

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA



ADOPTED BUDGET

For the Fiscal Year
July 1, 2023 to June 30, 2024

PRISM
Public Risk Innovation,
Solutions, and Management

ADOPTED BUDGET
FOR THE FISCAL YEAR JULY 1, 2023 TO JUNE 30, 2024

EXECUTIVE COMMITTEE

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

SENIOR MANAGEMENT

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

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For the Fiscal Year 2023/24

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June 2, 2023

Members, Board of Directors
Folsom, California

Ladies and Gentlemen:

We respectfully submit Public Risk Innovation, Solutions, and Management (also referred to as PRISM) proposed budget for fiscal year 2023/24 for your approval.

Budget Priorities

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

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

Our Information Technology Department received approval in the May 2020 Executive Committee meeting to move forward with the development of a proprietary claims system using a development partner and low-code platform. The project began in July of 2020 with the discovery phase of gathering all project requirements. Software development began in March of 2021. The team anticipates the phase one deployment of the new system before July 1, 2023. The project is currently budgeted at \$4.2M.

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

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

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

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

Significant Trends

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

Market

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

Losses

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

Interest Rates

Unrealized mark-to-market losses on PRISM's fixed income securities were recognized in FY21/22 and in early FY22/23 as the result of rapid increases in prevailing interest rates. Now that many of PRISM's older holdings have matured, monies can be reinvested in higher yield assets. As a result, revenue projections will increase, as will the pool's discount rates. When discount rates increase, rates charged for coverage may be decreased while maintaining funding at a steady confidence level.

Coverage Base

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

While some relief is expected from future investment earnings, all other significant cost drivers continue to increase PRISM's rates (cost per unit of coverage). These increased rates are then applied to the increased coverage base (number of units covered) resulting in an overall increase in both revenue and expenses to the pool. For FY23/24, PRISM continues to modify and adapt its program structures based on both market forces and member needs.

Cash Flows and Debt

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

Acknowledgements

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

Sincerely,



Gina Dean
Chief Executive Officer



Puneet Behl, CPA
Chief Financial Officer



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**PRISM
California**

For the Fiscal Year Beginning

July 01, 2022

Christopher P. Morill

Executive Director

Organization and Reporting Entity

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

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

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

Basis of Accounting

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

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

Market

The insurance market operates in cycles that tend to shift every few years. When rates are high and the competition is low, we are said to be in a hard market. When rates are low and competition is aggressive, we are in a soft insurance market. The hard market is particularly affecting property and casualty programs. For 23/24, the Property Program is renewing with a 14.2% increase. The GL1 and GL2 Programs are projected to renew with a 25% - 30% increase. The liability market is being driven by the continued increase in high-dollar claims resulting from higher plaintiff demands, significant jury verdicts, and litigation financing, all of which have also raised the value of claim settlements in recent years. These trends are affecting all public entities: counties, cities, schools and special districts, particularly in California. And as it affects the industry, it also affected PRISM. For example, claims over \$1M have more than doubled over the last five years. However, due to the size of our liability programs, and the economies of scale, we were able to leverage the volume we bring to the reinsurance markets to mitigate insurance increases.

Membership

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

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

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

Organization

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

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

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

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

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

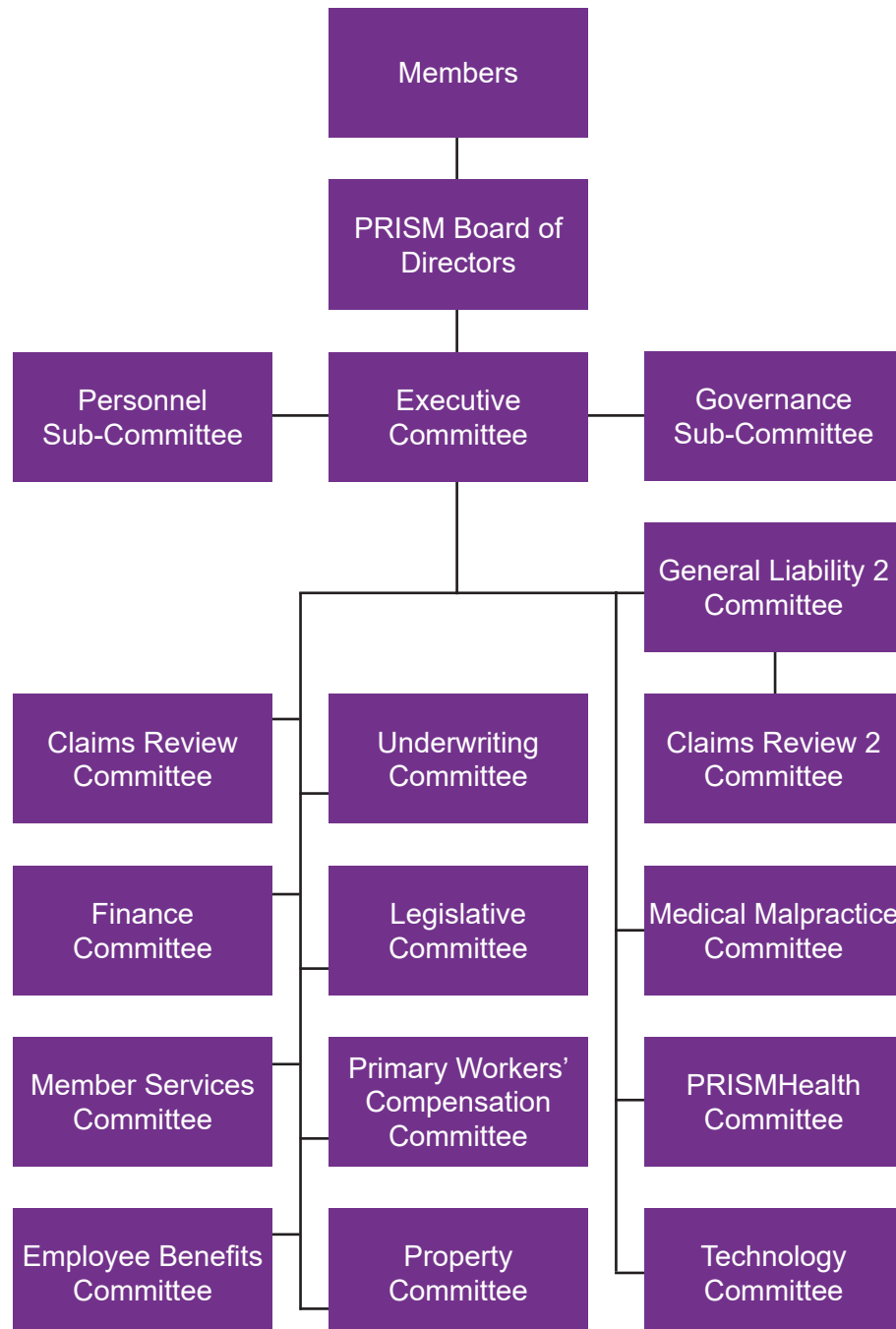
Personnel Sub-Committee – Provides direction to the Executive Committee on matters relating to personnel.

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



PRISM

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)



Mission Statement

The Board of Directors has adopted the following Mission Statement:

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

Vision Statement

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

Core Values

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

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

Budget Process

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

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

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

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

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

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

2023/24

Budget Calendar

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

January 2023

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

April 2023

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

May 2023

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

June 2023

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

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

PRISM LONG-TERM GOALS

Communication, Outreach and Influence

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

Member Programs, Products and Services

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

Organizational Development and Sustainability

5. PRISM will expand its membership base to offer members even greater cost savings.
6. PRISM will ensure there is equality in membership as described in our Core Values

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

Guiding Long-Term Fiscal Policies

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

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

Volume Discounts

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

Pooling

Larger retained risk pools results in:

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

Insurance Purchase

Volume purchasing can result in:

- Lower insurance rates
- Better coverage agreements

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

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

Pooling

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

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

Insurance

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

Transfer of Risk to PRISM ARC

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

Dividends to Members

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

Structure programs that are responsive to members needs

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

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

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

Long-term Relationships

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

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

Maintain Financial Strength

Balanced Budget

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

Target Equity Funding

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

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

Capitalization and Debt Policy

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

Investment Policy

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

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

PRISM Long-Term Operating Financial Plans

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

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

Expectations for External Cost Drivers

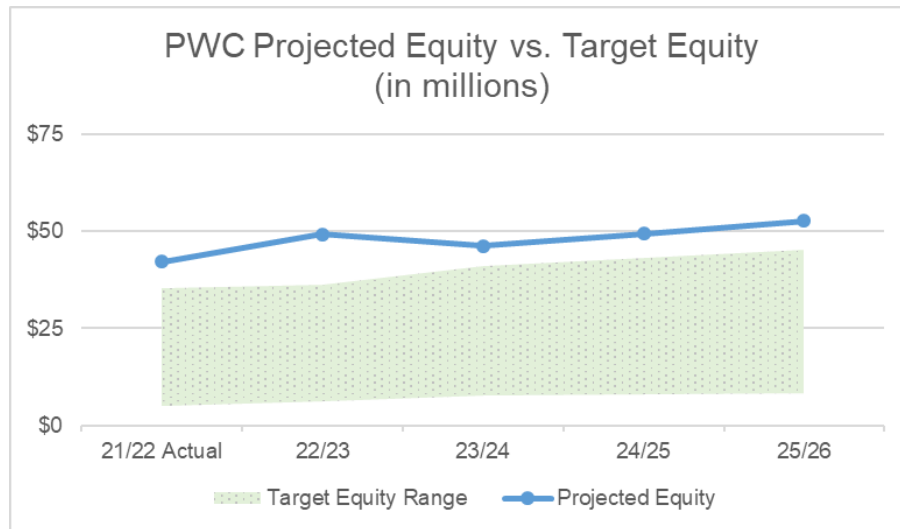
With respect to external cost drivers, for the next three years we expect the following:

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

Equity Projections by Major Program

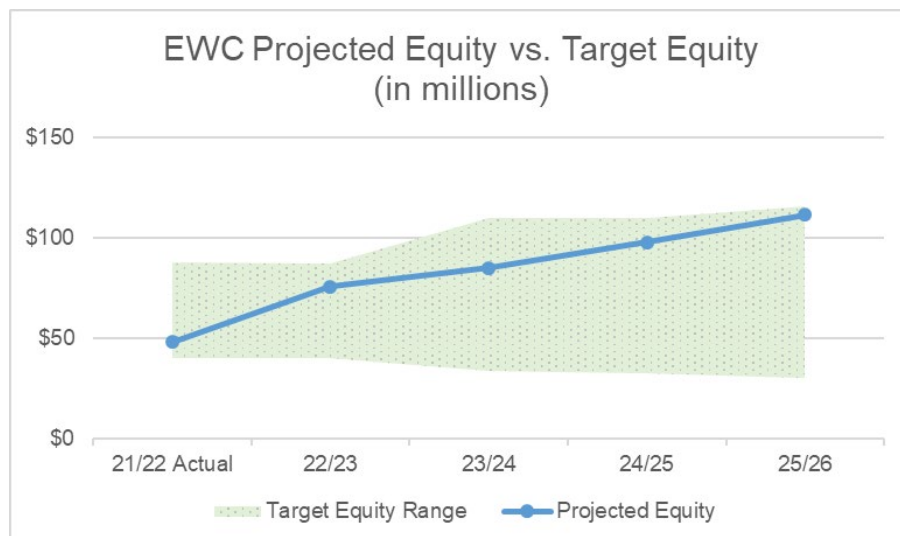
Primary Workers' Compensation (PWC)

Equity growth in the program is expected as retained risk and ULAE continue to be funded at the 90% and 80% confidence levels, respectively. Actual cost of claims and ULAE are expected to be less than the funded amounts and the difference should be retained as net position. This program does not discount its liabilities and is not anticipating significant investment returns as part of its projections. Since the equity in this program is above and estimated to be above the funding range in the years shown, future dividends may be issued.



Excess Workers' Compensation (EWC)

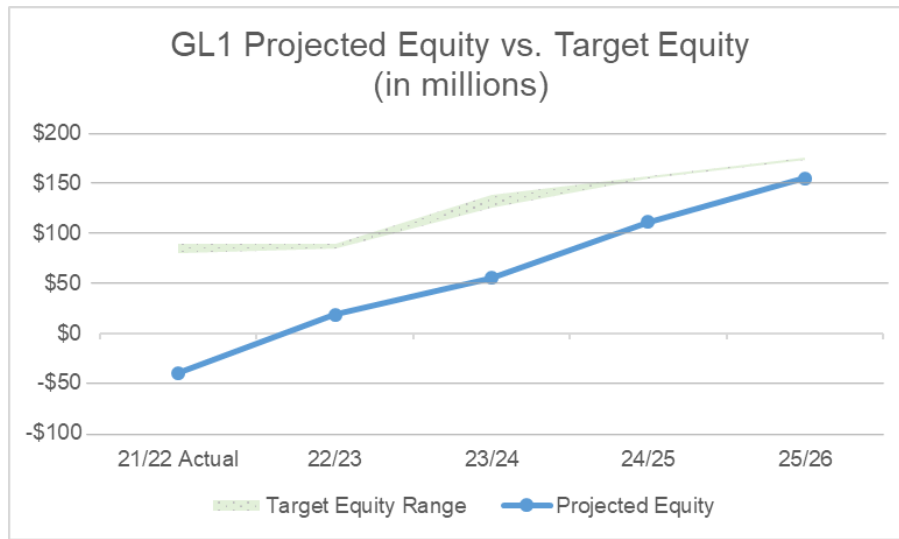
The EWC program currently transfers most risk to outside carriers, with a few, relatively small, corridors retained by the pool. Projections for increased equity in the EWC program are driven by expected investment returns and funding of the retained corridors at a higher than expected confidence level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



General Liability 1 (GL1)

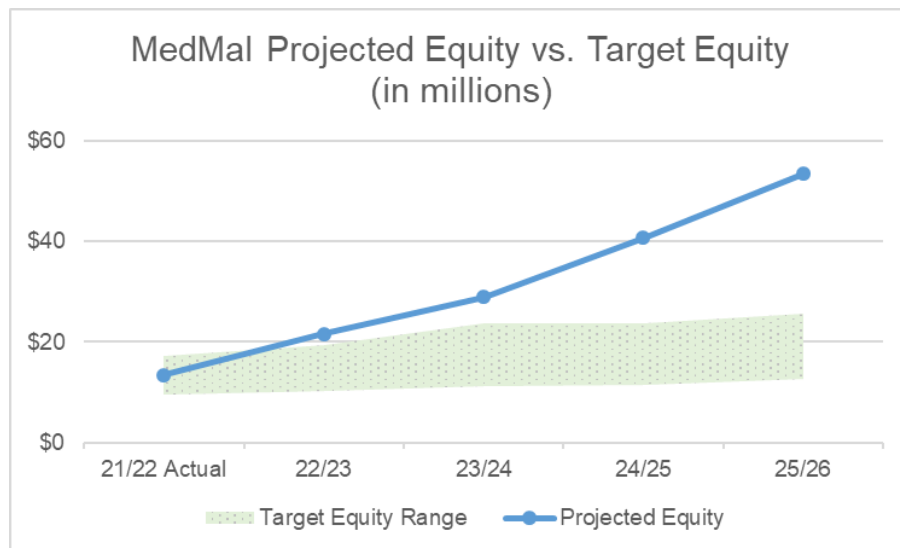
In FY19/20, the GL1 program entered into Loss Portfolio Transfer (LPT) to MultiStrat Reinsurance (MS Re). The agreement transferred all of the Program's unpaid claims as of April 1, 2019, for claims that occurred on or after July 1, 2007 (excluding Primary General Liability Legacy claims), as well as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

The reinsurance arrangement has enabled the Program to gradually increase the rates to re-build the Program surplus. Due to the LPT, staff projects that the GL1 Program will be in a net surplus position of \$55.4M at the end of the 23/24 fiscal year and will continue to increase from there as new premiums are collected at higher confidence levels. However, the program net position is projected to stay below its target equity range through the 25/26 fiscal year.



Medical Malpractice (MedMal)

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



Overall Outlook

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

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

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA



CONSOLIDATED BUDGET

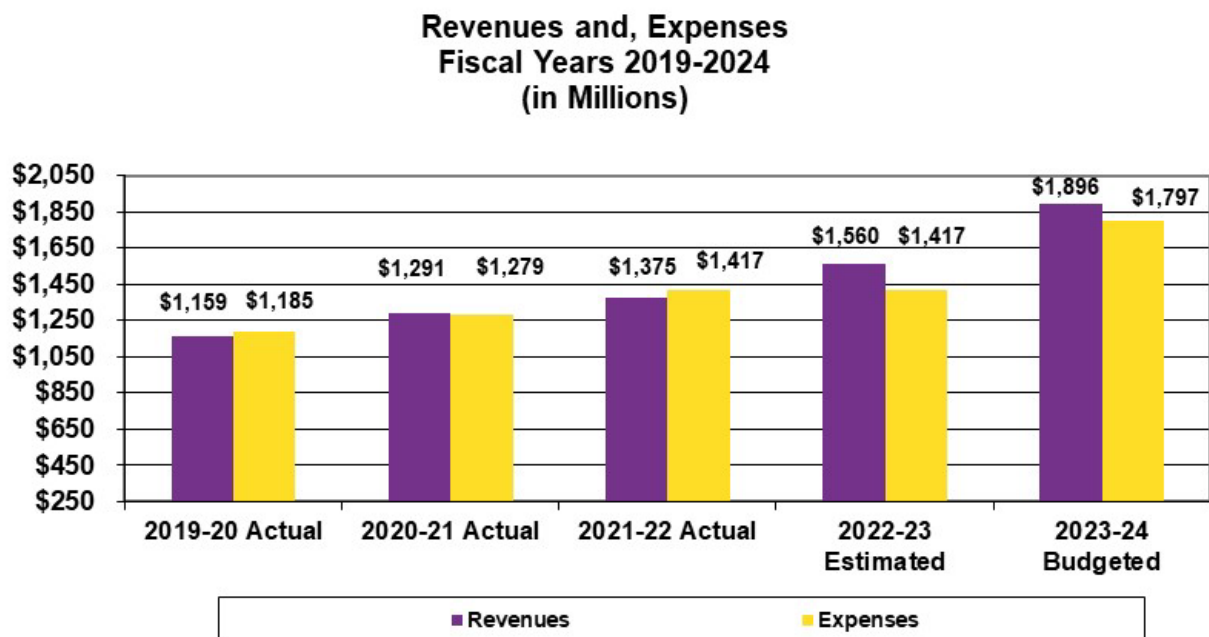
For the Fiscal Year
July 1, 2023 to June 30, 2024

PRISM Budget

The budget has \$107M increase in net position before dividends, and a dividend expense of \$8.5M, producing an \$98.5M increase to net position. This is a balanced budget, meaning that budgeted revenue exceeds expenditures and provides a budgeted increase to net position. Included are the consolidated and individual program budgets. Highlights of the 2023/24 proposed budget are as follows:

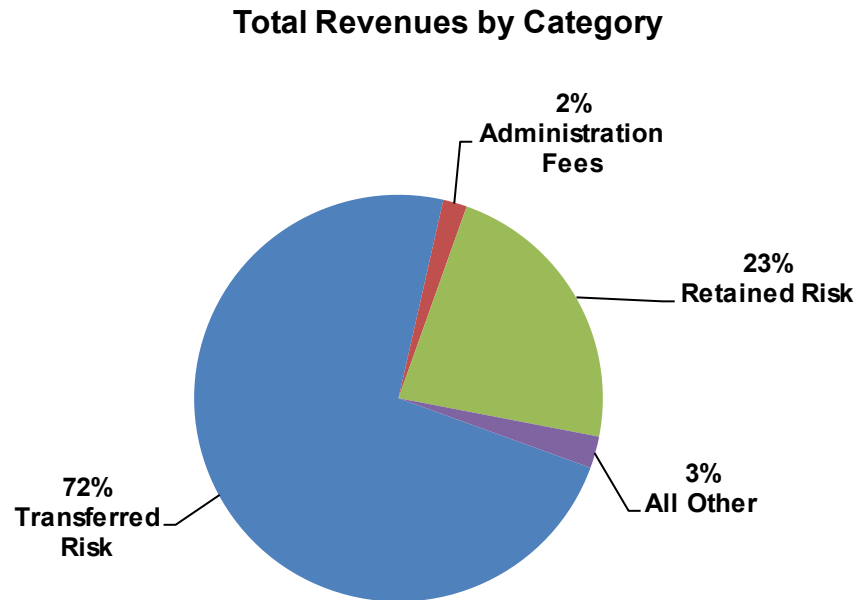
- Total revenues are budgeted at \$1.9B, an increase of \$245.1M over budgeted 2022/23.
- Total expenses are budgeted at \$1.8B, an increase of \$222.3M. Expenses include returning dividends of \$8.5M to members.
- Net position is projected to increase to \$386M at June 30, 2024.

Revenues and expenses for the 2023/24 budget and the past four years are as follows:

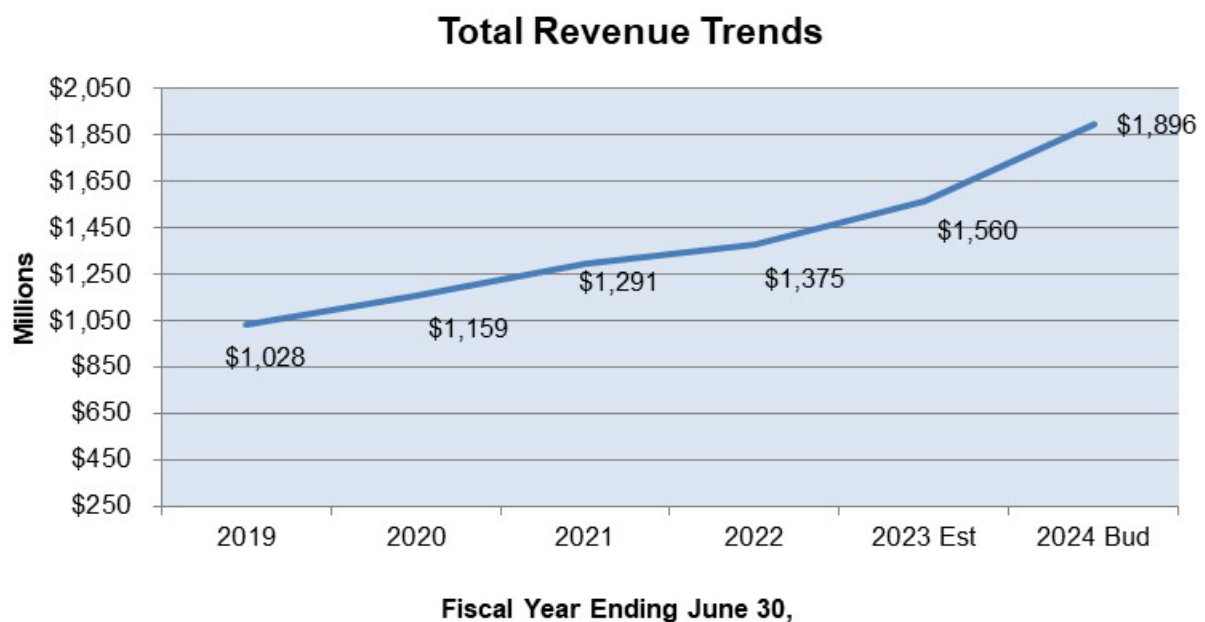


Revenues

Sources of revenues are illustrated in the following chart:

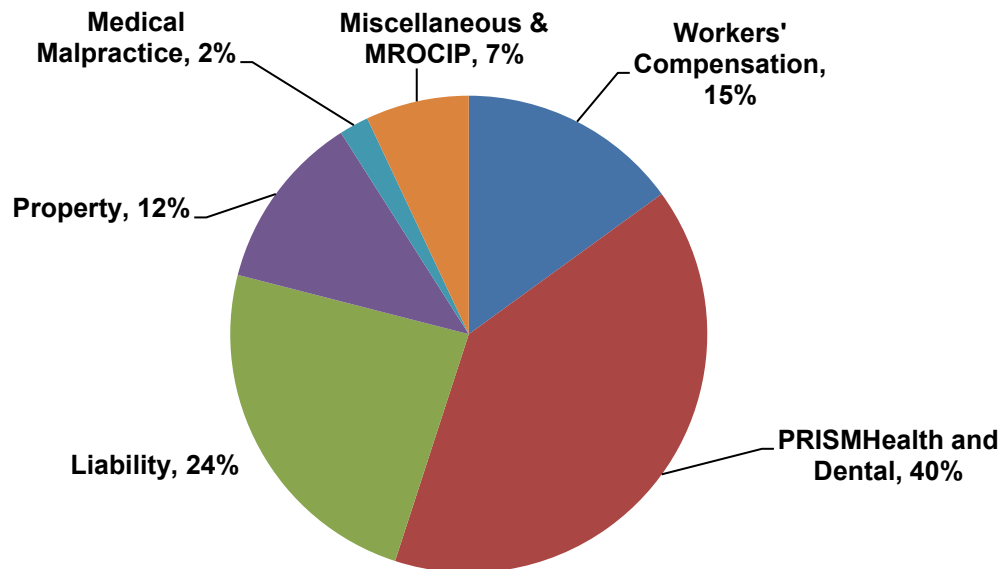


The \$1.9B in revenues represents a \$245.1M or 14.84% increase over the 22/23 budget, and a 63.6% increase over the last five years. Growth in membership, new programs, and additional pool funding and higher premiums for transferred risk accounts for much of the increase in revenues and expenses year over year. The following chart illustrates the growth of PRISM revenues:



The following chart shows revenues by program.

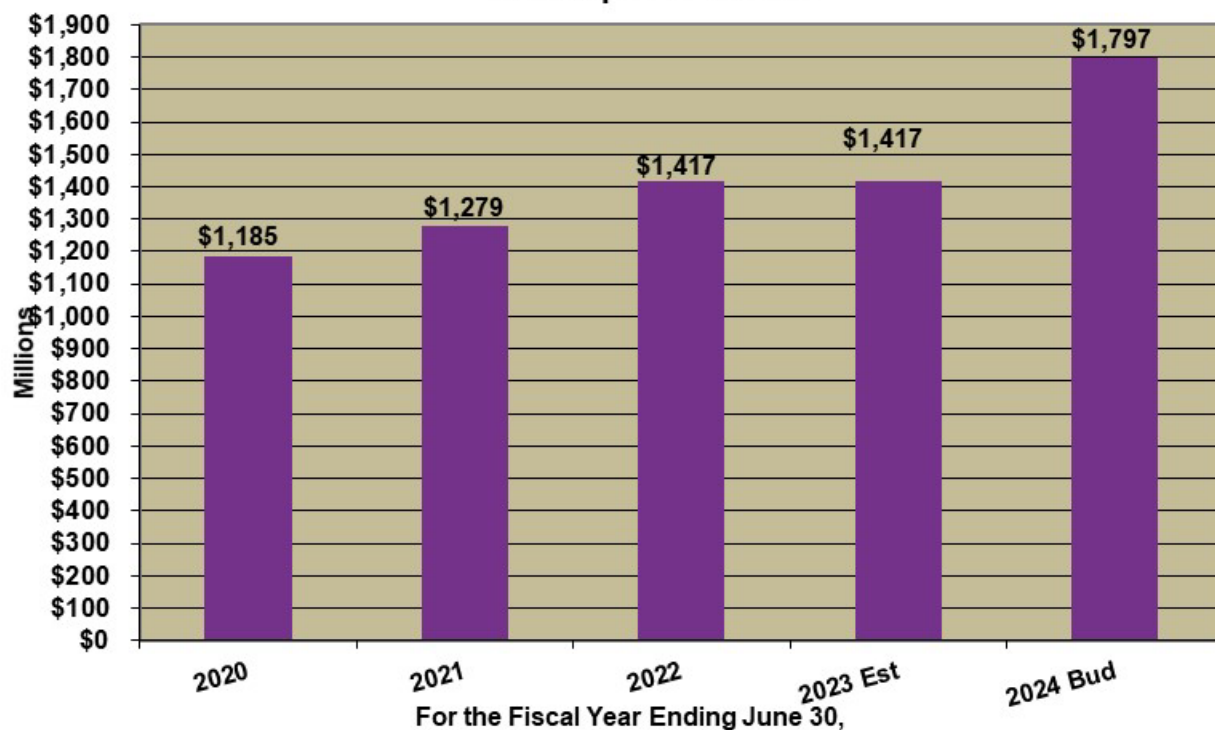
2023/24 Budgeted Revenues by Program



Expenses

PRISM expenses for fiscal year 2023/24 are budgeted to be \$1.8B and have increased \$222.3M or 14.1% over last year's budget. The following chart illustrates the increase of PRISM expenses:

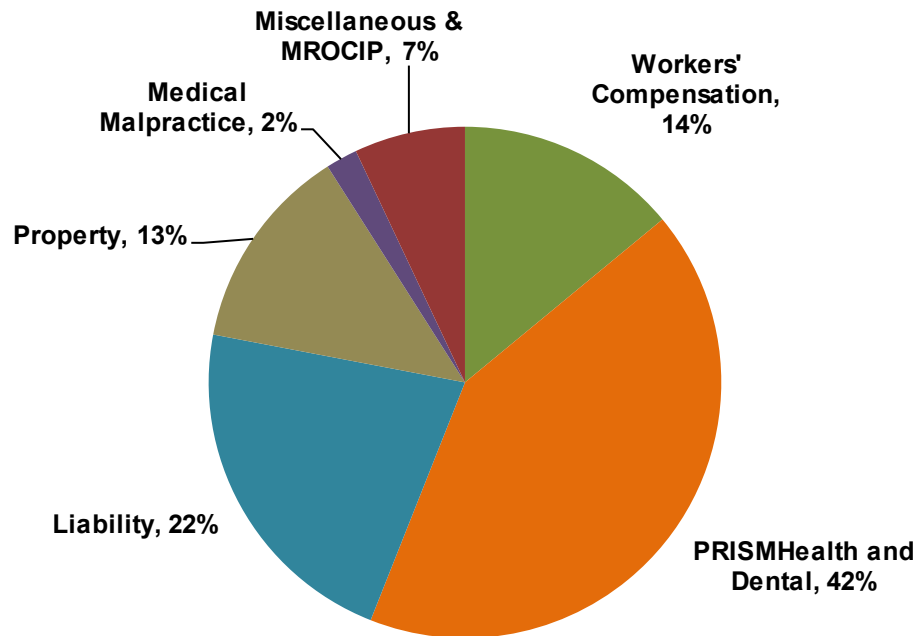
Total Expense Trends



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

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

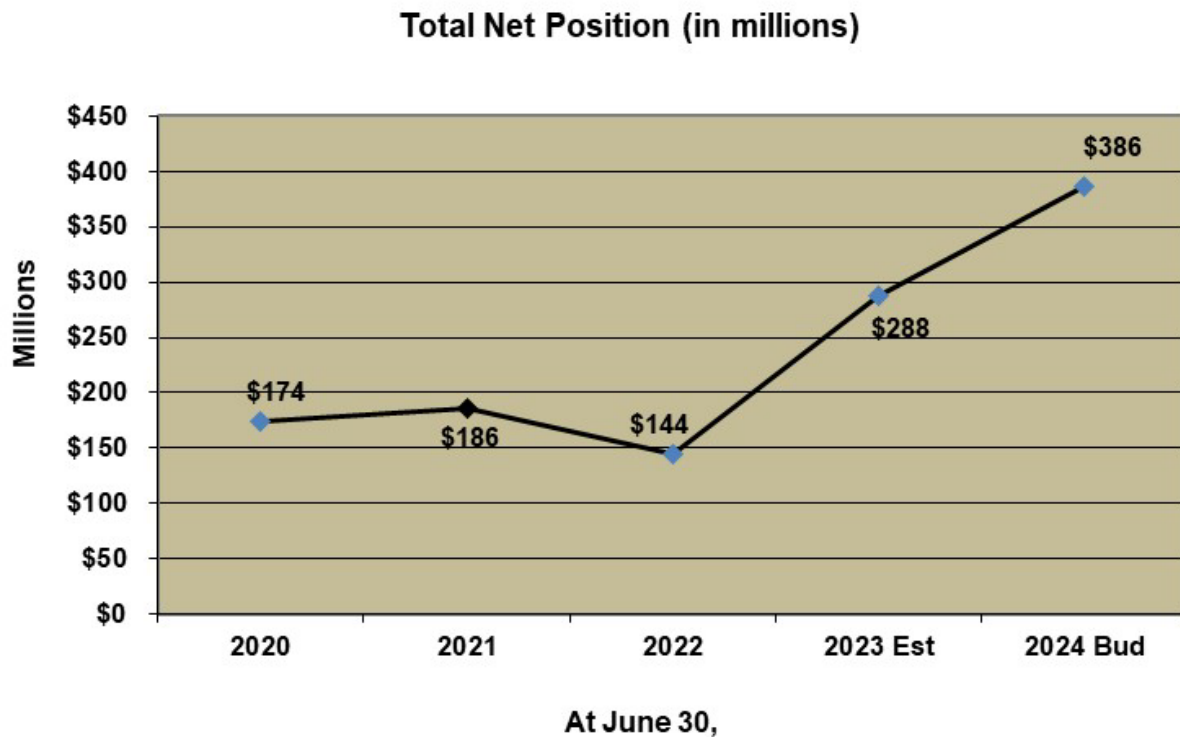
2023/24 Budgeted Expenses by Program



Net Position

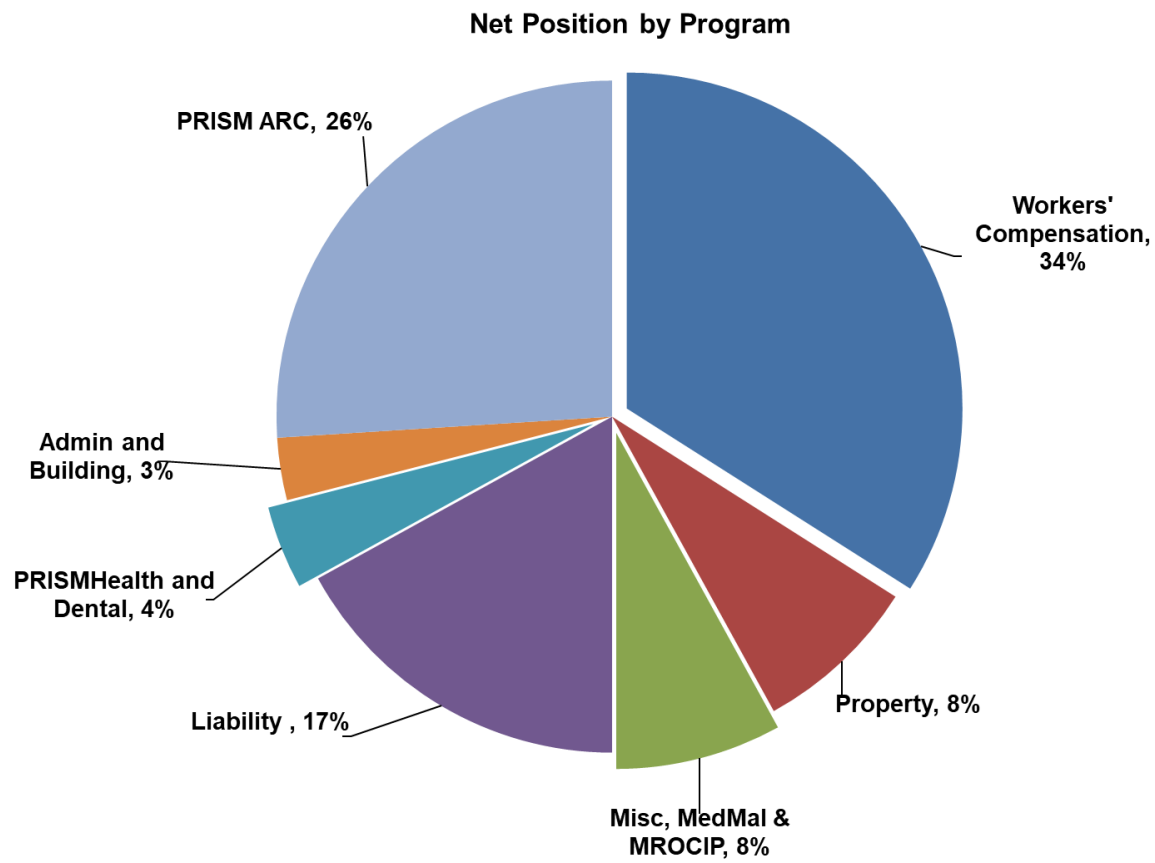
Net position is calculated by adding total Assets and Deferred Outflow of Resources, and then subtracting Liabilities and Deferred Inflow of Resources. Net Position represents investment in capital assets as well as unrestricted fund balance available for future operations or distribution. The projected Net Position at June 30, 2024 is \$386M. The budget includes a return of net position in the form of dividends of \$8.5M.

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



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

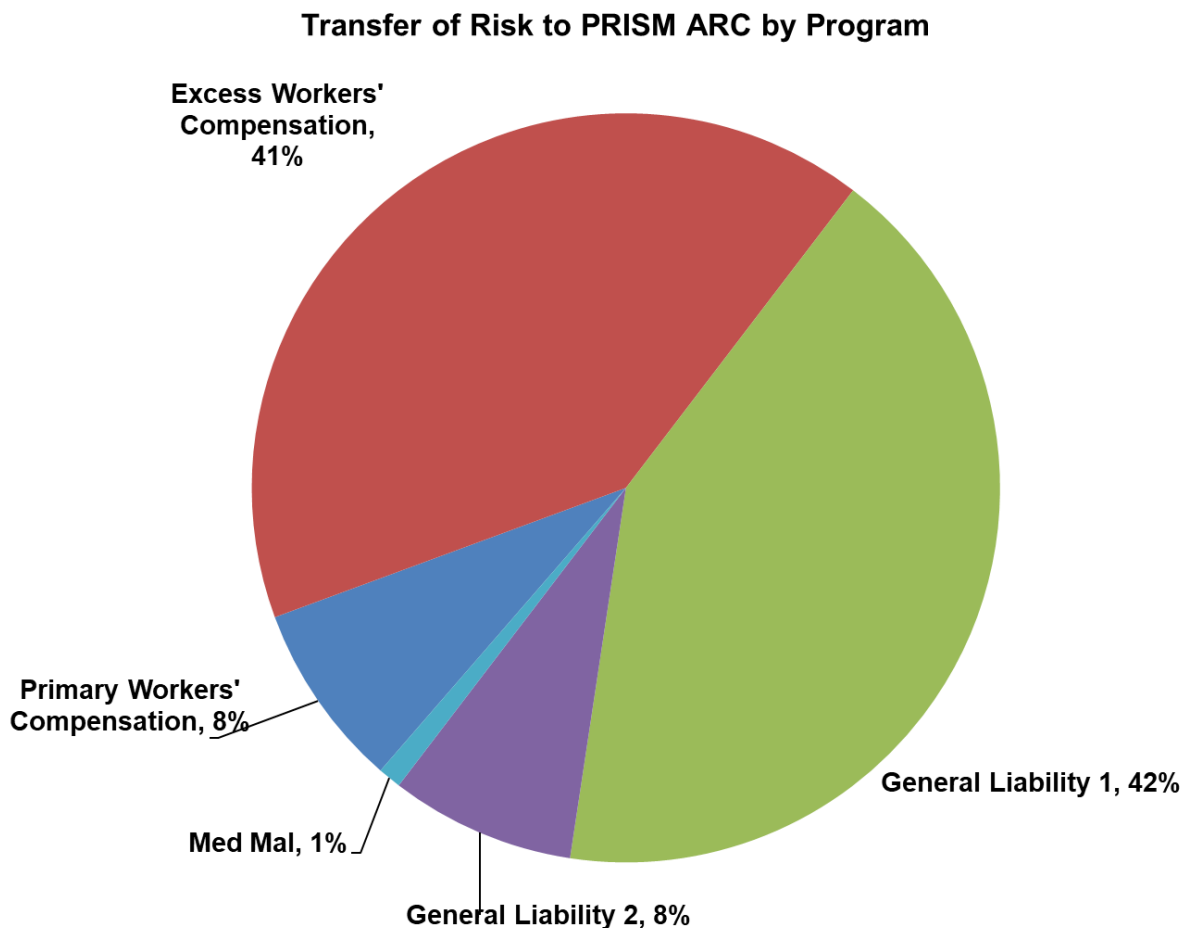
The distribution of 2023/24 budgeted Net Position by program is illustrated in the following chart:



Transfer of Risk to Captive (PRISM ARC)

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

The distribution of 2023/24 transfer of risk to PRISM ARC by program is illustrated in the following chart:



Capital Budget

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

Member Participation

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

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

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Line Item Summary for All Programs
July 1, 2023 to June 30, 2024

	ACFR Actual 2021/22	Estimated 2022/23	Budget 2022/23	Percent of Total Revenue or Total Expense	Budget 2023/24	Percent of Total Revenue or Total Expense	Budget Increase (Decrease) CY Compared to PY Budget	Percentage Change
REVENUES:								
Premiums for Transferred Risk	\$ 1,116,841,854	\$ 1,118,478,957	\$ 1,154,550,204	69.94%	\$ 1,329,373,282	70.12%	\$ 174,823,078	15.14%
Dividend Income	540,855	496,674	0	0.00%	0	0.00%	0	0.00%
Broker Fees	19,516,773	15,776,602	15,911,192	0.96%	17,449,208	0.92%	1,538,016	9.67%
Contributions for Retained Risk	271,092,405	349,569,336	358,847,094	21.74%	416,492,120	21.97%	57,645,026	16.06%
Member Growth	0	0	50,000,000	3.03%	50,000,000	2.64%	0	0.00%
Investment Income	(63,667,062)	17,122,981	11,270,000	0.68%	15,800,000	0.83%	4,530,000	40.2%
Financing Charges	180,591	89,806	120,000	0.01%	236,500	0.01%	116,500	97.1%
Administration Fees	27,678,580	30,668,061	31,542,009	1.91%	36,026,685	1.90%	4,484,676	14.22%
Program Development Fees	146,390	0	0	0.00%	0	0.00%	0	0.00%
Member Services	307,858	27,722,076	27,991,921	1.70%	29,946,515	1.58%	1,954,594	6.98%
Tenant Income	237,928	393,592	485,138	0.03%	446,000	0.02%	(39,138)	-8.07%
Other Income	2,265,147	135,003	160,000	0.01%	160,000	0.01%	0	0.00%
TOTAL REVENUES	1,375,141,319	1,560,453,088	1,650,877,558	100.00%	1,895,930,310	100.00%	245,052,752	14.84%
EXPENSES:								
Member Dividends	2,543,052	7,000,674	2,012,000	0.13%	8,512,000	0.47%	6,500,000	323.1%
Insurance Purchased	1,097,710,301	1,121,602,146	1,153,984,482	73.27%	1,321,195,433	73.51%	167,210,951	14.49%
Broker Fees	18,952,667	15,776,603	15,911,192	1.01%	17,449,208	0.97%	1,538,016	9.67%
Provision for Claims	256,228,194	215,278,379	277,376,432	17.61%	319,164,558	17.76%	41,788,126	15.1%
Unallocated Loss Adjustment Expense	11,582,000	(9,742,000)	2,785,000	0.18%	3,897,000	0.22%	1,112,000	39.93%
Member Growth Premium/Provision for Claims	0	0	50,000,000	3.17%	50,000,000	2.78%	0	0.00%
Program Services	14,722,010	41,993,683	45,598,295	2.89%	46,495,975	2.59%	897,680	1.97%
Member Services	2,600,729	2,731,790	2,743,991	0.17%	3,024,615	0.17%	280,624	10.23%
General Administration Expense	11,324,528	20,623,944	21,869,461	1.39%	24,865,207	1.38%	2,995,746	13.70%
Building Operation Expense	452,595	411,026	661,600	0.04%	804,460	0.04%	142,860	21.59%
Depreciation	1,341,405	1,311,582	1,591,582	0.10%	1,453,029	0.08%	(138,553)	-8.71%
Delegated to Committees	0	0	545,000	0.03%	545,000	0.03%	0	0.00%
TOTAL EXPENSES:	1,417,457,481	1,416,987,827	1,575,079,035	100%	1,797,406,485	100.00%	222,327,450	14.12%
Net Increase or (Decrease)	(42,316,162)	143,465,261	75,798,523		98,523,825		22,725,302	
NET POSITION - JULY 1	186,354,634	144,038,472	184,987,563		287,503,733			
NET POSITION - JUNE 30	144,038,472	287,503,733	260,786,086		386,027,558			

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Combining Budget for All Programs
July 1, 2023 to June 30, 2024

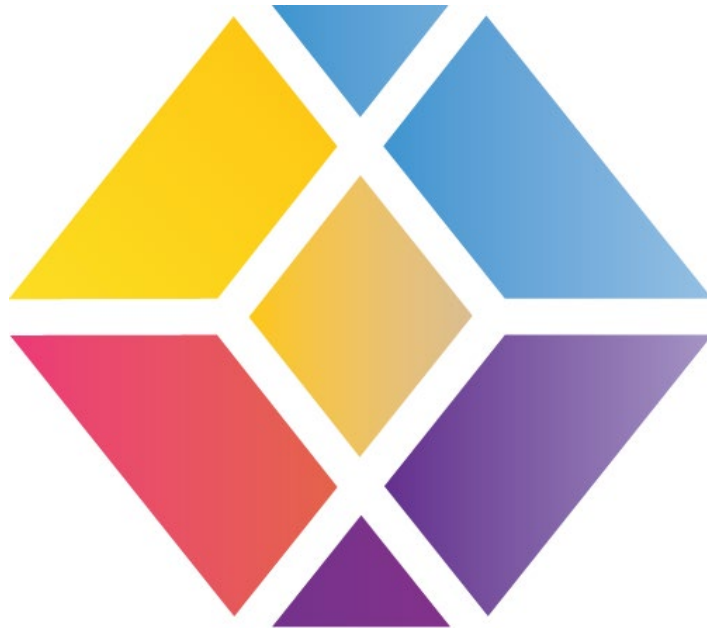
COMBINING 2022/23 BUDGET	PRIMARY WORKERS' COMP.	EXCESS WORKERS' COMP.	GENERAL LIABILITY 1	GENERAL LIABILITY 2	PROPERTY	MEDICAL MALPRACTICE	MR OCIP	PRISMHEALTH	DENTAL	MISC. PROGRAMS	TOTAL ALL INSURANCE PROGRAMS
REVENUES:											
Premiums for Transferred Risk	\$ 34,029,163	\$ 179,604,279	\$ 193,016,300	\$ 177,110,105	\$ 126,512,925	\$ 13,006,638	\$ 10,000,000	\$ 663,328,000	\$ 0	\$ 110,981,701	\$ 1,507,589,111
Dividend Income	0	0	0	0	0	0	0	0	0	0	0
Broker Fees	762,836	3,880,508	3,990,623	1,540,520	0	12,721	0	4,662,000	2,600,000	0	17,449,208
Contributions for Retained Risk	18,470,842	10,534,525	47,630,022	0	93,270,144	24,077,758	0	0	44,293,000	0	238,276,291
Public Entity Participation Fees	0	0	0	0	0	0	0	0	0	0	0
Member Growth	0	0	0	0	0	0	0	0	0	0	50,000,000
Investment Income	1,383,750	2,661,875	633,125	0	404,375	871,250	10,000	104,375	157,500	23,750	6,250,000
Financing Charges	29,000	124,000	0	77,000	6,500	0	0	0	0	0	236,500
Administration Fees	8,494,379	11,013,201	7,271,653	4,255,909	1,881,750	1,941,793	140,000	1,028,000	0	0	36,026,685
Member Services	0	0	0	0	0	0	0	29,338,000	0	0	29,338,000
Tenant Income	0	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	63,169,970	207,818,388	252,541,723	182,983,534	222,075,694	39,910,160	10,150,000	698,460,375	47,050,500	111,005,451	1,885,165,795
EXPENSES:											
Member Dividends	6,500,000	0	0	0	0	0	0	12,000	2,000,000	0	8,512,000
Insurance Purchased	34,029,163	179,604,279	193,016,300	168,932,256	126,512,925	13,006,638	10,000,000	663,328,000	0	110,981,701	1,499,411,262
Broker Fees	762,836	3,880,508	3,990,623	1,540,520	0	12,721	0	4,662,000	2,600,000	0	17,449,208
Provision for Claims	8,357,904	3,908,900	11,579,736	0	86,512,000	17,617,000	0	0	44,293,000	0	172,268,540
Unallocated Loss Adjustment Expense	1,443,000	1,016,000	691,000	601,000	54,000	92,000	0	0	0	0	3,897,000
Program Services	8,642,043	2,184,462	1,034,500	866,800	2,636,670	704,300	0	29,477,000	34,800	0	45,580,575
Member Services	0	0	0	0	0	0	0	0	0	0	0
General Administration Expense	0	0	0	0	0	0	0	0	0	0	0
Building Operation Expense	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0
Financing Expenses	0	0	0	500,000	0	0	0	0	0	0	500,000
Member Growth Prem/Prov for Claims	0	0	0	0	0	0	0	0	0	0	50,000,000
Delegated to Committees	50,000	50,000	50,000	50,000	25,000	25,000	0	25,000	25,000	0	300,000
TOTAL EXPENSES	59,784,946	190,644,149	210,362,159	172,490,576	215,740,595	31,457,659	10,000,000	697,504,000	48,952,800	110,981,701	1,797,918,585
TRANSFERS:											
Transfers in (out) to:											
General Administration	(4,803,599)	(7,166,082)	(4,847,135)	(2,788,904)	(685,403)	(994,179)	(51,507)	(594,641)	(375,381)	(14,200)	(22,321,031)
Claims System	(1,595,958)	(498,225)	(186,015)	(111,282)	(18,274)	(81,371)	0	0	0	0	(2,491,125)
Investment Fees	(44,280)	(85,180)	(20,260)	0	(12,940)	(27,880)	(320)	(3,340)	(5,040)	(760)	(200,000)
Building Rent	0	0	0	0	0	0	0	0	0	0	0
TOTAL TRANSFERS	(6,443,837)	(7,749,487)	(5,053,410)	(2,900,186)	(716,617)	(1,103,430)	(51,827)	(597,981)	(380,421)	(14,960)	(25,012,156)
Net Increase or (Decrease)	(3,058,813)	9,424,752	37,126,154	7,592,772	5,618,482	7,349,071	98,173	358,394	(2,282,721)	8,790	62,235,054
NET POSITION - JULY 1, 2022	49,267,199	75,465,737	18,255,408	3,594,477	24,140,044	21,592,361	424,676	3,775,965	11,834,989	2,754,968	211,105,824
NET POSITION - JUNE 30, 2023	46,208,386	84,890,489	55,381,562	11,187,249	29,758,526	28,941,432	522,849	4,134,359	9,552,268	2,763,758	273,340,878

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Combining Budget for All Programs
July 1, 2023 to June 30, 2024

COMBINING 2022/23 BUDGET	TOTAL ALL INSURANCE PROGRAMS	GENERAL ADMIN	IRON POINT BUILDING	CAPTIVE (PRISM ARC)	ELIMINATION	CONSOLIDATED BUDGET
REVENUES:						
Premiums for Transferred Risk	\$ 1,507,589,111	\$ 0	\$ 0	\$ 0	\$ (178,215,829)	\$ 1,329,373,282
Dividend Income	0	0	0	0	0	0
Broker Fees	17,449,208	0	0	0	0	17,449,208
Contributions for Retained Risk	238,276,291	0	0	178,215,829	0	416,492,120
Public Entity Participation Fees	0	0	0	0	0	0
Member Growth	50,000,000	0	0	0	0	50,000,000
Investment Income	6,250,000	250,000	0	10,000,000	(700,000)	15,800,000
Financing Charges	236,500	0	0	0	0	236,500
Administration Fees	36,026,685	0	0	0	0	36,026,685
Member Services	29,338,000	608,515	0	0	0	29,946,515
Tenant Income	0	0	446,000	0	0	446,000
Other Income	0	160,000	0	0	0	160,000
TOTAL REVENUES	1,885,165,795	1,018,515	446,000	188,215,829	(178,915,829)	1,895,930,310
EXPENSES:						
Member Dividends	8,512,000	0	0	0	0	8,512,000
Insurance Purchased	1,499,411,262	0	0	0	(178,215,829)	1,321,195,433
Broker Fees	17,449,208	0	0	0	0	17,449,208
Provision for Claims	172,268,540	0	0	146,896,018	0	319,164,558
Unallocated Loss Adjustment Expense	3,897,000	0	0	0	0	3,897,000
Program Services	45,580,575	0	0	915,400	0	46,495,975
Member Services	0	3,024,615	0	0	0	3,024,615
General Administration Expense	0	24,865,207	0	0	0	24,865,207
Building Operation Expense	0	0	804,460	0	0	804,460
Depreciation	0	1,060,574	392,455	0	0	1,453,029
Financing Expenses	500,000	0	200,000	0	(700,000)	0
Member Growth Prem/Prov for Claims	50,000,000	0	0	0	0	50,000,000
Delegated to Committees	300,000	200,000	20,000	25,000	0	545,000
TOTAL EXPENSES	1,797,918,585	29,150,396	1,416,915	147,836,418	(178,915,829)	1,797,406,485
TRANSFERS:						
Transfers in (out) to:						
General Administration	(22,321,031)	22,471,031	0	(150,000)	0	0
Claims System	(2,491,125)	2,491,125	0	0	0	0
Investment Fees	(200,000)	200,000	0	0	0	0
Building Rent	0	(429,275)	429,275	0	0	0
TOTAL TRANSFERS	(25,012,156)	24,732,881	429,275	(150,000)	0	0
Net Increase or (Decrease)	62,235,054	(3,399,000)	(541,640)	40,229,411	0	98,523,825
NET POSITION - JULY 1, 2022	211,105,824	14,785,180	1,853,224	68,259,504	(8,500,000)	287,503,733
NET POSITION - JUNE 30, 2023	273,340,878	11,386,180	1,311,584	108,488,915	(8,500,000)	386,027,558

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA



PROGRAM BUDGETS

For the Fiscal Year
July 1, 2023 to June 30, 2024

Primary Workers' Compensation

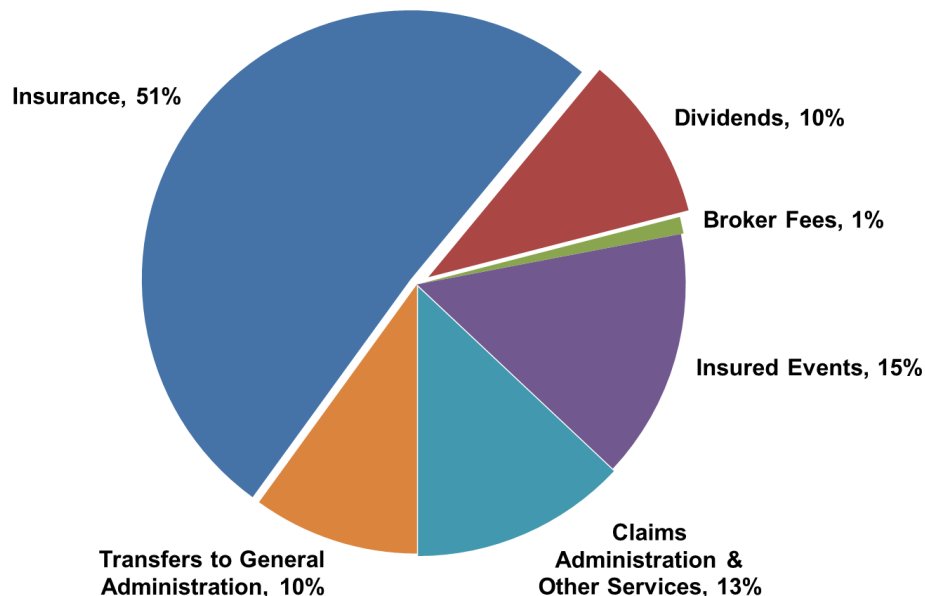
The objective of the Primary Workers' Compensation (PWC) Program is to provide members with an option to eliminate the Excess Workers' Compensation (EWC) self-insured retention and purchase first dollar coverage. The Program pools the first \$10k of loss expense, and then has excess coverage in place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

Program Revenue Summary:

Number of Members	36
Covered Payroll	\$2.7 Billion
Pool Premium	\$10.2 Million
Insurance	\$19.3 Million
Premium to ARC	\$14.8 Million
Public Entity Broker Fees	\$763 Thousand
ULAE Premiums	\$8.3 Million
Administration and Fees	\$8.5 Million

A summary of the PWC Program budget is as follows:

Primary Workers' Compensation Program - Expense Summary



The PWC Program proposed budget would result in an ending net position of \$46.2M at June 30, 2024. The target equity range developed by the Underwriting Committee and approved by the Board of Directors is from \$7.6M - \$41.0M.



Primary Workers' Compensation (PWC) **Program Budget Policy**

Program Goals for the PWC include the following:

Short Term Goals

- Continue to evaluate new service offerings.
- Continue with the development of marketing and educational materials for members.
- • Re-evaluate the risk tolerance and the balance between pooling and transferring risk to the commercial insurance market, with a heavier emphasis on pooling.
- Continue looking for ways to increase engagement with PWC members.
- Enhance the new committee member onboarding experience.
- Evaluate the cost-benefit of rotating meetings in northern and southern California, as well as options for members to participate via web conference.
- Continue to review program policies and make revisions where appropriate.
- Continue to evaluate transfer of risk opportunities in the PRISM ARC captive.
- Evaluate the level of control / authority PRISM asserts on the following areas: Claims, Audits, and Underwriting.

Medium Term Goals

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

Long Term Goals

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

Budget Policies for the PWC Program include the following:



Revenues

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

Expenses

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



Adopted: June 27, 2010
Last Amended: February 15, 2023

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

Transfers

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



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Last Amended: February 15, 2023

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRIMARY WORKERS' COMPENSATION PROGRAM
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 34,417,673	\$ 34,230,617	\$ 34,230,617	\$ 34,434,416	\$ 34,029,163	\$ (405,253)	-1%	Includes corridor deductible in the \$10 - \$125k layer reinsured by PRISM ARC; includes Placement Broker Fee
Payroll Adjustment, Excess Insurance	1,030,737	(171,087)	(171,087)	0	0	0	0%	
Contributions for Retained Risk	9,506,093	9,502,406	9,502,406	9,572,117	10,200,342	628,225	7%	Billed at 90% confidence level undiscounted.
Payroll Adjustment, Pool Premiums	317,625	35,759	35,759	0	0	0	0%	
ULAE Premium	7,876,200	9,378,060	9,378,060	9,434,000	8,270,500	(1,163,500)	-12%	Billed at 80% CL; discounted at 1.5%
Public Entity Broker Fees	817,206	825,609	825,609	835,565	762,836	(72,729)	-9%	
Administration Fees	6,295,184	6,882,961	6,882,961	6,926,155	8,494,379	1,568,224	23%	Incl. Schools LC Fee
Investment Income	(2,708,140)	71,982	1,370,000	772,000	1,383,750	611,750	79%	ACFR 21/22 loss driven by mark to market adjustment
Member Finance Charges	54,755	49,798	49,798	54,000	29,000	(25,000)	-46%	
Other Income	20,301	0	0	0	0	0	0%	
TOTAL REVENUES	57,627,634	60,806,105	62,104,123	62,028,253	63,169,970	1,141,717	2%	
EXPENSES:								
Member Dividends	0	0	6,500,000	0	6,500,000	6,500,000	0%	
Retained and Transferred Risk								
Insurance Premium Expense	34,417,673	34,230,617	34,230,617	34,434,416	34,029,163	(405,253)	-1%	Includes Placement Broker Fee
Primary W.C. Reinsurance Prem. PR Audit	1,030,411	(171,087)	(171,087)	0	0	0	0%	
Public Entity Broker Fees	817,206	825,609	825,609	835,565	762,836	(72,729)	-9%	
Provision for Claims, Current Year	9,408,000	9,127,000	9,127,000	8,270,481	8,357,904	87,423	1%	Provision for claims at expected
Provision for Claims, Prior Years	(5,187,477)	235,381	235,381	0	0	0	0%	Provision for prior year claims
Provision for ULAE	8,466,000	0	(9,488,000)	960,000	1,443,000	483,000	50%	Actuarial adjustment to the liability for future claims administration
CA State W.C. Assessments	2,386,618	2,205,350	2,205,350	3,400,000	2,800,000	(600,000)	-18%	DIR fees based on indemnity payments. In 23/24, increase expected in DIR base & TD rates and indemnity payments
Total Retained and Transferred Risk	51,338,430	46,452,869	36,964,869	47,900,462	47,392,903	(507,559)	-1%	
Program Administration								
Claims Administration	4,984,515	2,608,458	5,347,339	5,589,000	5,396,343	(192,657)	-3%	TPA fees to administer claims for the life of the claim
ISO Index Fees	51,217	25,326	84,000	84,000	90,000	6,000	7%	Claims indexing service
Member Claims Audits	62,888	8,483	113,400	113,400	110,700	(2,700)	-2%	TPA's locations audited on biannual basis
Legal Fees	120,908	16,760	100,000	50,000	50,000	0	0%	Legal advice and litigation
Banking Services and Fees	61,044	28,401	59,641	75,000	75,000	0	0%	
Managed Care Program Monitoring	114,000	60,000	125,600	125,600	120,000	(5,600)	-4%	Incl bill review fee monitoring and negotiating
Other Program Expense	166,388	0	0	0	0	0	0%	ACFR 21/22 is estimate of bad debt
Total Program Administration	5,560,960	2,747,427	5,829,980	6,037,000	5,842,043	(194,957)	-3%	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	0%	Available with two-thirds vote of PWC Committee
TOTAL EXPENSES	56,899,390	49,200,296	49,294,849	53,987,462	59,784,946	5,797,484	11%	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRIMARY WORKERS' COMPENSATION PROGRAM
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
<u>TRANSFERS:</u>								
Transfers in (out) to:								
General Administration	\$ (4,217,206)	\$ (4,701,779)	\$ (4,701,779)	\$ (4,701,779)	\$ (4,803,599)	\$ (101,820)	2%	
PRISM Claims System Costs	(637,255)	(941,511)	(941,511)	(941,511)	(1,595,958)	(654,447)	70%	
Investment Fees	(31,986)	(16,171)	(31,452)	(46,936)	(44,280)	2,656	-6%	External investment management fees
TOTAL TRANSFERS	(4,886,447)	(5,659,461)	(5,674,742)	(5,690,226)	(6,443,837)	(753,611)	13%	
Net Increase or (Decrease)	(4,158,203)	5,946,348	7,134,532	2,350,565	(3,058,813)	(5,409,378)	-230%	
NET POSITION - JULY 1	46,290,870	42,132,667	42,132,667	47,710,919	49,267,199			
NET POSITION - JUNE 30	42,132,667	48,079,015	49,267,199	50,061,484	46,208,386			
Target Equity								
Low Range	5,139,487	6,260,988	6,260,988	6,260,988	7,622,898			
High Range	35,425,191	36,281,396	36,281,396	36,281,396	40,974,766			

Excess Workers' Compensation

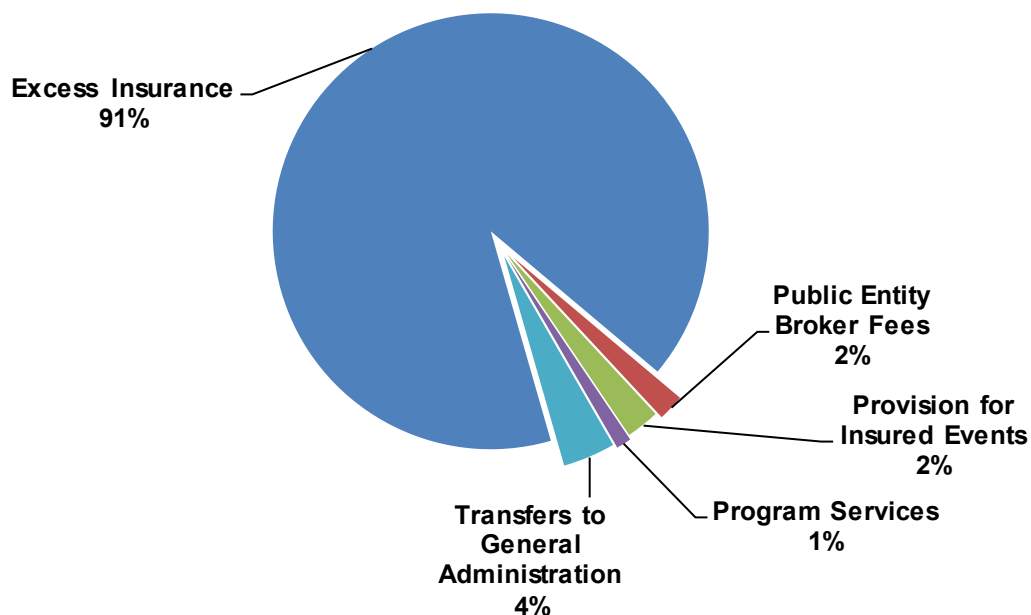
The objective of the Excess Workers' Compensation (EWC) program is to provide members an affordable Excess Workers' Compensation Program. The EWC Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Program Revenue Summary:

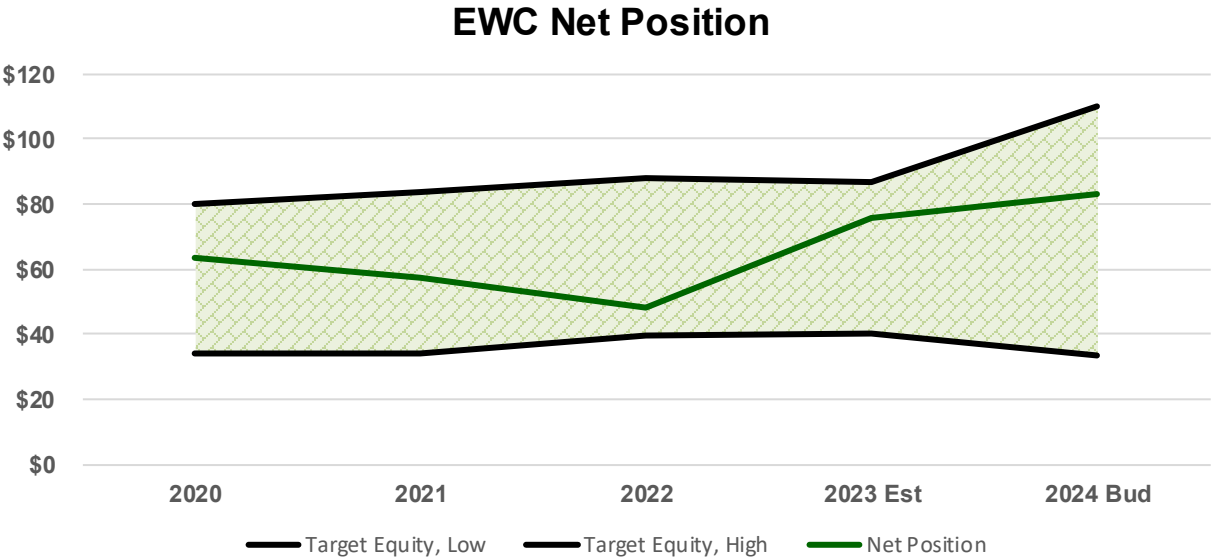
Number of Members	182
Covered Payroll	\$36.3 Billion
Pool Contribution	\$10.5 Million
Insurance	\$106.7 Million
Premium to ARC	\$72.9 Million
Broker Fees	\$3.9 Million
Administration and Fees	\$11.0 Million
Loss Prevention Subsidies	\$1,000 per member

A summary of the EWC Program budget is as follows:

Excess Workers' Compensation Program - Expense Summary



The EWC Program proposed budget would result in an ending net position of \$84.9M at June 30, 2024. The target equity range developed by the Underwriting Committee and approved by the Board of Directors is from \$33.6M - \$109.9M. The following chart illustrates the EWC’s net position in relation to the target equity range.





Excess Workers' Compensation (EWC) Program Budget Policy

Program Goals for the EWC Program include the following:

Short Term Goals

- Re-evaluate the risk tolerance and the balance between pooling and transferring risk to the commercial insurance market, with a heavier emphasis on pooling.
- Increase service offerings to the members.
- Set rates for the upcoming year at a level designed to keep the Program's Net Position within the target funding range.
- Evaluate ways to mitigate the Program's long-term exposure to uncollectible reinsurance.
- Use multi-year underwriting matrices, wherever possible, to help ensure renewal pricing from underwriters with a "not-to-exceed" target amount of 10% for the upcoming year.
- Continue to monitor the long-term discount assumption and make conservative adjustments, as needed.
- Implement the adoption of monthly reporting of loss data in order to have up to date data for the renewal process and carrier discussions.
- Continue implementation of a new data analytics platform to allow for benchmarking of claims data, with additional members being brought onboard and new functionality being provided in 2023/24.
- Continued focus on settling claims, including those with high-exposure, via Compromise and Release.
- Utilize data scientist to create automated claim summaries to aid PRISM claims staff, and develop models to identify claims trends and mitigation points.
- Continue to consider risk transfer opportunities to the PRISM Captive.
- Determine the optimal level of control/authority PRISM should have to assert more program control in claims, audit, and underwriting, to reduce the cost of claims and, ultimately, member premium contributions.

Long Term Goals

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



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Last Amended: March 3, 2023

to uncollectible reinsurance, and when considering concentration of risk.

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

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

Revenues

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



Adopted: June 2, 2011
Last Amended: March 3, 2023

charged to the members. Program costs are defined below.

Expenses

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

Transfers

- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs, based on a three-year average of staff time.
- The administrative costs of the Program are typically set in conjunction with the March Board of Directors meeting as a way to aid members in budgeting by reducing variability in their premiums. Any variance within 2.5% of the set amount and the final administrative costs are adjusted from the Program's Net Position. If the variance falls outside of the 2.5% range, the total budgeted number is



Adopted: June 2, 2011
Last Amended: March 3, 2023

brought back to the Board of Directors in June for further action.

- Based on member election, a risk management subsidy of \$1,000 per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account.
- The PRISM Claims System transfer is based on program usage.
- Investment Fees are charged to the programs based on the average daily balance of program funds invested.

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
EXCESS WORKERS' COMPENSATION PROGRAM
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premium for Transferred Risk	\$ 160,561,910	\$ 166,245,703	\$ 166,245,703	\$ 176,799,177	\$ 179,604,279	\$ 2,805,102	2%	Includes corridors transferred to PRISM ARC and Placement Broker Fee
Payroll Audit, Excess Premiums	12,255,171	6,283,192	6,283,192	0	0	0	0%	
Contribution for Retained Risk	2,013,531	5,900,085	5,900,085	2,902,884	10,534,525	7,631,641	263%	Billed at 80% confidence level, 3.5% discount factor
Payroll Adjustments, Retained Risk	492,112	(147,875)	(147,875)	0	0	0	0%	
Administration Fees	8,352,680	9,401,352	9,401,352	9,750,351	11,013,201	1,262,850	13%	Includes Schools Loss Control Fee; admin set in March
Public Entity Broker Fees	3,485,887	3,686,709	3,686,709	3,635,291	3,880,508	245,217	7%	
Investment Income	(6,434,898)	(250,613)	2,400,000	1,698,000	2,661,875	963,875	57%	ACFR 21/22 loss driven by mark to market adjustment
Member Finance Fees	24,492	33,903	33,903	24,000	124,000	100,000	417%	
Other Income	762,849	0	0	0	0	0	0%	
TOTAL REVENUES	181,513,734	191,152,456	193,803,069	194,809,703	207,818,388	13,008,685	7%	
EXPENSES:								
Retained and Transferred Risk								
Excess Workers' Comp. Premiums	159,708,231	166,245,703	166,245,703	176,233,456	179,604,279	3,370,823	2%	Includes Placement Broker Fee
Payroll Adjustments	12,255,171	6,283,192	6,283,192	0	0	0	0%	
Public Entity Broker Fees	3,485,887	3,686,709	3,686,709	3,635,291	3,880,508	245,217	7%	
Provision for Claims, Current Year	1,842,897	5,047,552	5,047,552	2,101,688	3,908,900	1,807,212	86%	
Provision for Claims, Prior Years	4,395,369	(23,683,259)	(23,683,259)	0	0	0	0%	
Provision for ULAE	1,689,000	0	249,000	779,000	1,016,000	237,000	30%	Cost to run off the claims
Total Retained and Transferred Risk	183,376,555	157,579,897	157,828,897	182,749,435	188,409,687	5,660,252	3%	
Program Administration								
Managed Care Program Monitoring	0	0	0	2,800	0	(2,800)	-100%	Incl bill review fee monitoring and negotiating
Legal Fees	40,294	37,540	375,000	375,000	600,000	225,000	60%	Includes fees for litigation with reinsurers
ISO Index Fees	329,756	138,251	380,800	380,800	395,000	14,200	4%	Claims indexing service
Member Claims Audits	741,742	253,641	818,190	818,190	864,262	46,072	6%	
Legal Fees	1,113	0	0	0	0	0	0%	
PRISM Claims Audits	0	0	0	0	16,200	16,200	0%	Next due in 2023/24
Crisis Management Services	10,080	0	25,000	100,000	100,000	0	0%	
Member Actuarial Studies	163,500	89,100	190,000	190,000	209,000	19,000	10%	
Other Program Expense	227,351	0	0	0	0	0	0%	ACFR 21/22 is estimate of bad debt
Total Program Administration	1,513,836	518,532	1,788,990	1,866,790	2,184,462	317,672	17%	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	0%	Available with a two-thirds vote of Executive Committee
TOTAL EXPENSES	184,890,390	158,098,428	159,617,887	184,666,225	190,644,149	5,977,924	3%	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
EXCESS WORKERS' COMPENSATION PROGRAM
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	(5,763,941)	\$ (6,494,533)	\$ (6,494,533)	\$ (6,494,533)	\$ (7,166,082)	\$ (671,549)	10%	
PRISM Claims System Costs	(190,225)	(291,395)	(291,395)	(291,395)	(498,225)	(206,830)	71%	
Investment Fees	(75,611)	(30,993)	(60,281)	(114,369)	(85,180)	29,189	-26%	External investment management fees
TOTAL TRANSFERS	(6,029,777)	(6,816,921)	(6,846,209)	(6,900,297)	(7,749,487)	(849,190)	12%	
Net Increase or (Decrease)	(9,406,433)	26,237,107	27,338,973	3,243,181	9,424,752	6,181,571	191%	
NET POSITION - JULY 1	57,533,197	48,126,764	48,126,764	50,761,845	75,465,737			
NET POSITION - JUNE 30	48,126,764	74,363,871	75,465,737	54,005,026	84,890,489			
Target Equity								
Low Range	39,799,000	40,000,000	40,000,000	40,000,000	33,577,000			
High Range	87,816,000	86,800,000	86,800,000	86,800,000	109,857,000			

General Liability 1

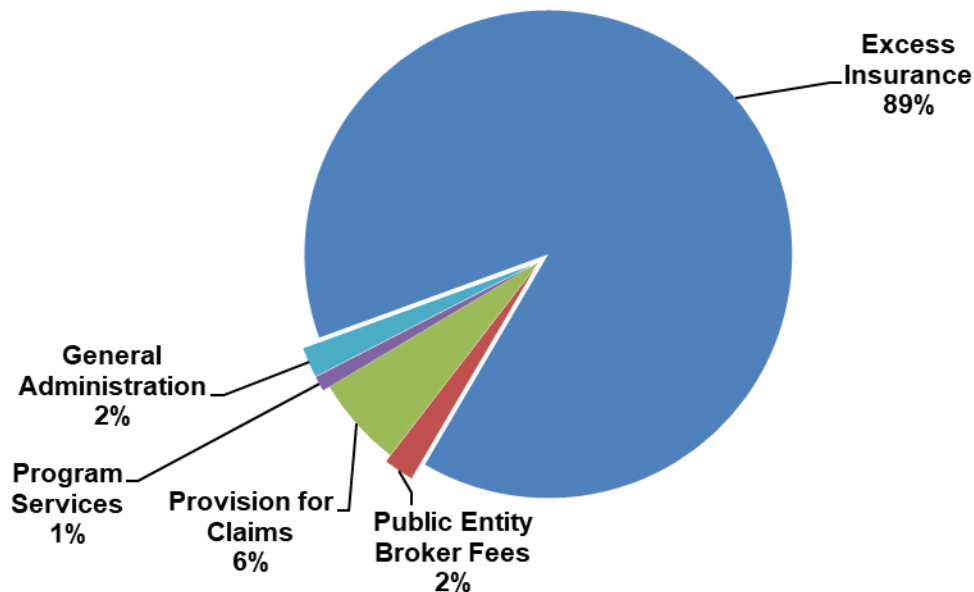
The objective of the General Liability 1 (GL1) Program is to provide members with a long-term, stable and financially strong alternative to traditional insurance. The GL1 Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Program Revenue Summary:

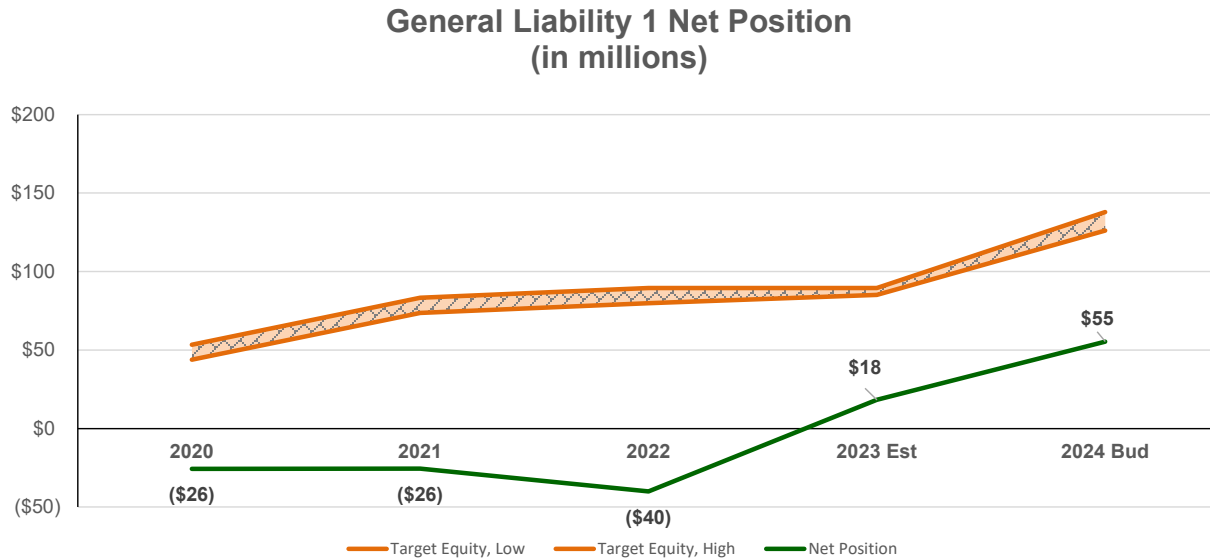
Number of Members	133
Covered Payroll	\$8.6 Billion
Pool Premium	\$47.6 Million
Insurance	\$117.9 Million
Premium to ARC	\$75.2 Million
Public Entity Broker Fees	\$4.0 Million
Administration and Fees	\$7.3 Million
Loss Prevention Subsidy	\$1,000 per member

A summary of the GLI Program budget is as follows:

General Liability 1 Program - Expense Summary



The GL1 Program proposed budget would result in an ending net position of \$55.4M at June 30, 2024. This is a significant improvement over prior years, but still below the program's target equity range.



The Net Position of the General Liability 1 program is expected to increase in 2023/24 as contributions for retained risk and projected investment income are expected to exceed claims costs for the policy year as estimated at the expected confidence level. Actual claims development will vary from actuarial estimates and may be favorable or adverse.



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

Program Goals for GL1 include the following:

Short Term Goals

- Re-evaluate the risk tolerance and the balance between pooling and transferring risk to the commercial insurance market, with a heavier emphasis on pooling.
- Continue to evaluate and develop service offerings to the members to assist and support their risk management efforts in mitigating/preventing loss.
- Set rates for the upcoming year at an 85% confidence level to increase the net position so that the pool's funding is within the target funding range in three to five years.
- Continue accomplishing action items as outlined on the GL1 Program Strategic Plan approved by the Executive Committee and coordinate the efforts of the Claims Review Committee, Risk Control, and D&A Departments, as needed.
- Continue to increase the use of standardized PRISM GL codes for general liability loss data to allow for better claims analysis and trend identification Evaluate options to increase the usage of PRISM GL codes among the GL1 membership.
- Implement the adoption of monthly data reporting among the GL1 Program membership.
- Continue to roll out the new data analytics platform to allow for benchmarking of claims data, with additional members being brought onboard and new functionality being provided in 2023/24.
- Use multi-year underwriting matrices, where possible, to help stabilize renewal pricing from underwriters.
- Continue to monitor the long-term discount assumption, and make conservative adjustments, as needed.
- Continue to evaluate transfer of risk opportunities in the PRISM captive.
- Market the Program nationwide to improve the diversity of the Program exposure.
- Evaluate alternative insurance options, including insurance linked securities, to mitigate rate increases during the hard market.
- Begin offering Individual Member Corridor Deductible options for members.
- Assist members in evaluating increased SIR levels to assist with budget stability and premium savings.
- Analyze GL1 loss data and evaluate creating different rating groups within the GL1 allocation.
- Determine the optimal level of control/authority PRISM should have to assert more program control in claims, audit, and underwriting, to reduce the costs of claims and, ultimately, member premium contributions.



Long Term Goals

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

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

Revenues

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



financing. Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense will flow to the Program's Net Position. Program costs are defined below.

Expenses

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

Transfers

- Transfers out to the General Administration Program are used to pay for the PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a three-year average of staff time.
- The administrative costs of the Program are typically set in conjunction with the March Board of Directors meeting as a way to aid members in budgeting by reducing variability in their premiums. Any variance within 2.5% of the set amount



and the final administrative costs are adjusted from the program's Net Position. If the variance falls outside of the 2.5% range, the total budgeted number is brought back to the Board of Directors in June for further action.

- Based on member election, a risk management subsidy of \$1,000 per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account.
- The PRISM Claim system transfer is based on program usage.
- Investment Fees are charged to the program based on the average daily balance of program funds invested.

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL LIABILITY 1 PROGRAM
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 147,506,654	\$ 173,768,169	\$ 173,768,169	\$ 110,287,123	\$ 193,016,300	\$ 82,729,177	75%	Incl. Corridor deductible reinsured by PRISM ARC and Placement Broker Fee
Contributions for Retained Risk	\$ 2,647,907	\$ 2,354,525	\$ 2,354,525	\$ 62,627,554	\$ 47,630,022	\$ (14,997,532)	-24%	Billed at 85% confidence level, 2.5% discount factor
Public Entity Broker Fees	2,880,964	3,099,691	3,099,691	3,239,123	3,990,623	751,500	23%	
Investment Income	(692,030)	(156,255)	(250,000)	540,000	633,125	93,125	17%	Investment earnings projected in 22/23 on positive cash
Administration Fees	5,760,642	6,302,415	6,302,415	6,301,999	7,271,653	969,654	15%	Includes Schools loss control fee; set in March
Other Income	107,285	3,867	3,867	0	0	0	0%	
TOTAL REVENUES	158,211,422	185,372,412	185,278,667	182,995,799	252,541,723	69,545,924	38%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	134,761,611	173,084,941	173,084,941	110,287,122	193,016,300	82,729,178	75%	Incl. Placement and LPT Broker Fees
Public Entity Broker Fees	2,330,987	6,836,561	6,836,561	3,239,123	3,990,623	751,500	23%	
Provision for Claims, Current Year	1,766,924	38,485,160	38,485,160	19,675,428	11,579,736	(8,095,692)	-41%	Claims expense
Provision for Claims, Prior Years	29,051,285	(96,188,760)	(96,188,760)	0	0	0	0%	
Provision for ULAE	144,000	0	(489,000)	564,000	691,000	127,000	23%	Including PGL
Total Retained and Transferred Risk	168,054,807	122,217,902	121,728,902	133,765,673	209,277,659	75,511,986	56%	
Program Administration								
ISO Fees	909	964	5,000	5,000	5,000	0	0%	
Member Claims Audits	84,288	25,548	136,000	136,000	155,000	19,000	14%	
PRISM Claims Audit	0	23,200	0	0	20,000	20,000	0%	Next due in 2023/24
Legal Expenses	255,149	56,364	300,000	585,000	600,000	15,000	3%	
Crisis Management Services	4,568	1,094	25,000	100,000	100,000	0	0%	
Bank Fees	4,354	1,891	6,000	6,000	6,000	0	0%	Allocated to PGL members only
Member Actuarial Studies	115,900	63,630	135,000	135,000	148,500	13,500	10%	
Total Program Administration	465,168	172,692	607,000	967,000	1,034,500	67,500	7%	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	0%	Available with two-thirds vote of the Executive Committee
TOTAL EXPENSES	168,519,975	122,390,593	122,335,902	134,782,673	210,362,159	75,579,486	56%	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL LIABILITY 1 PROGRAM
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	\$ (4,021,789)	\$ (4,573,489)	\$ (4,573,489)	\$ (4,573,489)	\$ (4,847,135)	\$ (273,646)	6%	
Claims System Costs	(57,068)	(104,750)	(104,750)	(104,750)	(186,015)	(81,265)	78%	
Investment Fees	(7,712)	(12,029)	(23,395)	(10,237)	(20,260)	(10,023)	98%	External investment management fees
TOTAL TRANSFERS	(4,086,569)	(4,690,268)	(4,701,634)	(4,688,476)	(5,053,410)	(364,934)	8%	
Net Increase or (Decrease)	(14,395,121)	58,291,551	58,241,131	43,524,650	37,126,154	(6,398,496)	-15%	
NET POSITION - JULY 1	(25,590,602)	(39,985,723)	(39,985,723)	(5,797,705)	18,255,408			
NET POSITION - JUNE 30	(39,985,723)	18,305,828	18,255,408	37,726,945	55,381,562			
Net Position Designated for:								
Unrestricted Net Position	(61,080,054)	(2,788,503)	(2,838,923)	22,470,945	34,287,231			
Premium Rate Credit, accrued but not received until 7/1	21,094,331	21,094,331	21,094,331	15,256,000	21,094,331			
Total Net Position	(39,985,723)	18,305,828	18,255,408	37,726,945	55,381,562			
Target Equity								
Low Range	79,900,000	85,107,000	85,107,000	85,107,000	126,100,000			
High Range	89,500,000	89,500,000	89,500,000	89,500,000	137,900,000			

General Liability 2

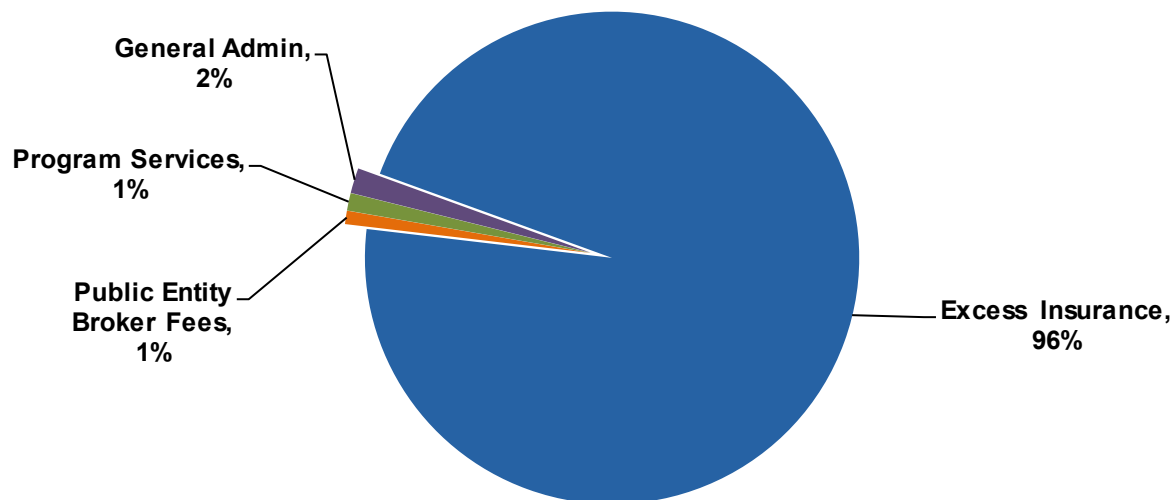
The objective of the General Liability 2 (GL2) Program is to provide members who can afford a high self-insured retention an affordable excess liability program with limited pool exposure, and insured coverage when available.

Program Revenue Summary:

Number of Members	27
Insurance	\$163.6 Million
Premium to ARC	\$13.5 Million
Public Entity Broker Fees	\$1.5 Million
Administration and Fees	\$4.3 Million

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

General Liability Program 2 - Expense Summary





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

Program Goals for the GL2 Program include the following:

Short Term Goals

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

Long Term Goals

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

Budget Policies for the GL2 Program include the following:

Revenues

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



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

Expenses

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



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

Transfers

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL LIABILITY 2 PROGRAM
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 120,868,129	\$ 150,539,296	\$ 150,539,296	\$ 168,025,734	\$ 177,110,105	\$ 9,084,371	5%	Includes 5% surcharge per GL2 committee's direction and Placement Broker Fee
Public Entity Broker Fees	982,435	1,375,464	1,375,464	1,541,041	1,540,520	(521)	0%	
Investment Income	0	0	26,000	0	0	0	0%	
Member Finance Fees	19,657	26,879	0	18,000	77,000	59,000	328%	
General Administration Fees	3,409,384	4,196,960	4,196,960	4,257,102	4,255,909	(1,193)	0%	
TOTAL REVENUES	125,279,605	156,138,599	156,137,720	173,841,877	182,983,534	9,141,657	5%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	120,826,144	150,489,417	150,489,417	168,025,734	168,932,256	906,522	1%	Includes Placement Broker Fee
Public Entity Broker Fees	982,435	1,375,464	1,375,464	1,541,041	1,540,520	(521)	0%	
Provision for ULAE	607,000	0	14,000	386,000	601,000	215,000	56%	
Total Retained and Transferred Risk	122,415,579	151,864,881	151,878,881	169,952,775	171,073,776	1,121,001	1%	
Program Administration								
ISO Fees	12,910	7,717	15,000	15,000	15,000	0	0%	
Member Actuarial Studies	23,000	16,000	38,000	38,000	41,800	3,800	10%	
Legal Services	447,779	191,150	300,000	580,000	595,000	15,000	3%	
Member Claims Audit	52,084	0	90,000	90,000	115,000	25,000	28%	
Crisis Management Services	0	0	25,000	100,000	100,000	0	0%	
Financing Expense	285,510	209,416	418,833	240,000	500,000	260,000	108%	
Total Program Administration	821,282	424,283	886,833	1,063,000	1,366,800	303,800	29%	
Appropriation Delegated to GL2 Committee	0	0	0	50,000	50,000	0	0%	Available with two-thirds vote of GL2 Committee
TOTAL EXPENSES	123,236,861	152,289,164	152,765,714	171,065,775	172,490,576	1,424,801	1%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(2,306,896)	(2,663,142)	(2,663,142)	(2,663,142)	(2,788,904)	(125,762)	5%	
Claims System Costs	(28,534)	(61,041)	(61,041)	(61,041)	(111,282)	(50,241)	82%	
Investment Fees	(7,070)	(5,490)	(10,678)	(8,637)	0	8,637	-100%	External investment management fees
TOTAL TRANSFERS	(2,342,500)	(2,729,673)	(2,734,861)	(2,732,820)	(2,900,186)	(167,366)	6%	
Net Increase or (Decrease)	(299,756)	1,119,762	637,145	43,282	7,592,772	7,549,490	17443%	
NET POSITION - JULY 1	3,257,088	2,957,332	2,957,332	2,831,572	3,594,477			
NET POSITION - JUNE 30	2,957,332	4,077,094	3,594,477	2,874,854	11,187,249			

Property

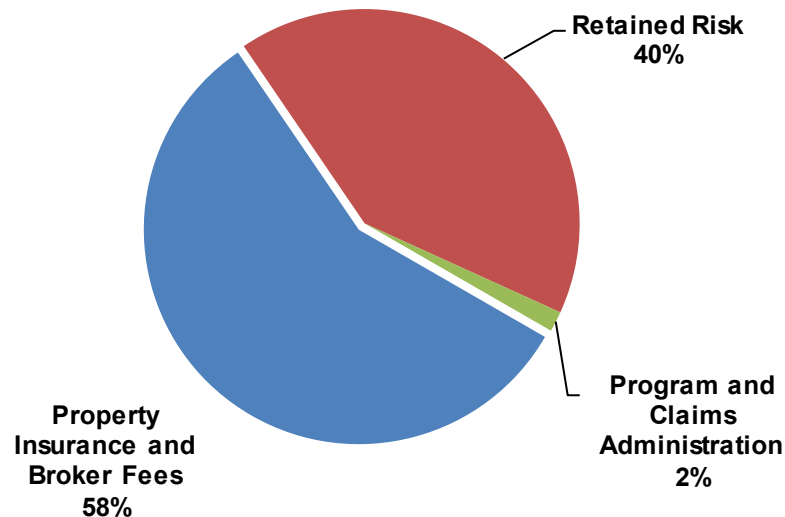
The objective of the Property Program is to provide a broad range of all-risk property coverage to members, including flood and earthquake. Members' property is divided into groups known as "towers". All but one tower offers up to \$600M of property coverage.

Program Revenue Summary:

Number of Members	115
Member deductibles	\$25,000 to \$100,000
Insured Values	\$101.3 Billion
Insurance	\$126.5 Million
Pool Premium	\$93.3 Million
Administration and Fees	\$1.9 Million

A summary of the Property Program budget is as follows:

Property Program - Expense Summary



Net Position in the Property Program is budgeted to increase by \$2.7M. The Program started self-insuring for the first \$10M of each tower on March 31, 2022 and continues to self-insure while maintaining broad coverage. To limit the risk to PRISM, aggregate stop loss coverage is in place. If PRISM's aggregate loss from the primary \$10M layer reaches \$110M, the stop loss coverage provide up to the next \$50M of capacity. The Program's surplus will be utilized to fund losses in excess of the funding below the \$110M aggregate and for losses in excess of \$160M. Earthquake rooftop risk in \$25M excess of \$340M was transferred in FY 2022/23 but retained in FY 2023/24.



Adopted: May 20, 2010
Last Amended: March 29, 2023

Property **Program Budget Policy**

Program Goals for the Property Program include the following:

Short-term Goals

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

Long-term Goals

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

Budget Policies for the Property Program include the following:

Revenues

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



Adopted: May 20, 2010
Last Amended: March 29, 2023

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

Expenses

- Property insurance premiums include the cost of primary and excess insurance. The primary includes the annual primary layer premium and a provision for claim payments within the aggregate pool.
- Other program expenses include consulting costs, legal expenses, property appraisal services, and any other expenses approved by the Property Committee.
- The Risk Management Subsidy Program was created to offset the direct costs members incur from securing external risk management products and services. Unless a member opts out, the Risk Management Subsidy is \$1,000 per year.
- PRISM's premium billing to members is based on the fiscal year of July 1st through June 30th. The insurance premiums are for a policy period of March 31st through March 31st, and premiums are due to the carriers within 30 days. This timing difference requires PRISM to finance a portion of the cost of insurance. PRISM internally borrows funds from the treasury to pay these premiums until member billings are collected in July. The finance expenses are the costs to the PRISM Treasury to internally borrow funds for the Property Program. An expense is recognized each fiscal quarter based on the average daily balance of the funds borrowed times the internal borrowing rate approved by the Board of Directors each March.
- The Risk Management Services line item of \$350,000 is available for services approved by the Property Committee.
- The Appraisal Services line item is for the Program's portion of expenses associated with appraisal of buildings valued between \$250,000-\$1,000,000. Since the appraisal policy was amended to extend the frequency of appraisals from 5 to 10 years, the Program's financial responsibility is significantly reduced starting in the 2017/18 year and may increase for additional appraisals again in the 2023/24 year.
- An expense budget of \$25,000 has been delegated to the Property Committee. The Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.
- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Property Committee will determine how to fund for these services.



Adopted: May 20, 2010
Last Amended: March 29, 2023

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

Transfers

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PROPERTY PROGRAM
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 130,219,942	\$ 76,318,530	\$ 107,543,406	\$ 102,776,310	\$ 126,512,925	23,736,615	23%	
Retained Risk	19,649,482	56,924,253	80,241,789	75,618,809	93,270,144	17,651,335	23%	23/24 includes pooled risk up to \$10M per occurrence plus retentions & quota shares. Contribution for CAT pool only pre 22/23.
Stabilization Funds	1,976,066	0	0	0	0	0	0%	ACFR 21/22 shows contribution by mid term member addition
Investment Income	(913,490)	499,461	0	309,000	404,375	95,375	31%	ACFR 21/22 loss driven by mark to market adjustment
Member Finance Charges	24,786	1,704	1,704	24,000	6,500	(17,500)	-73%	
Administration Fees	1,690,977	1,076,875	1,076,875	1,217,758	1,881,750	663,992	55%	Includes Risk Control grants pass thru item
TOTAL REVENUES	152,647,763	134,820,823	188,863,774	179,945,877	222,075,694	42,129,817	23%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	126,870,690	76,318,530	107,543,406	102,776,310	126,512,925	23,736,615	23%	Incl. \$94.2M that is already prepaid to carriers but will be an expense on the 23/24 financial statements
Provision for claims	14,926,455	45,727,693	106,380,373	71,982,000	86,512,000	14,530,000	20%	Claims for primary layer pool expensed as incurred
Provision for ULAE	(8,000)	0	5,000	44,000	54,000	10,000	23%	
Total Retained and Transferred Risk	141,789,145	122,046,223	213,928,779	174,802,310	213,078,925	38,276,615	22%	
Program Administration								
Financing Expenses	71,847	0	0	0	0	0	0%	Interest on interfund borrowing rate
Legal Services	0	0	0	20,000	20,000	0	0%	
Claims Admin	0	770,666	2,000,000	2,000,000	2,000,000	0	0%	
PRISM Claims Audits	0	0	0	20,000	0	(20,000)	-100%	No audit in FY 23/24
Crisis Management Services	0	0	25,000	100,000	100,000	0	0%	
Property Appraisals	(10,000)	0	0	119,700	131,670	11,970	10%	
Risk Management/LP Services	570,439	350,000	500,000	370,000	385,000	15,000	4%	Includes Risk Control Grants, pass thru item
Total Program Administration	632,286	1,120,666	2,525,000	2,629,700	2,636,670	6,970	0%	
Appropriation for Property Committee	0	0	0	25,000	25,000	0	0%	Available with two-thirds vote of Property Committee
TOTAL EXPENSES	142,421,431	123,166,889	216,453,779	177,457,010	215,740,595	38,283,585	22%	
TRANSFERS:								
Transfers in (out) to:								
Transfers out to Administration	(616,309)	(667,665)	(667,665)	(667,665)	(685,403)	(17,738)	3%	
PRISM Claims System Costs	0	(8,666)	(8,666)	(8,666)	(18,274)	(9,608)	111%	
Investment Fees	(9,385)	(14,247)	(27,709)	(8,026)	(12,940)	(4,914)	61%	External investment management fees
TOTAL TRANSFERS	(625,694)	(690,578)	(704,040)	(684,357)	(716,617)	(32,260)	5%	
Net Increase or (Decrease)	9,600,638	10,963,356	(28,294,045)	1,804,510	5,618,482	3,813,972	211%	
NET POSITION - JULY 1	42,833,451	52,434,089	52,434,089	51,252,566	24,140,044			
NET POSITION - JUNE 30	52,434,089	63,397,445	24,140,044	53,057,076	29,758,526			
Net Position Designated for:								
Margin for Claim Development	5,657,387	5,657,387	5,657,387	5,657,387	5,657,387			
Undesignated	46,776,702	57,740,058	18,482,657	47,399,689	24,101,139			
Total Net Position	52,434,089	63,397,445	24,140,044	53,057,076	29,758,526			

Medical Malpractice

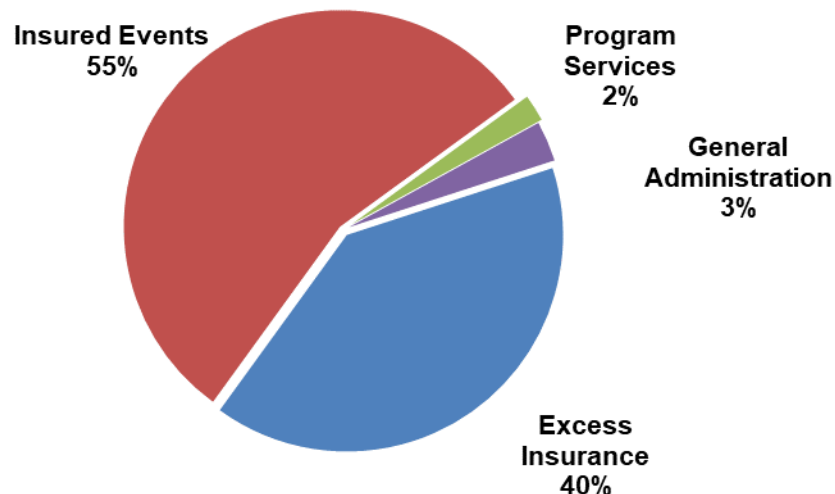
The objective of the Medical Malpractice Program is to provide members with the broadest possible General Liability and hospital or medical facilities professional liability coverage and limits at the lowest rates available. The Medical Malpractice Program provides members with the economic benefits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

Program Revenue Summary:

Number of Members	51
Pool Premium	\$24.1 Million
Insurance	\$11.1 Million
Premium to ARC	\$1.9 Million
Administration and Fees	\$1.4 Million
Loss Prevention Subsidy	\$1,000 per member

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

Medical Malpractice Program - Expense Summary



The Medical Malpractice Program budgeted an increase in its Net Position by \$7.4M in 2023/24. Rates for the program are developed such that contributions for retained risk plus investment income are budgeted to exceed claims costs. Actual claims development will vary from current estimates and may be favorable or adverse.



Adopted: June 9, 2010
Last Amended: March 16, 2023

Medical Malpractice Program Budget Policy

Program Goals for the Medical Malpractice Program include the following:

Short Term Goals

- Re-evaluate the risk tolerance and the balance between pooling and transferring risk to the commercial insurance market, with a heavier emphasis on pooling.
- Increase service offerings to the members.
- Continue to monitor the activity of jail/civil rights claims covered by the Program.
- Staff and George Hills/RMS to continue working with members and CFMG to review the coverage limits provided to members and research and provide information to members regarding other options for jail medical services.
- Expand training opportunities to include the addition of web and recorded training sessions.
- Work toward all members reporting data monthly to for more consistent reporting, better data quality, and the option to provide data to markets earlier for July 1 renewal.
- Continue to consider risk transfer opportunities to the PRISM Captive.

Long Term Goals

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

Budget Policies for the Medical Malpractice Program include the following:

Revenues

- Premiums for retained risk and transferred risk are actuarially determined based on each member's exposure, claims experience and SIR or deductible. Each year the Medical Malpractice Committee determines the appropriate funding level and discount rate.
- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the



first \$100k of premiums, plus 5% of premiums from \$100k - \$1M, and plus 3% of premiums excess of \$1M. Broker fees or commissions may also be charged to members for reinsurance placements and are considered part of the cost and premium for transferred risk.

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

Expenses

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



Adopted: June 9, 2010
Last Amended: March 16, 2023

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

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

Transfers

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MEDICAL MALPRACTICE PROGRAM
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premium for Transferred Risk	\$ 11,202,315	\$ 10,324,799	\$ 10,324,799	\$ 10,809,510	\$ 13,006,638	\$ 2,197,128	20%	
Contribution for Retained Risk	15,258,102	18,317,684	18,317,684	20,257,684	24,077,758	3,820,074	19%	
Public Entity Broker Fees	10,841	12,056	12,056	12,172	12,721	549	5%	
Investment Income	(1,641,779)	(37,170)	700,000	424,000	871,250	447,250	105%	ACFR 21/22 loss driven by mark to market adjustment
Finance Charges for Members	0	316	0	0	0	0	0%	
Claims Administration Fees	506,616	534,238	534,238	534,238	557,281	23,043	4%	
Administration Fees	766,874	1,202,010	1,202,010	1,436,406	1,384,512	(51,894)	-4%	Admin for 9 months in 21/22
Other Income	233,376	0	0	0	0	0	0%	
TOTAL REVENUES	26,336,345	30,353,934	31,090,787	33,474,010	39,910,160	6,436,150	19%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	11,200,135	10,324,797	10,324,797	10,809,510	13,006,638	2,197,128	20%	
Public Entity Broker Fees	10,841	12,056	12,056	12,172	12,721	549	5%	
Provision for Claims - Current Year	6,805,312	10,623,413	10,623,413	13,784,796	17,617,000	3,832,204	28%	Estimated at expected discounted
Provision for Claims - Prior Year	918,770	345,436	345,436	0	0	0	0%	
Provision for ULAE	684,000	0	(33,000)	52,000	92,000	40,000	77%	
Total Retained and Transferred Risk	19,619,058	21,305,702	21,272,702	24,658,478	30,728,359	6,069,881	25%	
Program Administration								
ISO Index Fees	0	0	500	500	500	0	0%	
Legal Expenses	20,304	19,630	15,000	15,000	25,000	10,000	67%	
Claims & Loss Prevention Administration	506,616	262,715	532,500	532,500	560,000	27,500	5%	
Member Actuarial Studies	11,000	2,000	8,000	8,000	8,800	800	10%	
Claim Audits	4,837	0	0	0	10,000	10,000	0%	
Crisis Management Services	0	0	100,000	100,000	100,000	0	0%	
Loss Prevention Annual Seminar	0	0	5,500	5,500	0	(5,500)	-100%	
Total Program Administration	542,756	284,345	661,500	661,500	704,300	42,800	6%	
Appropriation Delegated to Med Mal Committee	0	0	0	25,000	25,000	0	0%	Available with two-thirds vote of Med Mal Committee
TOTAL EXPENSES	20,161,814	21,590,047	21,934,202	25,344,978	31,457,659	6,112,681	24%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(899,172)	(925,864)	(925,864)	(925,864)	(994,179)	(68,315)	7%	
Claims System Costs	(38,045)	(49,614)	(49,614)	(49,614)	(81,371)	(31,757)	64%	
Risk Management Subsidy Dividend	0	0	0	0	0	0	0%	
Investment Fees	(18,249)	(10,153)	(19,748)	(24,033)	(27,880)	(3,847)	16%	External investment management fees
TOTAL TRANSFERS	(955,466)	(985,631)	(995,226)	(999,511)	(1,103,430)	(103,919)	10%	
Net Increase or (Decrease)	5,219,064	7,778,256	8,161,359	7,129,521	7,349,071	219,550	3%	
NET POSITION - JULY 1	8,211,938	13,431,002	13,431,002	8,399,270	21,592,361			
NET POSITION - JUNE 30	13,431,002	21,209,258	21,592,361	15,528,791	28,941,432			
Target Equity								
Low Range	9,442,000	10,287,000	10,287,000	10,287,000	11,137,000			
High Range	17,167,000	19,378,000	19,378,000	19,378,000	23,824,000			

Master Rolling Owner Controlled Insurance Program

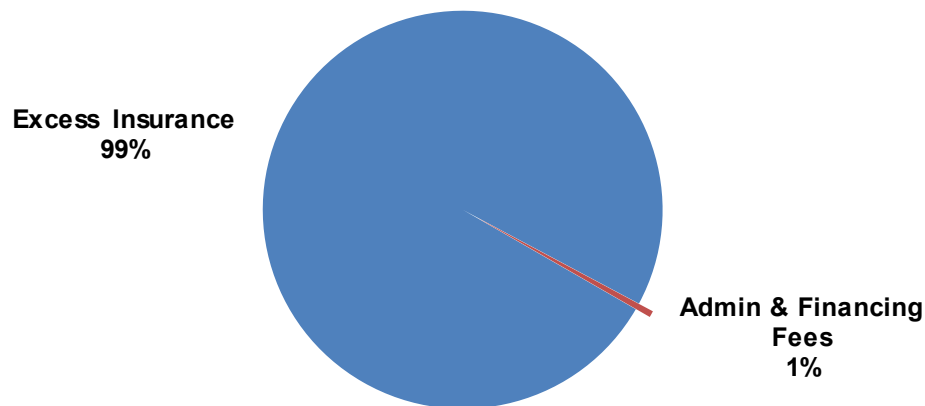
The Master Rolling Owner Controlled Insurance Program (MROCIP) enables members to purchase workers compensation and general liability coverage for all eligible parties working on their construction projects. The program inceptioned in January 2013, and currently has six projects either approved or in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

Program Revenue Summary:

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

A summary of the MROCIP Program budget is as follows:

Master Rolling Owner Controlled Insurance Program Expense Summary



As budgeted, collections for Administration Fees are greater than the related expenses, resulting in an increase in Net Position of \$98k.



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

Program Goals for MR OCIP include the following:

Short-Term Goals

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

Long-Term Goals

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

Budget Policies for the MR OCIP include the following:

Revenues and Expenses

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MASTER ROLLING OCIP PROGRAM
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 9,582,710	\$ 3,860,624	\$ 4,501,721	\$ 10,000,000	\$ 10,000,000	\$ 0	0%	
Investment Income	(27,133)	1,299	1,299	0	10,000	10,000	0%	ACFR 21/22 loss driven by mark to market adjustment
Administration Fees	59,889	97,173	102,502	140,000	140,000	0	0%	
TOTAL REVENUES	9,615,466	3,959,096	4,605,522	10,140,000	10,150,000	10,000	0%	
EXPENSES:								
Retained and Transferred Risk								
Insurance Purchased	9,582,710	3,860,625	5,118,055	10,000,000	10,000,000	0	0%	22/23 paid aggregate catch-up for prior years' losses
Total Retained and Transferred Risk	9,582,710	3,860,625	5,118,055	10,000,000	10,000,000	0	0%	
TOTAL EXPENSES	9,582,710	3,860,625	5,118,055	10,000,000	10,000,000	0	0%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(46,827)	(49,120)	(49,120)	(49,120)	(51,507)	(2,387)	5%	
Investment Fees	(337)	(117)	(228)	(480)	(320)	160	-33%	External investment management fees
TOTAL TRANSFERS	(47,164)	(49,237)	(49,348)	(49,600)	(51,827)	(2,227)	4%	
Net Increase or (Decrease)	(14,408)	49,234	(561,881)	90,400	98,173	7,773	9%	
NET POSITION - JULY 1	1,000,965	986,557	986,557	991,423	424,676			
NET POSITION - JUNE 30	986,557	1,035,791	424,676	1,081,823	522,849			

PRISMHealth

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

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

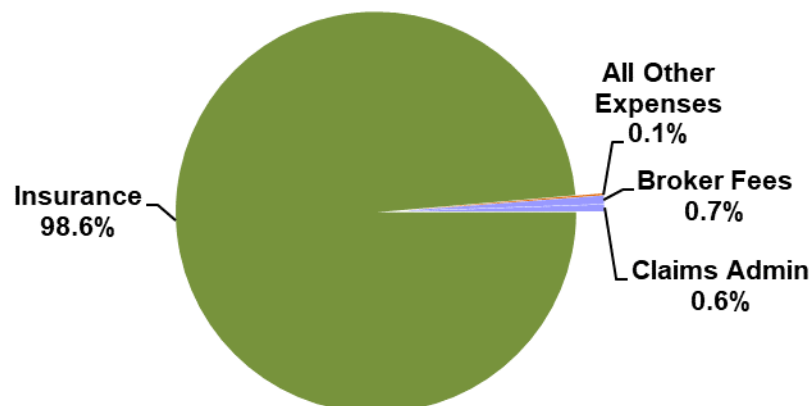
Program Revenue Summary:

Number of Members	48
Insurance	\$663.3 Million
Eligibility Fees	\$3.8 Million
Claims Admin Fees	\$25.3 Million
Broker Fees	\$4.7 Million
PRISM Admin & Fees	\$1.3 Million

A summary of the PRISMHealth Program budget is as follows:

As budgeted, collections for Administration Fees are greater than the related expenses, resulting in an increase in Net Position of \$358k.

PRISMHealth Program Expense Summary





Adopted: April 20, 2011
Last Amended: February 15, 2023

PRISMHealth **Program Budget Policy**

Program Goals for the PRISMHealth Program include the following:

Short Term Goals

- Increase Program communication of products and services
- Increase Member participation in committee meetings
- Monitor carrier and vendor performance
- Continue to present health care cost containment strategies
- Pharmacy Benefit Manager Selection
- Conduct more online Healthcare related webinars
- Leverage Data Analytics and Reporting
- Conduct Bi-Annual Member Stakeholder Meetings

Long Term Goals

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

Budget Policies for the PRISMHealth Program include the following:

Revenues

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



Adopted: April 20, 2011
Last Amended: February 15, 2023

- TPA and vendor fees are based on a per employee, per month rate.
- PRISM Administration rates are based on a per employee, per month rate.

Expenses

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

Transfers

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



Adopted: April 20, 2011
Last Amended: February 15, 2023

PRISMHealth 2023 Fixed Administrative Costs:

Carrier/Vendor	Scope of Services		
Alliant	Broker Consultant Program Management	Non-Kaiser Plans Jumbo (2,000+): \$3.00 PEPM Large (1,000-1,999): \$5.00 PEPM Mid-Market (250-999) \$8.00 PEPM Small Group: \$11.00 PEPM	Kaiser Plans Jumbo (2,000+): \$3.00 PEPM Large (1,000-1,999): \$4.00 PEPM Mid-Market (250-999) \$7.00 PEPM Small Group: \$10.00 PEPM
Accolade	Healthcare Navigator	\$20.60 PEPM	
Alight	Benefits Administration	\$6.50 PEPM	
Alliant Underwriting	Program Underwriting	\$3.00 PEPM	
Alliant Pharmacy Consultation	RX Consultant	\$0.85 PMPM	
Anthem Blue Cross	Provider Network Claims Administration	\$50.63 to \$53.93 PEPM	
Benefit Coordinators Corporation (BCC)	Benefits Administration – TPA	\$7.00 PEPM	
Blue Shield of California	Provider Network Claims Administration	\$47.87 PEPM	
Businessolver	Benefits Administration	\$6.80 PEPM	
Carrum Health	Surgical Benefit	\$0.75 PEPM	
Deerwalk	Program Data Analytics	\$0.35 PEPM	
Pinnacle Claims Management	MexicoSelect Network	\$3.21 to \$5.00 PEPM	
PRISM	Pool Administration Governance	\$2.00 PEPM	
SISC	Pool Access and Administration	\$2.75 PEPM	
Surest	Dynamic Copay	\$57.50 PEPM	
UMR	TPA	\$25.49 PEPM	
Workterra	Benefits Administration	\$6.75 PEPM	

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

Carrier/Vendor	2023 Fixed Costs	
Alliant	Non-Kaiser Plans	Kaiser Plans
	Jumbo (2,000+)	Jumbo (2,000+)
	\$3.00 PEPM	\$3.00 PEPM
	Large (1,000-1,999)	Large (1,000-1,999)
	\$5.00 PEPM	\$4.00 PEPM
	Mid-Market (250-999)	Mid-Market (250-999)
	\$8.00 PEPM	\$7.00 PEPM
	Small Group:	Small Group
	\$11.00 PEPM	\$10.00 PEPM
Carrier/Vendor		
Accolade	\$20.60 PEPM	
Alight	\$6.50 PEPM	
Alliant Underwriting Services	\$3.00 PEPM	
Alliant Pharmacy Consultation	\$0.85 PMPM	
Anthem	\$50.63 to \$53.93 PEPM	
Benefit Coordinators Corporation (BCC)	\$7.00 PEPM	
Blue Shield of California	\$47.87 PEPM	
Businessolver	\$6.80 PEPM	
Carrum Health	\$0.75 PEPM	
Deerwalk Analytics	\$0.35 PEPM	
Pinnacle Claims Management	\$3.21 to \$5.00 PEPM	
PRISM Administrative Fee	\$2.00 PEPM	
SISC Pool Access & Administration	\$2.75 PEPM	
Surest	\$57.50 PEPM	
UMR	\$25.49 PEPM	
Workterra	\$6.75 PEPM	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRISMHEALTH PROGRAM
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 563,584,319	\$ 281,051,847	\$ 562,103,694	\$ 592,205,030	\$ 663,328,000	\$ 71,122,970	12.0%	Paid directly to SISC
Third Party Administrator Fees	3,371,854	1,737,893	3,475,786	3,635,600	3,837,000	201,400	5.5%	Workterra/BCC/Business Solver/Pinnacle
ASO Fees for PRISMHealth Program	22,485,274	11,706,775	23,413,549	23,651,530	25,292,000	1,640,470	6.9%	Carrier admin service organizations
Broker Fees	4,247,344	2,162,765	4,325,530	4,363,000	4,662,000	299,000	6.9%	Paid to Alliant & other brokers
Administration Fees	956,126	484,374	968,748	978,000	1,028,000	50,000	5.1%	
Healthcare Reform Reinsurance Fee and PCORI Fee	175,658	94,675	189,350	198,400	209,000	10,600	5.3%	ACA Required PCORI Fee
Investment Income	(255,761)	28,245	150,000	64,000	104,375	40,375	63.1%	ACFR 21/22 loss driven by mark to market adjustment
Other Income	222,656	28,199	0	0	0	0	0.0%	
TOTAL REVENUES	594,787,471	297,294,773	594,626,658	625,095,560	698,460,375	73,364,815	11.7%	
EXPENSES:								
Member Dividends (Interest on Outstanding Balances)	2,198	0	4,000	12,000	12,000	0	0.0%	Interest payable on Uncashed Dividend Balances
Retained and Transferred Risk								
Health Premiums, SISC	563,584,319	281,051,847	562,103,694	592,205,030	663,328,000	71,122,970	12.0%	
Claims Admin. ASO Fees	22,485,274	11,706,775	23,413,549	23,651,530	25,292,000	1,640,470	6.9%	
Broker Fees	4,233,876	2,162,765	4,325,530	4,363,000	4,662,000	299,000	6.9%	
Third Party Administration Fees	3,371,854	1,737,893	3,475,786	3,635,600	3,837,000	201,400	5.5%	
Healthcare Reform Reinsurance Fee and PCORI Fee	175,657	94,675	189,350	198,400	209,000	10,600	5.3%	
Total Retained and Transferred Risk	593,850,980	296,753,955	593,507,910	624,053,560	697,328,000	73,274,440	11.7%	
Program Administration								
PRISM Actuarial, Consulting and Other	48,000	24,000	34,000	34,000	34,000	0	0.0%	
PRISMHealth Symposium and Technician Workshop	0	23,373	10,000	105,500	105,000	(500)	(0.5%)	EB Workshop
Other Misc. Expense	0	10,465	10,465	0	0	0	0.0%	
Total Program Administration	48,000	57,838	54,465	139,500	139,000	(500)	(0.4%)	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	0.0%	Available with two-thirds vote of PRISMHealth Committee
TOTAL EXPENSES:	593,901,178	296,811,793	593,566,375	624,230,060	697,504,000	73,273,940	11.7%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(485,945)	(561,535)	(561,535)	(561,535)	(594,641)	(33,106)	5.9%	
Investment Fees	(3,007)	(1,226)	(2,386)	(4,112)	(3,340)	772	(18.8%)	External investment management fees
TOTAL TRANSFERS	(488,952)	(562,761)	(563,921)	(565,647)	(597,981)	(32,334)	5.7%	
Net Increase or (Decrease)	397,340	(79,781)	496,362	299,853	358,394	58,541	19.5%	
NET POSITION - JULY 1	2,882,263	3,279,603	3,279,603	3,145,746	3,775,965			
NET POSITION - JUNE 30	3,279,603	3,199,822	3,775,965	3,445,599	4,134,359			
Balance in Admin Carryover	879,193	742,968	1,229,555	980,091	1,520,574			
Unrestricted Net Position	2,400,410	2,456,854	2,546,410	2,465,508	2,613,785			
Total Net Position	3,279,603	3,199,822	3,775,965	3,445,599	4,134,359			

Dental

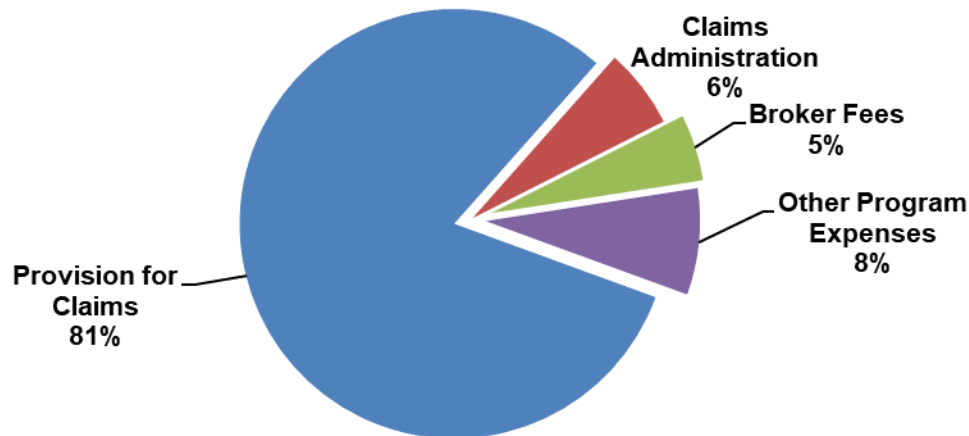
The Dental Program was created to provide members with comprehensive dental coverage and flexible benefit plan designs at the lowest possible rates. As a joint purchasing program, PRISM is able to leverage the size of its pooled participants to achieve volume pricing that is significantly lower than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

Program Revenue Summary:

Number of Members	178
Pool Premium	\$43.0 Million
Pass Thru Premium	\$550 Thousand
Eligibility Fees	\$760 Thousand
Broker Fees	\$2.6 Million

A summary of the Dental Program budget is as follows:

Dental Program - Expense Summary



Two million is budgeted for return to members via dividend in 2023/24, resulting in a planned decrease of 5% in the program's net position.

PRISM Dental **Program Budget Policy**

Program Goals for the PRISM Dental Program include the following:

Short Term Goals

- Select second Dental Carrier option
- Monitor the results of the approved reduction in program equity
- Delta Dental Network/Provider Analysis
- Market review for program competitiveness
- Conduct Employee Benefits Forum
- Build out Member resources and accessibility

Long Term Goals

- Maintain appropriate funding levels and stable pricing within the Program
- Maintain multi-year relationships with carriers and vendors
- Increase program participation
- Promote and communicate Member Services available to Dental members
- Review future capabilities of BCC Administration – CalPERS Connectivity

Budget Policies for the PRISM Dental include the following:

Revenues

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

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

Expenses

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

Transfers

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
DENTAL PROGRAM
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Contribution For Retained Risk	\$ 39,200,009	\$ 20,800,804	\$ 41,601,607	\$ 41,336,000	\$ 42,983,000	\$ 1,647,000	4%	Includes the TPA fees
PRISM DHMO Pool Pass Thru Revenue	0	0	0	550,000	550,000	0	0%	
Eligibility Administration	649,210	473,784	947,567	605,000	760,000	155,000	26%	
Broker Fees	2,377,092	1,225,772	2,451,543	2,285,000	2,600,000	315,000	14%	
Investment Income	(261,444)	21,676	200,000	74,000	157,500	83,500	113%	ACFR 21/22 loss driven by mark to market adjustment
Other Income	26,513	0	0	0	0	0	0%	
TOTAL REVENUES	41,991,380	22,522,035	45,200,718	44,850,000	47,050,500	2,200,500	5%	
EXPENSES:								
Member Dividends	2,000,000	0	0	2,000,000	2,000,000	0	0%	
Retained and Transferred Risk								
Provision for Claims Current Year	36,292,833	16,780,440	36,077,946	38,567,000	40,113,000	1,546,000	4%	
PRISM DHMO Pool Pass Thru Expense	0	0	0	550,000	550,000	0	0%	
Claims Administration TPA Fees	2,435,166	1,126,886	2,253,772	2,769,000	2,870,000	101,000	4%	Paid to Dental provider
Eligibility Administration	649,210	473,784	947,567	605,000	760,000	155,000	26%	Paid to TPA for maintaining eligibility and billing
Broker Fees	2,377,092	1,225,772	2,451,543	2,285,000	2,600,000	315,000	14%	Paid to Alliant and other brokers
Stabilization Funds distributed	0	0	0	0	0	0	0%	
Total Retained and Transferred Risk	41,754,301	19,606,881	41,730,828	44,776,000	46,893,000	2,117,000	5%	
Program Administration								
Actuarial, Consulting and Legal	4,800	2,400	14,800	14,800	4,800	(10,000)	-68%	
Employee Benefit & Health Symposiums	0	5,526	100	29,175	30,000	825	3%	
Other Program Expense	19,000	0	30,000	0	0	0	0%	ACFR 21/22 expense was due to change in claims administrators
Total Program Administration	23,800	7,926	44,900	43,975	34,800	(9,175)	-21%	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	0%	Available with two-thirds vote of Employee Benefits Committee
TOTAL EXPENSES	43,778,101	19,614,807	41,775,728	46,844,975	48,952,800	2,107,825	4%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(341,039)	(395,937)	(395,937)	(395,937)	(375,381)	20,556	-5%	
Investment Fees	(2,527)	(1,841)	(3,580)	(2,862)	(5,040)	(2,178)	76%	External investment management fees
TOTAL TRANSFERS	(343,566)	(397,778)	(399,517)	(398,799)	(380,421)	18,378	-5%	
Net Increase or (Decrease)	(2,130,288)	2,509,450	3,025,473	(2,393,774)	(2,282,721)	111,053	-5%	
NET POSITION - JULY 1	10,939,804	8,809,516	8,809,516	10,075,382	11,834,989			
NET POSITION - JUNE 30	8,809,516	11,318,966	11,834,989	7,681,608	9,552,268			
Net Position Designated for:								
Program Stabilization Funds - member designated	619,262	585,742	585,742	704,592	541,242			
Dental IBNR & Claim Fluctuation Reserves	5,175,000	7,969,238	8,132,583	5,200,000	5,300,000			
Admin Carryover	112,295	(271,733)	(132,122)	(564,604)	(414,843)			
Unrestricted Net Position	2,902,959	3,035,719	3,248,786	2,341,619	4,125,869			
Total Net Position	8,809,516	11,318,966	11,834,989	7,681,608	9,552,268			

Miscellaneous Programs

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

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

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

Other coverage include:

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

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



Miscellaneous Programs **Program Budget Policy**

A. Employee Benefits Miscellaneous Programs

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

Short Term Goals

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

Long Term Goals

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

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

Revenues

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



Adopted: May 16, 2011
Last Amended: March 3, 2023

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

Expenses

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

Transfers

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



B. Property and Casualty Miscellaneous Programs

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

Short Term Goals

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

Long Term Goals

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

Revenues

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

Expenses

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



Adopted: May 16, 2011
Last Amended: March 3, 2023

Transfers

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MISCELLANEOUS PROGRAMS
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Watercraft Dividend	\$ 59,318	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0%	Received from insurance carriers and paid out to members
Aircraft Dividend	395,247	496,674	496,674	0	0	0	0%	Received from insurance carriers and paid out to members
Inmate Medical Dividend	86,290	0	0	0	0	0	0%	Received from insurance carriers and paid out to members
EAP Premiums	1,918,238	955,207	1,970,304	2,102,000	2,329,600	227,600	11%	
Life, LTD and STD Premiums	28,073,407	11,950,314	23,900,629	25,023,000	26,178,000	1,155,000	5%	
Vision Premiums	4,726,398	0	5,310,000	5,310,000	8,680,000	3,370,000	63%	
Optional Excess	22,226,187	29,183,156	29,183,156	30,797,500	40,201,000	9,403,500	31%	
Aviation Insurance	2,327,173	2,972,925	2,972,925	2,594,750	3,349,300	754,550	29%	
Watercraft Insurance	374,006	390,445	390,445	411,400	423,650	12,250	3%	
Course of Construction	0	0	0	0	221,501	221,501	0%	No projects covered in 21/22 and 22/23
Crime and Honesty Bonds	2,394,569	2,569,824	2,569,824	2,788,000	2,924,700	136,700	5%	
Pollution Liability Coverage	3,175,280	2,419,483	2,419,483	3,136,850	4,493,400	1,356,550	43%	
Inmate Medical	622,529	693,028	693,028	700,850	813,250	112,400	16%	
Paid Family Leave	30,941	260,221	260,221	0	3,400,000	3,400,000	0%	PFL is a new line of coverage started in 21/22
Cyber Liability	7,686,055	12,377,128	12,377,128	12,181,600	14,663,250	2,481,650	20%	
EMMP/SLIP/SPIP	30,554	2,674	2,674	50,000	38,000	(12,000)	-24%	
Transferred Risk - Other	67,474	73,977	73,977	60,000	3,266,050	3,206,050	5343%	Fiduciary Liability (FLIP) Coverage and other
Finance Fees	1,834	4,401	4,401	0	0	0	0%	
Investment Income	(70,001)	17,872	17,872	19,000	23,750	4,750	25%	ACFR 21/22 loss driven by mark to market adjustment
Other	0	0	129,141	0	0	0	0%	
TOTAL REVENUES	74,125,499	64,367,329	82,771,882	85,174,950	111,005,451	25,830,501	30%	
EXPENSES:								
Watercraft Dividend	59,318	0	0	0	0	0	0%	These are carrier dividends paid to members who had no claims
Aviation Dividend	395,247	496,674	496,674	0	0	0	0%	These are carrier dividends paid to members who had no claims
Inmate Medical Dividend	86,290	0	0	0	0	0	0%	These are carrier dividends paid to members who had no claims
Cyber Symposium	0	30,579	30,579	0	0	0	0%	
Other Program Expense	24,000	0	0	0	0	0	0%	ACFR 21/22 is PFL Prefunding
Transferred Risk								
EAP Premium Expense	1,918,238	955,207	1,970,304	2,102,000	2,329,600	227,600	11%	
Life, LTD Premium Expense	28,073,407	11,950,314	23,900,629	25,023,000	26,178,000	1,155,000	5%	
Vision Premiums	4,726,398	0	5,310,000	5,310,000	8,680,000	3,370,000	63%	
Optional Excess	22,226,183	29,148,591	29,148,591	30,797,500	40,201,000	9,403,500	31%	
Aviation Insurance	2,327,173	2,972,925	2,972,925	2,594,750	3,349,300	754,550	29%	
Watercraft Insurance	374,008	390,444	390,444	411,400	423,650	12,250	3%	
Course of Construction	0	0	0	0	221,501	221,501	0%	No projects covered in 21/22 and 22/23
Crime and Honesty Bonds	2,394,569	2,569,824	2,569,824	2,788,000	2,924,700	136,700	5%	
Pollution Liability	3,202,918	2,419,490	2,419,490	3,136,850	4,493,400	1,356,550	43%	
Inmate Medical	622,536	693,028	693,028	700,850	813,250	112,400	16%	
Paid Family Leave	0	378,847	378,847	0	3,400,000	3,400,000	0%	
Cyber Liability	7,525,669	11,925,273	11,925,273	12,181,600	14,663,250	2,481,650	20%	
EMMP/SLIP/SPIP	30,554	2,674	2,674	50,000	38,000	(12,000)	-24%	
Other	67,474	74,001	74,001	60,000	3,266,050	3,206,050	5343%	
Total Transferred Risk	73,489,127	63,480,617	81,756,029	85,155,950	110,981,701	25,825,751	30%	
TOTAL EXPENSES	74,053,982	64,007,870	82,283,282	85,155,950	110,981,701	25,825,751	30%	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MISCELLANEOUS PROGRAMS
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
<u>TRANSFERS:</u>								
Transfers in (out) to:								
General Administration	\$ (14,200)	\$ (14,200)	\$ (14,200)	\$ (14,200)	\$ (14,200)	\$ 0	0%	
Internal Investment Fees	(605)	(279)	(543)	(308)	(760)	(452)	147%	External investment management fees
TOTAL TRANSFERS	(14,805)	(14,479)	(14,743)	(14,508)	(14,960)	(452)	3%	
Net Increase or (Decrease)	56,712	344,980	473,857	4,492	8,790	4,298	96%	
NET POSITION - JULY 1	2,224,399	2,281,111	2,281,111	2,327,947	2,754,968			
NET POSITION - JUNE 30	2,281,111	2,626,091	2,754,968	2,332,439	2,763,758			
Net Position Designated for:								
Life Stabilization Fund	958,334	958,334	964,774	928,313	1,002,964			
LTD Stabilization Fund	1,037,743	1,037,743	1,045,136	1,004,414	1,086,942			
Cyber Stabilization Fund	326,201	778,056	778,056	326,201	778,056			
Unrestricted Net Position	(41,167)	(148,042)	(32,998)	73,511	(104,204)			
Total Net Position	2,281,111	2,626,091	2,754,968	2,332,439	2,763,758			

PRISM Affiliate Risk Captive (PRISM ARC)

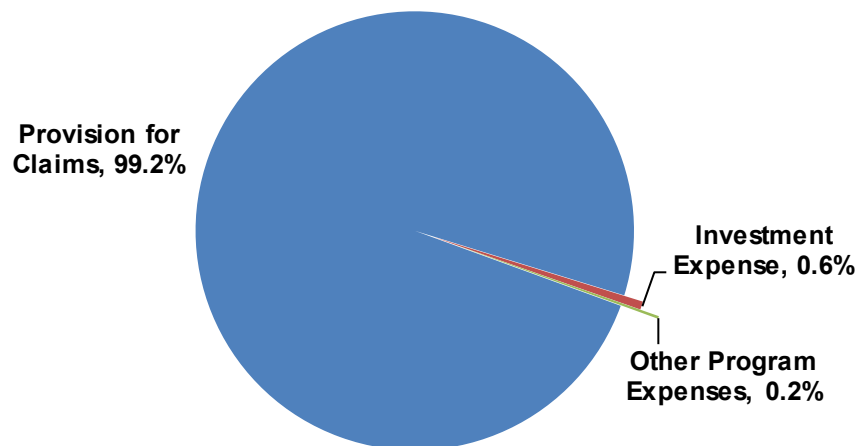
PRISM ARC is a captive insurance company formed by PRISM and is accounted for as a blended component unit. The Captive covers fixed corridors of PRISM and collects revenue from PRISM programs as follows:

Program Revenue Summary:

Primary Workers' Comp	\$14.8 Million
Excess Workers' Comp	\$72.9 Million
General Liability 1	\$75.2 Million
General Liability 2	\$13.5 Million
Med Mal	\$1.9 Million

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

ARC - Expense Summary



The Net Position of PRISM ARC is budgeted to increase from an estimated \$68.3M at June 30, 2023 to \$108.5M at the end of the 2023/24 fiscal year. This 77% increase is expected as revenues for transferred risk are established at a higher confidence level while the related expenses are budgeted at the expected confidence level.

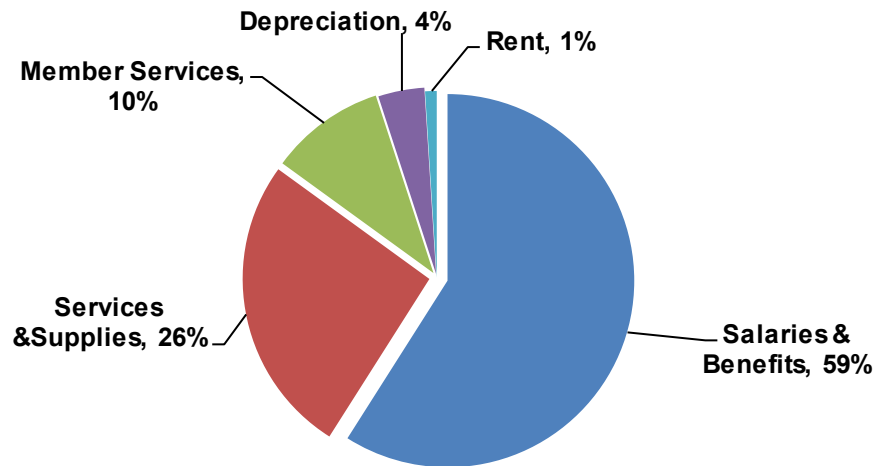
PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
CAPTIVE
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premium for Transferred Risk	\$ 2,174,368	\$ 2,294,241	\$ 2,294,241	\$ -	\$ -	\$ -	0%	Includes broker and administration fees from ARC participants
Contribution for Retained Risk	173,482,134	181,437,728	181,437,728	135,943,046	178,215,829	42,272,783	31%	
Investment Income	(48,639,907)	(1,434,092)	13,000,000	7,400,000	10,000,000	2,600,000	35%	ACFR 21/22 loss driven by mark to market adjustment
TOTAL REVENUES	127,016,595	182,297,877	196,731,969	143,343,046	188,215,829	44,872,783	31%	
EXPENSES:								
Transferred Risk	2,147,770	2,294,241	2,294,241	0	0	0	0%	Includes broker fees for ARC participants
Provision for Claims Current Year	87,930,853	91,745,086	91,745,086	119,676,039	146,896,018	27,219,979	23%	
Provision for Claims Prior Year	68,076,974	21,881,712	33,881,712	0	0	0	0%	
Total Retained and Transferred Risk	158,155,597	115,921,039	127,921,039	119,676,039	146,896,018	27,219,979	23%	
Program Administration								
Audit Services	19,200	19,800	19,800	19,800	20,400	600	3%	
Legal Service	17,285	0	8,000	8,000	10,000	2,000	25%	
Board Meetings	19,796	5,279	12,000	25,000	15,000	(10,000)	-40%	
Utah Captive Fees	5,250	6,375	6,375	6,500	8,000	1,500	23%	
Investment Management Fees	691,962	341,586	650,000	750,000	850,000	100,000	13%	External investment management fees; includes custody fees
Banking Fees	202	27	59	0	2,000	2,000	0%	
Financing Expense	0	3,799	8,357	0	0	0	0%	ARC Interfund Borrowing
Management Services	150,000	150,000	150,000	150,000	150,000	0	0%	
Office Supplies, Website & Advertising	2,773	0	3,000	10,000	10,000	0	0%	
Total Program Administration	906,468	526,865	857,591	969,300	1,065,400	96,100	10%	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	0%	
TOTAL EXPENSES	159,062,064	116,447,904	128,778,630	120,670,339	147,986,418	27,316,079	23%	
Net Increase or (Decrease)	(32,045,469)	65,849,973	67,953,339	22,672,707	40,229,411	17,556,704	77%	
NET POSITION - JULY 1	23,851,634	(8,193,835)	(8,193,835)	79,823	59,759,504			
NET POSITION - JULY 1 (Capital Stock)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000			
NET POSITION - Additional Paid in Capital	3,500,000	3,500,000	3,500,000	0	3,500,000			
NET POSITION - JUNE 30	306,165	66,156,138	68,259,504	27,752,530	108,488,915			

General Administration

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

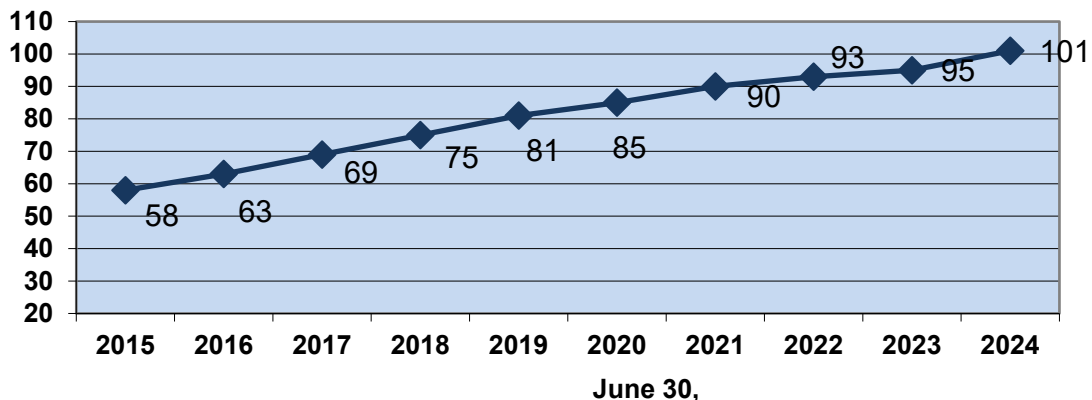
General Administration Budget - Expense Summary



Highlights of the general administration budget are as follows:

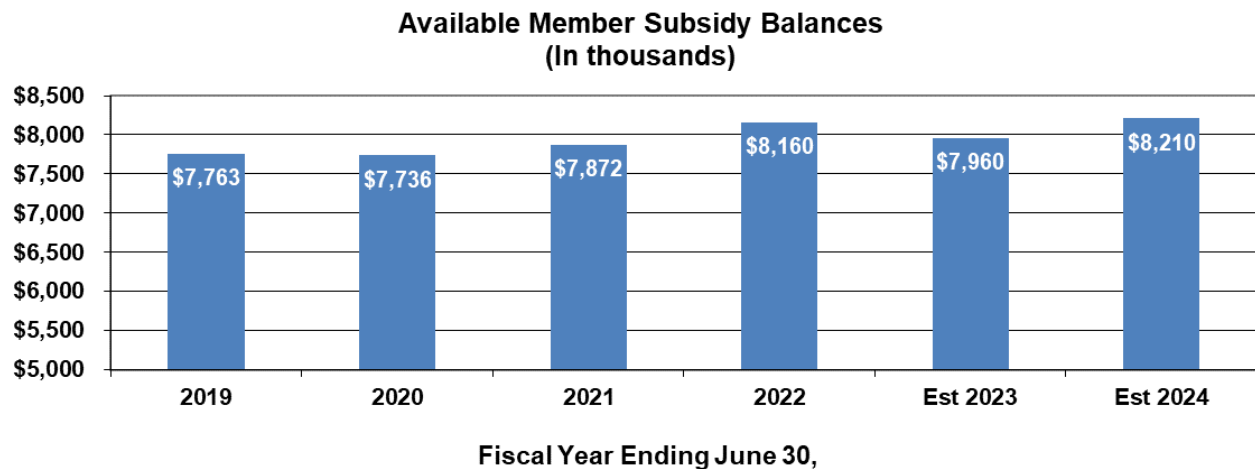
- Salaries and benefits includes four new positions to be added in 2023/24 across two areas: HR, IT, event management and EPL Attorney. These positions spread technical work among staff, speed up product and project timelines, reduce caseloads, and increase control over services. These changes will bring employee count to 101 in 2023/24.
- The history of the number of authorized positions is illustrated in the following chart. The count prior to 2023 excludes two positions included in the capital outlay budget for development of the proprietary claims system which began in 2020/21.

History of Authorized Staff Positions



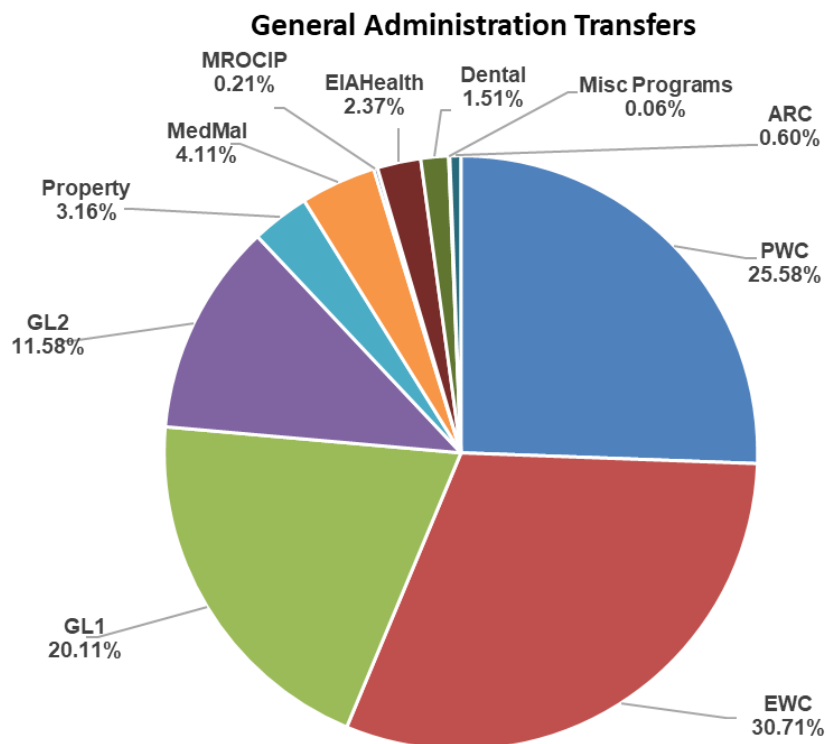
Loss Preventions and Risk Management Subsidies

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



General Administration Transfers

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



Charges to PRISM programs from the General Administrative fund are based on expected costs during the budget period less any carryover approved in accordance with the Target Funding Guidelines. For fiscal year 2023/24 a carryover of \$3.4M was approved to be used to offset transfers from other programs. As a result, there is expected to be a \$3.4M decrease in the Net Position of the General Administrative fund.

General Administration **Program Budget Policy**

Program Goals for General Administration include the following:

Short Term Goals

- Align staff activity to support program specific short and long-term goals.
- Update Performance Measures for all departments.
- Continue development of member and pool management functionality on the PRISM website.
- Expand data and analytics services provided to members.
- Annually update the Insurance Requirements in Contracts Manual.
- Continue legislative advocacy regarding issues affecting PRISM's industry.
- Continue the supervisory development training program to prepare technical staff for the next level of career advancement.
- Continue staff training on new data analytics software.
- Implement a comprehensive member outreach plan to increase utilization of existing member services by 10% year over year.
- Investigate creation of an "EAP like" program for law enforcement and fire fighters
- Seek accreditation by International Accreditors for Continuing Education and Training (IACET)
- Continue to enhance Member Service and Risk Control programs:
 - Continue marketing and utilization of the Enterprise Risk(ERC) program and engage more Enterprise Risk Consultants
 - Continue marketing efforts of Pass the Baton – A Risk Management Mentor Program and marketing of the Risk Management Practitioner Program
 - Marketing of new services including Law Enforcement Programs, POST Courses, Sidewalk Assessment & Maintenance, Workforce Management Software, Road Maintenance GIS Software, and more.
 - Expand marketing the Risk Management Legal Advice Services.
 - Continue marketing of Employment Practices Liability services offered by the Eyres Law Group to all members.
 - Continue to expand Risk Control services to Educational Members.
- Continue to work with Vector Solutions to expand the LMS services and trainings
- Develop a strategy for creation of PRISM's first Annual Conference.
- Market the seventh year of the Eagle Awards Program.
- Deliver annual employee performance reviews by June 15th of each year.
- Continue and update the sixth year of the PRISM strategic plan
- Continue enhanced efforts to increase communication and contact with County membership through personal visits and Public Entity membership through webinars and personal visits.

- Internal Policies and procedures inventory, document and update across all PRISM departments.
- Implementation of GASB Statement 101 related to recognition of compensated absences

Long Term Goals

- Strengthen funding policies to avoid capital erosion.
- Continue and improve professional development plans to all employees of PRISM.
- Implement quality control checks on TPA claim data entered in the claim system.
- Document organization wide policies and procedures.
- Compile department goals and align departmental goals to PRISM Strategic plan
- Develop processes to validate, streamline, and consolidate data throughout the organization
- Foster and promote employee job satisfaction, engagement and professionalism.
- Continue to foster superior customer service to members.
- Continue to develop services in response to emerging trends.
- Develop loss data consistency throughout the claims reporting system and among members.
- Continue to monitor our benefit package to ensure competitiveness with the market.
- Maintain accurate employment records in electronic archiving system.
- Promote effective policies for contracting for PRISM services, including long term contracting for board meetings.
- Maintain compliance with the Brown Act and governmental reporting requirements.

Budget Policies for General Administration include the following:

Revenues

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

- Enterprise Risk Consultant Fees – Enterprise Risk Consultant fee revenue is generated from a program where highly-experienced Risk Managers, Finance, Human Resources, Risk Control Specialists are available for PRISM members to use during staff transitions or any other situation. This is a fee for service program pass thru for the PRISM financials.
- Strategic Planning- The PRISM Member Services department offers facilitating strategic planning sessions for their members at a discounted price.
- Claims System – Members of PRISM who have been using the ClaimsXPress claims system as their primary claims handling system will have the option to

transition to our new proprietary claims system (Spectra). In addition, members never using PRISM's claims system will have the opportunity to do so. We are currently in the process of creating a pricing model for implementation and licensing. The direct cost of the system is billed to the participating members.

- Investment income is budgeted at an estimated earnings rate determined annually, based on the estimated portfolio yield on invested assets and expected cash flows, and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. The estimated earnings rate is also the rate established by the Inter-Fund Borrowing Policy, wherein a program can temporarily borrow funds from the PRISM Treasury.
- PLIP Income – The Executive Committee has approved a Personal Lines Insurance Program (PLIP) allowing PRISM and member employees to access group savings for personal insurance. The Program is operated in partnership with the California State Association of Counties (CSAC). Affinity fees are received quarterly and are shared equally with CSAC.
- Shared Cost Agreements – The Executive Committee has approved shared cost agreements, in which the cost of PRISM staff or services is shared with PRISM vendors.
- Reinsurer LP Subsidy – These are amounts received from some of the PRISM reinsurers to be used for certain loss prevention services. Corresponding expenses are reflected in this budget in the member services expense section
- Meeting Revenues – Voluntary contributions from PRISM partners and vendors, toward the cost of PRISM meetings and events, are recognized as meeting revenue.

Expenses

- Staff salaries and benefits are based on policies established by the Personnel Sub-Committee and approved by the Executive Committee. This includes approval of authorized positions, salary classifications and pay ranges, benefit levels and other personnel matters. New staff positions, classifications changes, market adjustments to pay ranges, merit pay pool limits, and defined benefit and defined contribution rates are approved annually by the Personnel Sub-Committee and Executive Committee.
- Staff Travel – Employees are reimbursed for ordinary and necessary travel cost for authorized business-related purposes. Mileage cost is reimbursed at the rate established by the Internal Revenue Service. Other reimbursable travel costs include the actual cost for lodging, meals, and related ordinary and necessary incidental expenses.

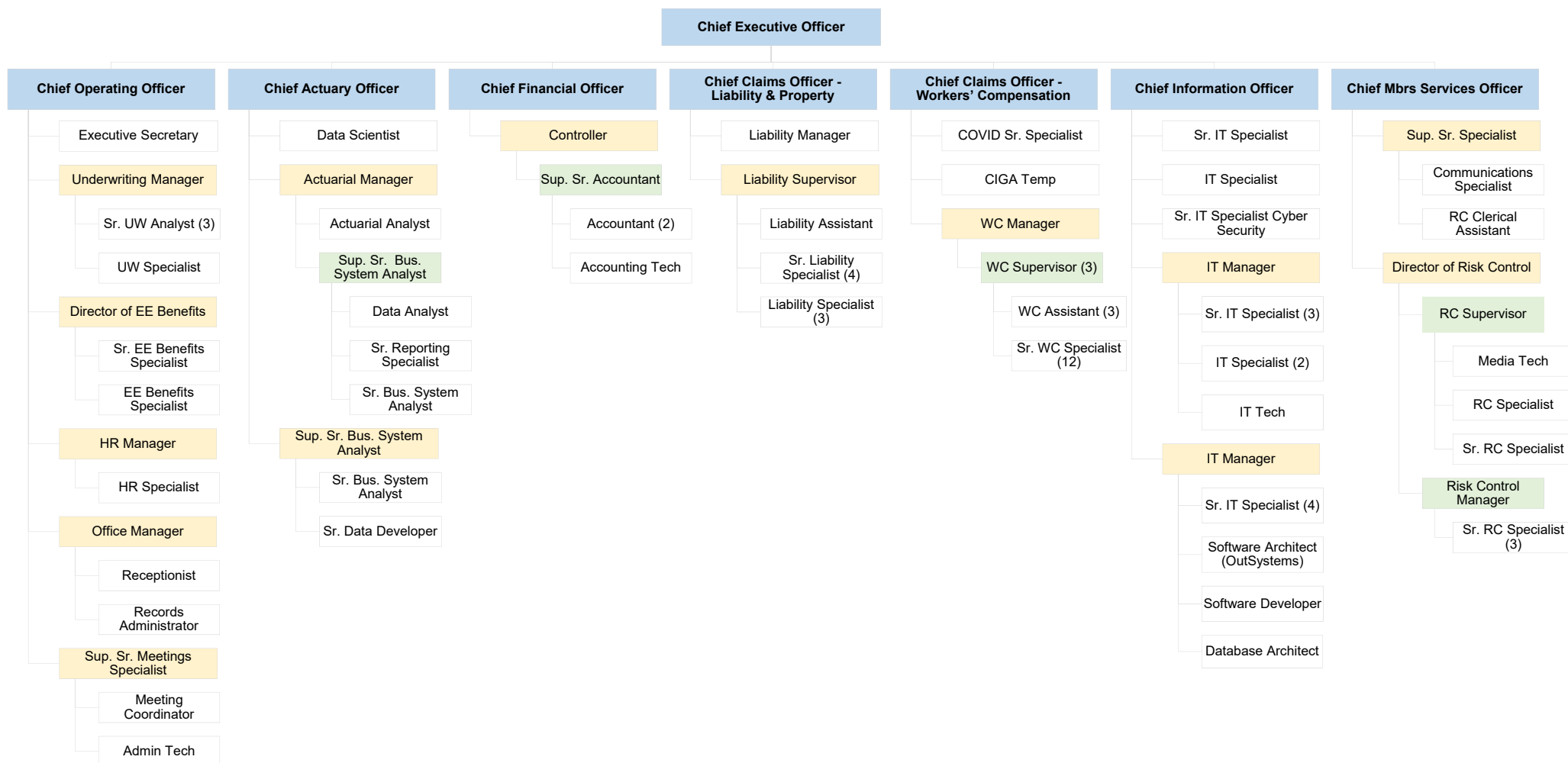
- Authority Meeting Expenses – Members of the Board of Directors, or their alternates, are reimbursed for ordinary and necessary travel expenses. Reimbursements are based on the Travel Policy approved by the Board of Directors. A second county representative attending a Board of Directors meeting may be reimbursed for travel expenses, provided that the first county representative is a voting member of the Board of Directors.
- Executive and Committee Travel – Members of Authority committees and members interested in joining Authority committees are reimbursed for ordinary and necessary travel expenses to attend committee meetings and the conduct of other committee activities. Reimbursements are based on the Travel Policy approved by the Board of Directors.
- Audit Services – An independent audit examination of the PRISM Annual Comprehensive Financial Report (ACFR) is completed each year by a Certified Public Accountant. The Finance Committee selects the independent auditor. The audit contract is based on a Request for Proposal (RFP) process determined by the Finance Committee.
- General Admin Consulting includes internal audit costs relating to Enterprise Risk Assessment and Policies and Procedure development and peer review of internal actuarial work and other professional services.
- Legal Services – The Board of Directors and Authority committees may appoint Legal Counsel to provide legal services to the Board of Directors or Committees.
- Management Training – Management training expenses include the cost of periodicals and publications, education and scholarships, conferences and seminars, and membership dues. Management training expenses are approved by PRISM senior management.
- Computer Hardware, Software and Technical Support includes the cost of software licenses, annual maintenance and support and computer hardware less than the \$5,000 capitalization threshold for all systems except the claims system. This category also includes the cost of web-based conferencing, external computer technical assistance and the costs associated with website design, hosting and support.
- Claims System – This includes the costs for data conversion, training, maintenance, cloud hosting, PRISM contract project management and depreciation on capitalized costs for the claims system, for both PRISM and its third-party administrators.
- Legislative advocacy services are provided by a third-party contract to represent the pooling industry's interest, primarily at the State level.
- Investment expenses represent the cost of third-party investment management services to PRISM.

- All Captive (ARC) expenses are borne by the Captive, either directly or as transfer from ARC to the PRISM's GA program. Every year, staff recommends the reasonable amount of ARC's share in the GA expenses of the PRISM. Since the Captive is a blended component unit of the PRISM, its budget and actual financial results are combined with PRISM's budget and financial results.
- Loss Prevention Platform – An online training and safety/risk management platform is available to all members providing access to a wide range of training topics. The Platform also includes custom activity, credential tracking, a resource center, and file center functions. The cost for the Loss Prevention Platform is included in the Administration Fee, allocated to all members.
- A variety of loss prevention monitoring, educational, and awareness services are provided to members as approved by the Board.
- Other ordinary and necessary expenses are estimated and approved through the regular budget process and according to the Budget Preparation and Management Policy.
- A Contingency amount is budgeted, and may be transferred to any line item with the approval of a two-thirds vote of the Executive Committee.

Transfers

- Transfers in from each PRISM program are used to pay for PRISM staff and all other administrative costs. These costs are reduced by carryovers as a result of a lower estimated cost for the current year and per PRISM's General Administration Target Funding Guidelines. These administration costs are allocated to all PRISM programs based on a three-year average of staff time. The Captive is currently charged a flat administrative fee for the fiscal year recommended by staff and evaluated by the Finance Committee.
- Transfers in from relevant PRISM programs are used to pay for the cost of claim system. This cost is charged to those programs whose claims are administered through the system and to the extent of their use of the system.
- A transfer in for investment fees reimburses the PRISM Treasury for the cost of third-party investment management services.
- PRISM rent is the share of rent for PRISM occupied premises and it is the transfer out from the GA program into the building program.

PRISM Reporting Structure As of 07/01/2023



ADMIN DEPARTMENT

2023/24 Staffing Budget: \$ 2,237,165

Departmental Functions:

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

Major Accomplishments in Fiscal 2022/23:

- Retained 99% of members at renewal of the programs, and have a three-year average of 99%.
- In spite of increasingly and continuing challenging times, successfully renewed all coverage programs, while maintaining broad coverage with only minor loss of limits or significant changes in coverage.
- Strategically utilized risk retention where limits were no longer available. Examples of this include implementation of a pooled Primary Layer in the Property Program and retaining risk in pieces of the Excess Layers to avoid gaps in coverage.
- Successfully negotiated a two-year extension of the reinsurance arrangement with Multi Strat Re on the GL1 Program which provides additional time for the Program to rebuild its Net Position.
- Continued to provide very high levels of customer service and improved customer satisfaction ratings.
- Completed implementation of a new automated HR system, which provides increased efficiencies in processing payroll, time-keeping, and related HR functions.

Major Goals for Fiscal 2023/24:

- Maintain high member satisfaction ratings with a 5% increase in satisfaction scores.
- Establish the value of PRISM with members' employees and increase CEO engagement with the members via member visits (virtual or in person), committee meetings, and conference attendance.
- Increase opportunities for member engagement, with an emphasis on member-to-member engagement.
- Continue to take a measured approach in looking for good opportunities to expand outside of California via PRISM's captive insurance company.
- Compliance 100% of the time in meeting Brown Act deadlines for agenda and meeting materials.

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

Chief Operating Officer

Executive Secretary

Underwriting Manager

Sr. UW Analyst (3)

UW Specialist

HR Manager

HR Specialist

Office Manager

Receptionist

Records Administrator

Sup. Sr. Meetings Specialist

Meeting Coordinator

Admin Tech

Administration Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY21/22	Actual FY21/22	Goal FY22/23	Actual FY22/23	Goal FY23/24
Branding and Outreach	Complete the re-branding to convert all materials, documents, and communication mediums to PRISM and PRISM ARC.	Estimated % of completion	100%	100%	**	**	**
	Maintain high member satisfaction ratings with a 5% increase in member satisfaction survey scores.	Change in Member Survey Scores	*	*	5% Increase	2-4% Increase	5% Increase
	Continue participation in PAFR program.	Received award from GFOA?	Yes	Yes	Yes	Yes	Yes
	Establish the value of PRISM with members' employees and increase CEO engagement with the members via site visits (virtual or in person), committee meetings, and conference attendance.	Estimated number of Member Contacts	*	78	93 (+20%)	261	313 (+20%)
	Increase member utilization of the benchmarking tool/member dashboards by 20%.	Year over year change in member logins to dashboard section of prismrisk.gov	*	*	+20%	+58%	+20%
Personnel and Office Management	Ensure continuity by retaining 95% of the staff.	Employee retention	95%	96%	95%	86%	95%
	Complete transition to new HR/payroll system in summer 2022.	Estimated % of completion	*	*	100%	100%	**
	Modify PRISM office space to accommodate all employees in Suite 200 so that Suite 175 is available for lease by fall 2022 and Suite 200 space has more work areas designed for collaboration and team-oriented work.	Estimated % of completion	*	*	100%	100%	**
ARC Captive Utilization	Continue to take a measured approach in looking for good opportunities to expand outside of California via PRISM's captive insurance company.	# of ARC Participants	3	3	3	3	4

Administration Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY21/22	Actual FY21/22	Goal FY22/23	Actual FY22/23	Goal FY23/24
Meetings	Compliance 100% of the time in meeting Brown Act deadlines for agenda and meeting materials.	% of agendas posted 7 days in advance of meeting	100%	100%	100%	100%	100%
		% of meetings made available to the public - live or via Zoom	100%	100%	100%	100%	100%
		% of meetings with time reserved for public comment at the beginning of each meeting	100%	100%	100%	100%	100%
	Continued implementation of a hybrid model for meetings in order to ensure members continue a high level of engagement and PRISM remains member-directed.	Estimated % of completion	85%	100%	**	**	**

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

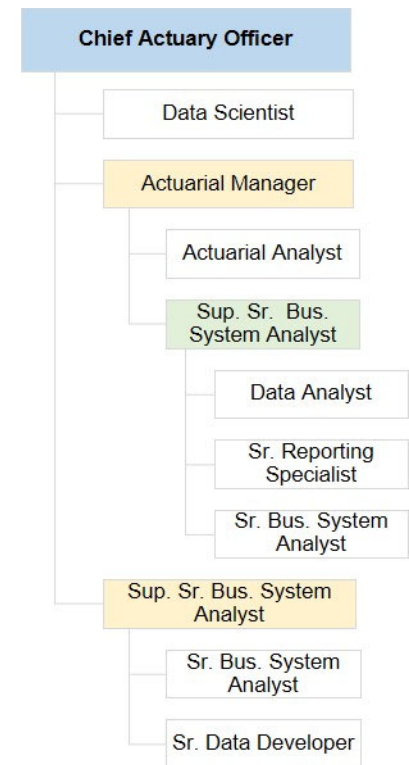
**Goal was accomplished; n/a for future periods.

ACTUARIAL SERVICES DEPARTMENT

2023/24 Staffing Budget: \$2,096,155

Actuarial Departmental Functions:

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



Actuarial Major Accomplishments for Fiscal Year 2022/23:

- Completed actuarial analysis for the major property and casualty programs, including timely recommendations on rates for the 2022/23 year.
- Provided the actuarial estimates and factors, cash flow projections and balance sheets necessary to evaluate restructuring the GL1 LPT and reinsurance renewal.
- Evaluated reinsurance structures and premium costs against self-insurance.
- Provided actuarial support for PRISM ARC.
- Provided 3 PWC quotes.
- Provided self-funding estimates for the \$10M primary layer and \$15M xs \$10M layer for the Property Program.
- Incorporated AB 35 MICRA legislation's impact into MedMal rates.
- Provided additional ultimates and rates for PWC extending the program's retained limit to \$25k, and the program's overall limit to \$250k and \$300k.
- Provided AmTrust Commutation estimates to assume their outstanding liabilities.
- Performed loss rate comparison of new GL1 members to older members.
- Developed a Risk Advisory Identification Analysis for the EWC and GL1 programs to identify better and worse performing loss experience members.
- Developed a quarterly covid rating model and produced covid estimates and rates for EWC and PWC
- Updated GL1 IMCD premium discount matrixes.
- Provided in house ULAE projections and outstanding estimates.
- Updated size of loss distributions for EWC and GL1 and per the committee's direction, have blended them into our rates.
- Provided 2 renewal pricing estimates for renewing out of state participants and 1 pricing estimate for a prospective out of state participant.
- Further developed and updated the PRISM Actuarial Analysis Toolkit.

- Analyzed the benefit of Compromise and Release settlements.
- Identified dangerous road condition claims for UCSB and PRISM collaboration project.
- Performed a trend and driving factors analysis on the EWC program's loss experience.
- Created reports identifying claimants who have claims in both WC and GL programs.
- Developed text-mining algorithms to identify mediated GL1 claims.
- Developed a claims body part extract for Santa Barbara County.
- Analyzed the relations between Eyres Law Group and EPL losses for the Member Engagement Initiative.
- Created and automated workers' compensation claim reports.
- Created an automated tool for Pooling Academy reporting.

Actuarial Performance Measures for Fiscal Year 2023/24:

- Complete actuarial analysis for the major property and casualty programs, including timely recommendations on rates for the 2023/24 year.
- Produce outstanding liability and projection estimates on a quarterly basis for the EWC, GL1, and MM programs.
- Provide analysis and/or analyzers for the major programs' reinsurance arrangements and plans.
- Provide allocation models for each of the major programs.
- Produce in-depth loss development factor analysis for the EWC and GL1 programs.
- Provide all actuarial support for the PRISM ARC.
- Provide in house ULAE projections and outstanding estimates.
- Provide PWC and DBD quotes as needed.
- Provide renewing and prospective quotes for out of state participants as needed.
- Update GL1 IMCD premium discount matrixes.
- Continue to analyze and blend-in the updated size of loss distributions for EWC and GL1.
- Continue to analyze various underwriting factors (territory, safety/non-safety) for the EWC and GL1 programs.
- Continue to provide the Risk Advisory Identification Analysis for the EWC and GL1 programs.
- Update the 4850 benefits analysis for PWC and EWC, subject to usable data.
- Analyze the specific impact to MedMal programs from the AB 35 MICRA legislation.
- Analyze the impact of AB 452 to the GL programs.

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

Actuarial Services Department Performance Measures								
Area	Milestone or Outcome	Measure	Goal FY21/22	Actual FY21/22	Goal FY22/23	Actual FY22/23	Goal FY23/24	
Innovation and Improvement	Strive for continued innovation, creative ideas, and progressive strategy as respects the programs, services and organization as a whole	Goal is ongoing						
	Ensure objectives outlined in the organizational strategic plan are moving forward and/or completed within the established timeframes							
	Continue to analyze various underwriting factors (territory, safety/non-safety) for the EWC and GL1 programs							
	Update the PWC program ULAE calculation methodology	Estimated % of completion	100%	100%	**	**	**	
	Examine appropriateness of actuarially rating all current payroll rated members in DBD as one as opposed to them receiving the average program rate		100%	100%	**	**	**	
	Develop and continue to provide the Risk Advisory Identification Analysis for EWC and GL1		*	*	100%	100%	100%	
	Develop a quarterly covid rating model and produce covid estimates for EWC and PWC		*	*	100%	100%	100%	
	Incorporate AB 35 MICRA legislation impact into MedMal rates		*	*	100%	100%	100%	
	Incorporate AB 452 legislation impact into GL rates		*	*	*	*	100%	
	Provide AmTrust Commutation estimates for assuming their outstanding liabilities		*	*	100%	100%	**	
	Perform loss rate comparison of new GL1 members to older members		*	*	100%	100%	**	
	Analysis on the benefit of compromise and release settlements in the WC programs		*	*	100%	100%	**	
	Perform a trend and driving factors analysis on EWC's loss experience		*	*	100%	100%	**	
	Identified dangerous road condition claims for UCSB and PRISM collaboration project		*	*	100%	100%	**	
	Provide additional ultimates and rates for PWC extending the program's retained limit to \$25k, and the program's overall limit to \$250k and \$300k		100%	100%	100%	100%	100%	
Reporting and Analysis	Complete actuarial analysis for the major property and casualty programs, including timely recommendations on rates for the coming policy year	Are analysis and reports completed and delivered timely, then presented to the appropriate stakeholders?	Yes	Yes	Yes	Yes	Yes	
	Produce outstanding liability and projection estimates on a quarterly basis for the EWC, GL1, and MM programs.		Yes	Yes	Yes	Yes	Yes	
	Provide analysis and/or analyzers for the major programs' reinsurance arrangements and plans.		Yes	Yes	Yes	Yes	Yes	
	Provide allocation models for each of the major programs.		Yes	Yes	Yes	Yes	Yes	
	Produce in-depth loss development factor analysis for the EWC and GL1 programs.		Yes	Yes	Yes	Yes	Yes	
	Provide all actuarial support for the PRISM ARC.		Yes	Yes	Yes	Yes	Yes	
	Provide in house ULAE projections and outstanding estimates.		*	*	Yes	Yes	Yes	
	Provide PWC and DBD quotes as needed.		Yes	Yes	Yes	Yes	Yes	
	Update GL1 IMCD premium discount matrixes.		Yes	Yes	Yes	Yes	Yes	
	Update the 4850 benefits analysis for PWC and EWC, subject to usable data.		Yes	Yes	Yes	Yes	Yes	
	Continue to update the size of loss distributions and blending into rates for EWC and GL1		Yes	Yes	Yes	Yes	Yes	
	Provide self-funding estimate for the \$10M primary layer and \$15M xs \$10M layer for the Property Program		Yes	Yes	Yes	Yes	Yes	

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

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

D&A Departmental Functions:

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

D&A Major Accomplishments in Fiscal 2022/23:

- Developed processes and database components to support the new Member Services dashboard and deployed initial reports.
- Made significant improvements and enhancements to the member dashboards, member monthly loss experience reporting, staff dashboards, and monthly and quarterly excess and PWC reports.
- Reorganized the D&A team in order to better support ongoing activities and continue with new information product development
- Completed the annual loss data collection process for the major P&C programs and provided the annual and semi-annual loss data packages to the market, and provided actuarial study data for the Actuarial team for the P&C programs.
- Produced all quarterly informational CSRs, monthly and quarterly LPT reports and BDX, and initial PRISM Program Performance (PPR) reports for the Committees and Board.
- Produced all other ongoing reports (Covid, excess reportable, monthly experience, CIGA, actuarial loss runs, etc.) in a timely fashion.

D&A Performance Measures for Fiscal 2023/24:

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

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

Data & Analytics Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY21/22	Actual FY21/22	Goal FY22/23	Actual FY22/23	Goal FY23/24
Innovation and Improvement	Strive for continued innovation, creative ideas, and progressive strategy as respects the programs, services and organization as a whole.	Goal is ongoing					
	Ensure objectives outlined in the organizational strategic plan are moving forward and/or completed within established timeframes.						
	Continue development and expansion of benchmarking tools and member dashboards throughout 2022 and 2023.						
	Deploy additional internal dashboards to support general staff information needs, and allow staff to better support the membership.						
	Support the Data Science and Actuarial practices as needed.						
	Continue to maintain and improve the DnA database and develop and deploy new information products for the membership, partners, and staff.						
	Transition all P&C major program members to monthly loss reporting (from annual).		*	*	10%	10%	100%
	Provide the initial benchmarking tool/member dashboards to members by 7/1/21 with further development by 6/30/22.		100%	100%	**	**	**
	Transition to the new PRISM claim system as the source for excess loss reporting data. Working with IT Claims, support the development and deployment of the system.		*	*	50%	10%	70%
	Develop Member Services Dashboard and associated reports		*	*	*	30%	100%
	Deploy PRISM Program Performance (PPP) dashboards to PRISM staff, and generate additional PPP reports (PPR) for the Board and Executive and Underwriting Committees. (If time allows)		*	*	25%	10%	20%
Reporting and Analysis	Support the renewal process by providing needed data, information, and reports to the reinsurance market.	Are analysis and reports completed and delivered timely, then presented to the appropriate stakeholders?	Yes	Yes	Yes	Yes	Yes
	Complete the Annual and Semi-Annual Loss Data Collection processes for the major programs accurately and on time.		Yes	Yes	Yes	Yes	Yes
	Deliver all quarterly Claims Summary (CSR) and Loss Portfolio Transfer (LPT) reports, and monthly Bordereau (BDX) reports accurately, and on time. Add new reports as needed.		Yes	Yes	Yes	Yes	Yes
	Continue to track and report on COVID-19 claim activity and develop database components and reports to accommodate the changing requirements.		Yes	Yes	Yes	Yes	Yes
	Produce annual excess reportable reports, monthly CIGA tracking, monthly loss runs, and monthly Ed Tower reports.		Yes	Yes	Yes	Yes	Yes
	Provide an annual loss experience summary report to all Liability and WC Members beginning in the fall of 2022.		*	*	Yes	Yes	Yes

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

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

CLAIMS DEPARTMENT

2023/24 Staffing Budget: \$5,267,086

Departmental Functions:

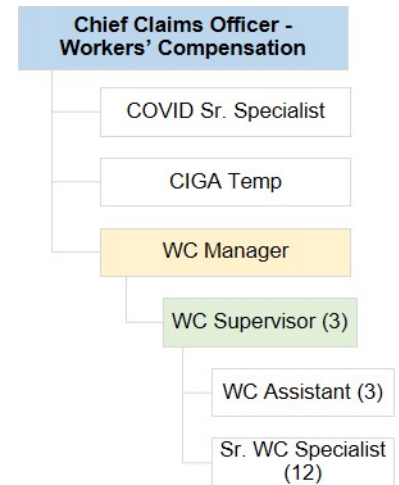
- Plan, organize and direct the claim functions throughout PRISM.
- Work with members, vendors and business partners to control claims costs.
- Provide Legal Services to PRISM including legal advice, respond to subpoenas and public records act requests, advise regarding Brown Act Compliance, and review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

Major Accomplishments in Fiscal 2022/23:

- Established processes for managing Property claims under new Program structure and began direct oversight of Property Program TPA.
- Provided legal advice to PRISM staff including, but not limited to the following areas: Human Resource matters, Brown Act issues, and service provider contracts.
- Reviewed WC COVID loss data from SIMS system and member data feeds on a monthly basis to aggregate data and provided updates to EWC reinsurers.
- Worked with IT Department on gathering requirements for the PRISM Proprietary Claims system and tested GL system.
- Reviewed and influenced the terms of various Program reinsurance contracts for the 2022/23 Program year.
- Through lobbying efforts, had a significant impact on a variety of bills introduced by the California legislature in 2022 and 2023.
- Processed claim reimbursements to members within 30 days of receipt of all supporting documentation.
- PRISM's workers' compensation claims team continued to resolve difficult claims resulting in savings to the EWC program.
- Continued to obtain reimbursements from CIGA and Riverstone for the EWC coverage periods that involved Castlepoint.
- Processed Bordereaux invoicing for EWC and DBD programs monthly.
- Continued to evaluate WC Member's use of Carve-Out Programs and provided performance metrics to the Claims Review Committee.
- Participated in the Peace Officer Mental Health Task Force.

Performance Measures for Fiscal 2023/24:

- Continue collaborating with IT to build the in-house proprietary claims system.
- Through audit and loss analysis process, continue to provide information on a timely basis to underwriting staff and committees to direct loss prevention and mitigation activities.
- Assist underwriting team with analysis of claims history for new potential GL members.



- Invoice excess reimbursements to reinsurers/excess carriers within five days of issuing payment. Oversee and follow up with those reinsurers to achieve at least 80% reimbursement within 30 days of invoice issuance.
- Assist Data and Analytics Department with determining key information needed for their use in developing analytical tools for Claims Department and members.
- Evaluate WC members' use of Carve-Out Programs and provide metrics of performance to the Claims Review Committee.
- Collaborate with the PRISM Data Scientist on projects that will assist in the resolution of claims.
- Review possibility of offering quarterly GL claims reviews with members.
- Update existing and develop new program reports to improve overall program management.
- Work with IT to develop the medical malpractice and property lines of business in the new proprietary claims system.

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

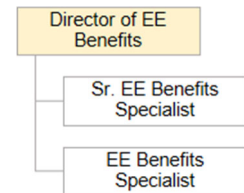
Claims Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY21/22	Actual FY21/22	Goal FY22/23	Actual FY22/23	Goal FY23/24
Innovation and Improvement	Continue collaborating with IT to build the in-house proprietary claims system.	Goal is ongoing					
	Through audit and loss analysis process, continue to provide information on a timely basis to underwriting staff and committees to direct loss prevention and mitigation activities.						
	Assist Data and Analytics Department with determining key information needed for their use in developing analytical tools for Claims Department and members.						
	Update existing and develop new program reports to improve overall program management.						
	Continue to work with members to help identify additional jail medical services providers.	Estimated % of completion	100%	100%	**	**	**
	Continue to work with Alliant to obtain access to Property Claims information from Alliant's claims system.		100%	100%	**	**	**
	Review possibility of offering quarterly GL claims reviews with members.		*	*	100%	50%	100%
	Work with IT to develop a property line of business in the new proprietary claims system.		*	*	100%	30%	100%
Reporting and Analysis	Evaluate WC members' use of Carve-Out Programs and provide metrics of performance to the Claims Review Committee.	Are analysis and reports completed and delivered timely, then presented to the appropriate stakeholders?	Yes	Yes	Yes	Yes	Yes
	Establish PWC TPA Report Cards for key claims performance measures.		Yes	Yes	Yes	Yes	Yes
	Invoice excess reimbursements to reinsurers/excess carriers within five days of issuing payment. Oversee and follow up with those reinsurers to achieve at least 80% reimbursement within 30 days of invoice issuance.	Average days to invoice	*	*	5	5	5
		% reimbursed in 30 days	*	*	80%	85%	80%

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

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

EMPLOYEE BENEFITS DEPARTMENT

2023/24 Staffing Budget: \$491,440



Departmental Functions:

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

Major Accomplishments in Fiscal 2022/23:

- Continued PRISMHealth and Dental program growth, with an increase in service levels to members and their employees/retirees.
- Launched new PRISMHealth TPA partners, UMR, Accolade and Surest.
- Conducted an Aggregate Claims analysis in evaluation of current risk sharing funding arrangement.
- Added new Health/Pharmacy cost containment services to address Weight Management Care and coverage for Omnipod Insulin Pumps.
- Evaluated and implemented new PRISMHealth Benefits Administrator.
- Conducted and finalized RFP/Selection of second Dental Program carrier.
- Finalized implementation of Paid Family Leave Program, added new membership.
- Finalized MES Vision carrier transition to EyeMed.
- Conducted and finalized RFP/Selection of replacement EAP carrier.
- Piloted the 1st Annual PRISMHealth Stakeholders meeting for program members only as a way to educate, inform and collaborate on important program initiatives.

Performance Measures for Fiscal 2023/24:

- Establish PRISMHealth Focus Group to evaluate and implement an overall benefits communication strategy.
- Increase continued visibility, education and communication of services available to members through the Employee Benefits programs.
- Review and evaluate Retiree Medicare plan options.
- Expand Data Analytics & Reporting on value add services (Carrum, Livongo, and Hinge) to include return on investment (ROI).
- Increase/Maintain high member satisfaction.
- Implement and market new Dental Program carrier.
- Promote member growth in all Employee Benefits Programs.
- Strengthen communication and collaboration with our Broker and Carriers.
- Implement, educate and market Concern EAP and Concern First Responders.

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

Employee Benefits Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY21/22	Actual FY21/22	Goal FY22/23	Actual FY22/23	Goal FY23/24
Branding and Outreach	Increase continued visibility and education of services available to members through the Employee Benefits programs.	Goal is ongoing					
	Build-out of Member resources and benefits information accessibility						
	Promote member growth in all Employee Benefits Programs.						
	Strengthen communication and collaboration with our Broker and Carriers.						
	Further implement the PRISMHealth direct member communication plan for important program announcements.	Estimated % of completion	75%	85%	100%	85%	100%
	Increase PRISM visibility at Employee Benefits related conferences.	Number of events hosted or attended	2	2	4	4	4
	Increase web-based trainings and service presentations	Number of events conducted	*	*	*	*	4
Member Services	Increase/Maintain high member satisfaction.	Average Member Survey Score for EB Dept	3.50 out of 4	3.75 out of 4	4 out of 5	4.38 out of 5	4 out of 5
	Implement new TPA partner for Vision and for Dental.	Estimated % of completion	100%	100%	**	**	**
	Launch new TPA partners, UMR, Accolade and Surest for Health program.		*	*	100%	100%	**
	Conduct Aggregate Claim Surplus Review (Health Program)		*	*	100%	100%	**
	Add new Pharmacy Cost Containment Services - Weight Management Care and Omnipod Insulin Pumps		*	*	100%	100%	**
	Evaluate and Implement additional Benefits Administrator (Health Program)		*	*	100%	100%	**
	Review and evaluate Retiree Medicare plan options		*	*	*	*	75%
	Expand Data Analytics & Reporting on Value Add services (Carrum, Livongo, Hinge) to include ROI		*	*	*	*	75%
	Implement Paid Family Leave Program		*	*	100%	100%	**
	Finalize MES Vision carrier transition to EyeMed		*	*	100%	100%	**
	Continue Delta Dental Network Analysis for access to care issues specific to rural Counties		*	*	80%	80%	100%
	Conduct RFP for second Dental Carrier		*	*	100%	100%	**
	Implement New Dental Carrier		*	*	*	*	100%
	Conduct RFP for replacement EAP Carrier for MHN		*	*	100%	100%	**
	Implement & Transition EAP members to Concern EAP		*	*	*	*	100%
	Implement. Educate & Market Concern First Responder Services		*	*	*	*	100%
	Establish PRISMHealth Focus Group to evaluate overall benefits communication strategy		*	*	*	*	100%
	Finalize Health Program MOU amendments and secure all signatures				75%	75%	100%

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

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

INFORMATION TECHNOLOGY DEPARTMENT

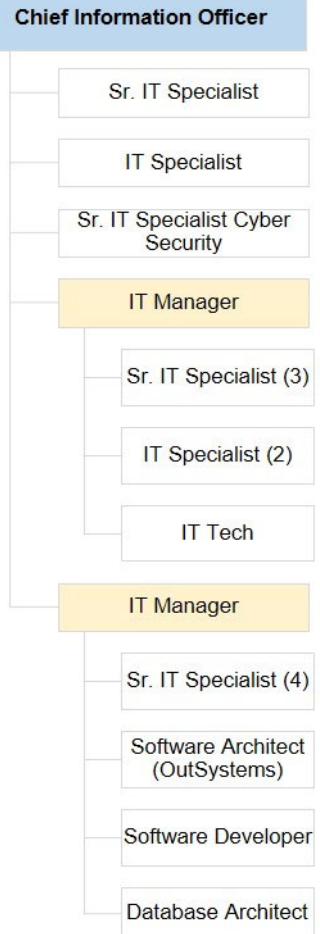
2023/24 Staffing Budget: \$3,109,952

Departmental Functions:

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

Major Accomplishments in Fiscal 2022/23:

- Launched ANCP application
- Continued development of the Prospect application
- Continued development on Form Builder solution that will address renewal application's roadmap for final enhancement work as well as enable staff the ability to create/manage new forms, as needed
- Provided members with access to user's information (Contact Management, initial phase)
- Implemented new HR system
- Started development of WC supplemental - Payroll Audit
- Launched Report Center to select internal users
- Provided support for 16 ClaimsXPress instances, as well as support 3 self-hosted members
- Continued development of the new proprietary claims system. The team worked with the General Liability team on UAT of the application and data conversion. The last step before go-live
- Collaborated to import and validate over 46,000 EWC member claims from D&A, including financials
- Migrated Lake County from Intercare to Sedgwick by 5/1/2023
- Improved functionality and accuracy for 1099 reporting, as well as incorporated new reporting requirements
- Enhanced replication logic to support new custom fields in the Medicare module
- Audited occupations for WC members
- Enhanced custom reports and subscription process for reinsurers
- Created several new business rules for TPAs, members, and PRISM
- Provided new employee training for TPAs, members, and PRISM



- Supported the claims teams with several examiner reassignments. This involves transfer caseloads from one examiner to another
- Catastrophe claim cleanup project
- Continue to enhance CIGA report
- Contract negotiations and renewal with Inurity for ClaimsXPress
- Created a frequency and severity report for County of Humboldt
- Implemented information security improvements to further protect critical and sensitive data
 - Added advanced threat protection services for more proactive cyber security
 - Upgraded backup software to include more advanced security tools
 - Improved patch management processes and procedures
 - Improved overall organizational risk score
- Installed, configured and secured all infrastructure for new claims system
- Upgraded enterprise email system

Performance Measures for Fiscal 2023/24:

- Complete development of the Prospect and Form Builder solutions
- Complete development of supplemental WC applications in support of WC Payroll Audit and collection of additional information needed for OSIP reporting
- Make Contact Management features available to staff and members on the website
- Implement redesigned user dashboards on the website
- Enhance Coverage Data (data not specific to a coverage period)
- Launch Report Center to all applicable users
- Reorganize and design the Resources and Services sections on the website
- Continue development of the new proprietary claims system
 - Tentative Minimum Viable Product (MVP) implementation Spring 2023
- Evaluate and pursue development of the following claims system (ClaimsXpress) activities, if deemed appropriate
 - Migrate from Union Bank to US Bank
 - Continued enhancement and execution of bulk claim load for member submitted data and from the DNA database. As of 12/9/2022 we uploaded and updated financials for over 46k claims.
 - Continued report development and enhancements to ClaimsXPress as needed
- Improve organizational risk score (within security awareness platform)
- Implement virtual desktop technology to increase efficiency of PC management and lower long term cost of desktop computing
- Expand usage of Robotic Process Automation (RPA) to automate tasks and workflows that save staff hours
- Upgrade organizational phone system to modern platform with improved remote work capabilities
- Continued development of information security roadmap and digital strategy

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

Information Technology Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY21/22	Actual FY21/22	Goal FY22/23	Actual FY22/23	Goal FY23/24
Innovation and Improvement	Continued enhancement and execution of bulk claim load for member submitted data and from the DNA database	Goal is ongoing, measured by was it 100% complete	100%	100%	100%	100%	100%
	Continued report development and enhancement of existing claims system		100%	100%	100%	100%	100%
	Enhance Coverage Data		100%	100%	100%	100%	100%
	Improve organizational risk score (within security awareness platform)		100%	100%	100%	100%	100%
	Continue development of the website portal's applications for prospects and additional named covered parties		100%	100%	100%	100%	100%
	Implement supplemental WC applications in support of WC Payroll Audit and collection of additional information needed for OSIP reporting	Estimated % of completion	*	*	10%	20%	100%
	Make Contact Management available to staff and members on the website		*	*	50%	25%	100%
	Develop redesigned user dashboards on the website		100%	100%	50%	100%	**
	Implement redesigned user dashboards on the website		*	*	25%	10%	50%
	Expand usage of Robotic Process Automation (RPA)		*	*	50%	10%	50%
Systems and Processes	Continue development of the new proprietary claims system	Delivery of minimum viable product	Summer '22	Fall '22	Spring '23	Summer '23	**
	Implementation of new HR system, expected go-live in August	Estimated % of completion	*	*	100%	100%	**
	Complete development of the ANCP, Prospect, and Form Builder solutions		25%	25%	50%	50%	100%
	Migrate Corvel data to selected TPA(s) by 6/30/22		*	*	100%	100%	**
	Migrate Hazelrigg data to Sedgwick by 6/1/21		100%	100%	**	**	**
	Migrate Lake County data to new TPA by 5/1/23		*	*	100%	100%	**
	Migrate from Union Bank to US Bank		*	*	0%	50%	100%
	Implementation of the payment automation for IMCD and group corridors for GL2 and future GL1 members		50%	50%	100%	100%	**
	Change source code control platforms		*	*	100%	100%	**
	Implement virtual desktop technology		*	*	100%	0%	100%
	Conference Room Upgrades		100%	100%	**	**	**
Oversight and Security	Develop information security roadmap	Estimated % of completion	*	*	25%	25%	50%
	Conduct security assessment		100%	100%	**	**	**
	IT Policy Review		100%	100%	**	**	**

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

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

MEMBER SERVICES DEPARTMENT

2023/24 Staffing Budget: \$2,102,984

Departmental Functions:

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

Major Accomplishments in Fiscal 2022/23:

- Held Risk Control Open Forum and Perspectives – monthly online open forums for members for over 1,000 participants
- Created a Safety Management Certification Webinar series for 260 participants
- Provided Employment Practices Legal services over 1,600 times
- Vector Solutions course completions were over 550,000
- Created POST accredited Stress Management course held in eight locations and continued providing distance learning through POST
- Held two Cyber Symposiums for over 200 participants
- We created a new video: Now is the Best Time to be Part of a Pool
- Added Precision Concrete Cutting as a Service Partner

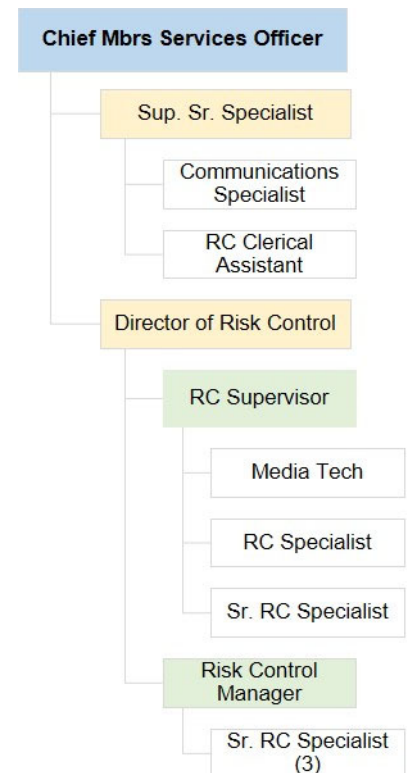
Updates & Activity

- Safety Talks: A Tailgate/ Toolbox Resource
- IRIC Manual
- Employment Practices Manuals
- Held 10 Board Member Orientations, 72 Member Meetings, and 25 New Member Service Orientations

Performance Measures and Goals for Fiscal 2023/24:

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

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



Member Services Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY21/22	Actual FY21/22	Goal FY22/23	Actual FY22/23	Goal FY23/24
Branding and Outreach	Evaluate stop gap measures to fill risk management needs	Goal is ongoing					
	Expand member networking opportunities	Number of events hosted or attended	100	148	135	168	160
			1000	1200	1200	1400	1300
	Develop methods to continually highlight available services to all members	Estimated number of contacts	1000	1200	1200	1400	1300
		New communication methods implemented	Yes	Yes	Yes	Yes	Yes
	Continue to identify individuals at member agencies to send targeted resources and information (Three Deep campaign)	Number of member contacts added	100	137	200	267	250

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

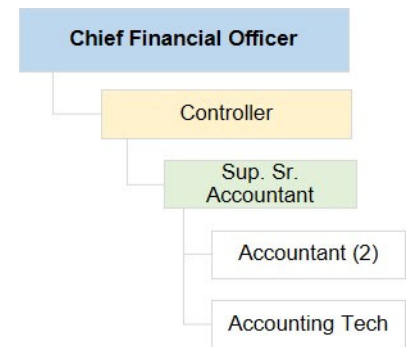
**Goal was accomplished; n/a for future periods.

FINANCE DEPARTMENT

2023/24 Staffing Budget: \$1,019,923

Departmental Functions:

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



Major Accomplishments in Fiscal 2022/23:

- Participated in and received the Certificate of Achievement for Excellence in Financial Reporting (ACFR), and Distinguished Budget Award from the Government Finance officers Association (GFOA) and assisted in the preparation of the Popular Annual Financial Report (PAFR).
- Financial audit completed for 2021/22 with no findings and unqualified opinion.
- Successful renewal billing cycle of 1,099 invoices with a total value of \$685.3M with all amounts collected within 60 days.
- Provided ad hoc calculations and other technical support to senior management during the successful extension of the MsRe GL1 Loss Portfolio Transfer agreement.
- Assisted HR with implementation of new HR system.
- Implemented GASB Statement No. 87 *Leases*.

Major Goals for Fiscal 2023/24:

- Obtain ACFR and budget awards from GFOA.
- Complete configuration of Intacct to produce ACFR reports and schedules.
- Implement UiPath BOT processing for accounts payable tasks, or implement another solution to automate entry of bills.
- Implement GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* and GASB Statement No. 101 *Compensated Absences*.

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

Finance Department Performance Measures								
Area	Milestone or Outcome	Measure	Goal FY21/22	Actual FY21/22	Goal FY22/23	Actual FY22/23	Goal FY23/24	
Systems and Processes	Research and Implement new accounting system.	Estimated % of completion	100%	100%	**	**	**	
	Select and implement a suitable software for ACFR preparation, or configure Intacct to produce ACFR reports.		*	*	100%	50%	100%	
	Assist HR with implementation of new HR System		*	*	100%	100%	**	
	Implement UiPath BOT processing for accounts payable tasks, or implement another solution to automate entry of bills.		50%	0%	50%	0%	100%	
Reporting and Output	Obtain ACFR and budget awards from GFOA.	Received awards from GFOA?	Yes	Yes	Yes	Yes	Yes	
	Present financials to the Board by their October meeting that agree in substance to the final audited financials.	% difference between Net Position on Oct financials and final audit report	0.0%	0.4%	0.0%	0.0%	0.0%	
	Provide Claims reconciliations funding numbers within quarterly specified time frames.	Were all figures and reports accurate and provided timely?	Yes	Yes	Yes	Yes	Yes	
	Provide aging of outstanding non-member invoices to other PRISM departments for follow up at least monthly.		Yes	Yes	Yes	Yes	Yes	
	Reconcile investment accounts timely and record all elements of investment activity with 99% percent accuracy (trivial rounding or timing differences are acceptable).	Estimated % of accuracy	99%	99%	99%	99%	99%	
	Produce all invoices/billings 100% consistent with authorized requests with respect to customer and amount.		100%	100%	100%	100%	100%	
	Ensure that invoice coding is correct on 95% of invoices resulting in only minor reclassification of expenses needed at closing (not counting routine accruals).		95%	95%	95%	100%	95%	
	Support HR payroll functions by processing all payroll on time and consistent with instructions and data provided by the HR department, including all employee and vendor payments.		100%	100%	100%	100%	100%	
	Ensure payroll-related transactions are properly coded in the accounting system and properly reported in the quarterly financial statements.		100%	100%	100%	100%	100%	
	Bill and collect 100% of renewal billing within 60 days of the new fiscal year.	% billed within 60 days of new fiscal year	100%	100%	100%	100%	100%	
		% collected within 60 days of new fiscal year	100%	99%	100%	99%	100%	
	Contact 100% of members via email and phone with invoices outstanding longer than 30 days.	Estimated % of members contacted	100%	100%	100%	100%	100%	
	Pay all invoices within the due date and claim reimbursements within 2 weeks.	Estimated % of payments released timely	100%	100%	100%	99%	100%	
Oversight and Compliance	Ensure that the investment portfolio holding are in line with the adopted investment policy at the end of each quarter.	Were holdings compliant with investment policy at the end of each quarter?	Yes	Yes	Yes	Yes	Yes	
	Exercise prudent cash management practices which maximize earnings.	Were cash flows monitored and excess funds moved to CAMP, LAIF or investments?	Yes	Yes	Yes	Yes	Yes	
	Re-evaluate Captive investment policy and management of assets.	Was investment policy reviewed at least once?	Yes	Yes	Yes	Yes	Yes	
	Ensure that cash is disbursed only upon proper authorization of management for 100% of transactions.	Were all payments authorized?	Yes	Yes	Yes	Yes	Yes	
	Ensure that 100% of payments are routed to the correct payee address (checks) or bank account information provided to Finance (ACH).	Number of check payments returned	0	0	0	0	0	
		Number of ACH payments returned	0	1	0	0	0	
		Check and ACH payments misdirected (i.e. actual dollars lost)	\$0	\$0	\$0	\$0	\$0	
	Collect signed Form W9 from 100% of new vendors before release of payment.	Were Forms W9 collected from all new vendors?	Yes	Yes	Yes	Yes	Yes	
	Ensure that Treasurer's Reports are 100% accurate and released timely on a quarterly basis per California Government Code Section 53646 (b) (1).	Were all filings completed accurately and timely?	Yes	Yes	Yes	Yes	Yes	
	Work with HR to ensure that quarterly and annual regulatory and tax filings are 100% accurate and filed timely.		Yes	Yes	Yes	Yes	Yes	

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

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

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
GENERAL ADMINISTRATION PROGRAM
ADOPTED BUDGET
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Member Services								
Enterprise Risk Consultant Fees	\$ 203,853	\$ 167,984	\$ 167,984	\$ 3,000	\$ -	\$ (3,000)	-100%	Insurance Cert. Tracking Pass through program discontinued in 20/21
Claims System Access	103,705	299,806	299,806	428,391	533,515	105,124	25%	No new member implementation or customizations anticipated, more work in-house; pass thru item
PRISM Drug and Alcohol Consortium	1,800	600	600	0	0	0	0%	
Investment Income	(687,061)	11,541	25,000	300,000	250,000	(50,000)	-17%	
PLIP Income	72,156	52,255	75,000	75,000	75,000	0	0%	
Shared Cost Agreements	121,862	0	131,136	160,000	160,000	0	0%	50% of Employee Benefits Specialists; 2/3 salary for CIGA temp
Reinsurer LP Subsidy/Credit	(73,231)	56,871	100,000	0	0	0	0%	No credit anticipated
TOTAL REVENUES	(256,916)	589,058	799,526	966,391	1,018,515	52,124	5%	
EXPENSES:								
Salaries and Benefits								
Regular Salaries	9,871,132	5,475,653	11,498,872	11,583,403	12,673,238	1,089,835	9%	See Schedule 1 for detail on Salaries and Benefits
Retirement	(2,832,834)	779,133	1,636,180	1,412,320	1,522,675	110,356	8%	ACFR 21/22 negative expense includes adjustment to net pension asset calc'd under GASB 68
Employee Benefits	1,801,787	980,549	2,059,154	2,381,031	2,818,532	437,501	18%	See Sch 2. Includes Benefit costs of new employees
Employment Taxes	144,114	81,380	170,898	194,982	217,594	22,612	12%	
Temporary Services	0	0	0	342,000	335,000	(7,000)	-2%	Includes CIGA and COVID temps
Employment Services	43,956	6,652	13,970	20,400	20,400	0	0%	
Total Salaries and Benefits	9,028,155	7,323,368	15,379,074	15,934,136	17,587,440	1,653,304	10%	
Services and Supplies:								
Staff Travel	68,223	95,535	286,605	410,490	383,720	(26,770)	-7%	Includes travel to file reviews, settlements, etc.
Authority Meeting Expenses	21,910	89,142	267,425	519,850	553,825	33,975	7%	See Schedule 3
Committee Expenses	20,535	46,017	115,042	165,000	212,000	47,000	28%	See Schedule 4
Audit Service	75,600	73,900	85,000	85,000	88,000	3,000	4%	
Legal Counsel	0	0	25,000	25,000	30,000	5,000	20%	Includes \$25k for Amicus
Periodicals and Publications	4,813	1,901	5,703	9,100	6,050	(3,050)	-34%	See Schedule 5
Training and Education	5,218	1,686	60,000	132,049	127,756	(4,293)	-3%	See Schedule 5
Educational Scholarships	8,182	13,028	5,000	8,000	8,000	0	0%	See Schedule 5
Conferences and Seminars	23,803	17,978	71,913	109,452	130,401	20,949	19%	See Schedule 5
Membership Dues	52,715	35,872	60,564	60,564	63,016	2,452	4%	See Schedule 5
Insurance Cert Tracking Serv- PRISM Expense	0	0	3,000	3,000	3,400	400	13%	
Office Supplies	25,424	9,913	29,740	66,180	55,700	(10,480)	-16%	Decreased need for office furniture
Computer Supplies, Software and Annual Maint.	255,974	298,210	788,498	788,498	895,082	106,584	14%	See Schedule 6; Various softwares and maintenance; new software and price increases.
Computer Hardware, Backup Data Center	111,866	117,621	245,150	245,150	293,300	48,150	20%	See Schedule 6; Higher purchase of laptops per replacement cycle
Web Conferencing	22,417	1,234	41,025	41,025	41,025	0	0%	See Schedule 6
Computer Technical Assistance	128,115	41,718	184,550	184,550	182,300	(2,250)	-1%	See Schedule 6; Laserfiche support package purchase

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
GENERAL ADMINISTRATION PROGRAM
ADOPTED BUDGET
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
Website Design/Hosting/Support	282,048	159,356	400,000	400,000	420,000	20,000	5%	See Schedule 6
Claims System	562,201	300,517	1,456,977	1,456,977	2,491,126	1,034,149	71%	See Schedule 7; Parallel operating cost of SIMS and new claim systems
Insurance	453,984	585,333	585,333	546,625	658,751	112,126	21%	See Schedule 8; increase in all lines of coverage
Postage	5,119	3,384	10,151	12,000	17,500	5,500	46%	
Telephone	55,110	35,200	88,000	108,520	110,720	2,200	2%	
Printing	13,479	4,340	13,021	49,500	45,250	(4,250)	-9%	See Schedule 9
Maintenance	0	0	7,000	7,000	7,000	0	0%	
Accreditation and Certifications	9,455	345	3,000	3,000	2,000	(1,000)	-33%	CAJPA accreditation due in FY 21/22; GFOA award submissions included
Consultant	14,878	25,700	35,000	49,500	39,500	(10,000)	-20%	Professional consulting, PERS and OPEB actuarial; addl peer review for actuarial 25k.
Awards and Recognition	3,257	684	10,000	21,195	21,195	0	0%	
Member Development	34,449	16,108	40,270	58,100	56,150	(1,950)	-3%	See Schedule 10
Legislative Advocate Contracts	117,917	50,000	120,000	140,000	125,000	(15,000)	-11%	Based on contracts
Bank Charges	7,531	635	1,904	10,000	10,000	0	0%	
Investment Expense	160,762	92,546	200,000	220,000	200,000	(20,000)	-9%	Portfolio investment management services; less cash due to MS Re deal extension
Total Services and Supplies	2,544,985	2,117,903	5,244,871	5,935,325	7,277,767	1,342,442	23%	
Member Services								
RC Seminars / Training Programs & Materials	1,490	(0)	25,000	69,600	68,800	(800)	-1%	
PRISM Loss Prevention Platform	1,160,500	1,350,000	1,350,000	1,350,000	1,380,000	30,000	2%	
A-Check Global EPN Program	181,204	92,500	185,000	185,000	190,000	5,000	3%	Contractual increase
Automated Assessment Tool	84,000	2,500	75,000	75,000	2,500	(72,500)	-97%	Maintenance & support cost
INXPO On Demand Program	27,000	9,000	36,000	36,000	18,000	(18,000)	-50%	PRISM TV
Service partner Trade Show	0	0	0	7,000	0	(7,000)	-100%	No cost to PRISM
Member Legal Services	535,200	274,600	559,200	559,200	576,000	16,800	3%	Incl. Evers Law Group and Legal Counsel.
Other RC Program Services & Materials	0	0	33,800	33,800	43,800	10,000	30%	IRIC, video streaming and misc. risk control
Enterprise Risk Consultant Expense	203,124	167,984	167,984	0	0	0	0%	Pass Thru for PRISM
Member Engagement Symposiums	0	0	0	0	212,000	212,000	0%	6 Symposiums and regional member meetings
Claims System Access	408,211	108,298	299,806	428,391	533,515	105,124	25%	No new member implementation or customizations anticipated, more work in-house; pass thru item
Total Member Services	2,600,729	2,004,882	2,731,790	2,743,991	3,024,615	280,624	10%	
Depreciation								
Furniture and Equipment	135,913	67,940	203,772	353,772	227,731	(126,041)	-36%	Incl. virtual desktops, Backup/Security Appliance (Rubrik), Conf. room equipment, and new servers
Software	1,060,422	384,376	806,134	906,134	832,843	(73,291)	-8%	Incl. Website development, Bots, Data analytics development platform
Total Depreciation	1,196,335	452,316	1,009,906	1,259,906	1,060,574	(199,332)	-16%	
Contingency Delegated to Executive Committee	0	0	0	200,000	200,000	0	0%	Available with a two-thirds vote of the Executive Committee
TOTAL EXPENSES	15,370,203	11,898,469	24,365,640	26,073,358	29,150,396	3,077,038	12%	

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
GENERAL ADMINISTRATION PROGRAM
ADOPTED BUDGET
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Admin Transfer - PWC	4,217,206	4,701,779	4,701,779	4,701,779	4,803,599	101,820	2%	Based on 3 year average time study of PRISM staff
General Admin Transfer - EWC	5,763,941	6,494,533	6,494,533	6,494,533	7,166,082	671,549	10%	" "
General Admin Transfer - GL1	4,021,789	4,690,489	4,573,489	4,573,489	4,847,135	273,646	6%	" "
General Admin Transfer - GL2	2,306,896	2,663,142	2,663,142	2,663,142	2,788,904	125,762	5%	" "
General Admin Transfer - Property	616,309	667,665	667,665	667,665	685,403	17,738	3%	" "
General Admin Transfer - Medical Malpractice	899,172	925,864	925,864	925,864	994,179	68,315	7%	" "
General Admin Transfer - MROCIP	46,827	49,120	49,120	49,120	51,507	2,387	5%	" "
General Admin Transfer - PRISMHealth	485,945	561,535	561,535	561,535	594,641	33,106	6%	" "
General Admin Transfer - Dental	341,039	395,937	395,937	395,937	375,381	(20,556)	-5%	" "
General Admin Transfer - Misc Programs	14,200	14,200	14,200	14,200	14,200	0	0%	Interest earned in program funds admin fees
General Admin Transfer - PRISM ARC	150,000	150,000	150,000	150,000	150,000	0	0%	Fee to PRISM ARC for administrative services
Claims System Costs, PWC	637,255	941,511	941,511	941,511	1,595,958	654,447	70%	Now participating in new claims system that includes all PWC TPAs
Claims System Costs, EWC	190,225	291,395	291,395	291,395	498,225	206,830	71%	See Schedule 7
Claims System Costs, GL1	57,068	104,750	104,750	104,750	186,015	81,265	78%	" "
Claims System Costs, GL2	28,534	61,041	61,041	61,041	111,282	50,241	82%	" "
Claims System Costs, Med Mal	38,045	49,614	49,614	49,614	81,371	31,757	64%	" "
Claims System Costs, Property	0	8,666	8,666	8,666	18,274	9,608	111%	" "
PRISM Rent	(503,699)	(429,275)	(429,275)	(429,275)	(429,275)	0	0%	Transfer to building program
Investment Fees	156,491	92,546	180,000	220,000	200,000	(20,000)	-9%	Charge to programs based on their share of treasury funds
TOTAL TRANSFERS	19,467,243	22,434,512	22,404,966	22,444,966	24,732,881	2,287,915	10%	
Net Increase or (Decrease)	3,840,123	11,125,101	(1,161,148)	(2,662,001)	(3,399,000)	(736,999)	28%	Budgeted decreases are carryovers per Target Funding guidelines
NET POSITION - JULY 1	12,106,205	15,946,328	15,946,328	11,482,371	14,785,180			
NET POSITION - JUNE 30	15,946,328	27,071,429	14,785,180	8,820,370	11,386,180			

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
Publicly Available Pay Schedule
Adopted Salary Range Effective July 1, 2023

Job Class	Salary Grade	Salary Range (Annual)		
CEO	13	-	340,000	-
Chief Actuary	12	260,736	-	417,180
Chief	11	200,304	-	320,484
Director	10	180,758	-	271,138
Manager	9	153,192	-	229,788
Super Senior	8	193,116	-	280,020
Supervising Sr. Specialist	7	107,352	-	155,664
Sr. Specialist	6	93,336	-	135,336
Specialist	5	77,736	-	108,828
Support Specialist	4	61,776	-	86,484
Technical Support Specialist	3	55,272	-	77,376
Technician	2	49,392	-	69,144
Clerical Assistant	1	45,552	-	59,220

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT
(PRISM) ADOPTED CAPITAL OUTLAY BUDGET
July 1, 2023 to June 30, 2024**

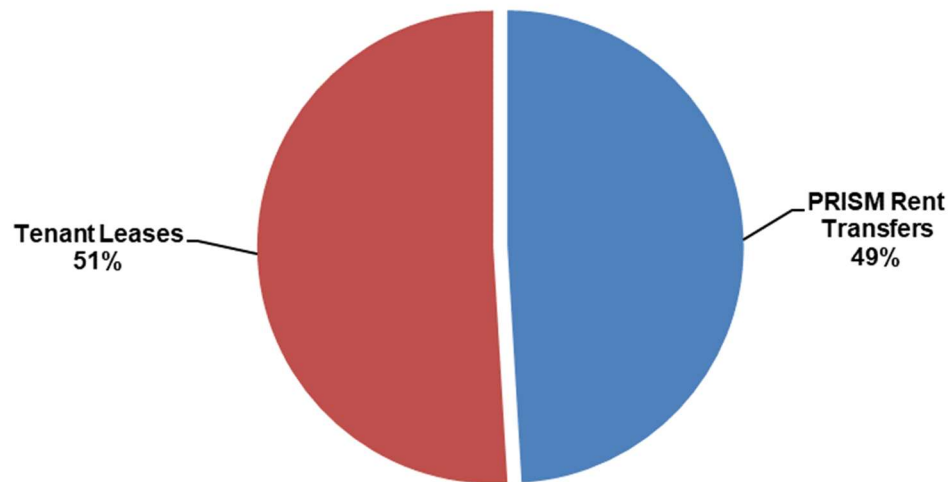
Line Item	2022/23 Budget	2023/24 Budget
General Administration Fund		
<u>Furniture and Equipment</u>		
Conference Room	\$ 150,000	\$ 150,000
Servers - D&A	45,000	100,000
Servers - IT	150,000	100,000
Virtual Desktops	200,000	200,000
Copier	15,000	15,000
Backup/Security Appliance	55,000	0
Total Furniture and Equipment	615,000	565,000
<u>Software</u>		
Website Development	845,000	875,000
Laserfiche Modules (Web/Forms/Portal)	5,000	5,000
Bots	75,000	75,000
Data Analytics development platform	30,000	30,000
<u>SIMS Claims System</u>		
SIMS: Professional Services	300,200	300,200
SIMS: New User Licenses PRISM and TPAs	4,800	3,000
SIMS: Member Moves	33,000	33,000
SIMS: One-Time costs	30,000	30,000
SIMS: Contingency	54,000	48,000
SIMS MBR: Professional Services	19,000	19,000
SIMS MBR: New User Licenses	3,000	3,000
SIMS MBR: Contingency	2,000	2,000
<u>Spectra Claims System</u>		
System Development	1,400,000	1,694,000
Professional Services	600,000	600,000
Platform Costs	605,000	605,000
PRISM Staff	346,900	552,900
Contingency	748,100	748,100
Less: Estimated amount spent thru 6/30/23	(3,040,520)	(4,200,000)
Total Software Additions	2,060,480	1,423,200
Building Fund		
PRISM Tenant Improvements	100,000	220,000
Other Tenant Improvements-downstairs space	25,000	150,000
Parking Lot Repair	11,250	58,010
Total Building Fund	136,250	428,010
ARC website	15,000	15,000
Grand Total Capital Outlay	\$ 2,826,730	\$ 2,431,210

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

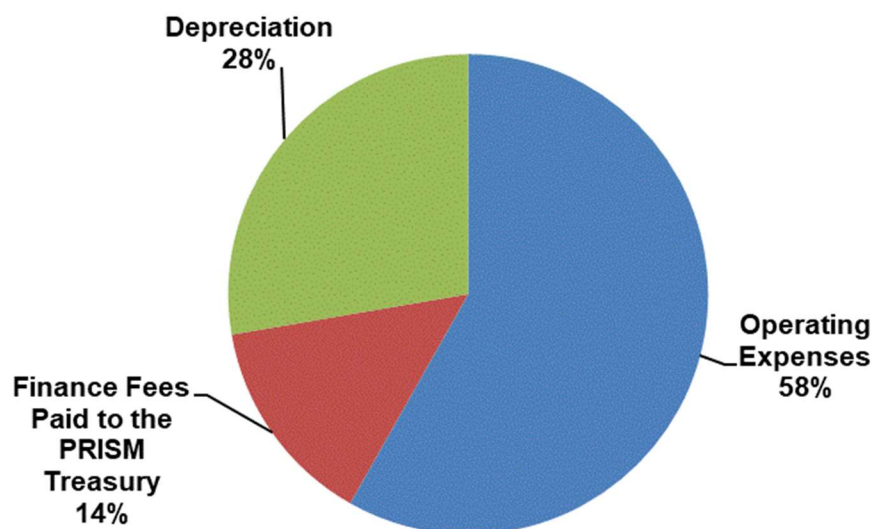
Building Fund

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

Building Fund Revenues and Transfers



Building Fund Budget - Expense Summary

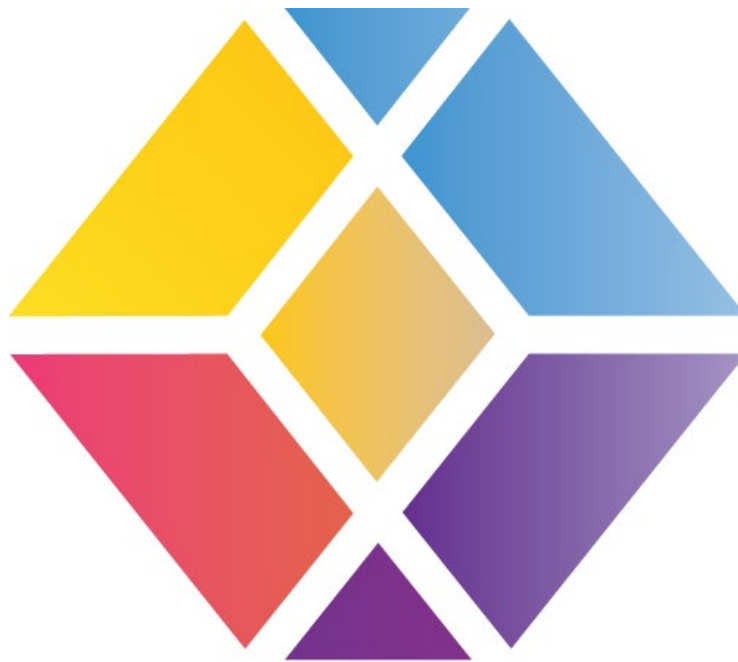


PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
IRON POINT BUILDING PROGRAM
ADOPTED BUDGET
July 1, 2023 to June 30, 2024

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2021/22	Year to Date 12/31/2022	Estimated 2022/23	Budget 2022/23	Budget 2023/24	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Lease Income - Tenants	\$ 316,130	\$ 172,515	\$ 345,031	\$ 485,138	\$ 402,000	\$ (83,138)	-17%	Tenant terminated lease, budgeted vacancy
Lease Interest - Tenants	51,073	24,281	48,561	0	44,000	44,000	100%	Part of tenant lease income reported per GASB 87
Other Revenue	770,250	0	0	0	0	0	0%	Building Lawsuit-monies recd in FY 21/22
TOTAL REVENUES	1,137,452	196,796	393,592	485,138	446,000	(39,138)	-8%	
EXPENSES:								
Operating Expenses								
Janitorial	47,822	26,664	70,000	70,000	70,000	0	0%	
Utilities	85,929	40,196	84,490	84,490	96,000	11,510	14%	
Garbage	6,576	4,925	6,800	10,000	12,000	2,000	20%	
Water and Sewer	7,742	5,351	9,000	16,000	16,000	0	0%	
Security & Fire Sprinkler Monitoring	13,158	7,758	15,000	20,360	20,360	0	0%	
Landscape Maintenance	14,207	7,432	22,290	22,290	30,000	7,710	35%	
Pest Control	1,312	819	1,600	1,600	1,600	0	0%	
Commission Expense	0	1,500	1,500	100,000	100,000	0	0%	Broker commission for lease renewals for 23/24
Common Area Maintenance	25,174	12,587	25,000	32,400	32,400	0	0%	
Building Repairs	0	0	10,000	60,000	160,000	100,000	167%	Budget for issues as the building ages. Replace all lights to LED.
Building Maintenance	42,090	11,900	50,000	110,600	110,600	0	0%	
Mello Roos Tax	1,430	718	16,000	16,000	2,500	(13,500)	-84%	
Insurance	51,174	0	62,400	62,400	50,000	(12,400)	-20%	
Legal Service	3,344	166	166	20,000	35,000	15,000	75%	
Consulting	0	1,320	1,320	0	25,000	25,000	0%	Feasibility studies for building solar and EV charging stations
Management Fees	28,913	14,964	35,460	35,460	43,000	7,540	21%	
Finance Fees to PRISM Treasury	70,644	26,796	90,000	90,000	200,000	110,000	122%	Internal Borrowing rate increased to 4.5%
Total Operating Expenses	399,516	163,098	501,026	751,600	1,004,460	252,860	34%	
Depreciation								
Depreciation - Building	96,314	48,156	111,064	111,064	115,416	4,352	4%	
Depreciation - Roof	8,333	4,167	8,333	8,333	8,333	0	0%	
Depreciation - Parking Lot	7,500	3,750	33,703	33,703	142,241	108,538	322%	
Depreciation - Tenant Improvements	109,848	55,918	148,576	178,576	126,465	(52,111)	-29%	Certain items fully depreciated
Total Depreciation	221,995	111,991	301,676	331,676	392,455	60,779	18%	
Appropriation for Contingencies	0	0	0	20,000	20,000	0	0%	
TOTAL EXPENSES	621,511	275,089	802,702	1,103,276	1,416,915	313,639	28%	
TRANSFERS:								
Transfers in from General Administration								
Building Rent	503,699	429,275	429,275	429,275	429,275	0	0%	
TOTAL TRANSFERS	503,699	429,275	429,275	429,275	429,275	0	0%	
Net Increase or (Decrease)	1,019,641	350,982	20,165	(188,863)	(541,640)	(352,777)	187%	
NET POSITION - JULY 1	813,419	1,833,060	1,833,060	1,726,403	1,853,224			
NET POSITION - JUNE 30	1,833,060	2,184,042	1,853,224	1,537,540	1,311,584			

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA

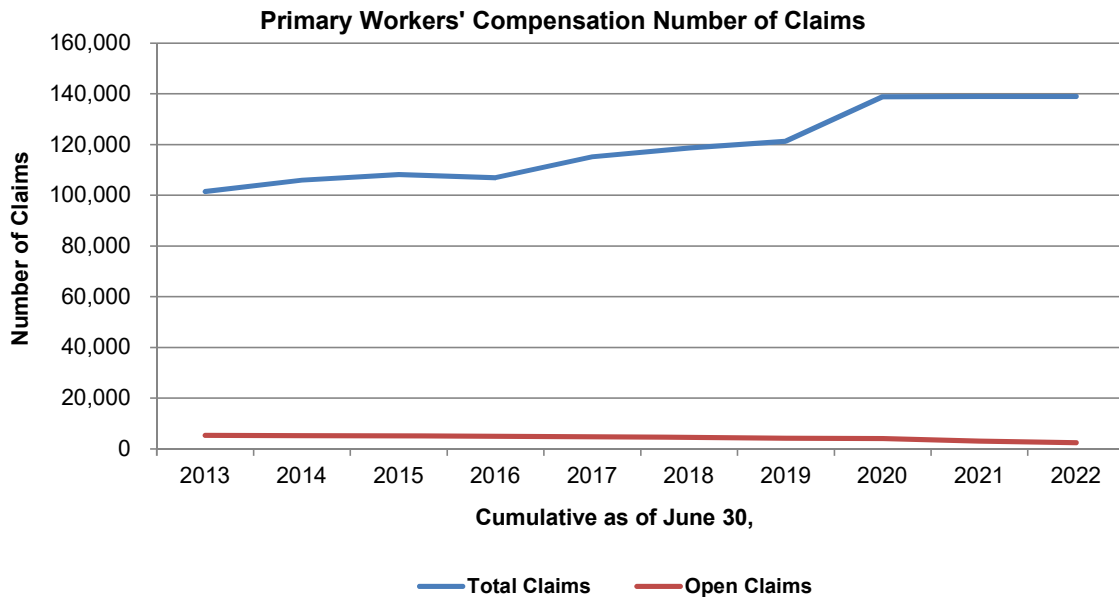
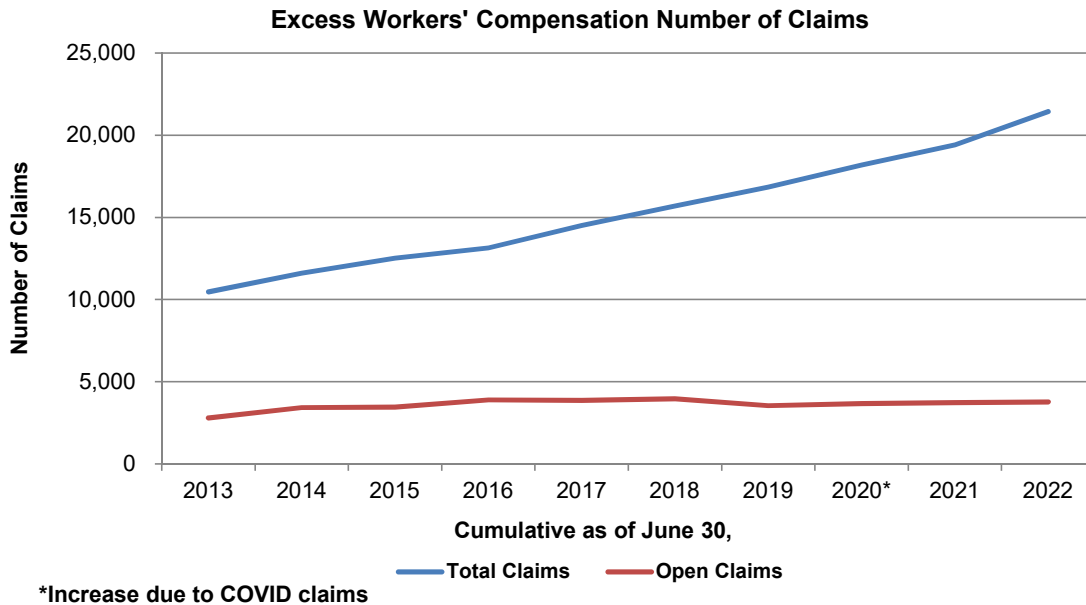


STATISTICAL/ SUPPLEMENTAL SECTION

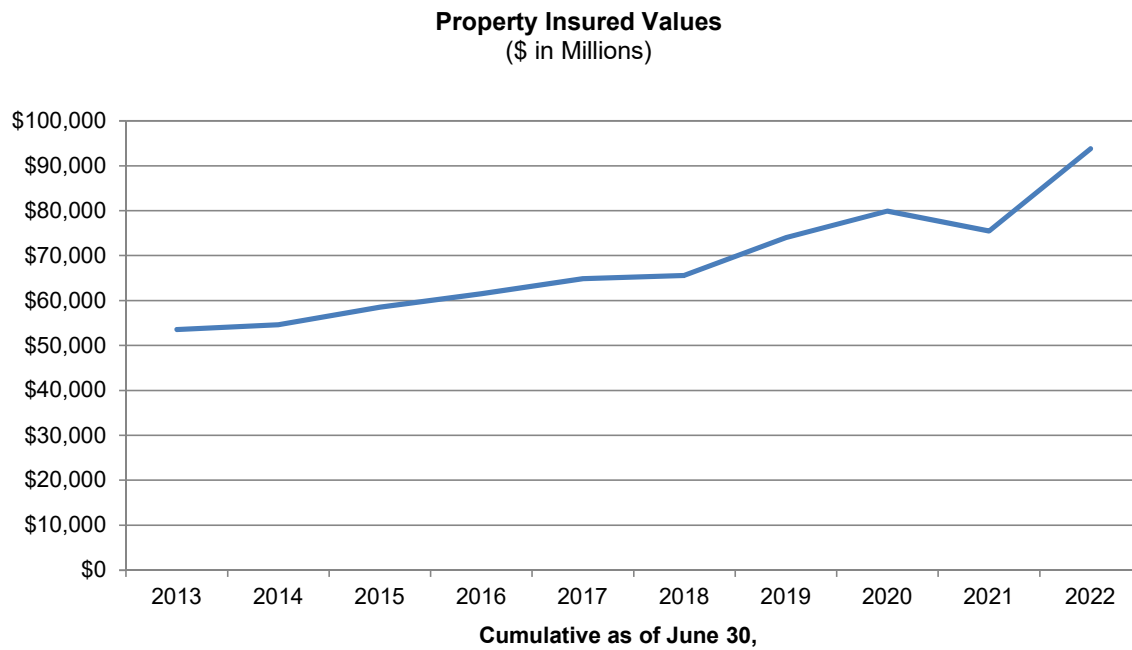
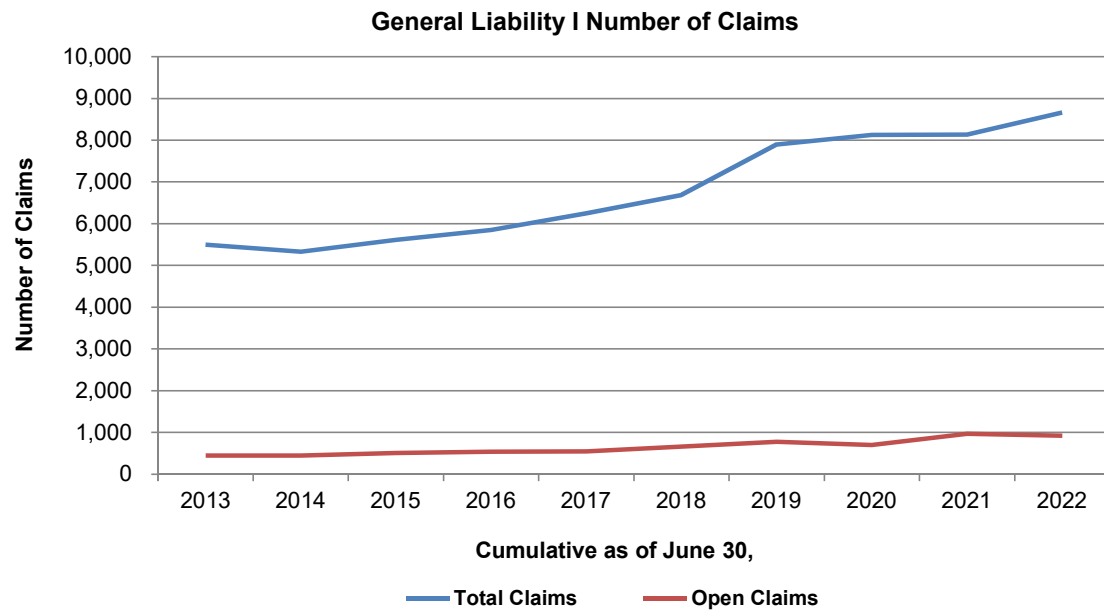
For the Fiscal Year
July 1, 2023 to June 30, 2024

PRISM
ECONOMIC INDICATORS AND INFORMATION
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2022

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



PRISM
ECONOMIC INDICATORS AND INFORMATION FOR
THE 10-YEAR PERIOD ENDING JUNE 30, 2022



PUBLIC RISK INNOVATION, SOLUTIONS AND MANAGEMENT
OPERATING INDICATORS AND STATISTICS

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

	Fiscal Year End				Budgeted
	2020	2021	2022	2023	2024
Member Units					
Primary Workers' Comp	39	38	37	37	36
Excess Workers' Comp	181	183	180	182	182
General Liability 1	132	123	125	134	133
General Liability 2	18	18	18	25	27
Property	110	107	104	118	115
Medical Malpractice	52	52	52	51	51
Master Owner Controlled Insurance	18	18	17	6	7
PRISMHealth	42	42	44	45	48
Dental	171	171	170	174	178
Total Member Units	763	752	747	772	777
Member California Counties	55	55	55	55	55
Member Public Entities	306	305	305	308	315
Total Members	361	360	360	363	370
Located in California	361	357	357	360	367
Located outside California	0	3	3	3	3
Total Members	361	360	360	363	370

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Occurrence: An accident or event which triggers coverage.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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