>
	(88,982,574)	1,138,758
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Purchase of Capital Assets	(1,316,417)	(987,319)
	<b>NET CASH PROVIDED (USED) BY CAPITAL</b>	<b>AND RELATED FINANCING ACTIVITIES</b>
	(1,316,417)	(987,319)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Lease Receipts	437,334	488,076
Operating Lease Disbursements	(274,240)	(172,392)
Purchase of Securities	(396,123,486)	(658,523,102)
Sales of Securities	443,787,745	688,937,451
Cash from Investment Earnings	19,371,700	15,376,893
Cash from Finance Fees	1,049,082	1,192,038
Investment Expenses	(563,878)	(507,271)
	<b>NET CASH PROVIDED (USED)</b>	<b>BY INVESTING ACTIVITIES</b>
	67,684,257	46,791,693
	<b>INCREASE (DECREASE) IN CASH AND</b>	<b>CASH EQUIVALENTS</b>
	(22,614,734)	46,943,132
	<b>CASH &amp; EQUIVALENTS:</b>	<b>CASH &amp; EQUIVALENTS:</b>
	<b>BEGINNING OF YEAR</b>	<b>BEGINNING OF YEAR</b>
	81,713,519	34,770,387
	<b>END OF YEAR</b>	<b>END OF YEAR</b>
	\$ 59,098,785	\$ 81,713,519

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income/(Loss)	\$ (58,746,481)	\$ 39,122,709
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation, net of leased portion	1,084,345	1,000,266
Changes in Assets and Liabilities		
Deposits, Accounts and Other Receivables, Net	(33,535,020)	(4,333,691)
Due To/From Other Funds	-	(584,442)
GL1 LPT Receivable	58,765,837	(107,636,620)
Prepaid Insurance and Expenses	13,878,881	26,069,205
Deferred Outflows of Resources	(768,367)	491,558
Accounts and Other Payables	(5,764,105)	(9,498,897)
GL1 LPT Payable	(179,531,778)	191,531,620
Unearned Income	(2,619,584)	(8,373,727)
Claim Liabilities	118,152,984	(125,464,811)
Unallocated Loss Adjustment Expense Payable	(590,000)	(526,000)
Deferred Inflows of Resources	124,997	(533,807)
Net Pension Liability	500,768	(173,636)
Other Liabilities	64,949	49,031
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (88,982,574)</b>	<b>\$ 1,138,758</b>
 <b>NONCASH INVESTING, CAPITAL &amp; FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<b>\$ 13,655,749</b>	<b>\$ 21,146,561</b>

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**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

1. Organization and Significant Accounting Policies

The accounting policies of Public Risk Innovation, Solutions, and Management (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

In the 2019/20 fiscal year, CSAC Excess Insurance Authority changed their name, and are now Public Risk Innovation, Solutions, and Management (PRISM). 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, PRISM 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 staff the go-ahead to establish a captive insurance company, domiciled in and subject to the Utah Insurance Department regulations, to insure only PRISM's risks. This allowed PRISM to better link their long-term claim liabilities with an appropriate type and term of investment. The Captive, Excess Insurance Organization, Inc. (EIO 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.

B. Membership

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

County membership is available to California counties whose supervisors are members of the California State Association of Counties (CSAC). Currently, there are 55 counties members of PRISM. Each county member is entitled to appoint two representatives to the Board, one voting and one alternate. County members have nine positions on the Executive Committee.

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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

1. Organization and Significant Accounting Policies (continued)

B. Membership (continued)

The following number of members participated in PRISM's programs, as of June 30, 2020 and 2019:

	2020	2019
Primary Workers' Compensation	39	41
Excess Workers' Compensation	180	174
General Liability 1	130	128
General Liability 2	18	18
Property	109	104
Medical Malpractice	52	52
Master Rolling Owner Controlled Insurance	18	17
PRISMHealth	42	43
Dental	166	163
	754	740

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 the 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 nine insurance programs, a miscellaneous program, 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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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 the related expenses. Major revenue accrual entries include member premium receivable and investment income receivable in PRISM and the Captive 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, 2020 and June 30, 2019 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 three to seven 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 three to sixty years.

Unearned Income

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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Unallocated Loss Adjustment Expenses Payable

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:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Primary Workers' Compensation	\$ 40,182,000	\$ 40,241,000
Excess Workers' Compensation	5,264,000	6,220,000
General Liability 1	1,567,000	1,236,000
General Liability 2	1,141,000	1,043,000
Property	8,000	6,000
Medical Malpractice	782,000	788,000
	<u>\$ 48,944,000</u>	<u>\$ 49,534,000</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 \$623.7k for vacation pay has been computed and recorded, based on the unused days multiplied by the current daily rates of pay.

At June 30, 2020, the current portion of the liability is \$124.7k and the balance of \$499k is considered long term.

	Fiscal Year Ended	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Beginning Balance	\$ 558,716	\$ 509,686
Increases	450,074	499,107
Decreases	(385,125)	(450,077)
Ending Balance	<u>\$ 623,665</u>	<u>\$ 558,716</u>
Current Portion	<u>\$ 124,733</u>	<u>\$ 111,743</u>
Long Term Portion	<u>\$ 498,932</u>	<u>\$ 446,973</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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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 FY 2019/20 includes Catastrophic Pool Revenue for the entire program year for the Property Program, which was renewed March 31, 2020. The corresponding receivable was recognized as due from members in FY 2019/20.

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 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.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Net Position

Net position represents the net investment in capital assets of \$10.2M, net of accumulated depreciation, and unrestricted net position of \$164.1M as of June 30, 2020, for a total of \$174.3M. The unrestricted net position balances are available for future operations or distribution. The net position, as of June 30, 2019, was \$200M.

2. Cash

A. Cash and Cash Equivalents

Cash and cash equivalents, as of June 30, 2020 and 2019, are reported at fair value and consist of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash in Banks		
Primary Workers' Compensation	\$ (1,957,741)	\$ 1,270,562
Primary General Liability	1,312,854	1,350,255
EIO Checking Account	335,419	333,707
Iron Point	635,746	648,107
Total Cash in Banks	<u>326,278</u>	<u>3,602,631</u>
Cash in PRISM Treasury		
Cash in Bank, General Checking	7,669,442	9,570,965
Petty Cash	300	300
Treasury Money Market	9,008,803	21,179,632
State of California,		
Local Agency Investment Fund	42,093,962	47,359,991
Total Cash in PRISM Treasury	<u>58,772,507</u>	<u>78,110,888</u>
Total Cash and Cash Equivalents	<u>\$ 59,098,785</u>	<u>\$ 81,713,519</u>

B. Custodial Credit Risk

The carrying amount of PRISM's total cash in banks was \$8.0M at June 30, 2020, and \$13.2 at June 30, 2019. The bank balance was \$16.5M at June 30, 2020 and \$18.7M at June 30, 2019, and was partially insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2020, \$15.8M is in excess of 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.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

2. Cash (continued)

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Primary Workers' Compensation	\$ 94,906,611	\$ 70,722,947
Excess Workers' Compensation	260,912,060	281,394,079
General Liability 1	(39,041,018)	148,317,893
General Liability 2	(5,921,475)	(2,373,077)
Property	(76,545,755)	(89,111,331)
Medical Malpractice	37,238,210	39,888,385
Master Rolling Owner Controlled Ins Program	453,824	288,909
PRISMHealth	6,158,091	6,381,265
Dental	20,100,844	19,707,903
Miscellaneous Programs	2,471,733	2,170,414
General Administration	16,540,667	14,686,912
Building Fund	(6,338,197)	(6,288,864)
EIO	358,849,060	237,915,140
Total Treasury Balances	<u>\$ 669,784,655</u>	<u>\$ 723,700,575</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 prior 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.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Investments - Current Portion	\$ 63,398,381	\$ 80,977,510
Investments- Non-current Portion	537,218,045	553,620,916
Investments- Restricted	7,736,101	7,762,613
Total	<u>\$ 608,352,527</u>	<u>\$ 642,361,039</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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>
Treasury Notes	No limitations
U.S Agencies	25% Maximum issuer
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	20% maximum; FDIC insured; fully collateralized
Collateralized Time deposits	20% maximum; FDIC insured; fully collateralized
Certificate of Deposit Placement Serv	30% maximum
Negotiable CDs	"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; 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
Mutual/Money Market Fund	Highest rating by 2 NRSROs; 20% maximum; 10% per fund for Mutual Funds, and 20% for Money Market Mutual Funds
Supranationals	"AA" or higher rating by NRSROs; includes; IBRD, IFC, and IADB; 30% maximum; 10% per issuer
Repurchase Agreements	102% collateralization; not issued by investment advisor
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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

3. Investments (continued)

The Captive's investment policy identifies procedures that will foster a prudent and systematic investment program designed to seek Captive 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 with 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 out 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, 2020 and 2019 are summarized below. The credit quality rating used is Standard and Poor's, a nationally recognized rating agency.

Investments	Credit Quality Rating	June 30, 2020		June 30, 2019	
		Fair Value	%	Fair Value	%
U.S. Treasury Notes	AA+	\$ 190,756,320	31.4%	\$ 198,834,658	31.0%
U.S. Agencies	AA+ to A-1+	117,360,370	19.3%	160,254,427	24.8%
Asset Backed Securities	AAA	23,043,439	3.8%	17,082,273	2.7%
Asset Backed Securities	NR*	16,106,905	2.6%	19,514,954	3.0%
Corporate Notes	AAA to A+	40,791,009	6.7%	40,743,075	6.4%
Corporate Notes	A to BBB	107,074,361	17.6%	88,205,321	13.7%
Supranationals	AAA to A-1+	22,407,945	3.7%	17,992,427	2.8%
Supranationals	NR*	8,217,834	1.4%	15,056,396	2.3%
Commercial Paper	A-1+ to A-1	3,287,706	0.5%	3,067,937	0.5%
Foreign Corporate Notes	AAA to A	-	0.0%	10,676,765	1.7%
Negotiable CDs	A-1+ to A-1	-	0.0%	550,632	0.1%
Mortgage Pass Thru	Aaa	4,705,828	0.8%	7,169,416	1.1%
International Equity	NR	7,499,581	1.2%	9,443,478	1.5%
International Real Estate	NR	1,456,721	0.2%	1,258,906	0.2%
Large Cap US Equity	NR	26,334,799	4.3%	15,368,560	2.4%
Mid Cap US Equity	NR	11,153,404	1.8%	6,274,209	1.0%
Real Estate	NR	7,161,151	1.2%	5,748,735	0.9%
Emerging Market Equity	NR	3,832,980	0.6%	6,193,559	1.0%
Small Cap US Equity	NR	17,162,174	2.9%	18,925,311	2.9%
<b>Total Investments</b>		<b>\$ 608,352,527</b>	<b>100%</b>	<b>\$ 642,361,039</b>	<b>100%</b>

NR - Not Rated

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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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 five years maturity, or less. PRISM's Finance Committee must approve investments maturing over five years for PRISM. 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. Agencies	\$ 117,360,370	\$ 6,344,789	\$ 111,015,581	3.20
Asset Backed Securities	39,150,344	-	39,150,344	2.53
Corporate Mid Term Notes	147,865,370	13,415,173	134,450,197	3.81
Supranationals	30,625,779	4,492,753	26,133,026	2.01
Mortgage Pass Thru	4,705,828	-	4,705,828	27.51
Commercial Paper	3,287,706	3,287,706	-	0.12
U.S. Treasuries	190,756,320	35,857,960	154,898,360	3.52
<b>Totals</b>	<b>\$ 533,751,717</b>	<b>\$ 63,398,381</b>	<b>\$ 470,353,336</b>	<b>3.13</b>

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

Maturities of investments held at June 30, 2019 consist of the following:

	Fair Value	Less than 1 Year	One to Five Years	Time to Maturity
U.S. Agencies	\$ 160,254,427	\$ 32,773,839	\$ 127,480,588	10.11
Asset Backed Securities	36,597,227	15,754	36,581,473	2.83
Corporate Mid Term Notes	128,948,396	11,898,833	117,049,564	12.17
Supranationals	33,048,823	2,988,474	30,060,349	2.01
Mortgage Pass Thru	7,169,416	-	7,169,416	5.60
Negotiable CDs	550,632	550,632	-	0.00
Commercial Paper	3,067,937	3,067,937	-	0.01
Foreign Corporate	10,676,765	-	10,676,765	1.09
U.S. Treasuries	198,834,658	29,682,041	169,152,617	15.45
<b>Totals</b>	<b>\$ 579,148,281</b>	<b>\$ 80,977,510</b>	<b>\$ 498,170,772</b>	<b>3.13</b>

\*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 \$13.7 of unrealized gain for the year ended June 30, 2020. In the year ended June 30, 2019, \$21.1M of unrealized gain was recognized.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

3. Investments (continued)

B. Investment Interest Rate Risk (continued)

	2019/20	2018/19
Beginning Fair Value	\$ 642,361,039	\$ 651,628,827
Add: Proceeds of Investments Disposed	(443,787,745)	(688,937,451)
Less: Cost of Investments Purchased	396,123,486	658,523,102
Less Ending Fair Value	(608,352,527)	(642,361,039)
Unrealized Gain/(Loss) in the year	\$ 13,655,747	\$ 21,146,561

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

	Beginning Fair Value At			Ending Fair Value At			Unrealized Gain/(Loss)
	July 1, 2019	Purchases	Dispositions	Subtotal	June 30, 2020		in the year
U.S. Agencies	\$ 160,254,427	\$ 61,002,109	(104,702,011)	116,554,525	\$ 117,360,370	\$	805,845
Asset Backed Securities	36,597,227	20,328,987	(20,190,550)	36,735,664	39,150,344		2,414,680
Corporate Notes	128,948,396	56,566,924	(69,971,521)	115,543,799	147,865,370		32,321,571
Certificates of Deposit	550,632	3,000,242	(3,550,000)	874	-		(874)
Commercial Paper	3,067,937	15,085,419	(14,616,112)	3,537,244	3,287,706		(249,538)
Supranationals	33,048,823	2,391,580	111,433	35,551,836	30,625,779		(4,926,057)
U.S. Treasuries	198,834,658	199,082,013	(213,634,825)	184,281,846	190,756,320		6,474,474
Foreign Corporate Notes	10,676,765	10,991,305	(2,014,850)	19,653,220	-		(19,653,220)
International Equity	9,443,478	2,460,652	(222,605)	11,681,525	7,499,581		(4,181,944)
International Real Estate	1,258,906	558,496	-	1,817,402	1,456,721		(360,681)
Large Cap US Equity	15,368,560	10,160,489	-	25,529,049	26,334,799		805,750
Mid Cap US Equity	6,274,209	5,603,729	-	11,877,938	11,153,404		(724,534)
Real Estate	5,748,735	2,206,834	-	7,955,569	7,161,151		(794,418)
Emerging Market Equity	6,193,559	1,844,939	(12,850,705)	(4,812,207)	3,832,980		8,645,187
Small Cap US Equity	18,925,311	4,839,768	336,357	24,101,436	17,162,174		(6,939,262)
Mortgage Pass Thru	7,169,416	-	(2,482,357)	4,687,059	4,705,828		18,769
<b>Totals</b>	<b>\$ 642,361,039</b>	<b>\$ 396,123,486</b>	<b>\$ (443,787,745)</b>	<b>\$ 594,696,780</b>	<b>\$ 608,352,527</b>	<b>\$</b>	<b>13,655,747</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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

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

The Captive's Investment Policy places long-term asset allocation targets 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 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 \$250,000 as required by the Utah Insurance Department regulations.
4. It is further noted the maximum amount of equity exposure, at 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, 2020, conform to these guidelines.

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.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

3. Investments (continued)

C. Concentration of Credit Risk (continued)

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%

At June 30, 2019	Number of		Percentage
Issuer	Securities	Fair Value	of Total Portfolio
Federal National Mortgage Assn	15	\$ 75,312,868	11.7%
Federal Home Loan Bank	14	\$ 64,319,308	10.0%

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 three 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 three 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. Agency Bonds, U.S. Treasury Notes, Asset Backed Securities, Corporate Mid-Term Notes, Municipal Bonds, Supranationals, Foreign Corporate Notes, and Commercial Paper are valued using Level 2 inputs. International equity, International real estate, Negotiable CD's, Large-Cap equity, Mid-Cap equity, Real Estate, Emerging market equity, Small-Cap U.S. equity, and Mortgage Pass Thru are valued using Level 1 inputs.

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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

3. Investments (continued)

D. Fair Value Measurements (continued)

<b>Investment type</b>	<b>Assets at Fair Value as of June 30, 2020</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
U.S. Agencies	\$ -	\$ 117,360,370	\$ -
Asset Backed Securities	-	39,150,344	-
Corporate Medium Term Notes	-	147,865,370	-
Supranationals	-	30,625,779	-
Commercial Paper	-	3,287,706	-
U.S. Treasuries	-	190,756,320	-
International Equity	7,499,581	-	-
International Real Estate	1,456,721	-	-
Large Cap US Equity	26,334,799	-	-
Mid Cap US Equity	11,153,404	-	-
Real Estate	7,161,151	-	-
Emerging Market Equity	3,832,980	-	-
Small Cap US Equity	17,162,174	-	-
Mortgage Pass Thru	4,705,828	-	-
<b>Total</b>	<b>\$ 79,306,638</b>	<b>\$ 529,045,889</b>	<b>\$ -</b>

The following tables sets forth by level, within the fair value hierarchy, PRISM's assets at fair value as of June 30, 2019.

<b>Investment type</b>	<b>Assets at Fair Value as of June 30, 2019</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
U.S. Agencies	\$ -	\$ 160,254,427	\$ -
Asset Backed Securities	-	36,597,227	-
Corporate Medium Term Notes	-	128,948,396	-
Foreign Corporate Notes	-	10,676,765	-
Supranationals	-	33,048,823	-
Commercial Paper	-	3,067,937	-
U.S. Treasuries	-	198,834,658	-
International Equity	9,443,478	-	-
International Real Estate	1,258,906	-	-
Negotiable CDs	550,632	-	-
Large Cap US Equity	15,368,560	-	-
Mid Cap US Equity	6,274,209	-	-
Real Estate	5,748,735	-	-
Emerging Market Equity	6,193,559	-	-
Small Cap US Equity	18,925,311	-	-
Mortgage Pass Thru	7,169,416	-	-
<b>Total</b>	<b>\$ 70,932,806</b>	<b>\$ 571,428,233</b>	<b>\$ -</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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 Pooled Money Investment Account at June 30, 2020, was \$101.1B. The fair value is estimated at \$101.6B or 1.004912795 of cost. The average maturity of LAIF investments is 191 days at June 30, 2020.

PRISM's balance in LAIF at June 30, 2020, was \$42.1M 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, 2019, was \$47.4M, 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, 2020 of \$823.4M, have been presented at the net present value of \$656M. At June 30, 2019, claim liabilities of \$681.8M are presented at their present value of \$538.4M, 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.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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	\$206,718,193	\$241,414,000	\$273,228,000
Net Position Balance	\$ 63,162,720	\$28,466,913	(\$3,347,087)

In the PWC Program, PRISM only retains the first \$10k of liability for the years 2009/10 to 2019/20. Since this is paid relatively quickly, the claims for these years are not discounted. Starting 2016/17 program year, corridors in \$10k-\$125k layer adding up to \$46.5M for 2016/17, 2017/18, 2018/19 and 2019/20 years was transferred to the Captive. Additionally, in fiscal year 2016/17, PRISM commuted or bought back the claim liabilities for the 1997-2004 years 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 \$6.2M. 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	no discount
Property	no discount
Medical Malpractice	1.75%
Dental	no discount

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

	June 30, 2020	June 30, 2019
Primary Workers' Compensation	\$ 70,055,875	\$ 59,558,873
Excess Workers' Compensation	206,718,193	229,358,605
General Liability 1	27,250,572	6,162,305
General Liability 2	1,141,000	1,394,812
Property	8,000	415,369
Medical Malpractice	29,804,434	24,563,581
Dental	1,847,125	1,919,406
EIO Captive	319,143,407	215,032,671
Total Claim Liabilities	<u>\$ 655,968,606</u>	<u>\$ 538,405,622</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

4. Claim Liabilities (continued)

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 538,405,622</u>	<u>\$ 664,459,654</u>
Incurred claims and claim adjustment expenses:		
Provision for Retained Risk of the current fiscal year	162,575,280	146,337,349
Increase in Provision for Retained Risk, prior fiscal years	<u>97,446,899</u>	<u>(50,526,061)</u>
Total incurred claims & claim adjustment expenses	<u>260,022,179</u>	<u>95,811,288</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	49,105,894	53,412,524
Claims and claim adjustment expenses attributable to insured events of the prior fiscal years	<u>93,353,301</u>	<u>168,452,796</u>
Total Payments	<u>142,459,195</u>	<u>221,865,320</u>
Total Unpaid claims and claim adjustment expenses at the end of the fiscal year	<u>655,968,606</u>	<u>538,405,622</u>
Reported Claims	347,684,720	302,531,443
Incurred But Not Reported Claims	259,339,886	186,340,179
Unallocated Loss Adjustment Expenses	<u>48,944,000</u>	<u>49,534,000</u>
Total Claim Liabilities	<u>655,968,606</u>	<u>538,405,622</u>
Current Claim Liabilities	112,352,125	114,186,587
Non-current Claim Liabilities	<u>543,616,481</u>	<u>424,219,035</u>
Total Claim Liabilities	<u>\$ 655,968,606</u>	<u>\$ 538,405,622</u>

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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

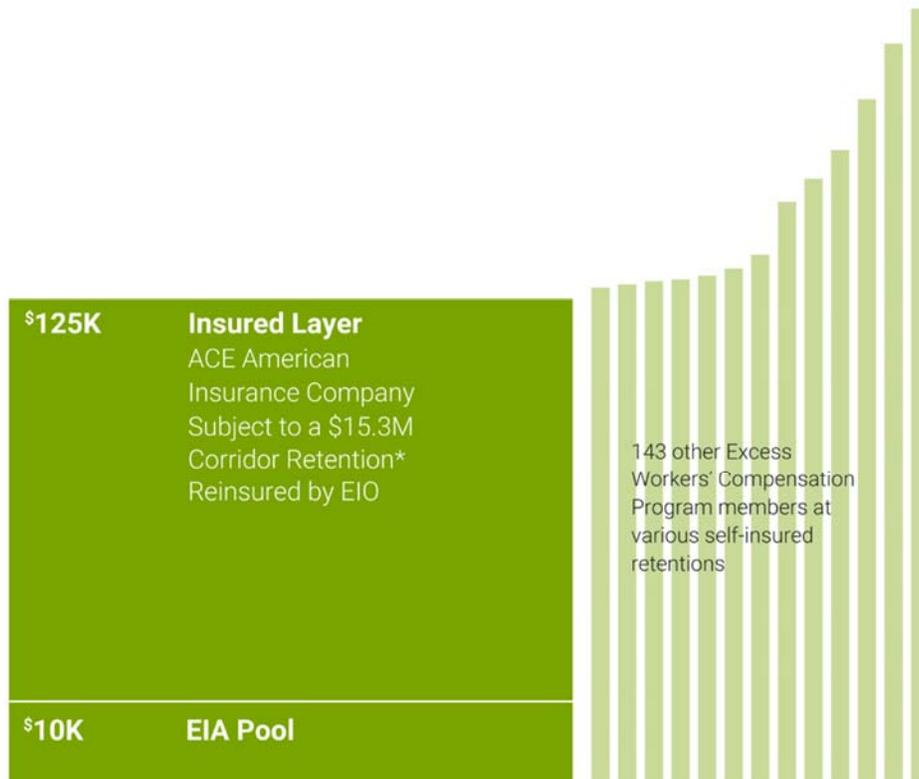
4. Claim Liabilities (continued)

A. Primary Workers' Compensation (continued)

The total exposure to the PWC Program that is considered unrecoverable as of June 30, 2020, is approximately \$779K, discounted, and this amount is included in claim liabilities in the PWC Program. In 2019/20, PWC Committee approved a Loss Portfolio Transfer for Santa Barbara County of approximately 200 claims occurring between 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 two months, May and June 2017, was transferred to the Captive in fiscal year 2016/17. The pro-rated corridor transferred to the Captive for 2017/18 was \$10.9M, 2018/19 a corridor of \$14.3M was transferred to Captive. A corridor of \$15.3M was transferred to the Captive for the 2019/20 year. The corridor will be finalized after the final payroll reporting for 2019/20. The Program has a liability for total claims and ULAE of \$70.1M out of which \$40.2M are ULAE liabilities.

**Statutory — Excess Workers' Compensation Program**



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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

4. Claim Liabilities (continued)

B. Excess Workers' Compensation

PRISM established the Excess Workers' Compensation Program in 1979. The Program covers losses excess of member self-insured retentions 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 below. 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 2010/11-2011/12. 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 is of June 30, 2020, is approximately \$2M, discounted, and this amount is included in claim liabilities and 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 follows:

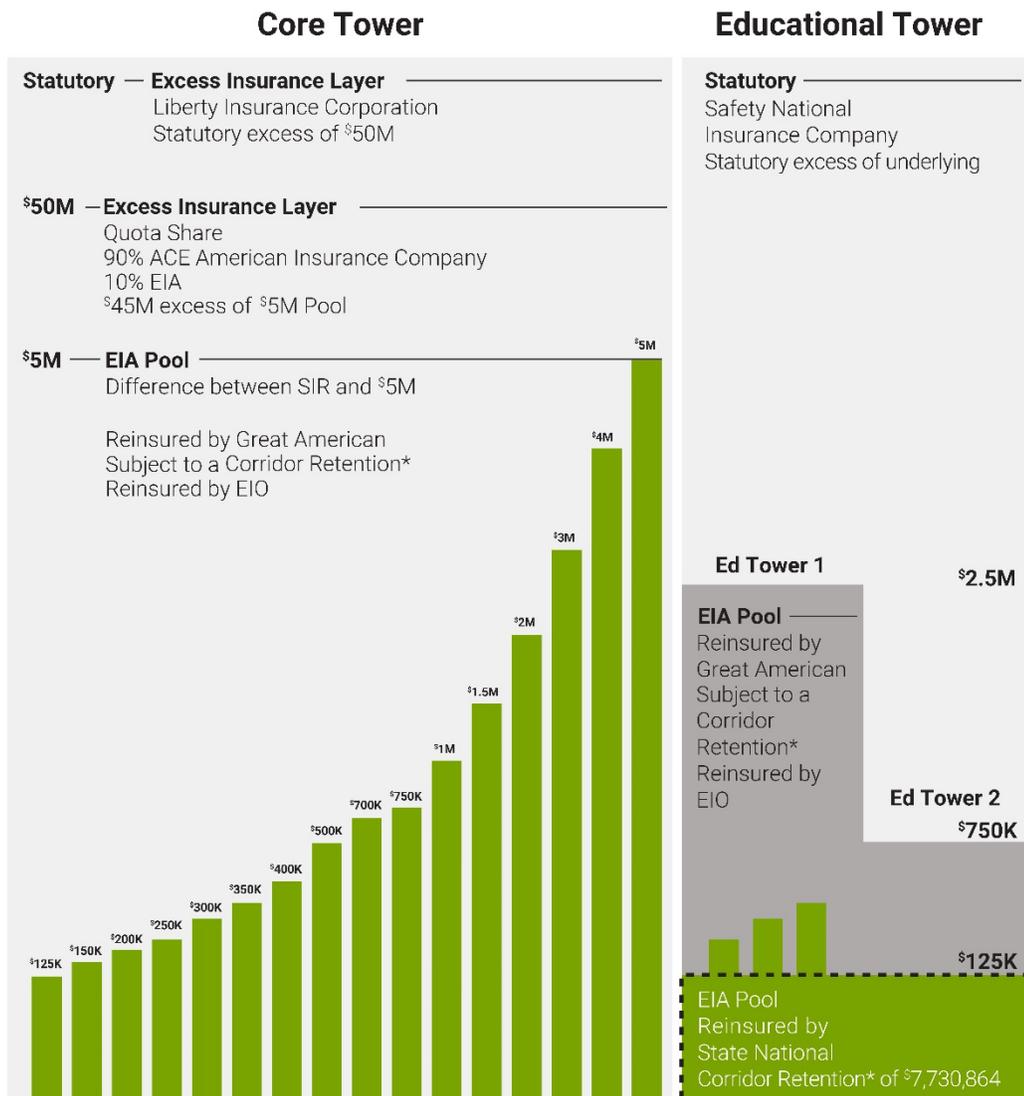
Coverage Period	Pool Layer
November 1, 1979 to October 5, 1993	SIR to \$500k
October 6, 1993 to December 31, 1994	SIR to \$750k
January 1, 1995 to June 30, 2002	SIR to \$300k
July 1, 2002 to June 30, 2008	SIR to \$5M
July 1, 2008 to June 30, 2010	SIR to \$5M: Reinsured SIR to \$1M 30%-PRISM; 70% - American 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 the EIO. Educational Tower SIR to \$2.5M/\$500k: \$10.4M aggregate corridor transferred to the EIO. \$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 the EIO. Educational Tower- corridor for the primary layer of \$16.4M transferred to the EIO. \$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 the EIO. Educational Tower CSU primary layer - corridor for the primary layer of \$7.1M transferred to the EIO.
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 the EIO. Educational Tower CSU primary layer - corridor for the primary layer of \$7.7M transferred to the EIO.
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 the EIO. Educational Tower CSU primary layer - corridor for the primary layer of \$5.8M transferred to the EIO.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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 \$49,935,359 (does not include primary <\$125k layer).

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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 \$1.1M in a corridor risk transferred to the Captive and reinsured the risk with Berkeley in 2019/20.

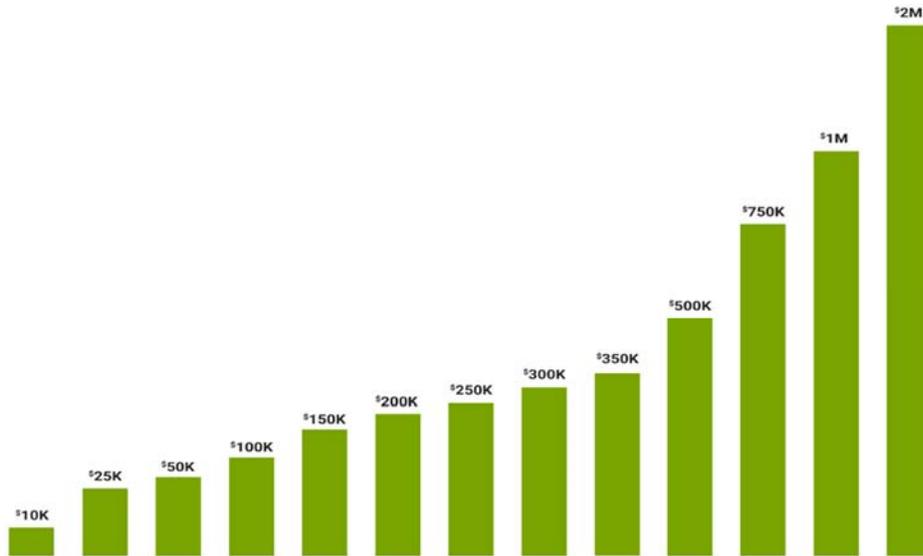
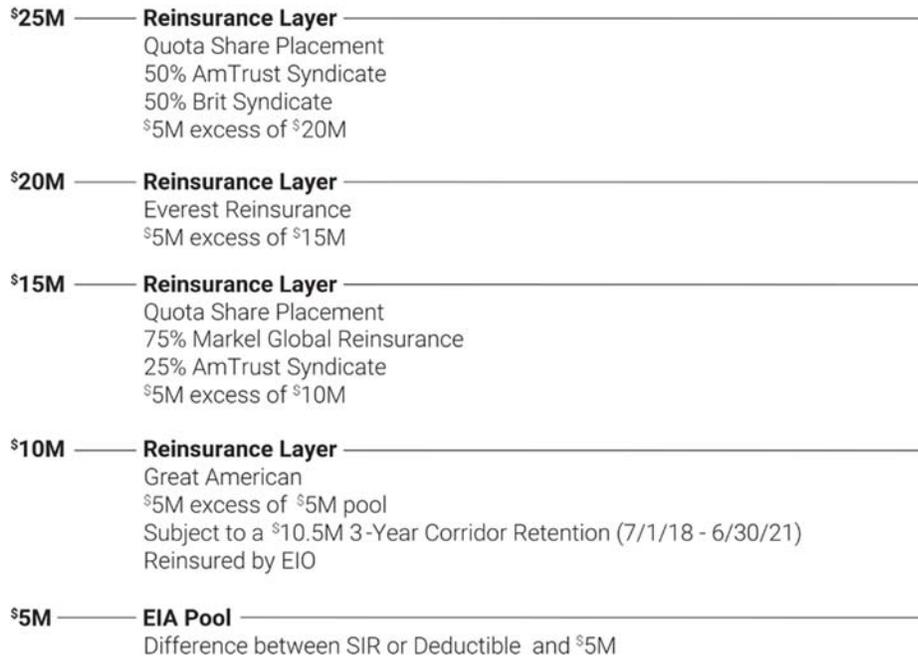
For the rest of the GL1 Program, each member maintains a SIR between \$25k and \$1M. The pool retains the responsibility for claims in excess of each member's SIR up to \$5M and purchases reinsurance from \$5M up to \$25M. In the first reinsurance layer (from \$5M to \$10M), the Program is responsible 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. 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 Loss Portfolio Transfer (LPT) transaction with MultiStrat Re (MS Re). This arrangement transfers the Program's pool 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 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.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

4. Claim Liabilities (continued)

C. General Liability 1 (continued)

The chart below shows the current structure of the Program.



\*48 GL1 Program members purchase additional limits through the Optional Excess Liability Program.  
 \*24 GL1 Program members participate in the Deductible Buy Down Option at a \$10K Deductible.

[Chart not to scale]

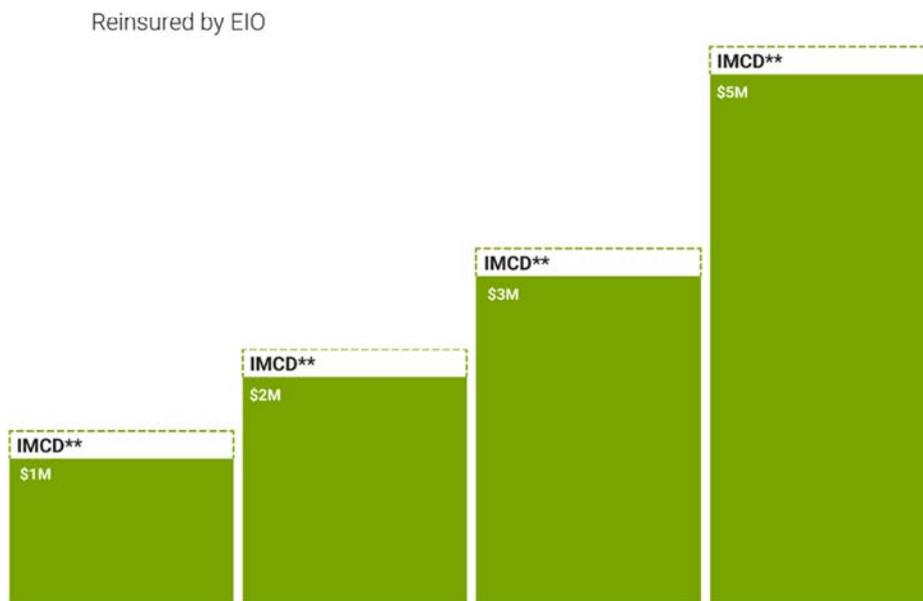
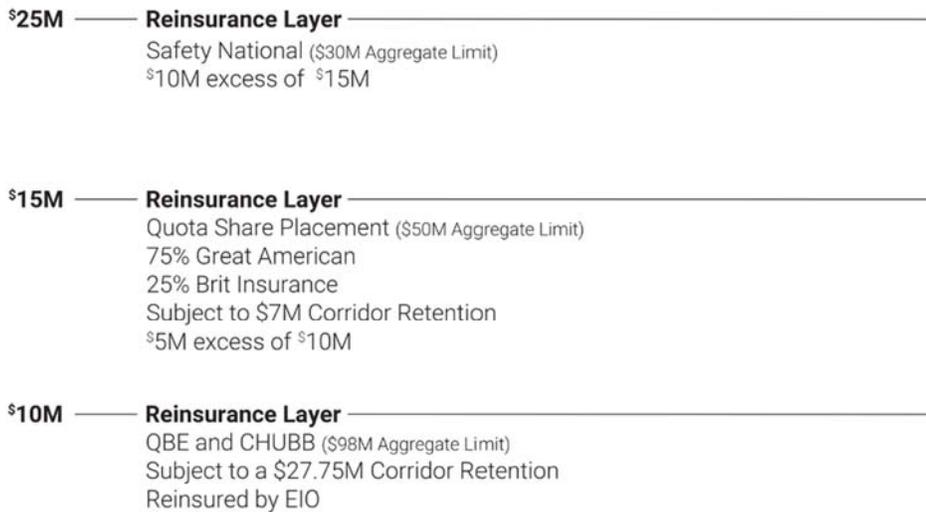
**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

4. Claim Liabilities (continued)

D. General Liability 2

The GL2 Program was designed to meet the liability insurance needs of the larger members and began 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. During the 2019/20 renewal, the Program also retained two corridor retentions in the \$5M to \$10M and the \$10M to \$15M layers for a total of \$34.8M . These corridors have been transferred to the Captive.

The chart below shows the current structure of the Program.



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

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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

4. Claim Liabilities (continued)

E. Property

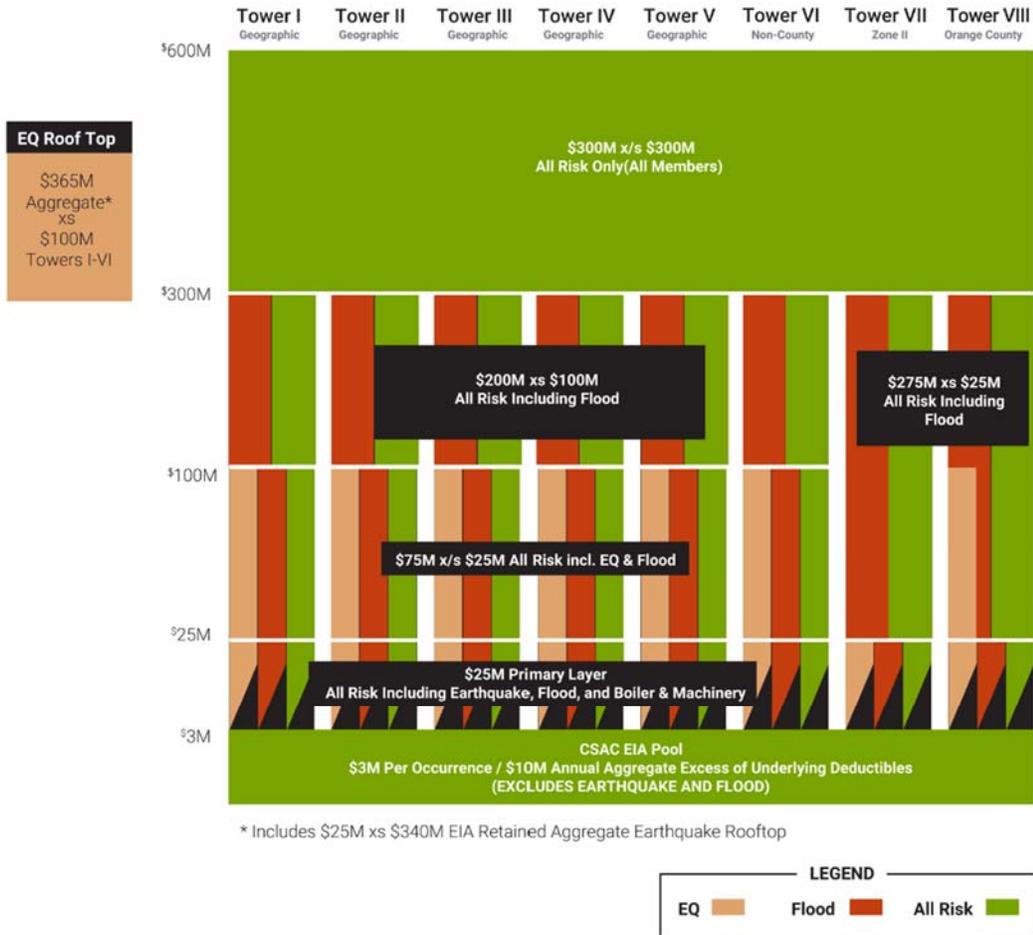
PRISM's Property Program was established to allow members to group purchase primary and excess property insurance. The coverage provides all risk, flood, boiler and machinery, and earthquake limits. The Program is separated into 8 Towers, as shown in the following chart. These Towers serve to diversify 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 Lexington. 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 \$20M 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 flood pool to fund the Program's earthquake and flood deductibles. In the 2019/20 and 2020/21 year renewals, members were charged \$6M to fund the pool. As of June 30, 2020, PRISM has partially funded the \$30M goal for the catastrophic risk pool, with \$28.7M total funds in the pool.

Excess of PRISM's deductible and Lexington'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, 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.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

4. Claim Liabilities (continued)  
E. Property



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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

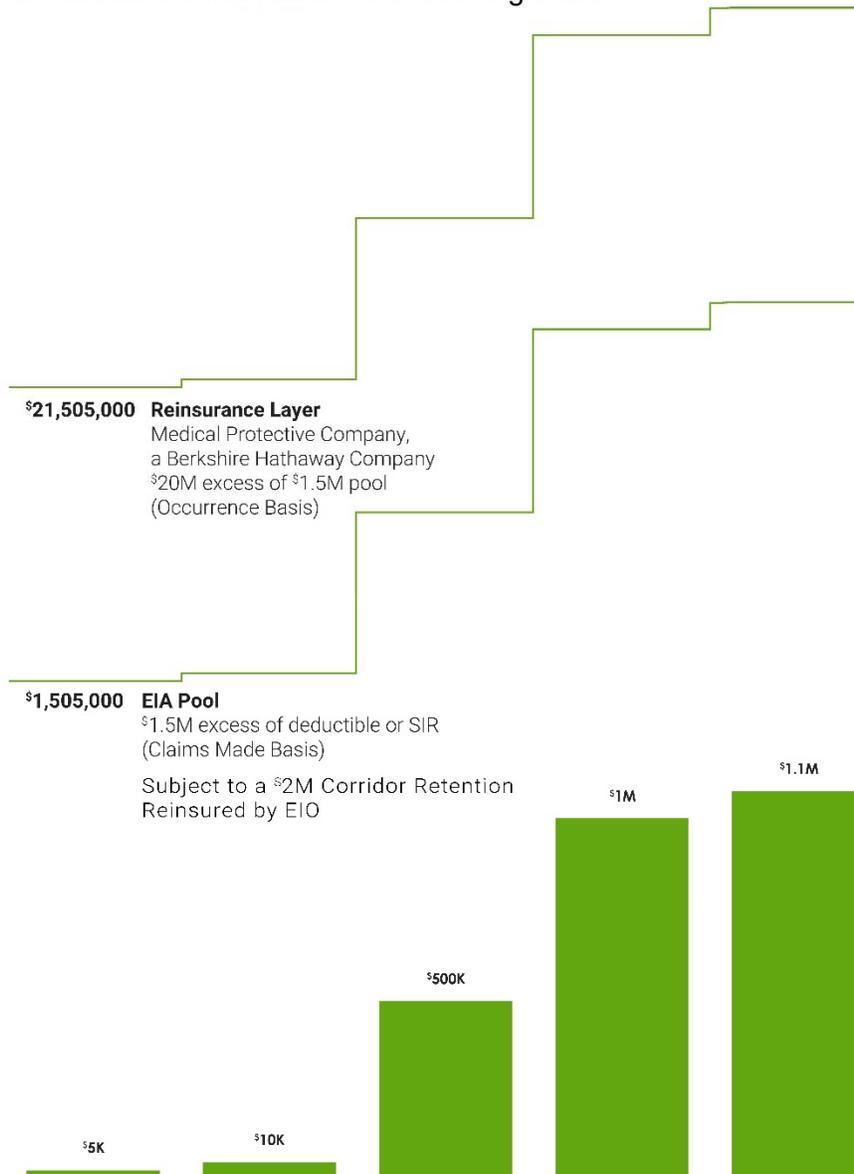
4. Claim Liabilities (continued)

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 two 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:



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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, 2020 and June 30, 2019 of \$1.8M and \$1.9M, respectively, are undiscounted and are considered short term.

H. Captive

Total claim liabilities of the Captive, as of June 30, 2020, of \$356.6M have been presented at the net present value of \$319.1M using a 2.7% discount rate. On June 30, 2019 total claims liabilities of \$247.3M have been presented at the net present value of \$215M using 3.45% Discount rate.

5. GL1 Los Portfolio Transfer (LPT)

The General Liability 1 (GL1) Program faced its own challenges due to a sudden increase in loss development from calendar year 2018. In response to the adverse loss development and the deterioration of the Program's net position, the PRISM Board approved a Loss Portfolio Transfer (LPT) deal. The transaction, effective April 1, 2019, transfers the Program's liabilities to a reinsurer, MultiStrat Re (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 actuarial calculations, although it is expected that ultimately the total payments will be \$570.4M for the entire period, much of the payment total will be made on claims incurred in future program years (2020-21 to 2023-24). Only \$241.2M of the payments are associated with claims incurred in the 2007/08 to 2019/20. The discounted value of these payments is \$227.2M. In addition, the discounted value of claims of \$3M in PRISM experience account and \$20.5M in PRISM Corridor 2 are included in PRISM claims liabilities, as of June 30, 2020. The claims liabilities of \$78.8M in PRISM 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 \$227M, out of which \$159.5M was paid to MS Re and \$67.5M was paid to the Captive for the corridor that was transferred as explained below. Additionally, a rate credit of \$16.9M is recorded as an offset to the premium expense.

Breakdown of the layers is as follows:

<b>Layer</b>	<b>Layer Limit</b>	<b>Expected Payments as of June 30, 2019</b>	<b>Expected Payments as of June 30, 2020</b>
MsRe Reinsurance 1	\$ 170,631,620	\$ 170,631,620	\$ 170,631,620
PRISM Corridor 1 *	307,570,718	291,400,000	307,570,718
PRISM Experience Account	15,000,000	15,000,000	15,000,000
MsRe Reinsurance 2	17,500,000	11,149,508	17,500,000
PRISM Corridor 2	Unlimited	-	59,692,000
<b>Total</b>		<b>\$ 488,181,128</b>	<b>\$ 570,394,338</b>

\* PRISM Corridor 1 has been transferred to the EIO.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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

A. Structure of the LPT (continued)

Per the updated actuarial estimates, as of June 30, 2020, MS Re will cover the first \$170.6M in the claim payments, after which PRISM Corridor 1 will cover the next \$307.64M. This corridor is transferred to the Captive for a premium of \$67.5M for all claims from July 1, 2007 to June 30, 2020. 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 \$3M in PRISM experience account are included in PRISM claims liabilities as of June 30, 2020. Once PRISM experience account is exhausted, MS Re will cover the next \$17.5M in claim payments after which PRISM Corridor 2 kicks in with unlimited liability. The actuarially calculated liability in PRISM Corridor 2 has increased from \$0 to \$20.5M at June 30, 2020. Although it is expected that ultimately the total payments will be \$570.4M, 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 is recorded as payable to MS Re, as of June 30, 2019. Only \$159.5M of this amount is related to claims from July 1, 2007 to June 30, 2020. Therefore, a corresponding prepaid asset of \$32M is recognized at June 30, 2020. Additionally, \$67.5M is recorded premium expense to the Captive (and eliminated upon consolidation with PRISM) for discounted value of \$78.8M for the PRISM Corridor 1 liabilities at June 30, 2020.

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 \$16.9M that is the present value of this rate credit, as of June 30, 2020. Correspondingly, the same amount is recorded as a reduction to premium in 2018/19 and 2019/20 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:

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**6. Capital Assets (continued)**

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2020</u>
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
<b>Depreciable Assets:</b>							
Buildings and Tenant Improvements	8,117,591	(9,865)	-	8,107,726	128,702	-	8,236,428
Furniture and Equipment	1,538,419	330,590	(592,212)	1,276,797	69,616	(16,173)	1,330,240
Software	4,838,124	666,594	(398,885)	5,105,833	1,118,099	-	6,223,932
Total Depreciable Assets	<u>14,494,134</u>	<u>987,319</u>	<u>(991,097)</u>	<u>14,490,356</u>	<u>1,316,417</u>	<u>(16,173)</u>	<u>15,790,600</u>
<b>Less Accumulated Depreciation:</b>							
Buildings and Tenant Improvements	(2,258,916)	(263,417)	-	(2,522,333)	(272,552)	-	(2,794,885)
Furniture and Equipment	(1,229,058)	(93,405)	592,212	(730,251)	(143,097)	16,173	(857,175)
Software	(1,801,118)	(763,417)	398,885	(2,165,651)	(797,805)	-	(2,963,456)
Total Accumulated Depreciation	<u>(5,289,092)</u>	<u>(1,120,239)</u>	<u>991,097</u>	<u>(5,418,235)</u>	<u>(1,213,454)</u>	<u>16,173</u>	<u>(6,615,516)</u>
<b>Net Depreciable Assets:</b>							
Buildings and Tenant Improvements	5,858,675	(273,282)	-	5,585,393	(143,850)	-	5,441,543
Furniture and Equipment	309,361	237,185	-	546,546	(73,481)	-	473,065
Software	3,037,006	(96,823)	-	2,940,182	320,294	-	3,260,476
Net Depreciable Assets	<u>9,205,042</u>	<u>(132,920)</u>	<u>-</u>	<u>9,072,121</u>	<u>102,963</u>	<u>-</u>	<u>9,175,084</u>
Net Land, Buildings and Equipment	<u>\$ 10,205,042</u>	<u>\$ (132,920)</u>	<u>\$ -</u>	<u>\$ 10,072,121</u>	<u>\$ 102,963</u>	<u>\$ -</u>	<u>\$ 10,175,084</u>

**7. Operating Leases**

PRISM has occupied 59% of its two story building at 75 Iron Point Circle, leased out 38% and has 3% vacant space at June 30, 2020. 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 \$960.7k with accumulated depreciation of \$851k. The cost of the building and improvements under lease is \$4.2M with accumulated depreciation of \$1.5M. The following is the schedule of lease revenue receivable under these operating leases for the next five years:

2021	\$	347,974
2022		339,465
2023		343,657
2024		347,975
2025		313,398
Total	\$	<u>1,692,469</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 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 Plans. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the Plans. This report is available at the CalPERS' website: [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

8. Employee Retirement System (continued)

A. General Information about the Pension Plan

Benefits Provided

The benefits for the Plans 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 five 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, 2020, the following employees were covered by the benefit terms:

Active members	81	
Inactive members receiving benefits	9	
Total	90	

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 Plans' actuarially determined rate is based on the estimated amount necessary to pay the Plans' 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, 2019 (the measurement date) was 11.12% and 7.191% of annual pay for the Classic and PEPRA plans respectively.

For the year ended June 30, 2020, the legally required contributions were \$792,370. Legally required contribution for June 30, 2019 was \$656,865. The required contribution for the 2019/20 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, 2019.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

8. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

Actuarial Assumptions

For the measurement period ended June 30, 2019 (the measurement date), the Total Pension Liability (TPL) was determined by rolling forward the June 30, 2018 TPL. The June 30, 2019 and June 30, 2018 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

In 2018, demographic assumptions and inflation rate were changed in accordance the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in discount rate.

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, 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-

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

8. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

block approach. Using the expected nominal returns for both short-term and long-term, 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.

Asset Class <sup>1</sup>	Current Target Allocation	Real Return Years 1 - 10 <sup>2</sup>	Real Return Years 11 <sup>+3</sup>
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 CAFR, 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 2.0% 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, 2019 measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

8. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

For the measurement date June 30, 2018, the following presents the net pension asset (liability) of the plan calculated using the discount rate 7.15 percent, as well as what the net pension asset (liability) would be if it were calculated using discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate.

6/30/2018 Measurement Date	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Plan Net Pension (Liability)/Asset	\$ (2,296,415)	\$ (1,429,650)	\$ 714,150

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

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:

	<u>2019 - 2020 Fiscal Year</u>	<u>2018 - 2019 Fiscal Year</u>
Valuation Date	June 30, 2018	June 30, 2017
Measurement Date	June 30, 2019	June 30, 2018
Measurement Period	June 30, 2018 to June 30, 2019	June 30, 2017 to June 30, 2018

At June 30, 2020, PRISM reported a Net Pension Liability (NPL) of \$1,930,418 and \$1,429,650 at June 30, 2019 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, 2019. The Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation, as of June 30, 2018, rolled forward to June 30, 2019 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 0.048206% for the Classic Plan and PEPRA Plan combined. PRISM's proportionate share of the NPL for PERF C and PEPRA combined as of June 30, 2018 was 0.037935%.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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	92,051	(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	-
<b>Total</b>	<b>\$ 1,688,301</b>	<b>\$ (325,407)</b>

The \$792,370 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, 2021.

At June 30, 2020, 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>
2020	\$ 356,951
2021	165,999
2022	40,754
2023	6,820
<b>Total</b>	<b>\$ 570,524</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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, 2019, PRISM recognized a pension expense of \$729,961. At June 30, 2018, 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	\$ 54,853	\$ (18,666)
Changes in Assumptions	162,984	(39,944)
Net Difference between Projected and Actual Earnings on Pension Plan investments	7,068	-
Change in Proportions	312,009	-
Change in Proportionate share of Contributions	-	(127,176)
Contributions Subsequent to Measurement Date	656,865	-
<b>Total</b>	<b>\$ 1,193,779</b>	<b>\$ (185,786)</b>

The \$656,865 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, 2020.

At June 30, 2019, other amounts reported as deferred outflows/inflows of resources related to pensions was recognized ad pension expense as follows:

<b>Measurement Period Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2019	\$ (9,163)
2020	265,269
2021	107,881
2022	(12,859)
<b>Total</b>	<b>\$ 351,128</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

9. Other Postemployment Benefits (OPEB)

A. Plan Description

PRISM's defined benefit Other Post Employment Benefit Plan (OPEB), 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 below. Retirees, or their beneficiaries, are responsible for the remaining balance of their monthly health care cost.

Calendar Year 2017	\$128.00 per month
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
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, 2019, the following 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 below:

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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 \$728,262 as of June 30, 2020 and \$601,102 as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation, as of June 30, 2019.

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, 2019
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of Assets
Long Term Return on Assets	7.15% for explicit liabilities and 3.13% for implicit as of June 30, 2019
Long Term Return on Assets	7.28% for explicit liabilities and 3.62% for implicit as of June 30, 2018
Discount Rates	subsidy as of June 30, 2019
Municipal Bond Rate	Fidelity Municipal Bond AA 20 Year Maturity Yield
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 dependents are valued. No future entrants were considered in the valuation.

Changes in Assumptions

Discount Rates

Decreased from 7.28% to 7.15% for explicit subsidy liabilities (7.05% to determine ADCs), based on updated long-term return projections from CERBT.

Decreased from 3.62% to 3.13% for implicit subsidy liabilities, based on the change in the Fidelity Municipal Bond AA 20 Year Maturity Yield index.

Demographic Assumptions

Assumed mortality, termination, and retirement rates were updated from those provided in the 2014 experience study report to those provided in the 2017 experience study report of CalPERS. In our opinion, PRISM's plan population would not produce credible rates based only solely on its experience. We believe rates from the CalPERS experience study provide a reasonable estimate of PRISM's future demographic experience.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

9. Other Postemployment Benefits (OPEB) (continued)

B. Net OPEB Liability (continued)

Other Changes

- General Inflation Rate Decreased from 2.75% to 2.5% per year
- Salary Decreased from 3.25% to 3.0% per year
- Medical Trend Updated to use the Getzen healthcare trend model sponsored by the Society of Actuaries
- Dental and Vision Trend Decreased from 4.5% to 3.0% per year
- Excise tax on High-cost Coverage excluded from the results given the December 2019 repeal of this provision of the Affordable Care Act

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% and 3.13% for the explicit and implicit portions, respectively. 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 actuarially determine 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 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 the California Public Employees Retirement System 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 2018 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 claims 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 Increases</b>	<b>Effective January 1</b>	<b>Premium Increases</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 or later	4.00%

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

9. Other Postemployment Benefits (OPEB) (continued)

C. Changes in the Net OPEB Liability

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

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at fiscal year ending June 30, 2019</b>	\$ 1,436,278	\$ 835,176	\$ 601,102
Measurement date 6/30/18			
Changes during the period			
Service Cost	162,744	-	162,744
Interest	81,742	-	81,742
Investment Income	-	51,551	(51,551)
Employer Contributions	-	33,583	(33,583)
Changes in Benefit terms	-	-	-
Administrative Expenses	-	(179)	179
Benefit Payments	(33,583)	(33,583)	-
Assumptions Changes	(32,915)	-	(32,915)
Plan experience	544	-	544
<b>Net Change in Fiscal Year</b>	<b>178,532</b>	<b>51,372</b>	<b>127,160</b>
<b>Balance at fiscal year ending June 30, 2020</b>	<b>\$ 1,614,810</b>	<b>\$ 886,548</b>	<b>\$ 728,262</b>
Measurement date 6/30/19			

Net OPEB Liability for Fiscal year June 30, 2019 is \$601,102, a decrease of \$222,170 compared to June 30, 2018.

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at fiscal year ending June 30, 2018</b>	\$ 1,481,732	\$ 658,460	\$ 823,272
Measurement date 6/30/17			
Changes during the period			
Service Cost	188,704	-	188,704
Interest	77,753	-	77,753
Employer Contributions	-	150,165	(150,165)
Investment Income	-	52,441	(52,441)
Investment Experience	-	511	(511)
Assumptions Changes	(286,746)	-	(286,746)
Benefit Payments	(25,165)	(25,165)	-
Administrative expenses	-	(365)	365
Other Expenses	-	(871)	871
<b>Net Change in Fiscal Year</b>	<b>(45,454)</b>	<b>176,716</b>	<b>(222,170)</b>
<b>Balance at fiscal year ending June 30, 2019</b>	<b>\$ 1,436,278</b>	<b>\$ 835,176</b>	<b>\$ 601,102</b>
Measurement date 6/30/18			

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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, 2020:

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

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 2019:

	<b>1% Decrease</b> <b>6.28%</b>	<b>Discount Rate</b> <b>7.28%</b>	<b>1% increase</b> <b>8.28%</b>
Net OPEB Liability	\$ 801,447	\$ 601,102	\$ 433,073

The net OPEB liability is sensitive to changes in the healthcare cost trend rates. The following presents the total OPEB liability of PRISM, as well as what PRISM's total 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</b> <b>4.40%</b>	<b>Current Medical Trend</b> <b>5.40%</b>	<b>Medical Trend</b> <b>6.40%</b>
Net OPEB Liability	\$ 491,015	\$ 728,262	\$ 1,025,075

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates as of June 30, 2019 is shown below:

	<b>Medical Trend</b> <b>7.00%</b>	<b>Current Medical Trend</b> <b>8.00%</b>	<b>Medical Trend</b> <b>9.00%</b>
Net OPEB Liability	\$ 354,621	\$ 601,102	\$ 975,745

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

9. Other Postemployment Benefits (OPEB) (continued)

D. OPEB Expense and Deferred Outflow and Inflow of Resources Related to OPEB

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 Outflow of Resources		(Deferred Inflow) of Resources		Total	
	Explicit	Implicit	Explicit	Implicit	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of assumptions	\$ -	\$ 122,898	\$ (466,197)	\$ (29,458)	\$ -	\$ (372,757)
Net Difference between expected and actual experience	-	-	(7,810)	-	-	(7,810)
Difference between expected and actual 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>

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 (Explicit)	Recognized Net Deferred Outflows (Inflows) of Resources (Implicit)	Total
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)

For the year ended June 30, 2019, PRISM recognized an OPEB expense of \$164,158. At June 30, 2019, PRISM reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources		Deferred Inflow of Resources		Total	
	Explicit	Implicit	Explicit	Implicit	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of assumptions	\$ -	\$ 74,610	\$ 427,887	\$ 33,527	\$ -	\$ 386,804
Net Difference between projected and actual earnings on investments	-	-	22,755	-	-	22,755
Contributions made subsequent to the measurement date	20,366	13,217	-	-	33,583	-
	<u>\$ 20,366</u>	<u>\$ 87,827</u>	<u>\$ 450,642</u>	<u>\$ 33,527</u>	<u>\$ 33,583</u>	<u>\$ 409,559</u>

The \$33,583 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, 2020.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

9. Other Postemployment Benefits (OPEB) (continued)

D. OPEB Expense and Deferred Outflow and Inflow of Resources Related to OPEB (continued)

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 (Implicit)	Total
2020	\$ (55,100)	\$ 4,006	\$ (51,094)
2021	(55,100)	4,006	(51,094)
2022	(55,100)	4,006	(51,094)
2023	(47,654)	4,006	(43,648)
2024	(47,550)	4,006	(43,544)
Thereafter	(190,137)	21,053	(169,084)

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. Reliance Bankruptcy

PRISM has purchased insurance, and reinsurance, policies with Reliance Insurance Company. On May 29, 2001, Reliance was taken over by the State of Pennsylvania Insurance Department and is in the process of being liquidated. The State of Pennsylvania Department of Insurance was appointed as the liquidator. PRISM had coverage with Reliance for three of its programs: EWC, PGL, and Medical Malpractice. Although PRISM paid PGL and EWC claims that would have been covered by Reliance, PRISM is no longer pursuing any claims in bankruptcy. PRISM has received \$1.8M in recovery of EWC and Medical Malpractice claims, to resolve all outstanding claims against Reliance in this program.

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. 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 \$779k, 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 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 \$2M, discounted, and this amount is included in claim liabilities in the EWC Program.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

12. Litigation

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 has litigation pending against the builder to recover the amounts expended. The March 2020 trial date was continued because additional parties were added as Defendants. At this point, a new trial date has not been set. We are hopeful that a mediation will take place between all parties within the next three months.

13. Risk and Uncertainties

On March 11, 2020, the World Health Organization characterized coronavirus (COVID-19) as a pandemic, and on March 13, 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, including mandatory business closures. These measures are designed to protect the overall public health, however are expected to have material adverse impacts on domestic and foreign economies and may result in the United States entering a period of recession.

As a result of COVID-19, 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.

**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**As of June 30, 2020**  
**10 Year Schedule\***

	<b>Measurement Date</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
PRISM's proportion of the net pension liability	0.048206%	0.037935%	0.040671%	0.031435%	0.073809%	0.032050%
Proportionate share of the net pension liability	\$1,930,418	\$1,429,650	\$1,603,286	\$1,092,027	\$2,024,929	\$1,994,562
Covered payroll	\$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	24.66%	20.07%	24.89%	20.04%	41.12%	49.15%
Plan fiduciary net position as a percentage of the total liability	75.26%	75.26%	73.31%	78.40%	78.40%	83.03%

\* Fiscal year 2015 was the first year of implementation, therefore only 6 years are shown

**Notes to Schedule**

1. There were no changes to benefit terms during the measurement period ended June 30, 2019

**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**Required Supplementary Information**  
**Schedule of Pension Plan Contribution**  
**As of June 30, 2020**  
**10 Year Schedule\***

	Fiscal Year					
	2019/20	2018/19	2017/18	2016/17	2015/2016	2014/2015
Contractually Required Contribution (Actuarially Determined Contribution)	\$ 792,370	\$ 656,865	\$ 612,233	\$ 551,010	\$ 533,877	\$ 587,253
Contributions in Relation to the Contractually Required Contributions	792,370	656,865	612,233	551,010	533,877	587,253
Contributions Deficiency (Excess)	-	-	-	-	-	-
Covered Payroll	\$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	10.67%	8.39%	8.59%	8.55%	9.80%	11.92%

\* Fiscal year 2015 was the first year of implementation, therefore only 6 years are shown

**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**Required Supplementary Information**  
**Schedule of Changes in the Net OPEB Liability & Related Ratios**  
**As of June 30, 2020**  
**Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 162,744	\$ 188,704	\$ 208,154
Interest Cost	81,742	77,753	64,420
Changes in Assumptions	(32,915)	(286,746)	(159,144)
Benefit payments	(33,583)	(25,165)	(20,480)
Differences between expected and actual experience	544	-	-
	<hr/>	<hr/>	<hr/>
<b>Net change in total OPEB Liability</b>	178,532	(45,454)	92,950
<b>Total OPEB Liability - Beginning</b>	1,436,278	1,481,732	1,388,782
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 1,614,810</u>	<u>\$ 1,436,278</u>	<u>\$ 1,481,732</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 33,583	\$ 150,165	\$ 56,127
Net investment income	51,551	52,952	60,789
Benefit payments	(33,583)	(25,165)	(20,480)
Administrative Expenses	(179)	(365)	(307)
Other Expenses	-	(871)	-
	<hr/>	<hr/>	<hr/>
<b>Net Change in plan fiduciary net position</b>	51,372	176,716	96,129
<b>Plan Fiduciary net position - Beginning</b>	835,176	658,460	562,331
<b>Plan Fiduciary net position - Ending (b)</b>	<u>\$ 886,548</u>	<u>\$ 835,176</u>	<u>\$ 658,460</u>
<b>Net OPEB Liability (a)-(b)</b>	\$ 728,262	\$ 601,102	\$ 823,272
<b>Plan fiduciary net position as a percentage of the total OPEB Liability</b>	55%	58%	44%
<b>Covered payroll</b>	\$ 7,603,069	\$ 7,828,396	\$ 7,123,473
<b>Net OPEB Liability as a percentage of covered employee payroll</b>	10%	8%	12%

\* Fiscal year 2018 was the 1st year of implementation.

**Notes to Schedule:**

Changes of Assumptions:

There were no benefit changes for the 2019 Valuation

The discount rate used to measure the total OPEB liability was 7.15% and 3.13% for the explicit and implicit portions, respectively.

**Schedule of Contributions**  
**Schedule of the PRISM's OPEB Contributions**  
**As of June 30, 2020**  
**Last 10 Fiscal Years\***

	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2018</b>
Actuarially determined contribution (ADC)			
Explicit ADC	\$ 40,441	\$ 36,039	\$ 44,616
Implicit ADC	134,915	127,677	114,616
<b>Total ADC</b>	<b>\$ 175,356</b>	<b>\$ 163,716</b>	<b>\$ 159,232</b>
Explicit Contributions	\$ 292,488	\$ 20,366	\$ 144,990
Implicit Contributions	14,875	13,277	5,175
<b>Total Contributions</b>	<b>\$ 307,363</b>	<b>\$ 33,643</b>	<b>\$ 150,165</b>
Contribution deficiency (excess) relative to the total ADC	<b>\$ (132,007)</b>	<b>\$ 130,073</b>	<b>\$ 9,067</b>
Covered Payroll	\$ 7,426,247	\$ 7,828,396	\$ 7,123,473
Contributions as % of Covered Payroll	4.14%	0.43%	2%
Contributions deficiency (excess) relative to the Explicit ADC only	\$ (252,047)	\$ 15,673	\$ (100,374)

\* Fiscal year 2018 was the first year of implementation

**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 while June 30, 2020 rates are calculated based on June 30, 2019 valuation.

**Methods and assumptions used:**

Discount Rate	7.05%
Actuarial Cost method	Entry age
Amortization method	Level dollar payment
Amortization period	18 Year closed
Asset Valuation method	Market value of assets
Inflation	2.50%
Healthcare cost trend rates	5.4% in 2021 to 4% in 2076 in periodic steps of .1%
Salary increases	3.00% per year
Retirement age	Age 50 (age 52 if a miscellaneous employee hired after 1/1/2013)
Mortality	CalPERS 2017 Experience Study
Mortality Improvement	MacLeod Watts Scale 2018 generationally

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**RECONCILIATION OF UNPAID CLAIMS LIABILITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability 1	General Liability 2	Property	Medical Malpractice	Dental	EIO Captive	Total June 30, 2020	Total June 30, 2019
Unpaid Claims and Claim Adjustment Expenses at the										
A. Beginning of the Fiscal Year	\$ 59,558,873	\$ 229,358,605	\$ 6,162,305	\$ 1,394,812	\$ 415,369	\$ 24,563,581	\$ 1,919,406	\$ 215,032,671	\$ 538,405,622	\$ 664,459,654
Incurred Claims and Claim Adjustment Expenses:										
Provision for Claims										
Current Fiscal Year	7,718,001	813,850	-	98,000	(157,369)	8,904,386	29,603,710	115,460,318	162,440,896	146,337,349
Prior Fiscal Years	12,544,729	11,694,006	21,346,078	-	-	4,945,903	-	47,050,567	97,581,283	(50,526,061)
B. Total Incurred	20,262,730	12,507,856	21,346,078	98,000	(157,369)	13,850,289	29,603,710	162,510,885	260,022,179	95,811,288
Payments:										
Attributable to insured events of the										
Current Fiscal Year	3,629,684	-	-	-	-	-	29,675,991	15,800,219	49,105,894	53,412,524
Prior Fiscal Years	6,136,044	35,148,268	257,811	351,812	250,000	8,609,436	-	42,599,930	93,353,301	168,452,796
C. Total Payments	9,765,728	35,148,268	257,811	351,812	250,000	8,609,436	29,675,991	58,400,149	142,459,195	221,865,320
Total Unpaid Claims and Claim Adjustment Expenses at										
D. End of the Fiscal Year (A+B-C)	\$ 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
Claims Reported	\$ 19,875,915	\$ 165,132,863	\$ 1,767,820	\$ -	\$ -	\$ 13,777,191	\$ 1,847,125	\$ 145,283,806	\$ 347,684,720	\$ 302,531,443
Claims Incurred But Not Reported	9,997,960	36,321,330	23,915,752	-	-	15,245,243	-	173,859,601	259,339,886	186,340,179
Unallocated Loss Adjustment Expenses	40,182,000	5,264,000	1,567,000	1,141,000	8,000	782,000	-	-	48,944,000	49,534,000
Total Claim Liabilities	\$ 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
Current Claim Liabilities	\$ 5,337,000	\$ 28,200,000	\$ 552,000	\$ -	\$ -	\$ 6,859,000	\$ 1,847,125	\$ 69,557,000	\$ 112,352,125	\$ 114,186,587
Noncurrent Claim Liabilities	64,718,875	178,518,193	26,698,572	1,141,000	8,000	22,945,434	-	249,586,407	543,616,481	424,219,035
Total Claim Liabilities	\$ 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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
SUPPLEMENTAL INFORMATION  
ALL PROGRAMS  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2020**

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)**  
**ALL PROGRAMS**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 233,998,408	\$ 244,018,347	\$ 259,834,782	\$ 287,067,855	\$ 313,043,295	\$ 360,507,933	\$ 471,599,972	\$ 443,313,186	\$ 597,675,648	\$ 606,149,242
Less Ceded	(125,920,763)	(142,320,607)	(135,546,767)	(166,661,324)	(181,299,342)	(197,606,128)	(282,151,364)	(297,116,068)	(310,413,725)	(348,096,613)
Loss Portfolio Transfer	(31,973,798)	(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)
Dividends Declared	-	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)
Investment Earnings	3,435,573	4,049,760	5,384,063	3,799,155	3,728,239	5,169,402	11,158,996	12,155,236	12,575,217	6,945,506
<b>1. Total Revenues Available For Payment of Claims</b>	<b>79,539,420</b>	<b>84,837,681</b>	<b>104,009,008</b>	<b>80,019,491</b>	<b>99,321,216</b>	<b>123,254,050</b>	<b>165,355,841</b>	<b>129,098,564</b>	<b>271,999,023</b>	<b>167,619,922</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>1,600,225</b>	<b>1,427,097</b>	<b>1,913,530</b>	<b>2,764,337</b>	<b>3,120,623</b>	<b>4,509,554</b>	<b>4,993,557</b>	<b>8,929,715</b>	<b>7,960,135</b>	<b>6,728,738</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>214,677,140</b>	<b>217,246,899</b>	<b>226,215,711</b>	<b>256,991,853</b>	<b>290,857,683</b>	<b>328,718,661</b>	<b>445,522,153</b>	<b>469,585,039</b>	<b>498,954,780</b>	<b>511,617,877</b>
	(125,920,763)	(142,320,607)	(135,546,767)	(166,661,324)	(181,210,908)	(197,606,128)	(282,151,364)	(297,116,068)	(310,413,725)	(348,096,613)
	<b>88,756,377</b>	<b>74,926,292</b>	<b>90,668,944</b>	<b>90,330,529</b>	<b>109,646,775</b>	<b>131,112,533</b>	<b>163,370,789</b>	<b>172,468,971</b>	<b>188,541,055</b>	<b>163,521,264</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	31,556,350	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
One Year Later	40,386,985	43,112,132	47,650,221	48,129,843	55,107,212	62,990,323	70,987,228	77,406,457	74,007,811	-
Two Years Later	49,629,509	48,937,969	56,141,733	55,838,278	64,984,162	88,685,970	106,880,592	94,177,491	-	-
Three Years Later	70,179,385	56,857,493	66,795,768	69,238,862	91,256,950	121,100,075	123,574,410	-	-	-
Four Years Later	77,730,591	66,851,630	76,730,519	78,729,022	111,768,089	136,824,899	-	-	-	-
Five Years Later	84,953,804	70,003,396	83,902,984	100,731,441	107,787,847	-	-	-	-	-
Six Years Later	89,875,536	72,850,346	87,848,920	105,302,558	-	-	-	-	-	-
Seven Years Later	92,042,876	74,924,799	90,739,777	-	-	-	-	-	-	-
Eight Years Later	98,928,637	75,918,962	-	-	-	-	-	-	-	-
Nine Years Later	100,019,133	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>57,713,132</b>	<b>104,878,799</b>	<b>108,096,337</b>	<b>133,355,138</b>	<b>229,882,803</b>	<b>180,338,754</b>	<b>245,044,252</b>	<b>219,420,144</b>	<b>136,621,416</b>	<b>54,843,111</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	88,756,377	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
One Year Later	94,312,433	80,331,706	92,306,009	92,687,394	115,831,832	133,962,994	171,585,114	146,440,138	255,246,311	-
Two Years Later	93,948,024	81,126,796	93,008,024	97,238,564	113,158,272	152,739,976	151,894,547	156,054,777	-	-
Three Years Later	101,981,676	80,533,113	98,342,503	100,362,092	126,906,754	142,475,106	150,047,658	-	-	-
Four Years Later	105,384,425	84,551,699	105,222,229	110,051,193	116,585,582	152,017,635	-	-	-	-
Five Years Later	109,966,547	83,762,949	109,914,153	108,190,734	107,185,396	-	-	-	-	-
Six Years Later	113,138,538	87,344,432	98,922,791	108,276,425	-	-	-	-	-	-
Seven Years Later	120,127,371	84,045,654	98,754,638	-	-	-	-	-	-	-
Eight Years Later	118,890,883	81,483,301	-	-	-	-	-	-	-	-
Nine Years Later	116,071,108	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 30,134,506</b>	<b>\$ 9,119,362</b>	<b>\$ 8,253,847</b>	<b>\$ 17,860,205</b>	<b>\$ 6,938,807</b>	<b>\$ 11,362,574</b>	<b>\$ (11,476,242)</b>	<b>\$ (26,028,833)</b>	<b>\$ -</b>	<b>\$ -</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**PRIMARY WORKERS' COMPENSATION PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 44,423,492	\$ 45,874,402	\$ 46,505,776	\$ 52,184,744	\$ 52,591,920	\$ 54,292,222	\$ 66,898,451	\$ 55,273,807	\$ 48,089,020	\$ 46,593,248
Less Ceded	(28,900,823)	(31,324,253)	(32,660,803)	(37,380,293)	(40,948,454)	(42,158,960)	(54,689,379)	(42,939,979)	(35,044,943)	(33,344,193)
Dividends Declared	-	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)
Investment Earnings	582,469	225,476	151,332	-	-	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	16,105,138	14,775,625	13,996,305	14,804,451	11,643,466	12,133,262	12,209,072	12,333,828	11,044,077	11,249,055
2. Less Unallocated Loss Adjustment Expense	1,131,400	1,370,393	1,467,397	2,649,068	2,661,917	3,978,643	4,219,850	8,364,888	7,410,313	6,248,966
3. Estimated Incurred Claims Less Ceded Claims	41,200,715	44,186,253	45,065,803	50,435,293	54,185,020	51,254,960	63,656,379	52,515,979	43,962,943	41,121,193
Net Incurred Claims and Expenses, End of Policy Year	12,299,892	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
4. Cumulative Paid Claims as of:										
End of the Policy Year	6,304,731	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
One Year Later	10,080,439	9,699,440	9,572,554	9,632,916	6,607,142	6,868,677	5,660,241	8,082,907	7,133,410	-
Two Years Later	10,752,137	10,403,922	10,324,845	10,595,000	7,164,498	7,437,056	6,046,567	8,695,460	-	-
Three Years Later	11,004,419	10,648,791	10,647,115	10,903,553	7,424,915	7,672,566	6,163,557	-	-	-
Four Years Later	11,094,997	10,772,427	10,782,525	11,043,935	7,571,974	7,742,115	-	-	-	-
Five Years Later	11,151,713	10,845,816	10,838,835	11,160,798	7,603,551	-	-	-	-	-
Six Years Later	11,192,247	10,930,202	10,870,050	11,217,320	-	-	-	-	-	-
Seven Years Later	11,207,350	10,947,443	10,887,944	-	-	-	-	-	-	-
Eight Years Later	11,260,253	10,976,800	-	-	-	-	-	-	-	-
Nine Years Later	11,293,653	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	33,361,329	34,161,197	32,846,956	33,699,045	33,479,791	34,796,696	26,578,000	39,671,722	22,650,725	11,365,741
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	12,299,892	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
One Year Later	12,700,000	11,441,000	12,595,000	12,382,000	8,222,000	8,226,000	8,563,000	7,782,000	8,813,000	-
Two Years Later	11,815,000	11,397,000	11,445,000	11,735,000	7,792,000	8,526,000	8,328,000	9,814,000	-	-
Three Years Later	11,789,000	11,048,000	11,384,000	11,718,000	8,206,000	8,585,000	6,720,000	-	-	-
Four Years Later	11,500,000	11,022,000	11,233,000	12,094,000	8,253,000	8,292,000	-	-	-	-
Five Years Later	11,450,000	11,220,000	11,903,000	11,816,000	8,089,000	-	-	-	-	-
Six Years Later	11,480,000	12,496,500	11,643,000	11,823,000	-	-	-	-	-	-
Seven Years Later	12,484,500	12,220,500	11,400,000	-	-	-	-	-	-	-
Eight Years Later	12,046,500	12,058,275	-	-	-	-	-	-	-	-
Nine Years Later	11,897,575	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ (253,392)	\$ (641,500)	\$ (762,000)	\$ (1,239,000)	\$ (5,072,000)	\$ (511,000)	\$ (639,000)	\$ (1,794,000)	\$ (105,000)	\$ -

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**EXCESS WORKERS' COMPENSATION PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 52,740,463	\$ 56,601,782	\$ 64,059,430	\$ 77,872,261	\$ 89,669,396	\$ 127,180,087	\$ 127,468,312	\$ 136,582,965	\$ 135,901,948	\$ 139,749,708
Less Ceded	(33,932,092)	(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)
Investment Earnings	2,113,414	2,009,557	3,655,273	2,637,797	2,288,407	3,888,304	1,265,893	872,190	685,441	193,608
<b>1. Total Revenues Available For Payment of Claims</b>	<b>20,921,785</b>	<b>19,910,703</b>	<b>41,244,653</b>	<b>33,061,776</b>	<b>34,759,745</b>	<b>62,809,545</b>	<b>25,860,974</b>	<b>11,771,957</b>	<b>9,392,683</b>	<b>6,897,579</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>374,984</b>	<b>105,910</b>	<b>179,054</b>	<b>(188)</b>	<b>(41,485)</b>	<b>341,203</b>	<b>69,379</b>	<b>-</b>	<b>44,220</b>	<b>43,156</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>51,347,831</b>	<b>47,772,920</b>	<b>43,142,223</b>	<b>60,295,762</b>	<b>80,522,151</b>	<b>106,542,005</b>	<b>117,788,870</b>	<b>125,683,198</b>	<b>128,007,526</b>	<b>134,815,587</b>
Net Incurred Claims and Expenses, End of Policy Year	(33,932,092)	(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)
	17,415,739	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159	14,915,638	-	812,820	1,769,850
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	43,862	23,688	38,785	-	950,641	3,293,817	3,623,460	-	-	-
One Year Later	230,188	329,202	281,003	2,361,141	5,161,301	9,034,334	8,426,745	-	-	-
Two Years Later	627,868	785,063	2,103,809	6,162,084	10,430,178	17,164,800	11,266,723	-	-	-
Three Years Later	1,344,807	1,544,493	4,326,042	10,372,243	21,652,538	25,264,694	12,782,592	-	-	-
Four Years Later	2,074,489	2,305,965	9,927,320	12,944,505	29,973,034	38,263,345	-	-	-	-
Five Years Later	5,609,885	4,081,614	13,746,251	15,745,328	25,919,301	-	-	-	-	-
Six Years Later	6,421,341	5,650,357	16,948,677	20,259,923	-	-	-	-	-	-
Seven Years Later	7,748,121	6,450,365	19,821,641	-	-	-	-	-	-	-
Eight Years Later	12,169,466	7,410,436	-	-	-	-	-	-	-	-
Nine Years Later	13,226,504	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>79,385</b>	<b>5,659,816</b>	<b>25,513,447</b>	<b>38,549,633</b>	<b>60,653,584</b>	<b>70,800,144</b>	<b>77,795,470</b>	<b>69,928,033</b>	<b>68,308,882</b>	<b>30,009,370</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	17,415,739	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159	14,915,638	-	812,820	1,769,850
One Year Later	18,075,962	9,517,002	18,675,566	14,275,787	30,278,418	39,483,699	16,869,019	-	1,813,455	-
Two Years Later	17,868,492	10,336,945	19,544,588	19,231,418	31,534,751	42,063,111	16,249,725	-	-	-
Three Years Later	18,601,508	10,932,012	25,311,173	19,670,868	33,388,255	41,451,544	15,627,821	-	-	-
Four Years Later	19,813,588	12,982,166	25,835,519	20,038,856	33,285,931	52,256,161	-	-	-	-
Five Years Later	24,576,756	12,874,083	26,777,117	20,092,065	24,218,000	-	-	-	-	-
Six Years Later	25,385,881	15,469,230	26,987,941	20,252,228	-	-	-	-	-	-
Seven Years Later	30,955,824	14,093,494	27,164,671	-	-	-	-	-	-	-
Eight Years Later	31,158,571	11,753,812	-	-	-	-	-	-	-	-
Nine Years Later	28,604,678	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 13,742,832</b>	<b>\$ 5,021,210</b>	<b>\$ 10,315,768</b>	<b>\$ 7,244,586</b>	<b>\$ 9,961,839</b>	<b>\$ 3,168,385</b>	<b>\$ 1,334,087</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**GENERAL LIABILITY 1 PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 33,847,460	\$ 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
Less Ceded	(4,631,423)	(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)
Loss Portfolio Transfer	(31,973,798)	(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)
Investment Earnings	1,022,646	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	(1,735,115)	6,387,102	502,594	(18,582,270)	(6,015,025)	(9,284,550)	(2,052,194)	18,343,504	22,035,215	(25,779,737)
<b>2. Unallocated Loss</b>										
Adjustment Expense	13,340	11,204	50,240	45,777	73,978	83,896	241,733	316,954	277,229	287,967
<b>3. Estimated Incurred Claims</b>	21,482,208	22,372,152	26,257,387	28,716,578	31,508,347	36,742,274	40,370,659	42,071,896	15,666,695	12,381,702
Less Ceded Claims	(4,631,423)	(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)
Net Incurred Claims and Expenses, End of Policy Year	16,850,785	16,590,668	20,686,170	22,705,020	23,484,390	29,585,040	28,521,710	32,042,720	3,420,000	-
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	241,064	-	-	-	-	-	-	-	-
One Year Later	104,565	666,287	1,668,017	2,443,124	110,653	760,444	732,315	2,113,472	-	-
Two Years Later	2,483,193	2,473,149	3,879,513	4,412,160	1,489,584	14,004,016	6,113,260	2,113,472	-	-
Three Years Later	18,803,527	7,001,701	11,698,043	12,165,139	14,487,153	33,792,442	6,113,260	-	-	-
Four Years Later	22,031,298	15,817,812	15,857,724	18,903,963	24,021,768	33,792,442	-	-	-	-
Five Years Later	24,752,158	17,071,287	18,738,930	37,988,696	24,021,768	-	-	-	-	-
Six Years Later	27,460,094	18,226,891	19,448,787	37,988,696	-	-	-	-	-	-
Seven Years Later	28,276,310	19,441,681	19,448,787	-	-	-	-	-	-	-
Eight Years Later	30,683,008	19,441,681	-	-	-	-	-	-	-	-
Nine Years Later*	30,683,008	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	6,092,102	12,212,856	7,584,692	10,738,153	32,738,522	44,867,871	74,587,093	68,513,698	23,155,909	10,518,000
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	16,850,785	16,590,668	20,686,170	22,705,020	23,484,390	29,585,040	28,521,710	32,042,720	3,420,000	-
One Year Later	21,106,865	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	19,593,744	19,869,339	19,432,855	23,564,995	19,501,022	42,210,919	6,113,260	2,113,472	-	-
Three Years Later	26,300,275	19,100,002	18,999,743	27,721,257	33,763,193	33,792,442	6,113,260	-	-	-
Four Years Later	28,275,182	22,130,738	25,606,114	39,512,839	24,021,768	33,792,442	-	-	-	-
Five Years Later	28,444,064	21,331,569	28,990,997	37,988,696	24,021,768	-	-	-	-	-
Six Years Later	30,924,485	21,018,903	19,448,787	37,988,696	-	-	-	-	-	-
Seven Years Later	31,533,501	19,441,681	19,448,787	-	-	-	-	-	-	-
Eight Years Later	30,683,008	19,441,681	-	-	-	-	-	-	-	-
Nine Years Later*	30,683,008	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	\$ 13,832,223	\$ 2,851,013	\$ (1,237,383)	\$ 15,283,676	\$ 537,378	\$ 4,207,402	\$ (22,408,450)	\$ (29,929,248)	\$ 20,242,000	\$ -

\*Claims transferred to reinsurer via an Loss Portfolio Transfer

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**GENERAL LIABILITY 2 PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 19,925,721	\$ 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
Less Ceded	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)	(46,724,983)	(48,889,112)	(62,346,508)	(78,462,797)
Investment Earnings	-	-	-	-	-	171,997	-	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>8,578,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000,000</b>	<b>9,314,247</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>-</b>	<b>150,819</b>	<b>37,467</b>	<b>386,083</b>	<b>99,199</b>	<b>376,532</b>	<b>90,899</b>	<b>-</b>	<b>-</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>19,925,721 (11,346,921) 8,578,800</b>	<b>18,075,370 (18,075,370) -</b>	<b>19,467,217 (19,467,217) -</b>	<b>22,700,000 (22,700,000) -</b>	<b>26,484,451 (19,484,451) 7,000,000</b>	<b>32,312,339 (22,998,092) 9,314,247</b>	<b>46,724,983 (46,724,983) -</b>	<b>48,889,112 (48,889,112) -</b>	<b>62,346,508 (62,346,508) -</b>	<b>78,462,797 (78,462,797) -</b>
<b>4. Cumulative Paid Claims as of:</b>										
One Year Later	-	-	-	-	5,600,000	6,192,816	-	-	-	-
Two Years Later	5,250,000	-	-	-	7,000,000	8,928,354	-	-	-	-
Three Years Later	5,955,652	-	-	-	7,000,000	9,073,189	-	-	-	-
Four Years Later	8,578,800	-	-	-	7,000,000	9,425,000	-	-	-	-
Five Years Later	8,578,800	-	-	-	7,000,000	-	-	-	-	-
Six Years Later	8,578,800	-	-	-	-	-	-	-	-	-
Seven Years Later	8,578,800	-	-	-	-	-	-	-	-	-
Eight Years Later	8,578,800	-	-	-	-	-	-	-	-	-
Nine Years Later	8,578,800	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>12,386,395</b>	<b>44,700,634</b>	<b>33,448,628</b>	<b>33,677,939</b>	<b>47,274,301</b>	<b>15,715,093</b>	<b>57,873,260</b>	<b>38,236,515</b>	<b>13,655,900</b>	<b>300,000</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	8,578,800	-	-	-	7,000,000	9,425,000	-	-	-	-
One Year Later	8,578,800	-	-	-	7,000,000	9,425,000	-	-	-	-
Two Years Later	8,578,800	-	-	-	7,000,000	9,425,000	-	-	-	-
Three Years Later	8,578,800	-	-	-	7,000,000	9,425,000	-	-	-	-
Four Years Later	8,578,800	-	-	-	7,000,000	9,425,000	-	-	-	-
Five Years Later	8,578,800	-	-	-	7,000,000	-	-	-	-	-
Six Years Later	8,578,800	-	-	-	-	-	-	-	-	-
Seven Years Later	8,578,800	-	-	-	-	-	-	-	-	-
Eight Years Later	8,578,800	-	-	-	-	-	-	-	-	-
Nine Years Later	8,578,800	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 110,753</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\*Fully Insured.

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

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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**PROPERTY PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 48,970,337	\$ 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
Less Ceded	(39,415,254)	(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)
Dividends Declared	-	-	-	-	-	-	-	-	-	(125,448)
<b>1. Total Revenues Available For Payment of Claims</b>	<b>9,555,083</b>	<b>9,822,473</b>	<b>10,572,624</b>	<b>11,749,959</b>	<b>12,739,784</b>	<b>9,567,438</b>	<b>2,505,754</b>	<b>2,723,690</b>	<b>7,596,672</b>	<b>7,313,256</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>78,618</b>	<b>(64,168)</b>	<b>61,715</b>	<b>27,474</b>	<b>23,601</b>	<b>(10,902)</b>	<b>4,003</b>	<b>(110,341)</b>	<b>(4,000)</b>	<b>(2,000)</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>48,415,254</b>	<b>50,497,951</b>	<b>53,216,154</b>	<b>56,060,305</b>	<b>58,677,313</b>	<b>59,095,613</b>	<b>58,118,491</b>	<b>61,588,986</b>	<b>67,329,099</b>	<b>82,364,274</b>
	(39,415,254)	(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)
	9,000,000	10,000,000	10,000,000	10,000,000	10,067,939	9,567,438	125,000	-	125,000	-
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	9,000,000	2,600,227	5,800,207	4,795,812	10,000,000	9,567,438	-	-	-	-
One Year Later	9,000,000	8,782,088	10,000,000	9,409,593	10,206,664	10,152,576	-	-	125,000	-
Two Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	125,000	-	-	-
Three Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	125,000	-	-	-
Four Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	-	-	-	-
Five Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	-	-	-	-	-
Six Years Later	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-	-	-	-
Seven Years Later	9,000,000	10,000,000	10,000,000	-	-	-	-	-	-	-
Eight Years Later	9,000,000	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	9,000,000	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>2,600,000</b>	<b>7,260,491</b>	<b>7,260,491</b>	<b>11,764,009</b>	<b>54,564,009</b>	<b>9,521,139</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	9,000,000	10,000,000	10,000,000	10,000,000	10,067,939	9,567,438	125,000	-	125,000	-
One Year Later	9,000,000	10,000,000	10,000,000	10,000,000	10,206,664	10,152,576	30,840	-	125,000	-
Two Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	284,369	-	-	-
Three Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	284,369	-	-	-
Four Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	-	-	-	-
Five Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	-	-	-	-	-
Six Years Later	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-	-	-	-
Seven Years Later	9,000,000	10,000,000	10,000,000	-	-	-	-	-	-	-
Eight Years Later	9,000,000	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	9,000,000	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ 141,725</b>	<b>\$ 585,138</b>	<b>\$ 159,369</b>	<b>\$ -</b>	<b>\$ -</b>				

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**MEDICAL MALPRACTICE PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 11,846,353	\$ 11,636,142	\$ 12,974,062	\$ 12,133,259	\$ 12,159,000	\$ 12,377,511	\$ 13,376,499	\$ 14,099,920	\$ 14,985,163	\$ 14,795,502
Less Ceded	(5,805,786)	(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)
Investment Earnings and Other Income	(282,956)	369,472	585,281	959,964	283,791	187,075	79,660	635,905	781,471	530,003
<b>1. Total Revenues Available For Payment of Claims</b>	<b>5,757,611</b>	<b>6,100,355</b>	<b>7,266,697</b>	<b>7,775,295</b>	<b>7,164,452</b>	<b>6,977,363</b>	<b>7,368,316</b>	<b>8,590,203</b>	<b>9,389,860</b>	<b>6,827,596</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>1,883</b>	<b>3,758</b>	<b>4,305</b>	<b>4,739</b>	<b>16,528</b>	<b>17,515</b>	<b>82,060</b>	<b>267,315</b>	<b>232,373</b>	<b>150,648</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>10,727,515</b>	<b>11,093,594</b>	<b>11,506,272</b>	<b>10,557,889</b>	<b>10,806,161</b>	<b>11,115,839</b>	<b>11,939,908</b>	<b>12,281,464</b>	<b>12,333,491</b>	<b>17,408,296</b>
	(5,805,786)	(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)
	4,921,729	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
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	51,305	26,698	3,528	-	-	17,502	37,635	15,523	245,810	-
One Year Later	1,282,361	181,822	436,672	-	503,920	243,443	1,894,067	1,752,099	2,176,225	-
Two Years Later	1,826,879	1,822,542	4,141,591	385,965	1,772,706	1,261,135	5,071,771	3,849,559	-	-
Three Years Later	4,381,548	4,209,215	4,432,593	1,514,858	3,565,148	5,406,575	7,301,811	-	-	-
Four Years Later	5,261,575	4,502,133	4,470,975	1,553,550	6,074,117	7,711,389	-	-	-	-
Five Years Later	6,171,816	4,551,386	4,886,993	1,553,550	6,116,030	-	-	-	-	-
Six Years Later	7,533,622	4,589,603	4,889,431	1,553,550	-	-	-	-	-	-
Seven Years Later	7,542,863	4,632,017	4,889,431	-	-	-	-	-	-	-
Eight Years Later	7,547,678	4,636,752	-	-	-	-	-	-	-	-
Nine Years Later	7,547,736	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>1,885,129</b>	<b>-</b>	<b>-</b>	<b>2,995,000</b>	<b>193,555</b>	<b>3,578,380</b>	<b>7,282,052</b>	<b>2,811,937</b>	<b>8,850,000</b>	<b>2,650,000</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	4,921,729	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
One Year Later	5,161,374	5,583,913	5,064,126	4,950,026	8,550,054	6,575,046	9,989,538	8,779,726	7,480,935	-
Two Years Later	7,402,556	6,070,219	6,893,606	6,224,082	10,203,303	10,624,337	10,379,536	13,770,438	-	-
Three Years Later	8,022,661	5,999,806	6,955,612	4,768,898	7,422,110	9,330,511	10,347,322	-	-	-
Four Years Later	8,527,423	4,963,502	6,855,621	1,922,429	6,897,687	8,361,424	-	-	-	-
Five Years Later	8,227,495	4,884,004	6,551,064	1,810,904	6,729,432	-	-	-	-	-
Six Years Later	8,079,940	4,906,506	5,151,088	1,729,432	-	-	-	-	-	-
Seven Years Later	7,885,314	4,836,686	5,049,205	-	-	-	-	-	-	-
Eight Years Later	7,734,572	4,776,240	-	-	-	-	-	-	-	-
Nine Years Later	7,617,615	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 2,695,886</b>	<b>\$ (412,095)</b>	<b>\$ (164,421)</b>	<b>\$ (3,510,529)</b>	<b>\$ 1,201,610</b>	<b>\$ 2,832,808</b>	<b>\$ 4,495,257</b>	<b>\$ 7,634,596.45</b>	<b>\$ 1,524,218</b>	<b>\$ -</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**DENTAL PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 20,356,118	\$ 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
1. Total Revenues Available For Payment of Claims	20,356,118	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
2. Unallocated Loss Adjustment Expense	-	-	-	-	-	-	-	-	-	-
3. Estimated Incurred Claims Net Incurred Claims and Expenses, End of Policy Year	19,689,432	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
4. Cumulative Paid Claims as of:										
End of the Policy Year	16,156,452	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
One Year Later	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280	31,142,949	33,073,327	-
Two Years Later	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280	31,142,949	-	-
Three Years Later	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280	-	-	-
Four Years Later	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	-	-	-	-
Five Years Later	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	-	-	-	-	-
Six Years Later	19,689,432	23,453,293	25,691,975	24,283,069	-	-	-	-	-	-
Seven Years Later	19,689,432	23,453,293	25,691,975	-	-	-	-	-	-	-
Eight Years Later	19,689,432	23,453,293	-	-	-	-	-	-	-	-
Nine Years Later	19,689,432	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-	-	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	19,689,432	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
One Year Later	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280	31,142,949	33,073,327	-
Two Years Later	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280	31,142,949	-	-
Three Years Later	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280	-	-	-
Four Years Later	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	-	-	-	-
Five Years Later	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	-	-	-	-	-
Six Years Later	19,689,432	23,453,293	25,691,975	26,483,069	-	-	-	-	-	-
Seven Years Later	19,689,432	23,453,293	25,691,975	-	-	-	-	-	-	-
Eight Years Later	19,689,432	23,453,293	-	-	-	-	-	-	-	-
Nine Years Later	19,689,432	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ 2,240,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
EXCESS INSURANCE ORGANIZATION, INC.  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2017*	June 30, 2018	June 30, 2019**	June 30, 2020
Earned Premiums	\$ 78,109,714	\$ 97,072,905	\$ 167,902,085	\$ 116,957,339
Investment Earnings	8,375,924	8,971,111	9,382,455	6,270,899
1. Total Revenues Available For Payment of Claims	86,485,638	106,044,016	177,284,540	123,228,238
2. Unallocated Loss Adjustment Expense	-	-	-	-
3. Estimated Incurred Claims Less Ceded Claims	75,803,096	93,571,460	136,235,191	115,460,318
Net Incurred Claims and Expenses, End of Policy Year	75,803,096	93,571,460	136,235,191	115,460,318
4. Cumulative Paid Claims as of:				
End of the Policy Year	15,161,362	14,402,517	15,791,866	15,800,219
One Year Later	25,087,580	34,315,031	31,499,850	-
Two Years Later	49,070,991	48,376,052	-	-
Three Years Later	61,901,911	-	-	-
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
One Year Later	78,766,357	96,621,991	180,278,594	-
Two Years Later	81,353,377	99,213,918	-	-
Three Years Later	81,768,607	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 5,965,511	\$ 5,642,458	\$ 44,043,403	\$ -

\*Excess Insurance Organization, Inc. established July 1, 2016

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

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**SUPPLEMENTAL INFORMATION**

**COMBINING SCHEDULE OF PROGRAMS**

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
COMBINING SCHEDULE OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	PRISMHealth	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Elimination Inter-Fund Trans	Totals June 30, 2020
<b>ASSETS:</b>														
<b>Current Assets:</b>														
Petty Cash Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 300
Cash in Banks	(1,957,741)	-	1,312,854	-	-	-	-	-	-	-	635,746	335,419	-	326,278
Cash, PRISM Treasury	11,080,147	30,460,934	-	-	-	4,347,483	52,983	718,944	2,346,731	288,570	1,931,088	7,545,327	-	58,772,207
<b>Total Cash &amp; Equivalents</b>	<b>9,122,406</b>	<b>30,460,934</b>	<b>1,312,854</b>	<b>-</b>	<b>-</b>	<b>4,347,483</b>	<b>52,983</b>	<b>718,944</b>	<b>2,346,731</b>	<b>288,570</b>	<b>2,567,134</b>	<b>7,880,746</b>	<b>-</b>	<b>59,098,785</b>
Investments	2,937,348	8,075,197	-	-	-	1,152,518	14,046	190,592	622,119	76,500	511,932	49,818,129	-	63,398,381
<b>Accounts Receivable</b>														
Due From Members	993,054	477,016	179,059	-	31,569,195	30,264	-	-	1,546,825	3,250	30,511	-	-	34,829,174
Investment Income	283,703	779,940	-	-	-	111,316	1,357	18,408	60,087	7,389	49,445	1,348,276	-	2,659,921
Re-Ins Claims & Deposits with Carriers	4,974,994	21,025,550	9,466,897	8,778,215	3,765,619	4,934,231	-	-	245,000	-	39,215	2,500,000	(16,360,708)	39,369,013
Other Receivables	-	-	-	-	-	-	-	-	-	-	-	7,741,158	(7,741,158)	-
Due From Other Funds	24,300,429	27,131,980	-	-	-	3,872,364	47,193	640,374	2,090,267	257,033	1,720,047	-	(60,059,687)	-
GL1 LPT Prepaid Expense	-	-	21,469,000	-	-	-	-	-	-	-	-	-	-	21,469,000
Prepaid Insurance and Expenses	-	-	-	-	76,361,404	2,293,999	1,372,783	-	-	-	171,722	-	(14,991,000)	65,208,908
<b>Total Current Assets</b>	<b>42,611,934</b>	<b>87,950,617</b>	<b>32,427,810</b>	<b>8,778,215</b>	<b>111,696,218</b>	<b>16,742,175</b>	<b>1,488,362</b>	<b>1,568,318</b>	<b>6,911,029</b>	<b>632,742</b>	<b>5,090,006</b>	<b>69,288,309</b>	<b>(99,152,553)</b>	<b>286,033,182</b>
<b>Noncurrent Assets:</b>														
Investments	52,952,794	145,574,921	-	-	-	20,776,921	253,209	3,435,884	11,215,191	1,379,094	1,492,703	300,137,328	-	537,218,045
Investments-Restricted	-	-	-	-	-	-	-	-	-	-	7,736,101	-	-	7,736,101
<b>Accounts Receivable</b>														
Due from Members	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000
Due From Other Funds	17,783,377	48,889,088	-	-	-	6,977,608	85,036	1,153,889	3,766,449	463,147	3,099,351	-	(82,217,945)	-
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)	-
Prepaid Insurance and Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GL1 LPT Rate Credit Receivable	-	-	16,868,163	-	-	-	-	-	-	-	-	-	-	16,868,163
GL1 LPT Prepaid Expense	-	-	10,533,620	-	-	-	-	-	-	-	-	-	-	10,533,620
<b>Capital and Intangible Assets</b>														
Land and Buildings (Net)	-	-	-	-	-	-	-	-	-	-	6,441,543	-	-	6,441,543
Office Furniture and Equipment (Net)	-	-	-	-	-	-	-	-	-	-	3,733,541	-	-	3,733,541
<b>Total Noncurrent Assets</b>	<b>72,251,140</b>	<b>197,305,650</b>	<b>28,437,590</b>	<b>65,294</b>	<b>66,714</b>	<b>28,008,016</b>	<b>338,899</b>	<b>4,667,245</b>	<b>15,110,695</b>	<b>1,857,148</b>	<b>22,503,239</b>	<b>300,137,328</b>	<b>(87,217,945)</b>	<b>583,531,013</b>
<b>Total Assets</b>	<b>114,863,074</b>	<b>285,256,267</b>	<b>60,865,400</b>	<b>8,843,509</b>	<b>111,762,932</b>	<b>44,750,191</b>	<b>1,827,261</b>	<b>6,235,563</b>	<b>22,021,724</b>	<b>2,489,890</b>	<b>27,593,245</b>	<b>369,425,637</b>	<b>(186,370,498)</b>	<b>869,564,195</b>
<b>Deferred Outflows of Resources:</b>														
<b>Deferred Outflows of Resources on Pensions</b>														
Deferred Outflows of Resources on Pensions	-	-	-	-	-	-	-	-	-	-	1,688,302	-	-	1,688,302
<b>Deferred Outflows of Resources on OPEB</b>														
Deferred Outflows of Resources on OPEB	-	-	-	-	-	-	-	-	-	-	307,427	-	-	307,427
<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>\$ 1,995,729</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,995,729</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
COMBINING SCHEDULE OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

LIABILITIES:	Primary Workers' Compensation	Excess Workers' Compensation	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	PRISMHealth	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Elimination Inter-Fund Trans	Totals June 30, 2020
<b>Current Liabilities:</b>														
Accounts Payable	\$ (861,919)	\$ 944,168	\$ 50,732	\$ 38,133	\$ 410,638	\$ -	\$ -	\$ 1,526,307	\$ 744,292	\$ 280,257	\$ 689,795	\$ 13,895,338	\$ (13,860,866)	\$ 3,856,875
GL1 LPT Payable	-	-	7,741,000	-	-	-	-	-	-	-	-	-	(7,741,000)	-
Deposits from Insurance Companies	2,067,963	-	277,132	-	2,500,000	-	-	-	-	-	-	-	(2,500,000)	2,345,095
Due to Other Funds	-	14,431,187	39,041,018	5,921,475	184,350	-	-	-	-	-	481,657	-	(60,059,687)	-
Due To Members	2,006,311	-	257,428	-	-	195,645	-	2,174,829	766,584	139,941	100,000	-	-	5,640,738
Unearned Income	-	-	-	-	-	4,393,196	1,377,387	9,694	21,556	-	59,374	14,991,000	(14,991,000)	5,861,207
Claim Liabilities	5,337,000	28,200,000	552,000	-	-	6,859,000	-	-	1,847,125	-	-	69,557,000	-	112,352,125
Compensated Absences	-	-	-	-	-	-	-	-	-	-	124,733	-	-	124,733
<b>Total Current Liabilities</b>	<b>8,549,355</b>	<b>43,575,355</b>	<b>47,919,310</b>	<b>5,959,608</b>	<b>3,094,988</b>	<b>11,447,841</b>	<b>1,377,387</b>	<b>3,710,830</b>	<b>3,379,557</b>	<b>420,198</b>	<b>1,455,559</b>	<b>98,443,338</b>	<b>(99,152,553)</b>	<b>130,180,773</b>
<b>Noncurrent Liabilities:</b>														
Due to Other Funds	-	-	-	-	76,361,405	-	-	-	-	-	5,856,540	-	(82,217,945)	-
Due To Members	-	-	-	-	-	-	-	-	-	-	7,636,102	-	-	7,636,102
GL1 LPT Payable	-	-	12,000,000	-	-	-	-	-	-	-	-	-	-	12,000,000
<b>Claim Liabilities:</b>														
Claims Reported	14,538,915	136,932,863	1,215,820	-	-	6,918,191	-	-	-	-	-	75,726,806	-	235,332,595
Claims Incurred But Not Reported	9,997,960	36,321,330	23,915,752	-	-	15,245,243	-	-	-	-	-	173,859,601	-	259,339,886
Unallocated Loss Adjustment Expense Payable	40,182,000	5,264,000	1,567,000	1,141,000	8,000	782,000	-	-	-	-	-	-	-	48,944,000
Compensated Absences	-	-	-	-	-	-	-	-	-	-	498,932	-	-	498,932
Net OPEB Liability	-	-	-	-	-	-	-	-	-	-	728,262	-	-	728,262
Net Pension Liability	-	-	-	-	-	-	-	-	-	-	1,930,418	-	-	1,930,418
<b>Total Noncurrent Liabilities</b>	<b>64,718,875</b>	<b>178,518,193</b>	<b>38,698,572</b>	<b>1,141,000</b>	<b>76,369,405</b>	<b>22,945,434</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,650,254</b>	<b>249,586,407</b>	<b>(82,217,945)</b>	<b>566,410,195</b>
<b>Total Liabilities</b>	<b>73,268,230</b>	<b>222,093,548</b>	<b>86,617,882</b>	<b>7,100,608</b>	<b>79,464,393</b>	<b>34,393,275</b>	<b>1,377,387</b>	<b>3,710,830</b>	<b>3,379,557</b>	<b>420,198</b>	<b>18,105,813</b>	<b>348,029,745</b>	<b>(181,370,498)</b>	<b>696,590,968</b>
<b>Deferred Inflows of Resources:</b>														
Deferred Inflows of Resources on Pensions	-	-	-	-	-	-	-	-	-	-	325,407	-	-	325,407
Deferred Inflows of Resources on OPEB	-	-	-	-	-	-	-	-	-	-	380,567	-	-	380,567
<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>705,974</b>	<b>-</b>	<b>-</b>	<b>705,974</b>
<b>NET POSITION:</b>														
Net Investment in Capital Assets	-	-	-	-	-	-	-	-	-	-	10,175,084	-	-	10,175,084
Capital Stock	-	-	-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-
Unrestricted	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	602,103	16,395,892	-	164,087,898
<b>Total Net Position</b>	<b>\$ 41,594,844</b>	<b>\$ 63,162,719</b>	<b>\$ (25,752,482)</b>	<b>\$ 1,742,901</b>	<b>\$ 32,298,539</b>	<b>\$ 10,356,916</b>	<b>\$ 449,874</b>	<b>\$ 2,524,733</b>	<b>\$ 18,642,167</b>	<b>\$ 2,069,692</b>	<b>\$ 10,777,187</b>	<b>\$ 21,395,892</b>	<b>\$ (5,000,000)</b>	<b>\$ 174,262,982</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	PRISMHealth	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Elimination Inter-Fund Trans	Totals June 30, 2020
<b>OPERATING REVENUES:</b>														
Premiums for Transferred Risk	\$ 33,501,531	\$ 135,064,114	\$ 80,516,241	\$ 78,462,797	\$ 83,802,978	\$ 8,497,902	\$ 10,009,123	\$ 515,912,135	\$ -	\$ 45,370,816	\$ -	\$ -	\$ -	\$ 991,137,637
Broker Fees	1,473,413	4,025,170	2,348,595	645,421	17,209	11,539	-	3,913,336	2,350,241	-	-	-	-	14,784,924
Contributions for Retained Risk	34,144,362	4,511,522	-	-	6,000,000	8,405,120	-	-	38,191,112	-	-	146,541,399	(146,541,399)	91,252,116
Member Services & Dividend Income	-	-	-	-	-	-	-	-	-	174,054	579,779	-	-	753,833
Administration Fees	5,964,626	8,264,480	4,590,121	2,835,726	1,293,331	1,582,122	127,843	764,908	-	-	-	-	-	25,423,157
Schools Loss Control Fee	70,553	51,324	18,075	-	-	-	-	-	-	-	-	-	-	139,952
Other Income	65,313	360,712	-	-	1,132,500	3,169	130	220,248	-	-	158,957	-	-	1,941,029
<b>Total Operating Revenues</b>	<b>75,219,798</b>	<b>152,277,322</b>	<b>87,473,032</b>	<b>81,943,944</b>	<b>92,246,018</b>	<b>18,499,852</b>	<b>10,137,096</b>	<b>520,810,627</b>	<b>40,541,353</b>	<b>45,544,870</b>	<b>738,736</b>	<b>146,541,399</b>	<b>(146,541,399)</b>	<b>1,125,432,648</b>
<b>OPERATING EXPENSES:</b>														
Member Dividends	2,000,000	-	-	-	125,448	-	-	12,259	5,000,000	174,053	-	-	-	7,311,760
Transferred Risk & Insurance Exp	33,501,533	134,827,110	20,097,390	78,462,798	82,364,274	8,497,910	10,009,126	515,912,136	-	45,370,814	-	-	(117,619,399)	811,423,692
GL1 LPT Premium Expense	-	-	87,662,525	-	-	-	-	-	-	-	-	-	(28,922,000)	58,740,525
Broker Fees	1,473,410	4,027,895	1,703,373	619,109	-	11,539	-	3,913,336	2,350,241	-	-	-	-	14,098,903
GL1 LPT Broker Fees	-	-	642,573	-	-	-	-	-	-	-	-	-	-	642,573
Provision for Claims:														
Current Year Claims	7,777,001	1,769,850	-	-	(159,369)	8,910,386	-	-	29,603,710	-	-	115,460,318	-	163,361,896
Prior Year Claims	12,544,729	11,694,006	21,015,078	-	-	4,945,903	-	-	-	-	-	47,050,567	-	97,250,283
Unallocated Loss Adjustment Expenses	(59,000)	(956,000)	331,000	98,000	2,000	(6,000)	-	-	-	-	-	-	-	(590,000)
Program Services	7,966,865	1,118,992	344,509	197,514	245,574	484,264	-	52,868	2,579,380	-	-	112,589	-	13,102,555
Loss Prevention Expenses	-	-	-	-	-	-	-	-	-	-	2,460,566	-	-	2,460,566
General Administrative Services	-	-	-	-	-	-	-	-	-	-	16,376,376	-	-	16,376,376
<b>Total Operating Expenses</b>	<b>\$ 65,204,538</b>	<b>\$ 152,481,853</b>	<b>\$ 131,796,448</b>	<b>\$ 79,377,421</b>	<b>\$ 82,577,927</b>	<b>\$ 22,844,002</b>	<b>\$ 10,009,126</b>	<b>\$ 519,890,599</b>	<b>\$ 39,533,331</b>	<b>\$ 45,544,867</b>	<b>\$ 18,836,942</b>	<b>\$ 162,623,474</b>	<b>\$ (146,541,399)</b>	<b>\$ 1,184,179,129</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	PRISMHealth	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Elimination Inter-Fund Trans	Totals June 30, 2020
<b>TRANSFERS IN (OUT):</b>														
Administration														
Transfer In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,141,460	\$ -	\$ (19,141,460)	\$ -
Transfer Out	(5,095,583)	(6,002,496)	(3,427,566)	(2,068,140)	(634,491)	(888,658)	(74,221)	(541,775)	(243,526)	(15,004)	-	(150,000)	19,141,460	-
Total Transfers	(5,095,583)	(6,002,496)	(3,427,566)	(2,068,140)	(634,491)	(888,658)	(74,221)	(541,775)	(243,526)	(15,004)	19,141,460	(150,000)	-	-
<b>Operating Income (Loss)</b>	<b>4,919,677</b>	<b>(6,207,027)</b>	<b>(47,750,982)</b>	<b>498,383</b>	<b>9,033,600</b>	<b>(5,232,808)</b>	<b>53,749</b>	<b>378,253</b>	<b>764,496</b>	<b>(15,001)</b>	<b>1,043,254</b>	<b>(16,232,075)</b>	<b>-</b>	<b>(58,746,481)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>														
Investment Income & Financing Fees, net of Investment Expense	3,942,012	11,588,851	(51,496)	(59,197)	515,289	1,796,363	20,695	282,254	782,331	97,670	558,248	13,470,605	-	32,943,625
Lease Income, net of Building Expense	-	-	-	-	-	-	-	-	-	-	33,985	-	-	33,985
<b>Total Nonoperating Revenues (Expenses)</b>	<b>3,942,012</b>	<b>11,588,851</b>	<b>(51,496)</b>	<b>(59,197)</b>	<b>515,289</b>	<b>1,796,363</b>	<b>20,695</b>	<b>282,254</b>	<b>782,331</b>	<b>97,670</b>	<b>592,233</b>	<b>13,470,605</b>	<b>-</b>	<b>32,977,610</b>
<b>Changes in Net Position</b>	<b>8,861,689</b>	<b>5,381,824</b>	<b>(47,802,478)</b>	<b>439,186</b>	<b>9,548,889</b>	<b>(3,436,445)</b>	<b>74,444</b>	<b>660,507</b>	<b>1,546,827</b>	<b>82,669</b>	<b>1,635,487</b>	<b>(2,761,470)</b>	<b>-</b>	<b>(25,768,871)</b>
<b>Net Position:</b>														
Beginning of Year	32,733,155	57,780,895	22,049,996	1,303,715	22,749,650	13,793,361	375,430	1,864,226	17,095,340	1,987,023	9,141,700	19,157,362	-	200,031,853
Capital Stock	-	-	-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-
Beginning of Year	32,733,155	57,780,895	22,049,996	1,303,715	22,749,650	13,793,361	375,430	1,864,226	17,095,340	1,987,023	9,141,700	24,157,362	(5,000,000)	200,031,853
<b>Net Position, End of Year</b>	<b>\$ 41,594,844</b>	<b>\$ 63,162,719</b>	<b>\$ (25,752,482)</b>	<b>\$ 1,742,901</b>	<b>\$ 32,298,539</b>	<b>\$ 10,356,916</b>	<b>\$ 449,874</b>	<b>\$ 2,524,733</b>	<b>\$ 18,642,167</b>	<b>\$ 2,069,692</b>	<b>\$ 10,777,187</b>	<b>\$ 21,395,892</b>	<b>\$ (5,000,000)</b>	<b>\$ 174,262,982</b>

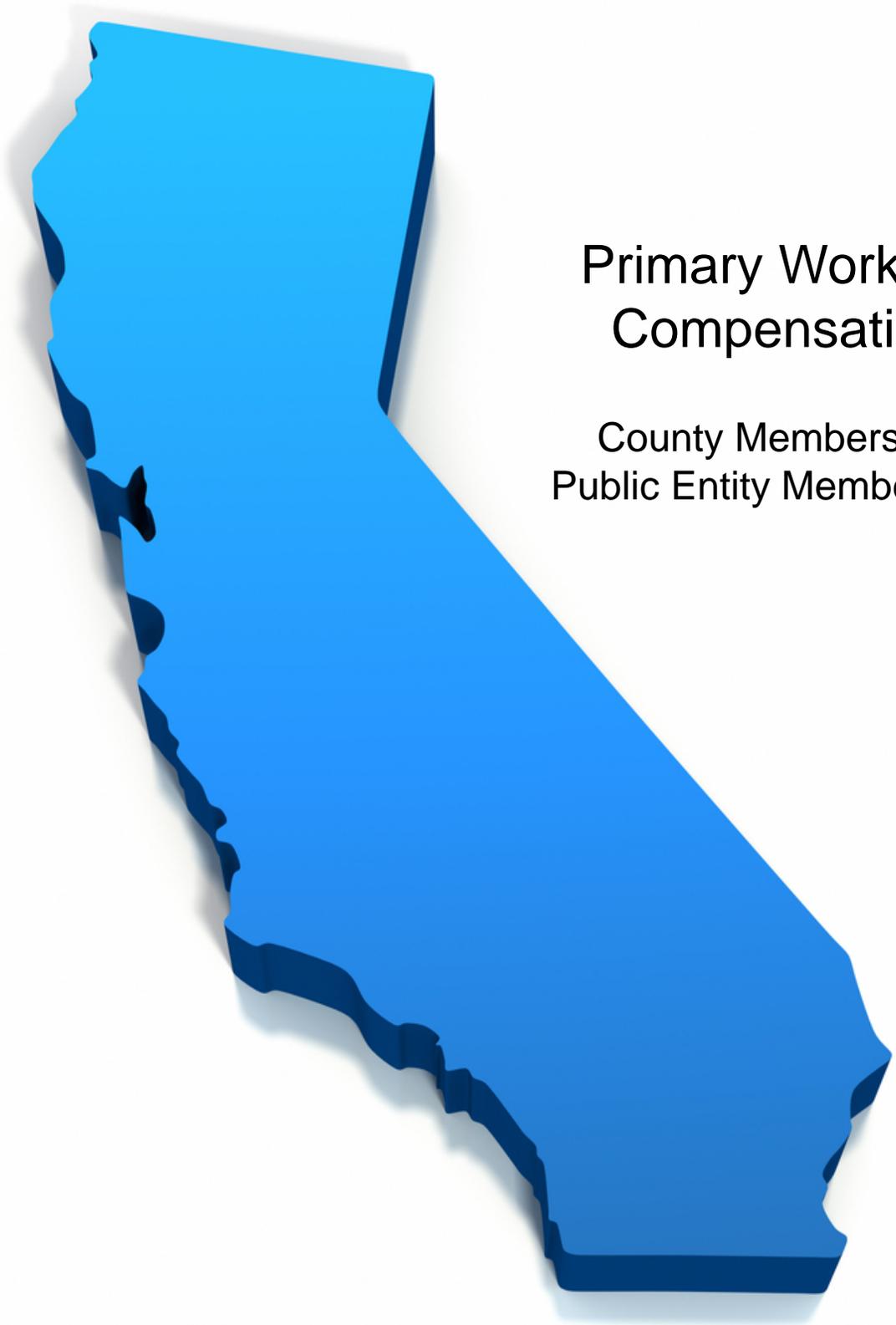
**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	PRISMHealth	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Elimination Inter-Fund Trans	Totals June 30, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>														
Receipts from Members	\$ 71,855,880	\$ 151,731,811	\$ 87,423,058	\$ 81,943,944	\$ 82,593,380	\$ 19,202,475	\$ 8,242,038	\$ 520,821,350	\$ 39,465,582	\$ 45,460,453	\$ 625,842	\$ 186,366,921	\$ (186,366,921)	\$ 1,109,365,813
Receipts from Others	9,155,587	-	-	-	7,434,878	-	-	-	-	174,054	102,477	-	-	16,866,996
Payments to Others	-	(2,584,522)	(7,439,931)	(3,771,863)	-	(4,469,030)	-	-	-	-	-	-	-	(18,265,346)
Dividends Paid	(2,289,956)	-	-	-	(125,448)	-	-	-	(5,000,000)	(185,277)	-	-	-	(7,600,681)
Claims Paid	(9,765,728)	(35,148,268)	(257,811)	(351,812)	(250,000)	(8,609,436)	-	-	(29,675,991)	-	-	(78,643,831)	-	(162,702,877)
Insurance Purchased	(33,501,533)	(134,827,110)	(259,300,698)	(78,462,798)	(77,022,399)	(9,176,001)	(8,023,596)	(512,733,170)	-	(45,230,578)	-	-	186,366,921	(971,910,962)
Payments to Suppliers	(11,767,811)	(6,817,792)	(4,341,868)	(778,532)	54,367	(505,888)	-	(8,046,965)	(4,935,455)	-	(5,564,065)	(108,063)	-	(42,812,072)
Other Program Expense	-	-	-	-	-	-	-	(4,868)	-	-	-	-	-	(4,868)
Payments to Employees	-	-	-	-	-	-	-	-	-	-	(11,918,577)	-	-	(11,918,577)
Internal Activities	(22,476,321)	(33,299,438)	60,463,610	1,480,258	(13,200,067)	(5,055,467)	(158,044)	(1,266,879)	(2,798,250)	(371,538)	16,832,136	(150,000)	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>1,210,118</b>	<b>(60,945,319)</b>	<b>(123,453,640)</b>	<b>59,197</b>	<b>(515,289)</b>	<b>(8,613,347)</b>	<b>60,398</b>	<b>(1,230,532)</b>	<b>(2,944,114)</b>	<b>(152,886)</b>	<b>77,813</b>	<b>107,465,027</b>	<b>-</b>	<b>(88,982,574)</b>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>														
Purchases of Capital Assets	-	-	-	-	-	-	-	-	-	-	(1,316,417)	-	-	(1,316,417)
<b>NET CASH (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,316,417)</b>	<b>-</b>	<b>-</b>	<b>(1,316,417)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>														
Lease Receipts	-	-	-	-	-	-	-	-	-	-	437,334	-	-	437,334
Operating Lease Disbursements	-	-	-	-	-	-	-	-	-	-	(274,240)	-	-	(274,240)
Purchase of Securities	(36,675,637)	(47,172,336)	-	-	-	(8,098,794)	(228,034)	(1,373,225)	(4,169,411)	(699,493)	(6,282,945)	(291,423,611)	-	(396,123,486)
Sale of Securities	31,962,208	95,778,279	104,407,379	-	-	14,897,202	171,627	2,340,723	6,487,855	806,883	7,194,229	179,741,360	-	443,787,745
Cash from Investment Earnings	2,441,842	7,645,955	498,054	(59,197)	-	1,184,799	12,939	185,668	513,076	62,850	559,451	6,861,334	(535,071)	19,371,700
Cash from Finance Fees	87,883	39,533	2,398	-	918,895	-	-	-	-	373	-	-	-	1,049,082
Finance Fees Paid	-	-	-	-	(403,606)	-	-	-	-	-	(131,465)	-	535,071	-
Investment Expenses	-	-	-	-	-	-	-	-	-	-	(177,795)	(386,083)	-	(563,878)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(2,183,704)</b>	<b>56,291,431</b>	<b>104,907,831</b>	<b>(59,197)</b>	<b>515,289</b>	<b>7,983,207</b>	<b>(43,468)</b>	<b>1,153,166</b>	<b>2,831,520</b>	<b>170,613</b>	<b>1,324,569</b>	<b>(105,207,000)</b>	<b>-</b>	<b>67,684,257</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(973,586)</b>	<b>(4,653,888)</b>	<b>(18,545,809)</b>	<b>-</b>	<b>-</b>	<b>(630,140)</b>	<b>16,930</b>	<b>(77,366)</b>	<b>(112,594)</b>	<b>17,727</b>	<b>85,965</b>	<b>2,258,027</b>	<b>-</b>	<b>(22,614,734)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>10,095,992</b>	<b>35,114,822</b>	<b>19,858,663</b>	<b>-</b>	<b>-</b>	<b>4,977,623</b>	<b>36,053</b>	<b>796,310</b>	<b>2,459,325</b>	<b>270,843</b>	<b>2,481,169</b>	<b>5,622,719</b>	<b>-</b>	<b>81,713,519</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 9,122,406</b>	<b>\$ 30,460,934</b>	<b>\$ 1,312,854</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,347,483</b>	<b>\$ 52,983</b>	<b>\$ 718,944</b>	<b>\$ 2,346,731</b>	<b>\$ 288,570</b>	<b>\$ 2,567,134</b>	<b>\$ 7,880,746</b>	<b>\$ -</b>	<b>\$ 59,098,785</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	PRISMHealth	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Elimination Inter-Fund Trans	Totals June 30, 2020
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>														
Operating Income (Loss)	\$ 4,919,677	\$ (6,207,027)	\$ (47,750,982)	\$ 498,383	\$ 9,033,600	\$ (5,232,808)	\$ 53,749	\$ 378,253	\$ 764,496	\$ (15,001)	\$ 1,043,254	\$ (16,232,075)	\$ -	\$ (58,746,481)
Adjustments to reconcile operating income to net cash provided (used) by operating activities														
Depreciation	-	-	-	-	-	-	-	-	-	-	1,084,345	-	-	1,084,345
Deposits, Acct & Other Receivables,net	7,347,610	(3,130,033)	(7,498,491)	(3,771,863)	(898,335)	(4,497,462)	96,418	-	(1,053,103)	89,638	7,569	32,519,572	(52,746,540)	(33,535,020)
Due From or To Other Funds	(17,380,738)	(27,296,942)	63,891,175	3,548,398	(12,565,576)	(4,166,809)	(83,823)	(725,104)	(2,554,723)	(356,535)	(2,309,323)	-	-	-
Prepaid Insurance and Exps	-	-	-	-	5,341,875	(678,091)	1,985,530	-	-	-	(76,383)	6,950	7,299,000	13,878,881
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	(768,367)	-	-	(768,367)
Accounts and Other Payables	(4,173,433)	(1,670,905)	(1,642,826)	38,091	299,941	51,209	-	(883,681)	(50,059)	129,012	406,004	(20,239,156)	21,971,698	(5,764,105)
GL1 LPT Payable	-	-	(210,306,620)	-	-	-	-	-	-	-	-	-	30,774,842	(179,531,778)
Unearned Income	-	-	-	-	(1,319,425)	669,761	(1,991,476)	-	21,556	-	-	7,299,000	(7,299,000)	(2,619,584)
Claim Liabilities	10,556,002	(21,684,412)	20,757,267	(351,812)	(409,369)	5,246,853	-	-	(72,281)	-	-	104,110,736	-	118,152,984
Unallocated Loss Adjustment Payable	(59,000)	(956,000)	331,000	98,000	2,000	(6,000)	-	-	-	-	-	-	-	(590,000)
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	124,997	-	-	124,997
Net Pension Liability	-	-	-	-	-	-	-	-	-	-	500,768	-	-	500,768
Other Liabilities	-	-	-	-	-	-	-	-	-	-	64,949	-	-	64,949
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 1,210,118</b>	<b>\$ (60,945,319)</b>	<b>\$ (123,453,640)</b>	<b>\$ 59,197</b>	<b>\$ (515,289)</b>	<b>\$ (8,613,347)</b>	<b>\$ 60,398</b>	<b>\$ (1,230,532)</b>	<b>\$ (2,944,114)</b>	<b>\$ (152,886)</b>	<b>\$ 77,813</b>	<b>\$ 107,465,027</b>	<b>\$ (0)</b>	<b>\$ (88,982,574)</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>														
Changes in unrealized gains (loss) on investments	\$ 1,391,772	\$ 4,170,601	\$ -	\$ -	\$ -	\$ 648,688	\$ 7,473	\$ 101,925	\$ 282,509	\$ 35,135	\$ 313,268	\$ 6,704,378	\$ -	\$ 13,655,749

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## Primary Workers' Compensation

County Members: 14  
Public Entity Members: 25

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
PRIMARY WORKERS' COMPENSATION PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ (1,957,741)	\$ 1,270,562
Cash, PRISM Treasury	11,080,147	8,825,430
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	9,122,406	10,095,992
Investments	2,937,348	6,401,679
Accounts Receivable		
Due from Members	993,054	320,943
Investment Income Receivable	283,703	263,187
Reinsurance Claims	4,974,994	13,994,715
Due from Other Funds	24,300,429	14,097,453
<b>TOTAL CURRENT ASSETS</b>	42,611,934	45,173,969
Noncurrent Assets:		
Investments	52,952,794	43,383,263
Due from Members	1,000,000	-
Investment in Captive	514,969	514,969
Due from Other Funds	17,783,377	10,605,615
<b>TOTAL NONCURRENT ASSETS</b>	72,251,140	54,503,847
<b>TOTAL ASSETS</b>	114,863,074	99,677,816
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	(861,919)	570,789
Dividends Payable to Members	1,710,044	2,000,000
Other Due to Members	-	882,335
Deposits from Members	296,267	969,873
Deposits from Insurance Companies	2,067,963	2,962,791
Workers' Compensation Claims	5,337,000	4,200,000
<b>TOTAL CURRENT LIABILITIES</b>	8,549,355	11,585,788
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	14,538,915	7,551,728
Claims Incurred But Not Reported	9,997,960	7,566,145
Unallocated Loss Adjustment Expense Payable	40,182,000	40,241,000
<b>TOTAL NONCURRENT LIABILITIES</b>	64,718,875	55,358,873
<b>TOTAL LIABILITIES</b>	73,268,230	66,944,661
<b>NET POSITION:</b>		
Unrestricted	41,594,844	32,733,155
<b>TOTAL NET POSITION</b>	\$ 41,594,844	\$ 32,733,155

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
PRIMARY WORKERS' COMPENSATION PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 33,501,531	\$ 35,019,496
Broker Fees	1,473,413	989,389
Contributions for Retained Risk	34,144,362	19,256,166
Administration Fees	5,964,626	5,051,339
Schools Loss Control Fee	70,553	53,218
Other Income	65,313	-
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>75,219,798</b>	<b>60,369,608</b>
	<hr/>	<hr/>
<b>OPERATING EXPENSES:</b>		
Pool Dividends to Members	2,000,000	2,000,000
Insurance Expense	33,501,533	35,027,453
Broker Fees	1,473,410	989,389
Provision for Claims		
Current Year Claims	7,777,001	8,918,000
Prior Years' Claims	12,544,729	(3,436,290)
Provision for Unallocated Loss Adjustment Expenses	(59,000)	(1,015,000)
Program Services		
Claims Administration Services	5,725,282	6,008,034
Actuarial and Consulting Services	40,813	45,718
Claims Audits	88,985	68,040
Managed Care Program Review	114,000	108,000
Bank Fees and Services	55,714	53,417
Dept. of Industrial Relations Assessment	1,942,071	1,983,330
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>65,204,538</b>	<b>50,750,091</b>
	<hr/>	<hr/>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(5,095,583)	(4,990,497)
	<hr/>	<hr/>
<b>TOTAL TRANSFERS</b>	<b>(5,095,583)</b>	<b>(4,990,497)</b>
	<hr/>	<hr/>
<b>OPERATING INCOME (LOSS)</b>	<b>4,919,677</b>	<b>4,629,020</b>
	<hr/>	<hr/>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	3,854,128	3,135,423
Member Financing Fees	87,884	76,996
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>3,942,012</b>	<b>3,212,419</b>
	<hr/>	<hr/>
<b>CHANGES IN NET POSITION</b>	<b>8,861,689</b>	<b>7,841,439</b>
	<hr/>	<hr/>
Net Position, Beginning of Year	32,733,155	24,891,716
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 41,594,844</b>	<b>\$ 32,733,155</b>
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**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
PRIMARY WORKERS' COMPENSATION PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 71,855,880	\$ 60,465,057
Payments to Others	9,155,587	(9,355,525)
Dividends Paid	(2,289,956)	-
Claims Paid	(9,765,728)	(8,184,066)
Insurance Purchased	(33,501,533)	(35,027,453)
Payments to Suppliers	(11,767,811)	(13,013,843)
Internal Activities	<u>(22,476,321)</u>	<u>(961,052)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>1,210,118</u>	<u>(6,076,882)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(36,675,637)	(58,787,372)
Sales of Securities	31,962,208	65,692,977
Cash from Investment Earnings	2,441,842	1,600,152
Finance Fees from Members	<u>87,883</u>	<u>76,995</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(2,183,704)</u>	<u>8,582,752</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(973,586)	2,505,870
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>10,095,992</u>	<u>7,590,122</u>
<b>END OF YEAR</b>	<u><u>\$ 9,122,406</u></u>	<u><u>\$ 10,095,992</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 4,919,677	\$ 4,629,020
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	7,347,610	(9,729,686)
Due From or To Other Funds	(17,380,738)	4,029,445
Accounts and Other Payables	(4,173,433)	(1,288,305)
Claim Liabilities	10,556,002	(2,702,356)
Unallocated Loss Adjustment Expense Payable	<u>(59,000)</u>	<u>(1,015,000)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 1,210,118</u></u>	<u><u>\$ (6,076,882)</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ 1,391,772</u></u>	<u><u>\$ 1,562,204</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
PRIMARY WORKERS' COMPENSATION PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 59,558,873</u>	<u>\$ 63,276,229</u>
Incurred claims and claim adjustment expenses:		
Provision for claims		
current fiscal year	7,718,001	7,903,000
Increase (Decrease) in the provision for claims of prior fiscal years	<u>12,544,729</u>	<u>(3,436,290)</u>
B. Total incurred claims and claim adjustment expenses	<u>20,262,730</u>	<u>4,466,710</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	3,629,684	4,394,251
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>6,136,044</u>	<u>3,789,815</u>
C. Total Payments	<u>9,765,728</u>	<u>8,184,066</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 70,055,875</u>	<u>\$ 59,558,873</u>
Current Claim Liabilities	\$ 5,337,000	\$ 4,200,000
Noncurrent Claim Liabilities	64,718,875	55,358,873
Total Claim Liabilities	<u>\$ 70,055,875</u>	<u>\$ 59,558,873</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
SUPPLEMENTAL INFORMATION  
PRIMARY WORKERS' COMPENSATION PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2020**

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.

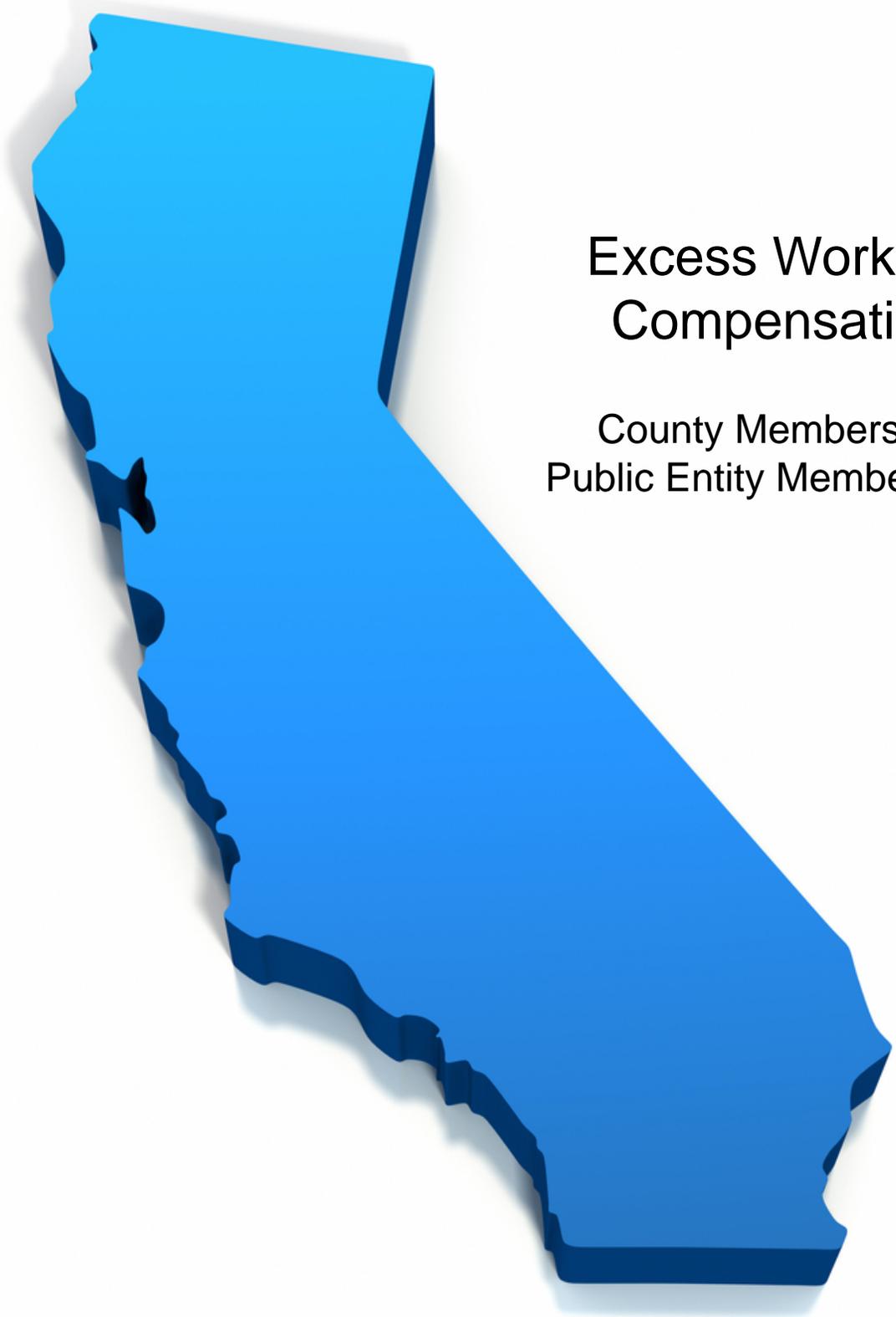
As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**PRIMARY WORKERS' COMPENSATION PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 44,423,492	\$ 45,874,402	\$ 46,505,776	\$ 52,184,744	\$ 52,591,920	\$ 54,292,222	\$ 66,898,451	\$ 55,273,807	\$ 48,089,020	\$ 46,593,248
Less Ceded	(28,900,823)	(31,324,253)	(32,660,803)	(37,380,293)	(40,948,454)	(42,158,960)	(54,689,379)	(42,939,979)	(35,044,943)	(33,344,193)
Dividends Declared	-	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)
Investment Earnings	582,469	225,476	151,332	-	-	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	16,105,138	14,775,625	13,996,305	14,804,451	11,643,466	12,133,262	12,209,072	12,333,828	11,044,077	11,249,055
2. Less Unallocated Loss Adjustment Expense	1,131,400	1,370,393	1,467,397	2,649,068	2,661,917	3,978,643	4,219,850	8,364,888	7,410,313	6,248,966
3. Estimated Incurred Claims Less Ceded Claims	41,200,715	44,186,253	45,065,803	50,435,293	54,185,020	51,254,960	63,656,379	52,515,979	43,962,943	41,121,193
Net Incurred Claims and Expenses, End of Policy Year	12,299,892	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
4. Cumulative Paid Claims as of:										
End of the Policy Year	6,304,731	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
One Year Later	10,080,439	9,699,440	9,572,554	9,632,916	6,607,142	6,868,677	5,660,241	8,082,907	7,133,410	-
Two Years Later	10,752,137	10,403,922	10,324,845	10,595,000	7,164,498	7,437,056	6,046,567	8,695,460	-	-
Three Years Later	11,004,419	10,648,791	10,647,115	10,903,553	7,424,915	7,672,566	6,163,557	-	-	-
Four Years Later	11,094,997	10,772,427	10,782,525	11,043,935	7,571,974	7,742,115	-	-	-	-
Five Years Later	11,151,713	10,845,816	10,838,835	11,160,798	7,603,551	-	-	-	-	-
Six Years Later	11,192,247	10,930,202	10,870,050	11,217,320	-	-	-	-	-	-
Seven Years Later	11,207,350	10,947,443	10,887,944	-	-	-	-	-	-	-
Eight Years Later	11,260,253	10,976,800	-	-	-	-	-	-	-	-
Nine Years Later	11,293,653	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	33,361,329	34,161,197	32,846,956	33,699,045	33,479,791	34,796,696	26,578,000	39,671,722	22,650,725	11,365,741
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	12,299,892	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
One Year Later	12,700,000	11,441,000	12,595,000	12,382,000	8,222,000	8,226,000	8,563,000	7,782,000	8,813,000	-
Two Years Later	11,815,000	11,397,000	11,445,000	11,735,000	7,792,000	8,526,000	8,328,000	9,814,000	-	-
Three Years Later	11,789,000	11,048,000	11,384,000	11,718,000	8,206,000	8,585,000	6,720,000	-	-	-
Four Years Later	11,500,000	11,022,000	11,233,000	12,094,000	8,253,000	8,292,000	-	-	-	-
Five Years Later	11,450,000	11,220,000	11,903,000	11,816,000	8,089,000	-	-	-	-	-
Six Years Later	11,480,000	12,496,500	11,643,000	11,823,000	-	-	-	-	-	-
Seven Years Later	12,484,500	12,220,500	11,400,000	-	-	-	-	-	-	-
Eight Years Later	12,046,500	12,058,275	-	-	-	-	-	-	-	-
Nine Years Later	11,897,575	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ (253,392)	\$ (641,500)	\$ (762,000)	\$ (1,239,000)	\$ (5,072,000)	\$ (511,000)	\$ (639,000)	\$ (1,794,000)	\$ (105,000)	\$ -

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# Excess Workers' Compensation

County Members: 49  
Public Entity Members: 131

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
EXCESS WORKERS' COMPENSATION PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ 30,460,934	\$ 35,114,822
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>30,460,934</u>	<u>35,114,822</u>
Investments	8,075,197	25,471,146
Accounts Receivable		
Due from Members	477,016	343,541
Investment Income Receivable	779,940	1,047,176
Reinsurance Claims	21,025,550	18,028,992
Due from Other Funds	<u>27,131,980</u>	<u>4,948,753</u>
<b>TOTAL CURRENT ASSETS</b>	<u>87,950,617</u>	<u>84,954,430</u>
Noncurrent Assets:		
Investments	145,574,921	172,614,316
Investment in Captive	2,841,641	2,841,641
Due from Other Funds	<u>48,889,088</u>	<u>42,197,866</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>197,305,650</u>	<u>217,653,823</u>
<b>TOTAL ASSETS</b>	<u>285,256,267</u>	<u>302,608,253</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	944,168	2,615,073
Due to Other Funds	14,431,187	12,853,680
Workers' Compensation Claims	<u>28,200,000</u>	<u>36,073,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>43,575,355</u>	<u>51,541,753</u>
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	136,932,863	135,929,392
Claims Incurred But Not Reported	36,321,330	51,136,213
Unallocated Loss Adjustment Expense Payable	<u>5,264,000</u>	<u>6,220,000</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>178,518,193</u>	<u>193,285,605</u>
<b>TOTAL LIABILITIES</b>	<u>222,093,548</u>	<u>244,827,358</u>
<b>NET POSITION:</b>		
Unrestricted	<u>63,162,719</u>	<u>57,780,895</u>
<b>TOTAL NET POSITION</b>	<u>\$ 63,162,719</u>	<u>\$ 57,780,895</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
EXCESS WORKERS' COMPENSATION PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 135,064,114	\$ 130,018,909
Broker Fees	4,025,170	2,982,606
Contributions for Retained Risk	4,511,522	7,874,135
Administration Fees	8,264,480	7,904,763
Schools Loss Control Fee	51,324	42,808
Other Income	360,712	757,699
	<b>TOTAL OPERATING REVENUES</b>	<b>149,580,920</b>
	<b>152,277,322</b>	<b>149,580,920</b>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	134,827,110	130,018,908
Broker Fees	4,027,895	2,982,816
Provision for Claims		
Current Year Claims	1,769,850	812,820
Prior Years' Claims	11,694,006	(7,754,444)
Provision for Unallocated Loss Adjustment Expenses	(956,000)	605,000
Program Services		
Actuarial, Legal & Managed Care Services	463,112	553,070
Claims Audits	655,880	572,026
	<b>TOTAL OPERATING EXPENSES</b>	<b>127,790,196</b>
	<b>152,481,853</b>	<b>127,790,196</b>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(6,002,496)	(5,359,928)
	<b>TOTAL TRANSFERS</b>	<b>(5,359,928)</b>
	<b>(6,002,496)</b>	<b>(5,359,928)</b>
	<b>OPERATING INCOME (LOSS)</b>	<b>16,430,796</b>
	<b>(6,207,027)</b>	<b>16,430,796</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	11,549,319	11,951,123
Member Financing Fees	39,532	28,148
	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>11,979,271</b>
	<b>11,588,851</b>	<b>11,979,271</b>
	<b>CHANGES IN NET POSITION</b>	<b>28,410,067</b>
	<b>5,381,824</b>	<b>28,410,067</b>
Net Position, Beginning of Year	57,780,895	29,370,828
	<b>NET POSITION, END OF YEAR</b>	<b>\$ 57,780,895</b>
	<b>\$ 63,162,719</b>	<b>\$ 57,780,895</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
EXCESS WORKERS' COMPENSATION PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 151,731,811	\$ 148,223,124
Payments to Others	(2,584,522)	(9,791,714)
Claims Paid	(35,148,268)	(47,000,412)
Insurance Purchased	(134,827,110)	(130,018,908)
Payments to Suppliers	(6,817,792)	(2,884,579)
Internal Activities	<u>(33,299,438)</u>	<u>(3,379,767)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(60,945,319)</u>	<u>(44,852,256)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(47,172,336)	(224,252,702)
Sales of Securities	95,778,279	285,424,358
Cash from Investment Earnings	7,645,955	5,445,100
Finance Fees from Members	<u>39,533</u>	<u>28,148</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>56,291,431</u>	<u>66,644,904</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(4,653,888)	21,792,648
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>35,114,822</u>	<u>13,322,174</u>
<b>END OF YEAR</b>	<u><u>\$ 30,460,934</u></u>	<u><u>\$ 35,114,822</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (6,207,027)	\$ 16,430,796
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(3,130,033)	(10,431,012)
Due From or To Other Funds	(27,296,942)	1,980,161
Accounts and Other Payables	(1,670,905)	628,823
Unearned Income	-	(123,988)
Claim Liabilities	(21,684,412)	(53,942,036)
Unallocated Loss Adjustment Expense Payable	<u>(956,000)</u>	<u>605,000</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (60,945,319)</u></u>	<u><u>\$ (44,852,256)</u></u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ 4,170,601</u></u>	<u><u>\$ 6,787,500</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**EXCESS WORKERS' COMPENSATION PROGRAM**  
**RECONCILIATION OF UNPAID CLAIMS LIABILITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 229,358,605</u>	<u>\$ 282,695,641</u>
Incurred claims and claim adjustment expenses:		
Provision for claims		
Current fiscal year	813,850	1,417,820
Increase (Decrease) in the provision for Prior fiscal years	<u>11,694,006</u>	<u>(7,754,444)</u>
B. Total incurred claims and claim adjustment expenses	<u>12,507,856</u>	<u>(6,336,624)</u>
Payments attributable to insured events of the Prior fiscal years:	<u>35,148,268</u>	<u>47,000,412</u>
C. Total Payments	<u>35,148,268</u>	<u>47,000,412</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 206,718,193</u>	<u>\$ 229,358,605</u>
Current Claim Liabilities	\$ 28,200,000	\$ 36,073,000
Noncurrent Claim Liabilities	<u>178,518,193</u>	<u>193,285,605</u>
Total Claim Liabilities	<u>\$ 206,718,193</u>	<u>\$ 229,358,605</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
SUPPLEMENTAL INFORMATION  
EXCESS WORKERS' COMPENSATION PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2020**

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)**  
**EXCESS WORKERS' COMPENSATION PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 52,740,463	\$ 56,601,782	\$ 64,059,430	\$ 77,872,261	\$ 89,669,396	\$ 127,180,087	\$ 127,468,312	\$ 136,582,965	\$ 135,901,948	\$ 139,749,708
Less Ceded	(33,932,092)	(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)
Investment Earnings	2,113,414	2,009,557	3,655,273	2,637,797	2,288,407	3,888,304	1,265,893	872,190	685,441	193,608
<b>1. Total Revenues Available For Payment of Claims</b>	<b>20,921,785</b>	<b>19,910,703</b>	<b>41,244,653</b>	<b>33,061,776</b>	<b>34,759,745</b>	<b>62,809,545</b>	<b>25,860,974</b>	<b>11,771,957</b>	<b>9,392,683</b>	<b>6,897,579</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>374,984</b>	<b>105,910</b>	<b>179,054</b>	<b>(188)</b>	<b>(41,485)</b>	<b>341,203</b>	<b>69,379</b>	<b>-</b>	<b>44,220</b>	<b>43,156</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>51,347,831</b>	<b>47,772,920</b>	<b>43,142,223</b>	<b>60,295,762</b>	<b>80,522,151</b>	<b>106,542,005</b>	<b>117,788,870</b>	<b>125,683,198</b>	<b>128,007,526</b>	<b>134,815,587</b>
Net Incurred Claims and Expenses, End of Policy Year	(33,932,092)	(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)
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	43,862	23,688	38,785	-	950,641	3,293,817	3,623,460	-	-	-
One Year Later	230,188	329,202	281,003	2,361,141	5,161,301	9,034,334	8,426,745	-	-	-
Two Years Later	627,868	785,063	2,103,809	6,162,084	10,430,178	17,164,800	11,266,723	-	-	-
Three Years Later	1,344,807	1,544,493	4,326,042	10,372,243	21,652,538	25,264,694	12,782,592	-	-	-
Four Years Later	2,074,489	2,305,965	9,927,320	12,944,505	29,973,034	38,263,345	-	-	-	-
Five Years Later	5,609,885	4,081,614	13,746,251	15,745,328	25,919,301	-	-	-	-	-
Six Years Later	6,421,341	5,650,357	16,948,677	20,259,923	-	-	-	-	-	-
Seven Years Later	7,748,121	6,450,365	19,821,641	-	-	-	-	-	-	-
Eight Years Later	12,169,466	7,410,436	-	-	-	-	-	-	-	-
Nine Years Later	13,226,504	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>79,385</b>	<b>5,659,816</b>	<b>25,513,447</b>	<b>38,549,633</b>	<b>60,653,584</b>	<b>70,800,144</b>	<b>77,795,470</b>	<b>69,928,033</b>	<b>68,308,882</b>	<b>30,009,370</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	17,415,739	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159	14,915,638	-	812,820	1,769,850
One Year Later	18,075,962	9,517,002	18,675,566	14,275,787	30,278,418	39,483,699	16,869,019	-	1,813,455	-
Two Years Later	17,868,492	10,336,945	19,544,588	19,231,418	31,534,751	42,063,111	16,249,725	-	-	-
Three Years Later	18,601,508	10,932,012	25,311,173	19,670,868	33,388,255	41,451,544	15,627,821	-	-	-
Four Years Later	19,813,588	12,982,166	25,835,519	20,038,856	33,285,931	52,256,161	-	-	-	-
Five Years Later	24,576,756	12,874,083	26,777,117	20,092,065	24,218,000	-	-	-	-	-
Six Years Later	25,385,881	15,469,230	26,987,941	20,252,228	-	-	-	-	-	-
Seven Years Later	30,955,824	14,093,494	27,164,671	-	-	-	-	-	-	-
Eight Years Later	31,158,571	11,753,812	-	-	-	-	-	-	-	-
Nine Years Later	28,604,678	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 13,742,832</b>	<b>\$ 5,021,210</b>	<b>\$ 10,315,768</b>	<b>\$ 7,244,586</b>	<b>\$ 9,961,839</b>	<b>\$ 3,168,385</b>	<b>\$ 1,334,087</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## General Liability 1

County Members: 41  
Public Entity Members: 89

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**GENERAL LIABILITY 1 PROGRAM**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 1,312,854	\$ 1,350,255
Cash, PRISM Treasury	-	18,508,408
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>1,312,854</b>	<b>19,858,663</b>
Investments	-	13,425,395
Accounts Receivable		
Due from Members	179,059	120,499
Reinsurance Claims	9,466,897	2,026,966
Investment Income Receivable	-	551,948
GL1 LPT Prepaid Expense	21,469,000	30,290,620
Due From Other Funds	-	2,608,401
<b>TOTAL CURRENT ASSETS</b>	<b>32,427,810</b>	<b>68,882,492</b>
Noncurrent Assets:		
Investments	-	90,981,984
Investment in Captive	1,035,807	1,035,807
GL1 LPT Rate Credit Receivable	16,868,163	16,653,000
GL1 LPT Prepaid Expense	10,533,620	60,693,000
Due From Other Funds	-	22,241,757
<b>TOTAL NONCURRENT ASSETS</b>	<b>28,437,590</b>	<b>191,605,548</b>
<b>TOTAL ASSETS</b>	<b>60,865,400</b>	<b>260,488,040</b>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	50,732	1,555,905
Due to Other Funds	39,041,018	-
GL1 LPT Payable	7,741,000	218,047,620
Due to Members	257,428	248,842
Deposits from Insurance Companies	277,132	423,372
Claims Liabilities	552,000	386,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>47,919,310</b>	<b>220,661,739</b>
Noncurrent Liabilities:		
GL1 LPT Payable	12,000,000	12,000,000
Claims Liabilities		
Claims Reported	1,215,820	888,311
Claims Incurred But Not Reported	23,915,752	3,651,994
Unallocated Loss Adjustment Expense Payable	1,567,000	1,236,000
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>38,698,572</b>	<b>17,776,305</b>
<b>TOTAL LIABILITIES</b>	<b>86,617,882</b>	<b>238,438,044</b>
<b>NET POSITION:</b>		
Unrestricted	(25,752,482)	22,049,996
<b>TOTAL NET POSITION</b>	<b>\$ (25,752,482)</b>	<b>\$ 22,049,996</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
GENERAL LIABILITY 1 PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 80,516,241	\$ 11,468,632
Broker Fees	2,348,595	1,301,743
Contributions for Retained Risk	-	46,370,512
Administration Fees	4,590,121	4,495,580
Schools Loss Control Fee	18,075	10,953
<b>TOTAL OPERATING REVENUES</b>	<b>87,473,032</b>	<b>63,647,420</b>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	20,097,390	10,944,952
GL1 LPT Premium Expense	87,662,525	122,411,000
Broker Fees	1,703,373	1,301,743
GL1 LPT Broker Fees	642,573	1,500,000
Provision for Claims		
Current Year Claims	-	39,670,721
Prior Years' Claims	21,015,078	44,544,120
GL1 LPT Claims Transferred	-	(167,221,942)
Provision for Unallocated Loss Adjustment Expenses	331,000	233,000
Program Services		
Actuarial and Consulting Services	136,823	146,276
Legal Expenses & Labor Law Services	82,592	107,309
Claims Audits	114,575	41,843
Bank Services and Fees	2,965	3,026
Crisis Incident Management	7,554	450
<b>TOTAL OPERATING EXPENSES</b>	<b>131,796,448</b>	<b>53,682,498</b>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(3,427,566)	(3,455,899)
<b>TOTAL TRANSFERS</b>	<b>(3,427,566)</b>	<b>(3,455,899)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(47,750,982)</b>	<b>6,509,023</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	(53,894)	6,422,186
Member Finance Fees	2,398	1,559
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(51,496)</b>	<b>6,423,745</b>
<b>CHANGES IN NET POSITION</b>	<b>(47,802,478)</b>	<b>12,932,768</b>
Net Position, Beginning of Year	22,049,996	9,117,228
<b>NET POSITION, END OF YEAR</b>	<b>\$ (25,752,482)</b>	<b>\$ 22,049,996</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
GENERAL LIABILITY 1 PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 87,423,058	\$ 64,186,466
Payments to Others	(7,439,931)	(2,026,967)
Claims Paid	(257,811)	(61,247,266)
Insurance Purchased	(259,300,698)	(10,944,952)
Payments to Suppliers	(4,341,868)	(1,167,741)
Internal Activities	<u>60,463,610</u>	<u>(1,528,834)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(123,453,640)</u>	<u>(12,729,294)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	-	(120,103,131)
Sales of Securities	104,407,379	144,069,770
Cash from Investment Earnings	498,054	2,079,723
Finance Fees from Members	<u>2,398</u>	<u>1,559</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>104,907,831</u>	<u>26,047,921</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(18,545,809)	13,318,627
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>19,858,663</u>	<u>6,540,036</u>
<b>END OF YEAR</b>	<u><u>\$ 1,312,854</u></u>	<u><u>\$ 19,858,663</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (47,750,982)	\$ 6,509,023
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(7,498,491)	(1,085,122)
GL1 LPT Receivable	58,765,837	(107,636,620)
Due From or To Other Funds	63,891,175	1,342,621
Accounts and Other Payables	(1,642,826)	2,140,097
GL1 LPT Payable	(210,306,620)	230,047,620
Unearned Income	-	(25,546)
Claim Liabilities	20,757,267	(144,302,367)
Unallocated Loss Adjustment Expense Payable	<u>331,000</u>	<u>281,000</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (123,453,640)</u></u>	<u><u>\$ (12,729,294)</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ -</u></u>	<u><u>\$ 3,426,033</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**GENERAL LIABILITY 1 PROGRAM**  
**RECONCILIATION OF UNPAID CLAIMS LIABILITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 6,162,305</u>	<u>\$ 150,183,672</u>
Incurring claims and claim adjustment expenses:		
Increase (Decrease) in the provision for claims of prior fiscal years	<u>21,346,078</u>	<u>(82,774,101)</u>
B. Total incurred claims and claim adjustment expenses	<u>21,346,078</u>	<u>(82,774,101)</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>257,811</u>	<u>61,247,266</u>
C. Total Payments	<u>257,811</u>	<u>61,247,266</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 27,250,572</u>	<u>\$ 6,162,305</u>
Current Claim Liabilities	\$ 552,000	\$ 386,000
Noncurrent Claim Liabilities	<u>26,698,572</u>	<u>5,776,305</u>
Total Claim Liabilities	<u>\$ 27,250,572</u>	<u>\$ 6,162,305</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
GENERAL LIABILITY 1 PROGRAM  
SUPPLEMENTAL INFORMATION  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2020**

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)**  
**GENERAL LIABILITY 1 PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 33,847,460	\$ 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
Less Ceded	(4,631,423)	(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)
Loss Portfolio Transfer	(31,973,798)	(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)
Investment Earnings	1,022,646	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	(1,735,115)	6,387,102	502,594	(18,582,270)	(6,015,025)	(9,284,550)	(2,052,194)	18,343,504	22,035,215	(25,779,737)
<b>2. Unallocated Loss</b>										
Adjustment Expense	13,340	11,204	50,240	45,777	73,978	83,896	241,733	316,954	277,229	287,967
<b>3. Estimated Incurred Claims</b>	21,482,208	22,372,152	26,257,387	28,716,578	31,508,347	36,742,274	40,370,659	42,071,896	15,666,695	12,381,702
Less Ceded Claims	(4,631,423)	(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)
Net Incurred Claims and Expenses, End of Policy Year	16,850,785	16,590,668	20,686,170	22,705,020	23,484,390	29,585,040	28,521,710	32,042,720	3,420,000	-
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	241,064	-	-	-	-	-	-	-	-
One Year Later	104,565	666,287	1,668,017	2,443,124	110,653	760,444	732,315	2,113,472	-	-
Two Years Later	2,483,193	2,473,149	3,879,513	4,412,160	1,489,584	14,004,016	6,113,260	2,113,472	-	-
Three Years Later	18,803,527	7,001,701	11,698,043	12,165,139	14,487,153	33,792,442	6,113,260	-	-	-
Four Years Later	22,031,298	15,817,812	15,857,724	18,903,963	24,021,768	33,792,442	-	-	-	-
Five Years Later	24,752,158	17,071,287	18,738,930	37,988,696	24,021,768	-	-	-	-	-
Six Years Later	27,460,094	18,226,891	19,448,787	37,988,696	-	-	-	-	-	-
Seven Years Later	28,276,310	19,441,681	19,448,787	-	-	-	-	-	-	-
Eight Years Later	30,683,008	19,441,681	-	-	-	-	-	-	-	-
Nine Years Later*	30,683,008	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	6,092,102	12,212,856	7,584,692	10,738,153	32,738,522	44,867,871	74,587,093	68,513,698	23,155,909	10,518,000
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	16,850,785	16,590,668	20,686,170	22,705,020	23,484,390	29,585,040	28,521,710	32,042,720	3,420,000	-
One Year Later	21,106,865	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	19,593,744	19,869,339	19,432,855	23,564,995	19,501,022	42,210,919	6,113,260	2,113,472	-	-
Three Years Later	26,300,275	19,100,002	18,999,743	27,721,257	33,763,193	33,792,442	6,113,260	-	-	-
Four Years Later	28,275,182	22,130,738	25,606,114	39,512,839	24,021,768	33,792,442	-	-	-	-
Five Years Later	28,444,064	21,331,569	28,990,997	37,988,696	24,021,768	-	-	-	-	-
Six Years Later	30,924,485	21,018,903	19,448,787	37,988,696	-	-	-	-	-	-
Seven Years Later	31,533,501	19,441,681	19,448,787	-	-	-	-	-	-	-
Eight Years Later	30,683,008	19,441,681	-	-	-	-	-	-	-	-
Nine Years Later*	30,683,008	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	\$ 13,832,223	\$ 2,851,013	\$ (1,237,383)	\$ 15,283,676	\$ 537,378	\$ 4,207,402	\$ (22,408,450)	\$ (29,929,248)	\$ 20,242,000	\$ -

\*Claims transferred to reinsurer via an Loss Portfolio Transfer

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## General Liability 2

County Members: 10  
Public Entity Members: 8

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
GENERAL LIABILITY 2 PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ -	\$ -
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>-</u>	<u>-</u>
Accounts Receivable		
Reinsurance Claims	8,778,215	5,006,352
<b>TOTAL CURRENT ASSETS</b>	<u>8,778,215</u>	<u>5,006,352</u>
Noncurrent Assets:		
Investment in Captive	65,294	65,294
<b>TOTAL NONCURRENT ASSETS</b>	<u>65,294</u>	<u>65,294</u>
<b>TOTAL ASSETS</b>	<u>8,843,509</u>	<u>5,071,646</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	38,133	42
Due to Other Funds	5,921,475	2,373,077
Claim Liabilities	-	351,812
<b>TOTAL CURRENT LIABILITIES</b>	<u>5,959,608</u>	<u>2,724,931</u>
Noncurrent Liabilities:		
Claim Liabilities		
Unallocated Loss Adjustment Expense Payable	1,141,000	1,043,000
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>1,141,000</u>	<u>1,043,000</u>
<b>TOTAL LIABILITIES</b>	<u>7,100,608</u>	<u>3,767,931</u>
<b>NET POSITION:</b>		
Unrestricted	1,742,901	1,303,715
<b>TOTAL NET POSITION</b>	<u>\$ 1,742,901</u>	<u>\$ 1,303,715</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
GENERAL LIABILITY 2 PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 78,462,797	\$ 62,346,508
Broker Fees	645,421	516,792
Administration Fees	2,835,726	2,169,060
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>81,943,944</b>	<b>65,032,360</b>
	<hr/>	<hr/>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	78,462,798	62,153,309
Broker Fees	619,109	490,480
Provision for Unallocated Loss Adjustment Expenses	98,000	(30,000)
Program Services		
Consulting and Legal Services	117,789	29,743
Actuarial Studies	24,000	24,000
Claims Audits	55,725	46,465
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>79,377,421</b>	<b>62,713,997</b>
	<hr/>	<hr/>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(2,068,140)	(1,663,144)
	<hr/>	<hr/>
<b>TOTAL TRANSFERS</b>	<b>(2,068,140)</b>	<b>(1,663,144)</b>
	<hr/>	<hr/>
<b>OPERATING INCOME (LOSS)</b>	<b>498,383</b>	<b>655,219</b>
	<hr/>	<hr/>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income(Expense)	(59,197)	18,465
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>(59,197)</b>	<b>18,465</b>
	<hr/>	<hr/>
<b>CHANGES IN NET POSITION</b>	<b>439,186</b>	<b>673,684</b>
	<hr/>	<hr/>
Net Position, Beginning of Year	1,303,715	630,031
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 1,742,901</b>	<b>\$ 1,303,715</b>
	<hr/> <hr/>	<hr/> <hr/>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
GENERAL LIABILITY 2 PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 81,943,944	\$ 64,977,680
Payments to Others	(3,771,863)	(2,415,014)
Claims Paid	(351,812)	(144,835)
Insurance Purchased	(78,462,798)	(62,153,309)
Payments to Suppliers	(778,532)	(590,646)
Internal Activities	1,480,258	307,659
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(18,465)</b>
	59,197	18,465
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash from Investment Earnings	(59,197)	18,465
	<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>18,465</b>
	(59,197)	18,465
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	-	-
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>		
	-	-
	<b>END OF YEAR</b>	<b>-</b>
	\$ -	\$ -
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 498,383	\$ 655,219
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(3,771,863)	(2,415,014)
Due From or To Other Funds	3,548,398	1,970,803
Accounts and Other Payables	38,091	(54,638)
Claim Liabilities	(351,812)	(144,835)
Unallocated Loss Adjustment Expense Payable	98,000	(30,000)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 59,197</b>	<b>\$ (18,465)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	-	-
	<b>\$ -</b>	<b>\$ -</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**GENERAL LIABILITY 2 PROGRAM**  
**RECONCILIATION OF UNPAID CLAIMS LIABILITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 1,394,812</u>	<u>\$ 1,569,647</u>
Incurring claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>98,000</u>	<u>(30,000)</u>
B. Total incurred claims and claim adjustment expenses	<u>98,000</u>	<u>(30,000)</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>351,812</u>	<u>144,835</u>
C. Total Payments	<u>351,812</u>	<u>144,835</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 1,141,000</u>	<u>\$ 1,394,812</u>
Current Claim Liabilities	\$ -	\$ 351,812
Noncurrent Claim Liabilities	<u>1,141,000</u>	<u>1,043,000</u>
Total Claim Liabilities	<u>\$ 1,141,000</u>	<u>\$ 1,394,812</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
SUPPLEMENTAL INFORMATION  
GENERAL LIABILITY 2 PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2020**

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)**  
**GENERAL LIABILITY 2 PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 19,925,721	\$ 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
Less Ceded	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)	(46,724,983)	(48,889,112)	(62,346,508)	(78,462,797)
Investment Earnings	-	-	-	-	-	171,997	-	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>8,578,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000,000</b>	<b>9,314,247</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>-</b>	<b>150,819</b>	<b>37,467</b>	<b>386,083</b>	<b>99,199</b>	<b>376,532</b>	<b>90,899</b>	<b>-</b>	<b>-</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>19,925,721 (11,346,921) 8,578,800</b>	<b>18,075,370 (18,075,370) -</b>	<b>19,467,217 (19,467,217) -</b>	<b>22,700,000 (22,700,000) -</b>	<b>26,484,451 (19,484,451) 7,000,000</b>	<b>32,312,339 (22,998,092) 9,314,247</b>	<b>46,724,983 (46,724,983) -</b>	<b>48,889,112 (48,889,112) -</b>	<b>62,346,508 (62,346,508) -</b>	<b>78,462,797 (78,462,797) -</b>
<b>4. Cumulative Paid Claims as of:</b>										
One Year Later	-	-	-	-	5,600,000	6,192,816	-	-	-	-
Two Years Later	5,250,000	-	-	-	7,000,000	8,928,354	-	-	-	-
Three Years Later	5,955,652	-	-	-	7,000,000	9,073,189	-	-	-	-
Four Years Later	8,578,800	-	-	-	7,000,000	9,425,000	-	-	-	-
Five Years Later	8,578,800	-	-	-	7,000,000	-	-	-	-	-
Six Years Later	8,578,800	-	-	-	-	-	-	-	-	-
Seven Years Later	8,578,800	-	-	-	-	-	-	-	-	-
Eight Years Later	8,578,800	-	-	-	-	-	-	-	-	-
Nine Years Later	8,578,800	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>12,386,395</b>	<b>44,700,634</b>	<b>33,448,628</b>	<b>33,677,939</b>	<b>47,274,301</b>	<b>15,715,093</b>	<b>57,873,260</b>	<b>38,236,515</b>	<b>13,655,900</b>	<b>300,000</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	8,578,800	-	-	-	7,000,000	9,425,000	-	-	-	-
One Year Later	8,578,800	-	-	-	7,000,000	9,425,000	-	-	-	-
Two Years Later	8,578,800	-	-	-	7,000,000	9,425,000	-	-	-	-
Three Years Later	8,578,800	-	-	-	7,000,000	9,425,000	-	-	-	-
Four Years Later	8,578,800	-	-	-	7,000,000	9,425,000	-	-	-	-
Five Years Later	8,578,800	-	-	-	7,000,000	-	-	-	-	-
Six Years Later	8,578,800	-	-	-	-	-	-	-	-	-
Seven Years Later	8,578,800	-	-	-	-	-	-	-	-	-
Eight Years Later	8,578,800	-	-	-	-	-	-	-	-	-
Nine Years Later	8,578,800	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 110,753</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\*Fully Insured.

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

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

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## Property

County Members: 52  
Public Entity Members: 57

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
PROPERTY PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</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	31,569,195	24,368,482
Due from Carriers	3,765,619	10,067,997
Prepaid Insurance	76,361,404	54,911,598
<b>TOTAL CURRENT ASSETS</b>	<u>111,696,218</u>	<u>89,348,077</u>
Noncurrent Assets:		
Investment in Captive	66,714	66,714
Prepaid Insurance	-	26,791,681
<b>TOTAL NON-CURRENT ASSETS</b>	<u>66,714</u>	<u>26,858,395</u>
<b>TOTAL ASSETS</b>	<u>111,762,932</u>	<u>116,206,472</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	410,638	110,697
Due to Other Funds	184,350	7,408,053
Unearned Fronting Fees	-	1,319,425
Due to Carriers	2,500,000	2,500,000
Claim Liabilities	-	409,369
<b>TOTAL CURRENT LIABILITIES</b>	<u>3,094,988</u>	<u>11,747,544</u>
Noncurrent Liabilities:		
Due to Other Funds	76,361,405	81,703,278
Unallocated Loss Adjustment Expense Payable	8,000	6,000
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>76,369,405</u>	<u>81,709,278</u>
<b>TOTAL LIABILITIES</b>	<u>79,464,393</u>	<u>93,456,822</u>
<b>NET POSITION:</b>		
Unrestricted	32,298,539	22,749,650
<b>TOTAL NET POSITION</b>	<u>\$ 32,298,539</u>	<u>\$ 22,749,650</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
PROPERTY PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 83,802,978	\$ 66,925,771
Broker Fees	17,209	11,443
Contributions for Retained Risk	6,000,000	7,875,000
Administration Fees	1,293,331	935,916
Other Income	1,132,500	12,254
	<b>TOTAL OPERATING REVENUES</b>	<b>92,246,018</b>
	<b>92,246,018</b>	<b>75,760,384</b>
<b>OPERATING EXPENSES:</b>		
Dividends to Members	125,448	-
Insurance Expense	82,364,274	67,204,099
Provision for Claims	(159,369)	503,529
Provision for Unallocated Loss Adjustment Expenses	2,000	(4,000)
Program Services		
Property Appraisals and Consulting	245,574	165,351
	<b>TOTAL OPERATING EXPENSES</b>	<b>82,577,927</b>
	<b>82,577,927</b>	<b>67,868,979</b>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(634,491)	(590,627)
	<b>TOTAL TRANSFERS</b>	<b>(634,491)</b>
	<b>(634,491)</b>	<b>(590,627)</b>
	<b>OPERATING INCOME (LOSS)</b>	<b>9,033,600</b>
	<b>9,033,600</b>	<b>7,300,778</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	892,931	-
Member Financing Fees	25,964	1,085,066
Program Financing Expense	(403,606)	(782,616)
	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>515,289</b>
	<b>515,289</b>	<b>302,450</b>
	<b>CHANGES IN NET POSITION</b>	<b>9,548,889</b>
	<b>9,548,889</b>	<b>7,603,228</b>
Net Position, Beginning of Year	22,749,650	15,146,422
	<b>NET POSITION, END OF YEAR</b>	<b>\$ 32,298,539</b>
	<b>\$ 32,298,539</b>	<b>\$ 22,749,650</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
PROPERTY PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 82,593,380	\$ 68,698,602
Receipts from Others	1,132,500	12,254
Deposits from/(to) Carriers	6,302,378	(9,405,447)
Dividends Paid	(125,448)	(124,165)
Claims Paid	(250,000)	(125,000)
Insurance Purchased	(77,022,399)	(49,477,601)
Payments to Suppliers	54,367	(110,962)
Internal Activities	<u>(13,200,067)</u>	<u>(9,770,131)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(515,289)</u>	<u>(302,450)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Member Financing Fees	918,895	1,085,066
Program Financing Expenses	<u>(403,606)</u>	<u>(782,616)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>515,289</u>	<u>302,450</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>
<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)	\$ 9,033,600	\$ 7,300,778
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(898,335)	(17,045,744)
Due From or To Other Funds	(12,565,576)	(9,179,504)
Prepaid Insurance	5,341,875	17,726,498
Accounts and Other Payables	299,941	592,774
Deferred Premium Inflows from Members	(1,319,425)	(71,781)
Claim Liabilities	(409,369)	378,529
Unallocated Loss Adjustment Expense Payable	<u>2,000</u>	<u>(4,000)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (515,289)</u>	<u>\$ (302,450)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ -</u>	<u>\$ -</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
PROPERTY PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 415,369</u>	<u>\$ 40,840</u>
Incurring claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>(157,369)</u>	<u>499,529</u>
B. Total incurred claims and claim adjustment expenses	<u>(157,369)</u>	<u>499,529</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>250,000</u>	<u>125,000</u>
C. Total Payments	<u>250,000</u>	<u>125,000</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 8,000</u>	<u>\$ 415,369</u>
Current Claim Liabilities	\$ -	\$ 409,369
Noncurrent Claim Liabilities	<u>8,000</u>	<u>6,000</u>
Total Claim Liabilities	<u>\$ 8,000</u>	<u>\$ 415,369</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
SUPPLEMENTAL INFORMATION  
PROPERTY PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2020**

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.

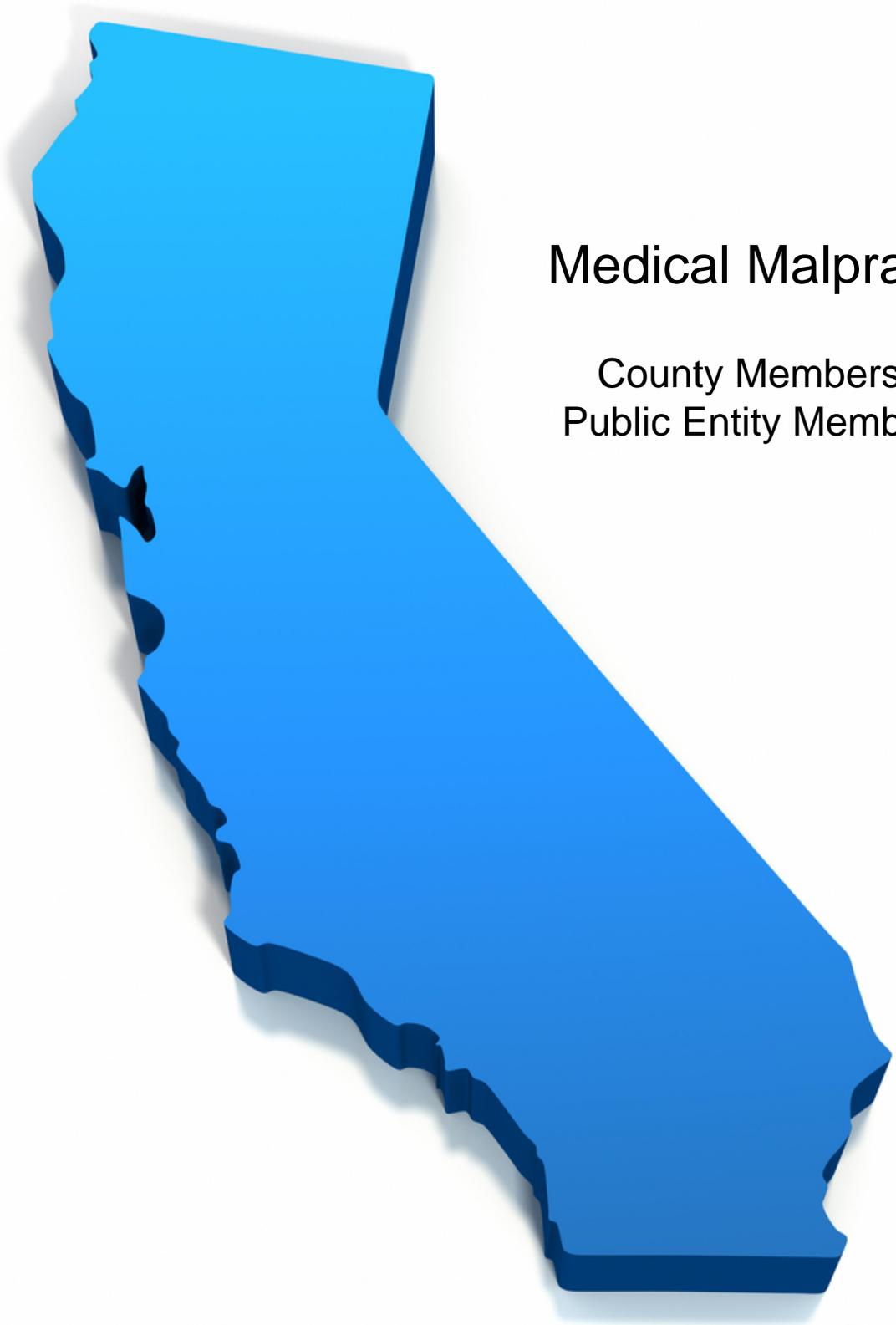
As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**PROPERTY PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 48,970,337	\$ 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
Less Ceded	(39,415,254)	(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)
Dividends Declared	-	-	-	-	-	-	-	-	-	(125,448)
<b>1. Total Revenues Available For Payment of Claims</b>	<b>9,555,083</b>	<b>9,822,473</b>	<b>10,572,624</b>	<b>11,749,959</b>	<b>12,739,784</b>	<b>9,567,438</b>	<b>2,505,754</b>	<b>2,723,690</b>	<b>7,596,672</b>	<b>7,313,256</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>78,618</b>	<b>(64,168)</b>	<b>61,715</b>	<b>27,474</b>	<b>23,601</b>	<b>(10,902)</b>	<b>4,003</b>	<b>(110,341)</b>	<b>(4,000)</b>	<b>(2,000)</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>48,415,254</b>	<b>50,497,951</b>	<b>53,216,154</b>	<b>56,060,305</b>	<b>58,677,313</b>	<b>59,095,613</b>	<b>58,118,491</b>	<b>61,588,986</b>	<b>67,329,099</b>	<b>82,364,274</b>
	(39,415,254)	(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)
	9,000,000	10,000,000	10,000,000	10,000,000	10,067,939	9,567,438	125,000	-	125,000	-
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	9,000,000	2,600,227	5,800,207	4,795,812	10,000,000	9,567,438	-	-	-	-
One Year Later	9,000,000	8,782,088	10,000,000	9,409,593	10,206,664	10,152,576	-	-	125,000	-
Two Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	125,000	-	-	-
Three Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	125,000	-	-	-
Four Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	-	-	-	-
Five Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	-	-	-	-	-
Six Years Later	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-	-	-	-
Seven Years Later	9,000,000	10,000,000	10,000,000	-	-	-	-	-	-	-
Eight Years Later	9,000,000	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	9,000,000	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>2,600,000</b>	<b>7,260,491</b>	<b>7,260,491</b>	<b>11,764,009</b>	<b>54,564,009</b>	<b>9,521,139</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	9,000,000	10,000,000	10,000,000	10,000,000	10,067,939	9,567,438	125,000	-	125,000	-
One Year Later	9,000,000	10,000,000	10,000,000	10,000,000	10,206,664	10,152,576	30,840	-	125,000	-
Two Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	284,369	-	-	-
Three Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	284,369	-	-	-
Four Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	-	-	-	-
Five Years Later	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	-	-	-	-	-
Six Years Later	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-	-	-	-
Seven Years Later	9,000,000	10,000,000	10,000,000	-	-	-	-	-	-	-
Eight Years Later	9,000,000	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	9,000,000	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ 141,725</b>	<b>\$ 585,138</b>	<b>\$ 159,369</b>	<b>\$ -</b>	<b>\$ -</b>				

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## Medical Malpractice

County Members: 46  
Public Entity Members: 6

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
MEDICAL MALPRACTICE PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ 4,347,483	\$ 4,977,623
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	4,347,483	4,977,623
Investments	1,152,518	3,610,605
Accounts Receivable		
Due from Members	30,264	5,000
Investment Income Receivable	111,316	148,440
Reinsurance Receivable	4,934,231	462,032
Due from Other Funds	3,872,364	701,499
Prepaid Insurance	2,293,999	1,615,908
<b>TOTAL CURRENT ASSETS</b>	<u>16,742,175</u>	<u>11,521,107</u>
Noncurrent Assets:		
Investments	20,776,921	24,468,554
Investment in Captive	253,487	253,487
Due from Other Funds	6,977,608	5,981,664
<b>TOTAL NONCURRENT ASSETS</b>	<u>28,008,016</u>	<u>30,703,705</u>
<b>TOTAL ASSETS</b>	<u>44,750,191</u>	<u>42,224,812</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	-	10,085
Due to Members	195,645	134,350
Unearned Income	4,393,196	3,723,435
Claim Liabilities	6,859,000	8,847,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>11,447,841</u>	<u>12,714,870</u>
Noncurrent Liabilities:		
Claims Liabilities		
Claims Reported	6,918,191	3,175,935
Claims Incurred But Not Reported	15,245,243	11,752,646
Unallocated Loss Adjustment Expense Payables	782,000	788,000
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>22,945,434</u>	<u>15,716,581</u>
<b>TOTAL LIABILITIES</b>	<u>34,393,275</u>	<u>28,431,451</u>
<b>NET POSITION:</b>		
Unrestricted	10,356,916	13,793,361
<b>TOTAL NET POSITION</b>	<u>\$ 10,356,916</u>	<u>\$ 13,793,361</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
MEDICAL MALPRACTICE PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 8,497,902	\$ 6,376,774
Broker Fees	11,539	7,991
Contributions for Retained Risk	8,405,120	8,444,851
Administration Fees	1,582,122	1,264,330
Program Development Fee	-	(44,200)
Other Income	3,169	1,380,905
	<b>TOTAL OPERATING REVENUES</b>	<b>17,430,651</b>
	<b>18,499,852</b>	<b>17,430,651</b>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	8,497,910	6,376,774
Broker Fees	11,539	7,991
Provision for Claims		
Current Year Claims	8,910,386	5,956,717
Prior Years' Claims	4,945,903	(554,011)
Provision for Unallocated Loss Adjustment Expenses	(6,000)	(363,000)
Program Services:		
Actuarial and Consulting Services	13,076	11,100
Claims Audit	-	8,207
Claim Administration Services	471,188	439,936
Loss Prevention Training	-	15,984
	<b>TOTAL OPERATING EXPENSES</b>	<b>11,899,698</b>
	<b>22,844,002</b>	<b>11,899,698</b>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(888,658)	(719,763)
	<b>TOTAL TRANSFERS</b>	<b>(719,763)</b>
	<b>(888,658)</b>	<b>(719,763)</b>
	<b>OPERATING INCOME (LOSS)</b>	<b>4,811,190</b>
	<b>(5,232,808)</b>	<b>4,811,190</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	1,796,363	1,677,462
	<b>TOTAL NONOPERATING REVENUE (EXPENSE)</b>	<b>1,677,462</b>
	<b>1,796,363</b>	<b>1,677,462</b>
	<b>CHANGES IN NET POSITION</b>	<b>6,488,652</b>
	<b>(3,436,445)</b>	<b>6,488,652</b>
Net Position, Beginning of Year	13,793,361	7,304,709
	<b>NET POSITION, END OF YEAR</b>	<b>\$ 13,793,361</b>
	<b>\$ 10,356,916</b>	<b>\$ 13,793,361</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
MEDICAL MALPRACTICE PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 19,202,475	\$ 16,437,275
Receipts from Others	(4,469,030)	927,973
Claims Paid	(8,609,436)	(12,432,132)
Insurance Purchased	(9,176,001)	(6,463,632)
Payments to Suppliers	(505,888)	(913,496)
Internal Activities	<u>(5,055,467)</u>	<u>(514,558)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(8,613,347)</u>	<u>(2,958,570)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(8,098,794)	(20,484,845)
Sales of Securities	14,897,202	25,609,540
Cash from Investment Earnings	<u>1,184,799</u>	<u>1,091,551</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>7,983,207</u>	<u>6,216,246</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(630,140)	3,257,676
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>4,977,623</u>	<u>1,719,947</u>
<b>END OF YEAR</b>	<u>\$ 4,347,483</u>	<u>\$ 4,977,623</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (5,232,808)	\$ 4,811,190
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(4,497,462)	(450,148)
Due From or To Other Funds	(4,166,809)	205,205
Prepaid Insurance	(678,091)	(86,858)
Accounts and Other Payables	51,209	(295,929)
Unearned Income	669,761	250,396
Claim Liabilities	5,246,853	(7,029,426)
Unallocated Loss Adjustment Expense Payable	<u>(6,000)</u>	<u>(363,000)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (8,613,347)</u>	<u>\$ (2,958,570)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ 648,688</u>	<u>\$ 609,005</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**MEDICAL MALPRACTICE PROGRAM**  
**RECONCILIATION OF UNPAID CLAIMS LIABILITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 24,563,581</u>	<u>\$ 31,956,007</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	8,904,386	5,593,717
Increase (Decrease) in the provision for claims of prior fiscal years	<u>4,945,903</u>	<u>(554,011)</u>
B. Total incurred claims and claim adjustment expenses	<u>13,850,289</u>	<u>5,039,706</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	-	245,810
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>8,609,436</u>	<u>12,186,322</u>
C. Total Payments	<u>8,609,436</u>	<u>12,432,132</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 29,804,434</u>	<u>\$ 24,563,581</u>
Current Claim Liabilities	\$ 6,859,000	\$ 8,847,000
Noncurrent Claim Liabilities	<u>22,945,434</u>	<u>15,716,581</u>
Total Claim Liabilities	<u>\$ 29,804,434</u>	<u>\$ 24,563,581</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
SUPPLEMENTAL INFORMATION  
MEDICAL MALPRACTICE PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2020**

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.

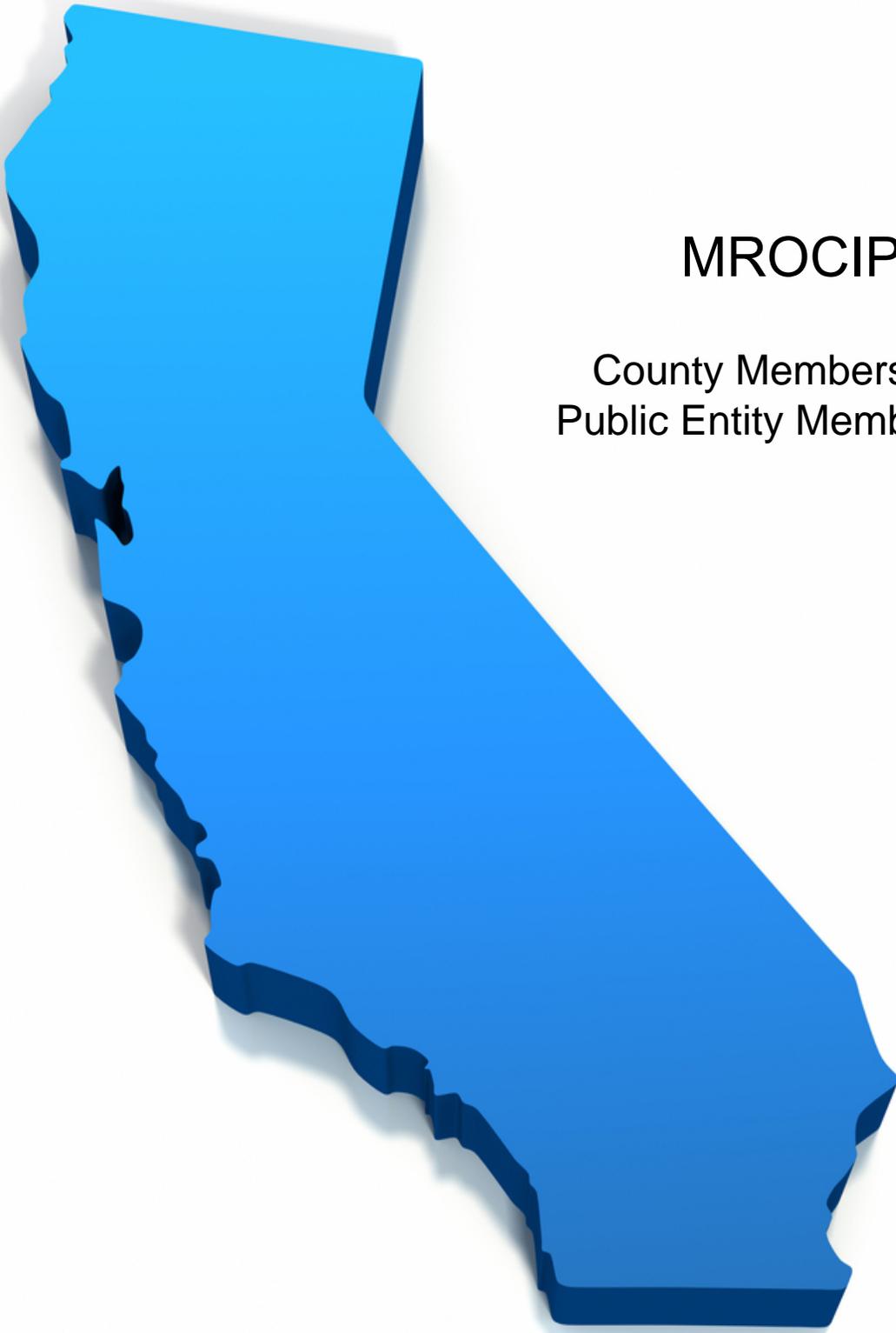
As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

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

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**MEDICAL MALPRACTICE PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 11,846,353	\$ 11,636,142	\$ 12,974,062	\$ 12,133,259	\$ 12,159,000	\$ 12,377,511	\$ 13,376,499	\$ 14,099,920	\$ 14,985,163	\$ 14,795,502
Less Ceded	(5,805,786)	(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)
Investment Earnings and Other Income	(282,956)	369,472	585,281	959,964	283,791	187,075	79,660	635,905	781,471	530,003
<b>1. Total Revenues Available For Payment of Claims</b>	<b>5,757,611</b>	<b>6,100,355</b>	<b>7,266,697</b>	<b>7,775,295</b>	<b>7,164,452</b>	<b>6,977,363</b>	<b>7,368,316</b>	<b>8,590,203</b>	<b>9,389,860</b>	<b>6,827,596</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>1,883</b>	<b>3,758</b>	<b>4,305</b>	<b>4,739</b>	<b>16,528</b>	<b>17,515</b>	<b>82,060</b>	<b>267,315</b>	<b>232,373</b>	<b>150,648</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>10,727,515</b>	<b>11,093,594</b>	<b>11,506,272</b>	<b>10,557,889</b>	<b>10,806,161</b>	<b>11,115,839</b>	<b>11,939,908</b>	<b>12,281,464</b>	<b>12,333,491</b>	<b>17,408,296</b>
	(5,805,786)	(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)
	4,921,729	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
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	51,305	26,698	3,528	-	-	17,502	37,635	15,523	245,810	-
One Year Later	1,282,361	181,822	436,672	-	503,920	243,443	1,894,067	1,752,099	2,176,225	-
Two Years Later	1,826,879	1,822,542	4,141,591	385,965	1,772,706	1,261,135	5,071,771	3,849,559	-	-
Three Years Later	4,381,548	4,209,215	4,432,593	1,514,858	3,565,148	5,406,575	7,301,811	-	-	-
Four Years Later	5,261,575	4,502,133	4,470,975	1,553,550	6,074,117	7,711,389	-	-	-	-
Five Years Later	6,171,816	4,551,386	4,886,993	1,553,550	6,116,030	-	-	-	-	-
Six Years Later	7,533,622	4,589,603	4,889,431	1,553,550	-	-	-	-	-	-
Seven Years Later	7,542,863	4,632,017	4,889,431	-	-	-	-	-	-	-
Eight Years Later	7,547,678	4,636,752	-	-	-	-	-	-	-	-
Nine Years Later	7,547,736	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>1,885,129</b>	<b>-</b>	<b>-</b>	<b>2,995,000</b>	<b>193,555</b>	<b>3,578,380</b>	<b>7,282,052</b>	<b>2,811,937</b>	<b>8,850,000</b>	<b>2,650,000</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	4,921,729	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
One Year Later	5,161,374	5,583,913	5,064,126	4,950,026	8,550,054	6,575,046	9,989,538	8,779,726	7,480,935	-
Two Years Later	7,402,556	6,070,219	6,893,606	6,224,082	10,203,303	10,624,337	10,379,536	13,770,438	-	-
Three Years Later	8,022,661	5,999,806	6,955,612	4,768,898	7,422,110	9,330,511	10,347,322	-	-	-
Four Years Later	8,527,423	4,963,502	6,855,621	1,922,429	6,897,687	8,361,424	-	-	-	-
Five Years Later	8,227,495	4,884,004	6,551,064	1,810,904	6,729,432	-	-	-	-	-
Six Years Later	8,079,940	4,906,506	5,151,088	1,729,432	-	-	-	-	-	-
Seven Years Later	7,885,314	4,836,686	5,049,205	-	-	-	-	-	-	-
Eight Years Later	7,734,572	4,776,240	-	-	-	-	-	-	-	-
Nine Years Later	7,617,615	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 2,695,886</b>	<b>\$ (412,095)</b>	<b>\$ (164,421)</b>	<b>\$ (3,510,529)</b>	<b>\$ 1,201,610</b>	<b>\$ 2,832,808</b>	<b>\$ 4,495,257</b>	<b>\$ 7,634,596.45</b>	<b>\$ 1,524,218</b>	<b>\$ -</b>

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## MROCIP

County Members: 10  
Public Entity Members: 8

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ 52,983	\$ 36,053
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	52,983	36,053
Investments	14,046	26,151
Accounts Receivable:		
Due from Members	-	96,417
Investment Income Receivable	1,357	1,075
Due from Other Funds	47,193	5,081
Prepaid Insurance	1,372,783	3,358,313
<b>TOTAL CURRENT ASSETS</b>	1,488,362	3,523,090
Noncurrent Assets:		
Investments	253,209	177,224
Investment in Captive	654	654
Due From Other Funds	85,036	43,325
<b>TOTAL NONCURRENT ASSETS</b>	338,899	221,203
<b>TOTAL ASSETS</b>	1,827,261	3,744,293
<b>LIABILITIES:</b>		
Current Liabilities:		
Unearned Income	1,377,387	3,368,863
<b>TOTAL CURRENT LIABILITIES</b>	1,377,387	3,368,863
<b>TOTAL LIABILITIES</b>	1,377,387	3,368,863
<b>NET POSITION:</b>		
Unrestricted	449,874	375,430
<b>TOTAL NET POSITION</b>	\$ 449,874	\$ 375,430

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>OPERATING REVENUES:</b>		
Premium for Transferred Risk	\$ 10,009,123	\$ 12,453,676
Administration Fees	127,843	123,371
Other Income	130	5,322
	<u>10,137,096</u>	<u>12,582,369</u>
<b>TOTAL OPERATING REVENUES</b>		
<b>OPERATING EXPENSES:</b>		
Insurance Expense	<u>10,009,126</u>	<u>12,454,633</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>10,009,126</u>	<u>12,454,633</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	<u>(74,221)</u>	<u>(100,534)</u>
<b>TOTAL TRANSFERS</b>	<u>(74,221)</u>	<u>(100,534)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>53,749</u>	<u>27,202</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	<u>20,695</u>	<u>15,304</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>20,695</u>	<u>15,304</u>
<b>CHANGES IN NET POSITION</b>	<u>74,444</u>	<u>42,506</u>
Net Position, Beginning of Year	<u>375,430</u>	<u>332,924</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 449,874</u>	<u>\$ 375,430</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 8,242,038	\$ 11,666,296
Insurance Purchased	(8,023,596)	(11,670,767)
Internal Activities	<u>(158,044)</u>	<u>(85,906)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>60,398</u>	<u>(90,377)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(228,034)	(395,989)
Sales of Securities	171,627	502,838
Cash from Investment Earnings	<u>12,939</u>	<u>3,842</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(43,468)</u>	<u>110,691</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>	16,930	20,314
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>36,053</u>	<u>15,739</u>
<b>END OF YEAR</b>	<u><u>\$ 52,983</u></u>	<u><u>\$ 36,053</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 53,749	\$ 27,202
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	96,418	(96,417)
Due From or To Other Funds	(83,823)	14,629
Prepaid Insurance	1,985,530	783,866
Unearned Income	<u>(1,991,476)</u>	<u>(819,657)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 60,398</u></u>	<u><u>\$ (90,377)</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u><u>\$ 7,473</u></u>	<u><u>\$ 11,958</u></u>



## PRISMHealth

County Members: 12  
Public Entity Members: 30

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
PRISMHEALTH PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ 718,944	\$ 796,310
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	718,944	796,310
Investments	190,592	577,618
Investment Income Receivable	18,408	23,747
Due from Other Funds	640,374	112,224
<b>TOTAL CURRENT ASSETS</b>	<u>1,568,318</u>	<u>1,509,899</u>
Noncurrent Assets:		
Investments	3,435,884	3,914,431
Investment in Captive	77,472	77,472
Due from Other Funds	1,153,889	956,935
<b>TOTAL NONCURRENT ASSETS</b>	<u>4,667,245</u>	<u>4,948,838</u>
<b>TOTAL ASSETS</b>	<u>6,235,563</u>	<u>6,458,737</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	1,526,307	2,425,800
Due to Members	34,835	24,770
Dividends Payable to Members	2,139,994	2,134,905
Unearned Income	9,694	9,036
<b>TOTAL CURRENT LIABILITIES</b>	<u>3,710,830</u>	<u>4,594,511</u>
<b>TOTAL LIABILITIES</b>	<u>3,710,830</u>	<u>4,594,511</u>
<b>NET POSITION:</b>		
Unrestricted	<u>2,524,733</u>	<u>1,864,226</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,524,733</u>	<u>\$ 1,864,226</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
PRISMHEALTH PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 493,242,230	\$ 440,848,581
Broker Fees	3,913,336	3,594,460
Health Reform Fees and Taxes	1,206	69,392
Administration Fees	764,908	598,376
TPA Claims Administration Fees	19,483,769	20,899,702
Eligibility Administration Fees	3,184,930	2,990,755
Other Income	220,248	(72,208)
	<u>520,810,627</u>	<u>468,929,058</u>
<b>TOTAL OPERATING REVENUES</b>		
<b>OPERATING EXPENSES:</b>		
Interest on Dividends to Members	12,259	13,832
Insurance Premiums and TPA Fees	512,726,000	461,748,283
Eligibility Administration	3,184,930	2,990,755
Health Reform Fees and Taxes	1,206	69,392
Broker Fees	3,913,336	3,594,460
Program Services		
Actuarial Consulting Services	48,000	48,000
PRISMHealth Seminar	4,868	29,704
	<u>519,890,599</u>	<u>468,494,426</u>
<b>TOTAL OPERATING EXPENSES</b>		
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(541,775)	(511,427)
	<u>(541,775)</u>	<u>(511,427)</u>
<b>TOTAL TRANSFERS</b>		
<b>OPERATING INCOME (LOSS)</b>	<u>378,253</u>	<u>(76,795)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	282,254	311,709
	<u>282,254</u>	<u>311,709</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>		
<b>CHANGES IN NET POSITION</b>	660,507	234,914
Net Position, Beginning of Year	1,864,226	1,629,312
<b>NET POSITION, END OF YEAR</b>	<u>\$ 2,524,733</u>	<u>\$ 1,864,226</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
PRISMHEALTH PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 520,821,350	\$ 468,973,390
Dividends Paid	(7,170)	(52,020)
Insurance Purchased	(512,726,000)	(461,748,283)
Payments to Suppliers	(8,046,965)	(8,114,585)
Other Program Expense	(4,868)	(29,704)
Internal Activities	<u>(1,266,879)</u>	<u>(323,242)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(1,230,532)</u>	<u>(1,294,444)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(1,373,225)	(2,175,910)
Sales of Securities	2,340,723	3,721,958
Cash from Investment Earnings	<u>185,668</u>	<u>230,762</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>1,153,166</u>	<u>1,776,810</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(77,366)	482,366
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>796,310</u>	<u>313,944</u>
<b>END OF YEAR</b>	<u>\$ 718,944</u>	<u>\$ 796,310</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 378,253	\$ (76,795)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	-	18,061
Due From or To Other Funds	(725,104)	188,185
Accounts and Other Payables	<u>(883,681)</u>	<u>(1,423,895)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (1,230,532)</u>	<u>\$ (1,294,444)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ 101,925</u>	<u>\$ 88,510</u>



# Dental

County Members: 34  
Public Entity Members: 132

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
DENTAL PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ 2,346,731	\$ 2,459,325
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	2,346,731	2,459,325
Investments	622,119	1,783,914
Accounts Receivable		
Due from Members	1,546,825	493,722
Investment Income Receivable	60,087	73,341
Deposits With Carrier	245,000	245,000
Due from Other Funds	2,090,267	346,594
<b>TOTAL CURRENT ASSETS</b>	<u>6,911,029</u>	<u>5,401,896</u>
Noncurrent Assets:		
Investments	11,215,191	12,089,331
Investment in Captive	129,055	129,055
Due from Other Funds	3,766,449	2,955,398
<b>TOTAL NONCURRENT ASSETS</b>	<u>15,110,695</u>	<u>15,173,784</u>
<b>TOTAL ASSETS</b>	<u>22,021,724</u>	<u>20,575,680</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	744,292	750,125
Legacy Stabilization Fund	766,584	810,809
Deferred Income	21,556	-
Dental Claim Liabilities	1,847,125	1,919,406
<b>TOTAL CURRENT LIABILITIES</b>	<u>3,379,557</u>	<u>3,480,340</u>
<b>TOTAL LIABILITIES</b>	<u>3,379,557</u>	<u>3,480,340</u>
<b>NET POSITION:</b>		
Unrestricted	18,642,167	17,095,340
<b>TOTAL NET POSITION</b>	<u>\$ 18,642,167</u>	<u>\$ 17,095,340</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
DENTAL PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>OPERATING REVENUES:</b>		
Contribution for Retained Risk	\$ 37,758,487	\$ 35,255,976
Eligibility Admin Fee Revenue	432,625	400,236
Broker Fees	<u>2,350,241</u>	<u>2,030,794</u>
<b>TOTAL OPERATING REVENUES</b>	<u>40,541,353</u>	<u>37,687,006</u>
<b>OPERATING EXPENSES:</b>		
Dividends to Members	5,000,000	-
Provision for Claims, Current Year	29,603,710	33,073,327
Broker Fees	2,350,241	2,030,794
Claims Administration and Eligibility Fees	2,573,364	2,774,839
Other Program Services	<u>6,016</u>	<u>12,241</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>39,533,331</u>	<u>37,891,201</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	<u>(243,526)</u>	<u>(217,667)</u>
<b>TOTAL TRANSFERS</b>	<u>(243,526)</u>	<u>(217,667)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>764,496</u>	<u>(421,862)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	<u>782,331</u>	<u>771,385</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>782,331</u>	<u>771,385</u>
<b>CHANGES IN NET POSITION</b>	1,546,827	349,523
Beginning of Year, as Previously Reported	<u>17,095,340</u>	<u>16,745,817</u>
Net Position, Beginning of Year	<u>17,095,340</u>	<u>16,745,817</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 18,642,167</u>	<u>\$ 17,095,340</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
DENTAL PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 39,465,582	\$ 37,925,097
Dividends Paid	(5,000,000)	-
Claims Paid	(29,675,991)	(32,980,598)
Payments to Suppliers	(4,935,455)	(4,067,748)
Internal Activities	<u>(2,798,250)</u>	<u>(476,695)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(2,944,114)</u>	<u>400,056</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(4,169,411)	(14,808,446)
Sales of Securities	6,487,855	15,707,636
Cash from Investment Earnings	<u>513,076</u>	<u>400,286</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>2,831,520</u>	<u>1,299,476</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(112,594)	1,699,532
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>2,459,325</u>	<u>759,793</u>
<b>END OF YEAR</b>	<u>\$ 2,346,731</u>	<u>\$ 2,459,325</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 764,496	\$ (421,862)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(1,053,103)	303,918
Due From or To Other Funds	(2,554,723)	(259,028)
Accounts and Other Payables	(50,059)	684,299
Deferred Income	21,556	-
Claim Liabilities	<u>(72,281)</u>	<u>92,729</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (2,944,114)</u>	<u>\$ 400,056</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ 282,509</u>	<u>\$ 373,534</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
DENTAL PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 1,919,406</u>	<u>\$ 1,826,677</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>29,603,710</u>	<u>33,073,327</u>
B. Total incurred claims and claim adjustment expenses	<u>29,603,710</u>	<u>33,073,327</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	<u>29,675,991</u>	<u>32,980,598</u>
C. Total Payments	<u>29,675,991</u>	<u>32,980,598</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 1,847,125</u>	<u>\$ 1,919,406</u>
Current Claim Liabilities	<u>\$ 1,847,125</u>	<u>\$ 1,919,406</u>
Total Claim Liabilities	<u>\$ 1,847,125</u>	<u>\$ 1,919,406</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
SUPPLEMENTAL INFORMATION  
DENTAL PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2020**

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)**  
**DENTAL PROGRAM**  
**SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT**  
**FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2011	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
Earned Premiums	\$ 20,356,118	\$ 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
1. Total Revenues Available For Payment of Claims	20,356,118	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
2. Unallocated Loss Adjustment Expense	-	-	-	-	-	-	-	-	-	-
3. Estimated Incurred Claims Net Incurred Claims and Expenses, End of Policy Year	19,689,432	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
4. Cumulative Paid Claims as of:										
End of the Policy Year	16,156,452	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
One Year Later	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280	31,142,949	33,073,327	-
Two Years Later	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280	31,142,949	-	-
Three Years Later	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280	-	-	-
Four Years Later	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	-	-	-	-
Five Years Later	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	-	-	-	-	-
Six Years Later	19,689,432	23,453,293	25,691,975	24,283,069	-	-	-	-	-	-
Seven Years Later	19,689,432	23,453,293	25,691,975	-	-	-	-	-	-	-
Eight Years Later	19,689,432	23,453,293	-	-	-	-	-	-	-	-
Nine Years Later	19,689,432	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-	-	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	19,689,432	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
One Year Later	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280	31,142,949	33,073,327	-
Two Years Later	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280	31,142,949	-	-
Three Years Later	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280	-	-	-
Four Years Later	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	-	-	-	-
Five Years Later	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	-	-	-	-	-
Six Years Later	19,689,432	23,453,293	25,691,975	26,483,069	-	-	-	-	-	-
Seven Years Later	19,689,432	23,453,293	25,691,975	-	-	-	-	-	-	-
Eight Years Later	19,689,432	23,453,293	-	-	-	-	-	-	-	-
Nine Years Later	19,689,432	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ 2,240,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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# Miscellaneous Programs

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
MISCELLANEOUS PROGRAMS  
STATEMENT OF NET POSITION  
JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, PRISM Treasury	\$ 288,570	\$ 270,843
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	288,570	270,843
Investments	76,500	196,461
Accounts Receivable		
Due From Members	3,250	92,888
Investment Income Receivable	7,389	8,077
Due from Other Funds	257,033	38,170
<b>TOTAL CURRENT ASSETS</b>	632,742	606,439
Noncurrent Assets:		
Investments	1,379,094	1,331,388
Investment in Captive	14,907	14,907
Due from Other Funds	463,147	325,475
<b>TOTAL NONCURRENT ASSETS</b>	1,857,148	1,671,770
<b>TOTAL ASSETS</b>	2,489,890	2,278,209
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	280,257	140,021
Due to Members	139,941	151,165
<b>TOTAL CURRENT LIABILITIES</b>	420,198	291,186
<b>TOTAL LIABILITIES</b>	420,198	291,186
<b>NET POSITION:</b>		
Unrestricted	2,069,692	1,987,023
<b>TOTAL NET POSITION</b>	<u>\$ 2,069,692</u>	<u>\$ 1,987,023</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**MISCELLANEOUS PROGRAMS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>OPERATING REVENUES:</b>		
Dividends	\$ 174,054	\$ 173,634
Premiums For Transferred Risk:		
Optional Excess Liability Insurance	9,902,522	5,549,028
Watercraft Insurance	330,988	264,440
Aviation Insurance	1,693,505	1,628,866
Course of Construction Insurance	144,778	99,989
Crime and Honesty Bonds	1,760,003	1,599,982
SPIP/SLIP	41,167	52,190
Cyber Liability	1,756,023	1,368,282
Pollution Liability	487,063	491,043
Inmate Medical Insurance	637,675	632,312
Employee Assistance Program	1,658,040	1,686,008
Life, Long-Term Disability and ADD Insurance	22,424,743	19,292,032
Vision Insurance	4,321,273	4,001,613
Other Miscellaneous Programs	213,036	296,372
Other Income	-	2,174
	<b>45,544,870</b>	<b>37,137,965</b>
 <b>OPERATING EXPENSES:</b>		
Member Dividends	174,053	173,634
Insurance Premiums:		
Optional Excess Liability Insurance	9,902,520	5,549,026
Watercraft Insurance	330,983	264,436
Aviation Insurance	1,693,505	1,628,865
Course of Construction Insurance	144,778	99,989
Crime and Honesty Bonds	1,760,005	1,599,982
SPIP/SLIP	41,167	52,190
Cyber Liability	1,756,023	1,368,282
Pollution Liability	487,066	491,048
Inmate Medical Insurance	637,675	632,312
Employee Assistance Program	1,658,040	1,688,336
Life, Long-Term Disability and ADD Insurance	22,424,743	19,292,032
Vision Insurance	4,321,273	4,001,613
Other Miscellaneous Programs	213,036	296,372
	<b>45,544,867</b>	<b>37,138,117</b>
 <b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(15,004)	(14,115)
	<b>(15,004)</b>	<b>(14,115)</b>
	<b>OPERATING INCOME (LOSS)</b>	<b>OPERATING INCOME (LOSS)</b>
	<b>\$ (15,001)</b>	<b>\$ (14,267)</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
MISCELLANEOUS PROGRAMS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	\$ 97,297	\$ 86,711
Member Finance Fees	<u>373</u>	<u>270</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>97,670</u>	<u>86,981</u>
<b>CHANGES IN NET POSITION</b>	82,669	72,714
Net Position, Beginning of Year	<u>1,987,023</u>	<u>1,914,309</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 2,069,692</u></u>	<u><u>\$ 1,987,023</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**MISCELLANEOUS PROGRAMS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 45,460,453	\$ 36,954,389
Insurance Purchased	(45,230,578)	(36,917,169)
Receipts from Others	174,054	173,634
Dividends Paid	(185,277)	(38,865)
Internal Activities	<u>(371,538)</u>	<u>(57,180)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(152,886)</u>	<u>114,809</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(699,493)	(2,959,009)
Sales of Securities	806,883	3,019,925
Financing Fees	373	270
Cash from Investment Earnings	62,850	14,802
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>170,613</u>	<u>75,988</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	17,727	190,797
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>270,843</u>	<u>80,046</u>
<b>END OF YEAR</b>	<u>\$ 288,570</u>	<u>\$ 270,843</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (15,001)	\$ (14,267)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	89,638	7,207
Due From or To Other Funds	(356,535)	(43,064)
Accounts and Other Payables	129,012	182,084
Unearned Income	<u>-</u>	<u>(17,151)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (152,886)</u>	<u>\$ 114,809</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ 35,135</u>	<u>\$ 71,815</u>

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General  
Administration  
and  
Building

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**GENERAL ADMINISTRATION AND BUILDING**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS:</b>		
Current Assets:		
Petty Cash Fund	\$ 300	\$ 300
Cash in Bank	635,746	648,107
Cash, PRISM Treasury	<u>1,931,088</u>	<u>1,832,762</u>
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	2,567,134	2,481,169
Investments	511,932	1,329,425
Accounts Receivable		
Due from Members	30,511	77,146
Investment Income Receivable	49,445	54,656
Other Receivables	39,215	150
Due from Other Funds	1,720,047	258,292
Prepaid Expense	<u>171,722</u>	<u>101,183</u>
<b>TOTAL CURRENT ASSETS</b>	<u>5,090,006</u>	<u>4,302,021</u>
Noncurrent Assets:		
Investments	1,492,703	1,246,713
Investments-Restricted	7,736,101	7,762,613
Due from Other Funds	3,099,351	2,202,450
Capital Assets:		
Land	1,000,000	1,000,000
Building	5,745,390	5,745,390
Less Accumulated Depreciation, Building	(1,180,807)	(1,068,660)
Tenant Improvements	2,491,038	2,362,336
Less Accumulated Depreciation, Tenant Improvements	(1,614,078)	(1,453,673)
Office Furniture and Equipment	1,330,239	1,276,797
Computer Software	6,223,933	5,105,833
Less Accumulated Depreciation	<u>(3,820,631)</u>	<u>(2,895,902)</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>22,503,239</u>	<u>21,283,897</u>
<b>TOTAL ASSETS</b>	<u>27,593,245</u>	<u>25,585,918</u>
Deferred Outflows of Resources:		
Deferred Outflows of Resources on Pensions	1,688,302	1,193,779
Deferred Outflows of Resources on OPEB	<u>307,427</u>	<u>33,583</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,995,729</u>	<u>\$ 1,227,362</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF NET POSITION  
JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	\$ 689,795	\$ 384,440
Risk Mgmt. Subsidy deposits	100,000	2,000,000
Compensated Absences	124,733	111,743
Unearned Income	36,745	22,377
Due to Other Funds	481,657	481,657
Security Deposits	<u>22,629</u>	<u>28,473</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,455,559</u>	<u>3,028,690</u>
Noncurrent Liabilities:		
Risk Mgmt. Subsidy deposits	7,636,102	5,762,613
Compensated Absences	498,932	446,973
Net OPEB Liability	728,262	601,102
Net Pension Liability	1,930,418	1,429,650
Due to Other Funds	<u>5,856,540</u>	<u>5,807,207</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>16,650,254</u>	<u>14,047,545</u>
<b>TOTAL LIABILITIES</b>	<u>18,105,813</u>	<u>17,076,235</u>
Deferred Inflows of Resources:		
Deferred Inflow of Resources on Pensions	325,407	185,786
Deferred Inflows of Resources on OPEB	<u>380,567</u>	<u>409,559</u>
<b>TOTAL INFLOWS OF RESOURCES</b>	<u>705,974</u>	<u>595,345</u>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	10,175,084	10,072,121
Unrestricted	<u>602,103</u>	<u>(930,421)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 10,777,187</u>	<u>\$ 9,141,700</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>OPERATING REVENUES:</b>		
Member Services		
Claims Information Systems	\$ 325,275	\$ 327,255
PRISM Drug and Alcohol Monitoring Consortium	-	600
Loss Prevention Seminars and Crisis Incident Carrier Contr.	57,206	104,459
Insurance Certificate Tracking Service	197,298	245,722
Other Income		
Personal Lines Insurance Program Income	77,107	77,616
Shared Cost Agreements	29,176	67,935
Other Income	52,674	121,763
<b>TOTAL REVENUES</b>	<b>738,736</b>	<b>945,350</b>
<b>EXPENSES:</b>		
Salaries and Benefits	11,953,716	10,253,024
Staff Support	877,201	1,167,269
Services and Supplies	2,097,589	1,939,198
Loss Prevention Expenses	2,460,566	2,379,556
Subsidies	-	25,962
Building Maintenance and Operating Expense	363,525	228,518
Depreciation and Amortization	1,084,345	1,000,266
<b>TOTAL EXPENSES</b>	<b>18,836,942</b>	<b>16,993,793</b>
<b>TRANSFERS IN OR (OUT):</b>		
Transfers In from		
Excess Workers' Compensation	6,002,496	5,359,928
Primary Workers' Compensation	5,095,583	4,990,497
Dental	243,526	217,667
PRISMHealth	541,775	511,427
General Liability I	3,427,566	3,455,899
General Liability II	2,068,140	1,663,144
Miscellaneous Programs	15,004	14,115
Property	634,491	590,627
Medical Malpractice	888,658	719,763
Master Rolling Owner Controlled Ins. Program	74,221	100,534
PRISM	150,000	100,000
<b>TOTAL TRANSFERS</b>	<b>19,141,460</b>	<b>17,723,601</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 1,043,254</b>	<b>\$ 1,675,158</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	\$ 867,508	\$ 787,718
Lease Income	437,334	488,076
Investment Expenses	(177,795)	(240,337)
Building Maintenance and Operating Expense	(274,240)	(172,392)
Depreciation and Amortization	(129,109)	(119,975)
Building Program Financing Expense	<u>(131,465)</u>	<u>(104,639)</u>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>592,233</u>	<u>638,451</u>
<b>CHANGES IN NET POSITION</b>	1,635,487	2,313,609
Beginning of Year, as Previously Reported	<u>9,141,700</u>	<u>6,828,091</u>
Beginning of Year, as Restated	<u>9,141,700</u>	<u>6,828,091</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 10,777,187</u></u>	<u><u>\$ 9,141,700</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 652,353	\$ 773,769
Receipts from Others	102,477	189,310
Payments to Suppliers	(5,564,065)	(6,013,390)
Payments to Employees	(11,918,577)	(10,657,188)
Subsidy Payments to Members	(26,511)	(211,430)
Internal Activities	16,832,136	17,261,292
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>77,813</u>	<u>1,342,363</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Purchase of Capital Assets	(1,316,417)	(987,319)
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>(1,316,417)</u>	<u>(987,319)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(6,282,945)	(2,823,093)
Sales of Securities	7,194,229	3,275,901
Cash from Investment Earnings	559,451	711,542
Investment Expenses	(177,795)	(240,337)
Lease Receipts	437,334	488,076
Operating Lease Disbursements	(274,240)	(172,392)
Building Program Financing Expenses	(131,465)	(104,639)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>1,324,569</u>	<u>1,135,058</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	85,965	1,490,102
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>2,481,169</u>	<u>991,067</u>
<b>END OF YEAR</b>	<u>2,567,134</u>	<u>\$ 2,481,169</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 1,043,254	\$ 1,675,158
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	1,084,345	1,000,266
Changes in Assets and Liabilities		
Accounts Receivable, Net	7,569	2,590
Due From or To Other Funds	(2,309,323)	(462,309)
Prepaid Expense	(76,383)	(39,351)
Deferred Outflows of Resources	(768,367)	491,558
Accounts and Other Payables	432,515	(455,707)
Subsidy Funds Payable	(26,511)	(211,430)
Compensated Absences	64,949	49,031
Deferred Inflows of Resources	124,997	(533,807)
Post Employment Benefits	500,768	(173,636)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 77,813</u>	<u>\$ 1,342,363</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ 313,268</u>	<u>\$ 77,902</u>



## Excess Insurance Organization

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
EXCESS INSURANCE ORGANIZATION INC  
STATEMENT OF NET POSITION  
JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 335,419	\$ 333,707
Cash, Treasury	7,545,327	5,289,012
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>7,880,746</b>	<b>5,622,719</b>
Investments	49,818,129	28,155,116
Accounts Receivable		
Due from Members	-	1,744,730
Investment Income Receivable	1,348,276	1,057,300
Prepaid Expense	-	6,950
Prefunded Deposit	2,500,000	2,500,000
Due from Carrier	7,741,158	38,516,000
<b>TOTAL CURRENT ASSETS</b>	<b>69,288,309</b>	<b>77,602,815</b>
Noncurrent Assets:		
Investments	300,137,328	203,413,712
<b>TOTAL NONCURRENT ASSETS</b>	<b>300,137,328</b>	<b>203,413,712</b>
<b>TOTAL ASSETS</b>	<b>369,425,637</b>	<b>281,016,527</b>
 <b>LIABILITIES:</b>		
Current Liabilities:		
Unearned Revenue	14,991,000	7,692,000
Accounts Payable	13,895,338	34,134,494
Claims Liabilities	69,557,000	62,000,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>98,443,338</b>	<b>103,826,494</b>
Noncurrent Liabilities:		
Claims Reported	75,726,806	40,799,490
Claims Incurred But Not Reported	173,859,601	112,233,181
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>249,586,407</b>	<b>153,032,671</b>
<b>TOTAL LIABILITIES</b>	<b>348,029,745</b>	<b>256,859,165</b>
 <b>NET POSITION:</b>		
Capital Stock	5,000,000	5,000,000
Unrestricted	16,395,892	19,157,362
<b>TOTAL NET POSITION</b>	<b>\$ 21,395,892</b>	<b>\$ 24,157,362</b>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
EXCESS INSURANCE ORGANIZATION INC  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>OPERATING REVENUES:</b>		
Contributions for Retained Risk	\$ 146,541,399	\$ 139,666,969
<b>TOTAL OPERATING REVENUES</b>	<u>146,541,399</u>	<u>139,666,969</u>
<b>OPERATING EXPENSES:</b>		
Provision for Claims, Current Year	115,460,318	97,879,956
Provision for Claims, Prior Years	47,050,567	43,992,785
Program Expense		
Actuarial/Audit	18,000	17,500
Licensing Fees	5,250	5,250
Captive Meetings and Travel	11,554	9,835
Legal Counsel	10,423	14,997
Office Supplies, Website Hosting & Misc. Expenses	-	657
Bank Fees	67,362	48,742
<b>TOTAL OPERATING EXPENSES</b>	<u>162,623,474</u>	<u>141,969,722</u>
<b>TRANSFERS IN OR (OUT):</b>		
Transfer Out for General Administration	(150,000)	(100,000)
<b>TOTAL TRANSFERS</b>	<u>(150,000)</u>	<u>(100,000)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(16,232,075)</u>	<u>(2,402,753)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	13,856,688	13,167,842
Investment Expenses	(386,083)	(266,934)
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>13,470,605</u>	<u>12,900,908</u>
<b>CHANGES IN NET POSITION</b>	<u>(2,761,470)</u>	<u>10,498,155</u>
Net Position, Beginning of Year	19,157,362	8,659,207
Capital Stock	5,000,000	5,000,000
<b>NET POSITION, END OF YEAR</b>	<u>\$ 21,395,892</u>	<u>\$ 24,157,362</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
EXCESS INSURANCE ORGANIZATION INC  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts for Transferred Risk	\$ 186,366,921	\$ 99,532,239
Claims Paid	(78,643,831)	(31,352,454)
Payments for General Administration	(150,000)	(100,000)
Payments to Others	-	(18,734)
Payments to Suppliers	<u>(108,063)</u>	<u>(85,197)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>107,465,027</u>	<u>67,975,854</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Purchase/Sale of Capital Stock	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Securities	(291,423,611)	(211,732,605)
Sales of Securities	179,741,360	141,912,548
Investment Earnings	6,861,334	4,667,923
Investment Expense	<u>(386,083)</u>	<u>(266,934)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(105,207,000)</u>	<u>(65,419,068)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>2,258,027</u>	<u>2,556,786</u>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>5,622,719</u>	<u>3,065,933</u>
<b>END OF YEAR</b>	<u>\$ 7,880,746</u>	<u>\$ 5,622,719</u>
<b>RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (16,232,075)	\$ (2,402,753)
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	(1,744,730)
Prepaid Expenses	6,950	(6,950)
Due from Carrier	30,774,842	(38,516,000)
Unearned Income	7,299,000	126,000
Claims Liabilities	104,110,736	82,184,951
Accounts Payable	<u>(20,239,156)</u>	<u>28,335,336</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 107,465,027</u>	<u>\$ 67,975,854</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized gain/(loss) on investments	<u>\$ 6,704,378</u>	<u>\$ 8,138,100</u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**EXCESS INSURANCE ORGANIZATION INC**  
**RECONCILIATION OF UNPAID CLAIMS LIABILITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 215,032,671</u>	<u>\$ 132,847,720</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	115,460,318	97,879,956
Increase (Decrease) in the provision for claims of prior fiscal years	<u>47,050,567</u>	<u>43,992,785</u>
B. Total incurred claims and claim adjustment expenses	<u>162,510,885</u>	<u>141,872,741</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	15,800,219	15,791,865
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>42,599,930</u>	<u>43,895,925</u>
C. Total Payments	<u>58,400,149</u>	<u>59,687,790</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u><u>\$ 319,143,407</u></u>	<u><u>\$ 215,032,671</u></u>
Current Claim Liabilities	\$ 69,557,000	\$ 62,000,000
Noncurrent Claim Liabilities	249,586,407	153,032,671
Total Claim Liabilities	<u><u>\$ 319,143,407</u></u>	<u><u>\$ 215,032,671</u></u>

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)  
SUPPLEMENTAL INFORMATION  
EXCESS INSURANCE ORGANIZATION  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2020**

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)  
EXCESS INSURANCE ORGANIZATION, INC.  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2020**

POLICY YEAR	June 30, 2017*	June 30, 2018	June 30, 2019**	June 30, 2020
Earned Premiums	\$ 78,109,714	\$ 97,072,905	\$ 167,902,085	\$ 116,957,339
Investment Earnings	8,375,924	8,971,111	9,382,455	6,270,899
1. Total Revenues Available For Payment of Claims	86,485,638	106,044,016	177,284,540	123,228,238
2. Unallocated Loss Adjustment Expense	-	-	-	-
3. Estimated Incurred Claims Less Ceded Claims	75,803,096	93,571,460	136,235,191	115,460,318
Net Incurred Claims and Expenses, End of Policy Year	75,803,096	93,571,460	136,235,191	115,460,318
4. Cumulative Paid Claims as of:				
End of the Policy Year	15,161,362	14,402,517	15,791,866	15,800,219
One Year Later	25,087,580	34,315,031	31,499,850	-
Two Years Later	49,070,991	48,376,052	-	-
Three Years Later	61,901,911	-	-	-
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
One Year Later	78,766,357	96,621,991	180,278,594	-
Two Years Later	81,353,377	99,213,918	-	-
Three Years Later	81,768,607	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 5,965,511	\$ 5,642,458	\$ 44,043,403	\$ -

\*Excess Insurance Organization, Inc. established July 1, 2016

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

**STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the PRISM's comprehensive annual 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.

	<u>Page</u>
Schedule of Net Position.....	200
Schedule of Revenues, Expenses and Changes in Net Position .....	201
History of Dividends Returned to Members.....	202

### 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 I, Property, and Medical Malpractice claims is an indicator of the Provision for Claims. Payrolls for Workers' Compensation and General Liability I, together with claims experience are an indicator for premium revenues. Property values are indicators for Property premiums.

	<u>Page</u>
Economic Statistics .....	203
Number of Claims .....	204
Property Values.....	205

### 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 .....	206

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 (PRISM)**  
**SCHEDULE OF NET POSITION**  
**FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2020**

	June 30, 2011	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
<b>Assets</b>										
Current Assets	\$ 312,575,944	\$ 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
Noncurrent Assets	251,262,932	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
Deferred Outflows - Pension & OPEB	-	-	-	-	587,253	3,329,112	1,537,233	1,718,920	1,227,362	1,995,729
Total Assets and Deferred Outflows	<u>563,838,876</u>	<u>573,863,822</u>	<u>588,152,525</u>	<u>592,584,274</u>	<u>642,949,175</u>	<u>741,987,349</u>	<u>792,900,586</u>	<u>836,033,671</u>	<u>966,996,407</u>	<u>871,559,924</u>
<b>Liabilities</b>										
Current Liabilities	97,435,058	108,329,137	117,831,208	124,485,595	148,795,667	144,506,871	153,724,595	183,323,834	321,909,836	130,180,773
Noncurrent Liabilities	362,089,179	359,982,865	351,705,921	354,769,678	380,901,782	458,363,786	497,188,376	528,994,951	444,459,373	566,410,195
Deferred Inflows - Pension & OPEB	-	-	-	-	845,081	1,444,075	1,466,353	1,144,292	595,345	705,974
Total Liabilities and Deferred Inflows	<u>459,524,237</u>	<u>468,312,002</u>	<u>469,537,129</u>	<u>479,255,273</u>	<u>530,542,530</u>	<u>604,314,732</u>	<u>652,379,324</u>	<u>713,463,077</u>	<u>766,964,554</u>	<u>697,296,942</u>
<b>Net Position</b>										
Invested in Capital Assets	9,181,260	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
Unrestricted	95,133,379	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
Total Net Position	<u>\$ 104,314,639</u>	<u>\$ 105,551,820</u>	<u>\$ 118,615,396</u>	<u>\$ 113,329,001</u>	<u>\$ 112,406,645</u>	<u>\$ 137,672,617</u>	<u>\$ 140,521,262</u>	<u>\$ 122,570,594</u>	<u>\$ 200,031,853</u>	<u>\$ 174,262,982</u>

**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT (PRISM)**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2020**

	June 30, 2011	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
<b>REVENUES:</b>										
Premiums for Transferred Risk	\$ 316,271,011	\$ 374,220,717	\$ 384,507,793	\$ 423,229,776	\$ 443,008,816	\$ 493,749,250	\$ 535,583,984	\$ 639,585,449	\$ 826,382,527	\$ 991,137,637
Broker Fees	6,459,876	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
Contributions for Retained Risk	119,707,240	108,763,785	129,253,959	124,089,007	143,354,781	163,031,197	196,118,073	212,774,426	125,476,876	91,252,116
Dividend Income	41,971	75,314	213,606	215,008	241,593	232,389	192,828	93,904	173,634	174,054
Member Services	530,052	613,490	640,078	865,314	1,111,493	747,513	935,244	637,546	678,036	579,779
Administrative Fees	10,155,392	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
Public Entity Fees	408,475	456,577	480,351	552,493	604,556	655,463	738,862	138,545	106,979	139,952
Program Development Fees	7,550	3,550	-	-	-	-	2,400	-	-	-
Other Income	2,313,897	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
Investment Income	9,726,704	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
<b>Total Revenues</b>	<b>465,622,168</b>	<b>515,483,601</b>	<b>538,870,150</b>	<b>580,207,501</b>	<b>621,242,391</b>	<b>787,272,604</b>	<b>771,637,716</b>	<b>895,094,521</b>	<b>1,027,441,641</b>	<b>1,158,410,258</b>
<b>EXPENSES:</b>										
Dividends	11,062,736	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
Stabilization Funds	-	-	-	-	-	477,716	64,106	47,210	-	-
Insurance Expense	303,821,702	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
Broker Fees	6,459,283	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
Provision for Insured Claims	124,443,282	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
Unallocated Loss Expenses	1,127,804	(424,706)	18,714	2,332,280	2,119,213	9,400,117	4,035,629	(5,702,516)	(574,000)	(590,000)
Program Services	22,809,139	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
Member Services and Subsidies	2,027,109	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
General Administration	7,150,235	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
Building Depreciation & Maintenance	763,844	755,418	775,232	902,946	888,371	1,113,715	1,107,812	2,005,446	1,521,151	1,851,219
<b>Total Expenses</b>	<b>479,665,134</b>	<b>514,246,420</b>	<b>525,806,574</b>	<b>585,493,896</b>	<b>619,703,360</b>	<b>762,006,632</b>	<b>768,789,071</b>	<b>906,849,821</b>	<b>949,980,382</b>	<b>1,184,179,129</b>
Changes in Net Position	(14,042,966)	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)
<b>NET POSITION:</b>										
Beginning Net Position	118,357,605	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
Adjustment to Beginning Net Position	-	-	-	-	(2,461,387)	-	-	(6,195,368)	-	-
<b>Ending Net Position</b>	<b>\$ 104,314,639</b>	<b>\$ 105,551,820</b>	<b>\$ 118,615,396</b>	<b>\$ 113,329,001</b>	<b>\$ 112,406,645</b>	<b>\$ 137,672,617</b>	<b>\$ 140,521,262</b>	<b>\$ 122,570,594</b>	<b>\$ 200,031,853</b>	<b>\$ 174,262,982</b>

**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT (PRISM)  
HISTORY OF DIVIDENDS RETURNED TO MEMBERS  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2020**

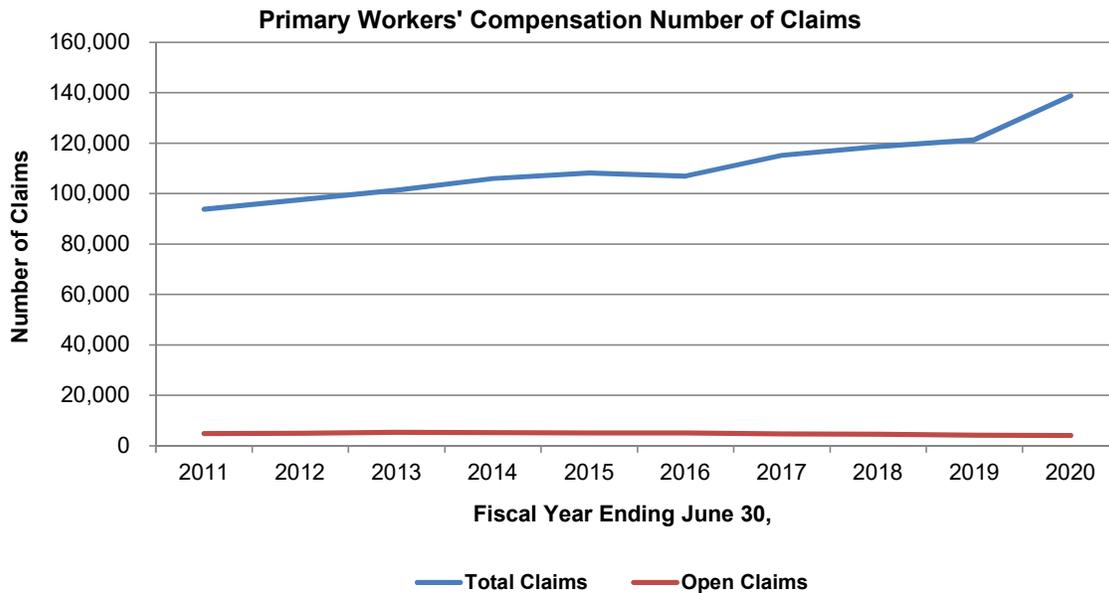
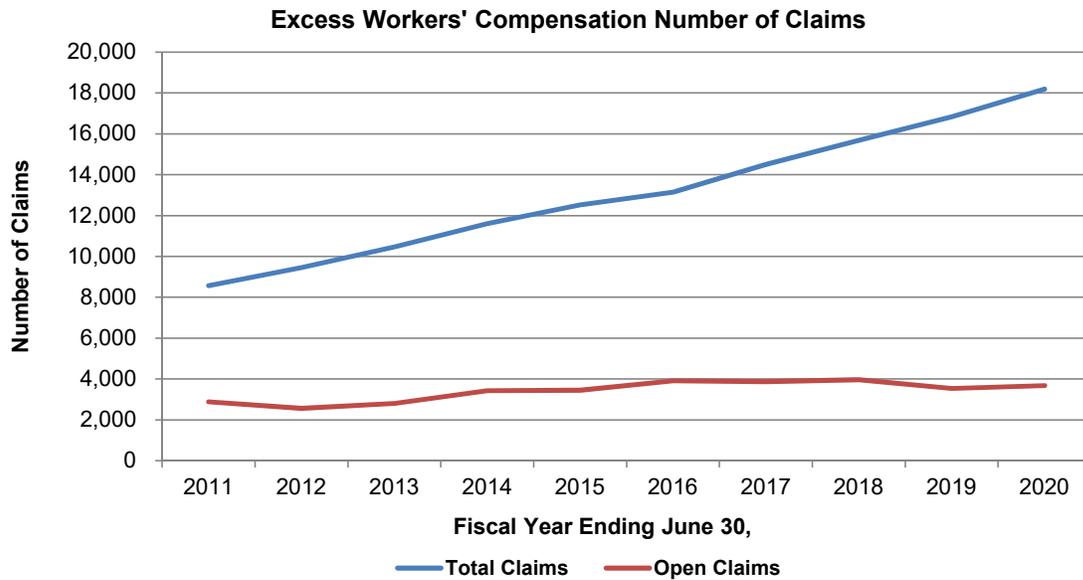
	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Excess Workers' Compensation Pool Dividends Reinsurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Primary Workers' Compensation	7,500,000	7,000,000	6,500,000	5,500,000	3,998,408	2,300,000	2,500,000	-	2,000,000	2,000,000
Employee Benefits PRISMHealth Program Dental	1,202,694	29,472	17,695	14,481	13,870	22,235	15,857	8,174	13,833	12,259 5,000,000
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
Property	41,971	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	2,318,071	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 11,062,736</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>

**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT (PRISM)  
ECONOMIC STATISTICS  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2020**

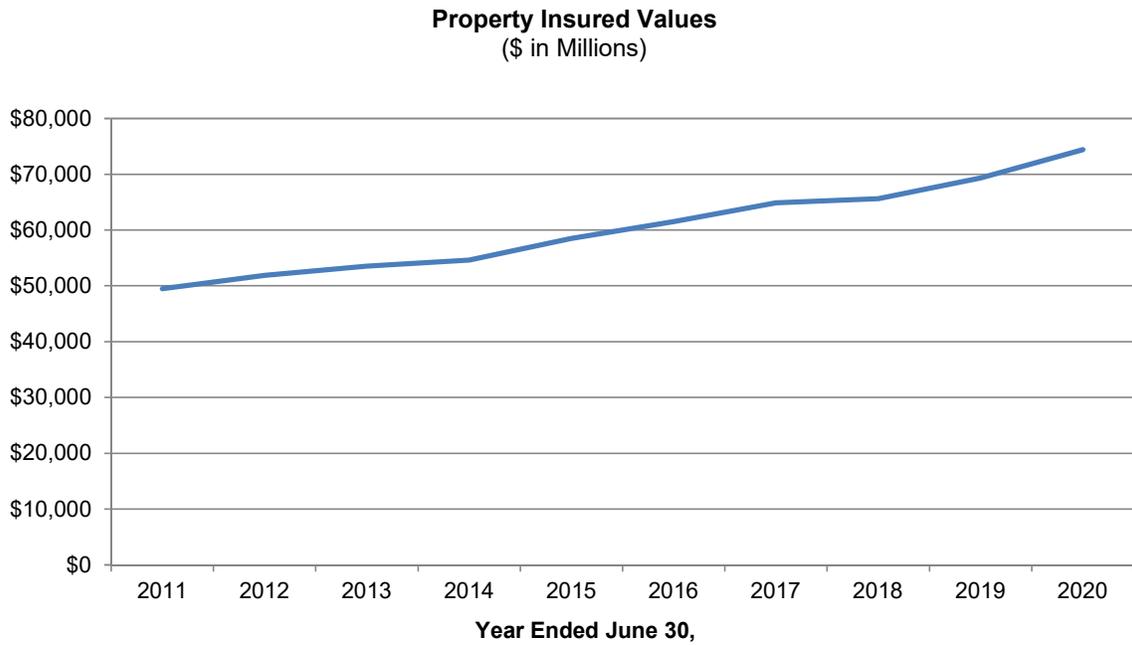
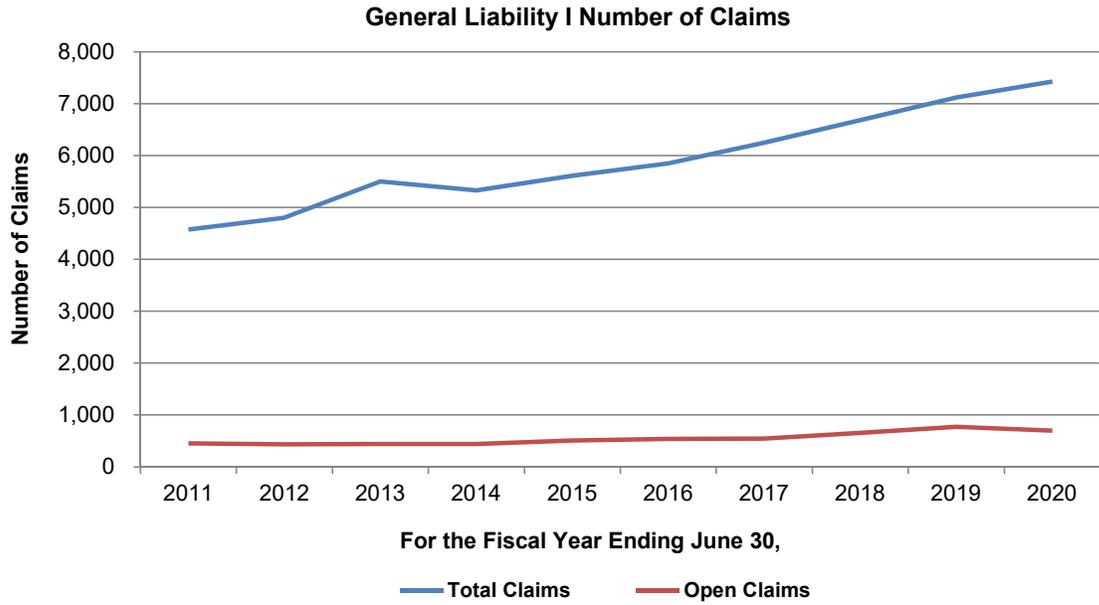
	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
<b>Excess Workers' Compensation</b>										
Total Number of Claims	8,569	9,453	10,472	11,602	12,525	13,145	14,496	15,686	16,840	18,189
Open Claims	2,884	2,561	2,800	3,424	3,465	3,904	3,884	3,964	3,543	3,682
Covered Payroll	\$ 21,247,944,019	\$ 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
<b>Primary Workers' Compensation</b>										
Total Number of Claims	93,795	98,618	102,474	106,031	108,204	107,009	115,224	118,732	121,315	138,891
Open Claims	4,907	5,212	5,304	5,235	5,198	5,078	4,787	4,630	4,211	4,113
Covered Payroll	\$ 2,923,194,417	\$ 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
<b>General Liability 1</b>										
Total Number of Claims	4,575	4,803	5,058	5,330	5,612	5,944	6,255	6,688	7,123	7,430
Open Claims	458	437	446	447	511	556	547	661	775	700
Covered Payroll	\$ 4,059,376,736	\$ 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
<b>Property</b>										
Total Number of PRISM Claims	1,039	1,740	2,154	2,375	2,593	2,799	3,083	3,459	3,946	4,422
Open PRISM Claims	24	95	28	118	164	28	13	105	178	129
Total Number of Excess Claims	1,113	1,135	1,208	1,146	1,283	1,364	1,473	1,655	1,833	2,076
Open Excess Claims	127	80	100	58	128	141	165	191	211	294
Total Property Values	\$ 49,489,556,840	\$ 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

**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT (PRISM)  
ECONOMIC INDICATORS AND INFORMATION  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2020**

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 Earned Premium and Claims Development in the Required Supplemental Information section of the CAFR'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 (PRISM)  
ECONOMIC INDICATORS AND INFORMATION  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2020**



**PUBLIC RISK INNOVATIONS, SOLUTIONS, AND MANAGEMENT (PRISM)  
ECONOMIC INDICATORS AND INFORMATION  
FOR THE TEN-YEAR PERIOD ENDING JUNE 30, 2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Full-time Equivalent Employees as of June 30</b>	51	53	54	54	59	62	68	74	79	79
<b>Number of Retirees</b>	4	4	4	4	6	6	6	9	10	11
<b>Square footage of Office Space</b>	25,000	25,000	25,000	25,000	25,000	29,000	29,000	29,000	29,000	29,000
<b>Member Units*</b>										
Primary Workers' Compensation	42	41	38	39	38	38	39	39	41	39
Excess Workers' Compensation	164	166	161	166	166	167	171	175	174	180
Primary General Liability	29	29	23	23	23	23	22	-	-	-
General Liability 1	101	103	100	104	104	117	114	125	128	130
General Liability 2	11	11	11	11	11	12	15	18	18	18
Property	81	82	82	84	85	96	98	105	104	109
Medical Malpractice	48	50	50	49	49	49	51	52	52	52
Master Owner Controlled Ins	-	-	-	2	4	8	15	16	17	18
PRISMHealth	18	24	25	25	25	28	32	37	43	42
Dental	119	122	126	133	142	145	153	154	163	166
<b>Total Member Units</b>	<b>613</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>
Member Counties	54	54	54	55	55	55	55	55	55	55
Member Public Entities	289	247	245	255	262	260	273	288	295	295
<b>Total Members</b>	<b>343</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>

\* 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 INNOVATIONS, SOLUTIONS, AND MANAGEMENT (PRISM)  
BUDGET HIGHLIGHTS  
FOR THE YEAR ENDED 30, 2020**

	Final Budget	Actual Results	Variance
<b>Revenues:</b>			
Premiums for Transferred Risk	\$ 779,310,210	\$ 991,137,637	\$ 211,827,427
Broker Fees	11,443,292	14,784,924	3,341,632
Contributions for Retained Risk	245,796,828	91,252,116	(154,544,712)
Dividend Income	100,000	-	(100,000)
Public Entity Fees	-	139,952	139,952
Investment Income	20,474,757	32,943,625	12,468,868
Financing Fees	155,846	-	(155,846)
Administration Fees	25,678,609	25,423,157	(255,452)
Member Services	1,074,593	753,833	(320,760)
Tenant Income	499,167	33,985	(465,182)
Other Income	827,577	1,941,029	1,113,452
<b>Total Revenues</b>	<b>1,085,360,879</b>	<b>1,158,410,258</b>	<b>73,049,379</b>
<b>Expenses:</b>			
Member Dividends and return of Stabilization Funds	2,117,000	7,311,760	(5,194,760)
Insurance Expense	758,360,334	870,164,217	(111,803,883)
Broker Fees	11,426,084	14,741,476	(3,315,392)
Provision for Claims	225,992,570	260,612,179	(34,619,609)
Unallocated Loss Adjustment Expenses	1,815,000	(590,000)	2,405,000
Program Services	35,578,506	13,102,555	22,475,951
Member Services and Subsidies	3,125,677	2,460,566	665,111
General Administrative/Building/Depr Expense	19,896,579	16,376,376	3,520,203
Delegated to Committees	545,000	-	545,000
<b>Total Expenses</b>	<b>1,058,856,750</b>	<b>1,184,179,129</b>	<b>(125,322,379)</b>
<b>Total Income (Loss)</b>	<b>\$ 26,504,128</b>	<b>\$ (25,768,871)</b>	<b>\$ (52,272,999)</b>
<b>Change in Net Position</b>	<b>\$ 26,504,128</b>	<b>\$ (25,768,871)</b>	
<b>Beginning Net Position Balance July 1, 2019</b>	<b>187,180,020</b>	<b>200,031,853</b>	
Adjustment to beginning Net Position	-	-	
<b>Ending Net Position Balance, June 30, 2020</b>	<b>\$ 213,684,149</b>	<b>\$ 174,262,982</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.