

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

**- CALIFORNIA -**

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEARS ENDED JUNE 30, 2014 and 2013**

**EXECUTIVE COMMITTEE**

(as of June 30, 2014)

<u>Name</u>	<u>Office</u>	<u>Entity</u>
Larry Costello	President	City of La Mesa
Jeffrey Price	Vice President	City of Murrieta
Isabel Carlos	Member-At-Large	City of Perris
Kevin Kane	Member-At-Large	Victor Valley Transit Agency
Andy Okoro	Member-At-Large/Treasurer	City of Norco
June Overholt	Member-At-Large	City of Banning
Charles Buquet	Member-At-Large	City of Victorville
Scott Ellerbrock	General Manager	

Office Address

36-951 Cook Street, Suite 101  
Palm Desert, CA 92211

Report Prepared By

Michael Caton, Financial Analyst

# PUBLIC ENTITY RISK MANAGEMENT AUTHORITY

For the Years Ended June 30, 2014 and 2013

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## **INTRODUCTORY SECTION**



September 12, 2014

Members of the Board of Directors  
Public Entity Risk Management Authority

Ladies and Gentlemen:

Attached is the Comprehensive Annual Financial Report of the Public Entity Risk Management Authority (PERMA) for your review and consideration. The Report is prepared by our staff, and PERMA takes full responsibility for the accuracy, completeness, disclosure, and fairness of the data presented. We believe the data, as presented, is materially accurate in all respects, and allows the reader to gain a maximum understanding of PERMA's financial picture.

James Marta & Company has audited PERMA's financial statements. They concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that PERMA's financial statements for the fiscal year ended June 30, 2014 are fairly presented, and in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

Profile

In 1985 a looming crisis in obtaining insurance coverage led a group of nine public agencies in the Coachella Valley to look at alternative ways to address the exposures common to their agencies. From that limited and experimental starting point Coachella Valley Joint Powers Insurance Authority (CVJPIA), a Joint Powers Authority (JPA), was formed subject to the provisions of the California Government Code to jointly develop and fund programs of insurance. In 1998, CVJPIA changed its name to PERMA.

Today, PERMA has 32 member agencies statewide: 22 cities, 7 special districts and 3 transit agencies. Members participate in some or all of PERMA's coverage and risk management programs at their discretion, and in conformance with PERMA's rules regulating participation. The primary purpose of PERMA, as a risk management authority, is to provide financial protection to its members when damage to their assets, or covered third party liability claims against them arise.

Assessing PERMA's Financial Condition

As a jointly owned and jointly governed organization, members have a direct stake in the efficient operation and financial performance of PERMA. Funding of the JPA is predominantly dependent upon claim activity. While insurance / reinsurance coverage is an important aspect of the JPA's cost structure, the pricing of such coverage is largely dependent upon prevailing market conditions. Risk control efforts and program administration costs comprise the third category of JPA expenses. Policies, procedures and day to day practices among members that are uniform and consistent greatly benefits PERMA and the membership as a whole. The greatest challenge of PERMA is to identify member risks at their source and develop risk control techniques to reduce or eliminate those risks.

A public

agency

since

1985

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36-951

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Suite 101

Palm Desert

CA 92211

phone

760.360.4966

fax

760.360.3264



Through long range planning and strong Board and Executive Committee participation, many new initiatives arise that when implemented benefit individual programs, members and PERMA as a whole. Examples include, access to web-based training, proactive risk control services, review and update of major program documents, and consideration of new programs and services. Effective management of a pooled insurance authority for the benefit of all concerned is both active and dynamic.

#### Internal Accounting Controls

PERMA's accounting system is organized so that each program can be accounted for and evaluated independently. Policy periods are also accounted for separately within each program. The assets, liabilities, revenues and expenses of each year are reported on a full accrual basis. All transactions are accounted for in a governmental enterprise fund.

PERMA management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with general accepted accounting principles, and the activities and reporting of PERMA are in compliance with relevant laws and regulations. Internal accounting controls are designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

All internal control decisions are made within the above guidelines. Management believes that PERMA's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

#### Accreditation and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PERMA for its comprehensive annual financial report for the year ended June 30, 2013. This was the first time that PERMA has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

PERMA as a risk management authority is accredited with excellence, which is the highest level of accreditation, by the California Association of Joint Powers Authorities (CAJPA). Such accreditation validates the soundness of PERMA practices. The accreditation program was established as a model of professional standards which serve as a guideline for all risk management pools regardless of size, scope of operations, or membership structure. The accreditation was awarded for a three-year period ending February 28, 2015.

Our sincere appreciation is expressed to each Director and Alternate Director of the Board of Directors for their commitment to PERMA.

Respectfully submitted,



Scott Ellerbrock  
General Manager



Michael Caton  
Financial Analyst

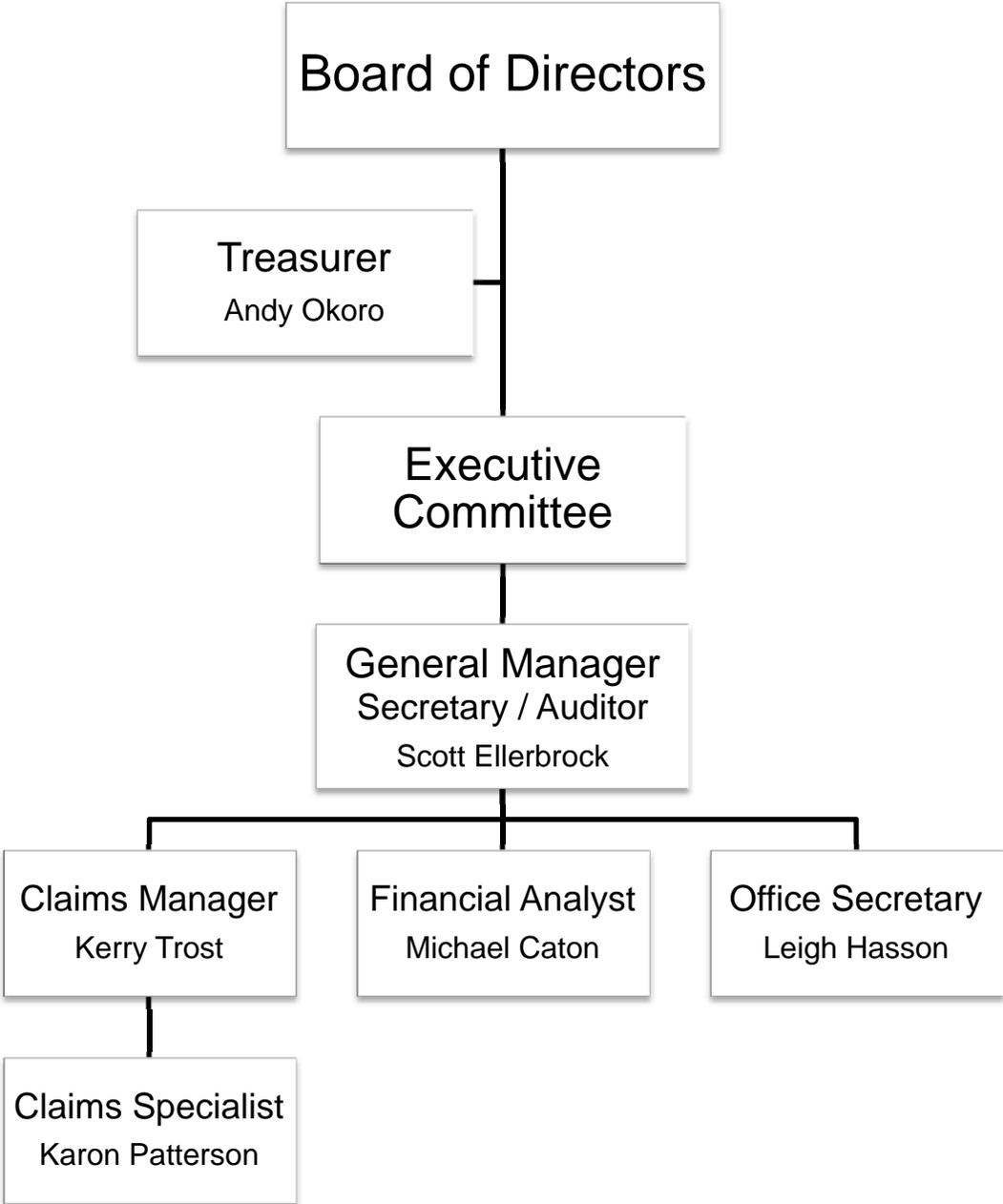
**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**BOARD OF DIRECTORS AND ALTERNATES**

Entity	Programs						Director	Alternate
	Liability	Work Comp	Crime	Cyber Liab.	EPL	Property		
Adelanto	X	X	X	X	X	X	Lillian Salcido, Management Analyst	Larry Jarvis, Sr. Management Analyst
Banning	X	X	X	X	X	X	June Overholt, Administrative Services Director	Rita Chapparosa, Deputy Human Resources Director
Barstow	X	X	X	X	X	X	Oliver Chi, Assistant City Manager	Ava Reyes, Administrative Services Manager
Blythe	X	X	X	X		X	Mallory Sutterfield, Risk Manager	Christa Elms, Payroll Manager
Canyon Lake	X		X	X	X	X	Keith Breskin, Interim City Manager	Vacant
Cathedral City	X	X			X		Tami Scott, Administrative Services Director	Sylvia Zelnys, Human Resources Manager
Coachella	X	X	X	X	X	X	Bill Pattison, Finance Director	Cherie Johnson, Human Resources Manager
Desert Hot Springs	X	X	X	X	X	X	Amy Aguer, Interim Director of Finance and Administration	Pamela Meuse, Human Resources Analyst
Eastvale	X		X	X		X	Carol Jacobs, City Manager	Kirsten Rowe, Management Analyst
Hesperia	X	X	X	X	X	X	Brian Johnson, Assistant City Manager	Rita Perez, Human Resources Analyst
Holtville	X	X	X	X	X	X	Nicholas Wells, Finance Manager	Alex Meyerhoff, City Manager
ICTC	X			X	X	X	Mark Baza, Executive Director	Michelle Bastidas, Administrative Analyst
IVECA	X			X		X	Rodolfo Aguayo, Imperial County Interim Director of HR & Risk Mgmt	Vacant
Jurupa Valley	X		X	X		X	Gary Thompson, City Manager	Alan Kreimeier, Administrative Services Director
La Mesa	X	X	X	X	X	X	Larry Costello, Risk Manager	Vacant
March JPA	X		X	X		X	Ellen Stephens, Finance Manager	Vacant
MD&MIWMA	X			X			John Davis, General Manager	Vacant
Moreno Valley	X		X	X		X	Chris Paxton, Administrative Services Director	Michele Patterson, Assistant to the City Manager
Mt. San Jacinto WPA	X		X	X	X	X	Marjorie De La Cruz, Vice President of Human Resources & Risk Management	Tara Meinke, Vice President of Finance
Murrieta	X	X	X	X	X	X	Jeffrey Price, Human Resources Manager	Deona Knight, Human Resources Analyst
Norco	X	X		X		X	Andy Okoro, City Manager	Myrna Paakkonen, Human Resources Analyst
PVVTA	X			X		X	George Colangeli, Transit Manager	Dale Reynolds, Mobility Manager
Perris	X	X	X	X	X	X	Isabel Carlos, Administrative Services Manager	Saida Amozgar, Human Resources Analyst
Rancho Mirage	X	X	X	X		X	Kim Malcolm-Valente, Administrative Services Director	Britt Wilson, Management Analyst
Regional Training Center	X		X	X	X		Michael Gray, Executive Director	Marisa McCullough, Director of Training
San Jacinto	X	X	X	X		X	Tim Hults, City Manager	Carolyn Durden, Human Resources Coordinator
Stanton	X	X	X	X	X	X	Julie Roman, Assistant to the City Manager	Cynthia Guzman, Departmental Assistant
SunLine Transit	X	X	X	X	X	X	William 'Dave' Robin, Risk Manager	Vacant
VVEDA	X			X			Keith Metzler, Executive Director	Vacant
VVTA	X		X	X	X	X	Kevin Kane, Executive Director	Vacant
Victorville	X	X			X		Charles Buquet, Risk Manager	Vacant
Westmorland	X		X	X		X	Sally Traylor, City Clerk	Vacant

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**ORGANIZATIONAL CHART**





Government Finance Officers Association

Certificate of  
Achievement for  
Excellence in  
Financial  
Reporting

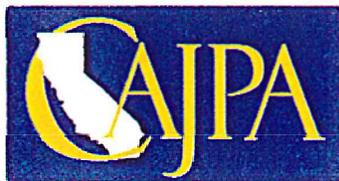
Presented to

Public Entity Risk  
Management Authority, California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



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

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

## **Public Entity Risk Management Authority**

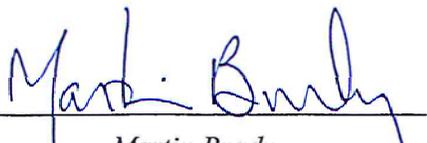
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*CERTIFICATE OF ACCREDITATION WITH EXCELLENCE*

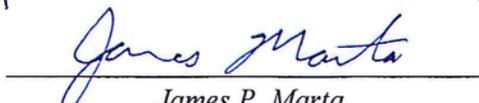
*having fulfilled the conditions of eligibility as prescribed by the Association for Accreditation.*



*Accreditation Period: February 28, 2012 – February 28, 2015*

  
\_\_\_\_\_  
*Martin Brady*  
*President*

  
\_\_\_\_\_  
*Michael Fleming*  
*Chairman, Accreditation Committee*

  
\_\_\_\_\_  
*James P. Marta*  
*Accreditation Program Manager*

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## **FINANCIAL SECTION**



## James Marta & Company LLP

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Public Entity Risk Management Authority  
Palm Desert, California

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

We have audited the accompanying Statement of Net Position of Public Entity Risk Management Authority (PERMA) as of June 30, 2014 and 2013 and the related Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows and related notes to the financial statements for the years then ended.

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

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

#### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Public Entity Risk Management Authority, as of June 30, 2014 and 2013, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

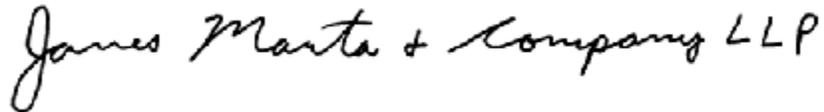
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 17 - 21 and Schedule of Funding Progress – California Public Employees' Retirement System and Other Postemployment Benefits on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financials statements of PERMA. The Reconciliation of Claims Liabilities by Type of Contract and Claims Development Information are not required parts of the basic financial statements but are supplementary information required by GASB. The Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position, Combining Schedule of Cash Flows, Member Deposits/Member Receivables and Estimated Outstanding Losses Within Member Retention are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Claims Liabilities by Type of Contract, Claims Development Information Position, Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position, Combining Schedule of Cash Flows, Member Deposits/Member Receivables and Estimated Outstanding Losses Within Member Retention are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2014 on our consideration of Public Entity Risk Management Authority's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Public Entity Risk Management Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
September 12, 2014

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Public Entity Risk Management Authority (PERMA), we offer readers of PERMA's financial statements this narrative overview and analysis of the financial activities of PERMA for the fiscal year ended June 30, 2014. Readers are encouraged to consider the information presented here in conjunction with the accompanying basic financial statements.

### **Overview of PERMA**

Since November 1985, Public Entity Risk Management Authority (PERMA), a Joint Powers Authority (JPA), has provided financial protection to its membership which is comprised of 32 public agencies: 22 cities, 7 special districts and 3 transit agencies. PERMA operates risk management and coverage programs for the General Liability, Workers' Compensation, Employment Practices Liability, Crime, Cyber Liability and Property risks associated with member operations.

PERMA is governed by a Board of Directors comprised of representatives from each of its members. The Board of Directors elects a seven member Executive Committee, and the Executive Committee elects a President and Vice President. The Board and Committee oversee the operations of the JPA including rating, return of contributions, and loss control plans, as well as other activities in accordance with the JPA Agreement, Bylaws, and Board adopted policies and procedures.

PERMA's day-to-day operations are administered by the General Manager. The General Manager is responsible for implementing the organizations' objectives in accordance with the JPA's aforementioned organizational documents, and in accordance with direction provided by the Board of Directors, its Officers, and the Executive Committee.

### **Financial Highlights for the Fiscal Year Ended June 30, 2014**

- Total operating revenues are \$7.2 million, an increase of 0.3% from the prior year.
- Total expenses are \$6.4 million, a decrease of 36.2% or \$3.6 million over the prior year. The decrease is attributable to the annual re-estimation of the unpaid claims and claim adjustment expenses.
- Total assets are \$38.3 million, an increase of 5.4% or \$2 million over the prior year. The increase is attributable to an increase in cash and investments and the declared ERMA dividend.
- Total liabilities are \$19.7 million, an increase of 3.7% or \$708 thousand over the prior year. The increase is attributable to the increase in members' deposits.
- Total net position is \$18.6 million, an increase of 7.3% or \$1.3 million from the prior year.
- Capital assets, net of depreciation, are \$895 thousand, a decrease of 5.4% or \$51 thousand from the prior year. The decrease is the result of depreciation.

### **Description of Basic Financial Statements**

Individual program accounting is maintained for each program of the JPA and is provided as supplemental information to the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the combined financial position of PERMA as of June 30, 2014 and 2013. The Statement of Revenues, Expenses and Change in Net Position reports the operations of the organization for the years ended June 30, 2014 and 2013. The Statement of Cash Flows is presented on the direct method to reflect the operations of PERMA for the years ended June 30, 2014 and 2013 based strictly on the inflow and outflow of cash.

The *Notes to the Basic Financial Statements* provide information on unique accounting policies of PERMA, such as discounting of claim reserves, development of estimates of incurred but not reported liabilities and the provision for unallocated loss adjustment expenses. There were no significant changes in the accounting practices of PERMA during the fiscal year.

The *Required Supplementary Information* contains schedule of funding progress for CalPERS and Other Post Employment Benefits, a reconciliation of claims liabilities by type of contract and a schedule of claims development information for the liability and workers' compensation programs. Also, management has elected to include as additional supplementary information, a schedule of estimated outstanding losses within member retention levels for the liability and workers' compensation programs and a schedule of member deposits/member receivables for the year ended June 30, 2014 for all programs.

## **Analysis of Overall Financial Position and Results in Operations**

### **Statement of Revenues, Expenses and Change in Net Position**

	2014	2013	Increase (Decrease)		2012
			Amount	% Change	
Operating revenues:					
Deposit premiums	\$ 6,970,879	\$ 6,932,430	\$ 38,449	0.6%	\$ 7,549,608
Excess insurer dividends/ premium adjustments	274,559	290,249	(15,690)	-5.4%	194,221
Other Income	<u>715</u>	<u>1,258</u>	<u>(543)</u>	<u>43.2%</u>	<u>2,740</u>
Total operating revenues	<u>7,246,153</u>	<u>7,223,937</u>	<u>22,216</u>	<u>0.3%</u>	<u>7,746,569</u>
Operating expenses:					
Provision for claims and claim adjustment expenses	1,669,672	5,019,863	(3,350,191)	-66.7%	454,974
Excess insurance	1,648,730	1,628,258	20,472	1.3%	1,661,062
General and administrative	1,875,145	1,957,152	(82,007)	-4.2%	1,657,359
Member dividends/premium adjustments	<u>1,203,492</u>	<u>1,422,230</u>	<u>(218,738)</u>	<u>-15.4%</u>	<u>1,481,841</u>
Total operating expenses	<u>6,397,039</u>	<u>10,027,503</u>	<u>(3,630,464)</u>	<u>-36.2%</u>	<u>5,255,236</u>
Operating income (loss)	849,114	(2,803,566)	3,652,680	130.3%	2,491,333
Non-operating income (expenses):					
Investment earnings	215,692	269,041	(53,349)	-19.8%	371,884
Net increase (decrease) in fair value of investments	<u>204,805</u>	<u>(474,152)</u>	<u>678,957</u>	<u>143.2%</u>	<u>55,053</u>
Total non-operating income (loss)	<u>420,497</u>	<u>(205,111)</u>	<u>625,608</u>	<u>305.0%</u>	<u>426,937</u>
Change in net position	1,269,611	(3,008,677)	4,278,288	142.2%	2,918,270
Net position at beginning of year	<u>17,371,317</u>	<u>20,379,994</u>	<u>(3,008,677)</u>	<u>-14.8%</u>	<u>17,461,724</u>
Net position at end of year	<u>\$18,640,928</u>	<u>\$17,371,317</u>	<u>\$ 1,269,611</u>	<u>7.3%</u>	<u>\$20,379,994</u>

Total operating revenues are up 0.3% from the prior period primarily due to a slight increase in the Workers' Compensation Program loss funding rates and a new member in the General Liability Program. Although former excess insurer, CJPRMA, issued dividends for a third year straight, CSAC-EIA did not issue a second year of dividends which is a primary reason for the 5.4% decrease in excess insurer dividends from the prior year.

Total operating expenses were down by 36.2% due primarily to the significant 66.67% decrease in the provision for claims and claim adjustment expenses. This decrease was the result of the annual re-estimation of the unpaid claims and claim adjustment which resulted in relatively the same claims liabilities amount as the prior year, meaning the \$1.7 million in provision for claims and claim adjustment expense is primarily claims paid. General and administrative decreased 4.2% over the prior period due primarily to a one-time payoff last year of the CalPERS side fund. The 15.4% decrease in the member dividends was due to less dividends returned in the General Liability Program than the prior year and no dividends returned in the Workers' Compensation Program.

Investment earnings continued to decrease due to the economy and investment market. However, the fair value of investments did rebound from the prior period which resulted in an overall 305% increase in total non-operating items. According to PFM Asset Management (PERMA's investment advisor), the outlook for the economy is positive, and PFMAM expects that the Fed will begin to raise rates at some point, although the timing and amount of the rate increase are still unknown.

## Statement of Net Position

	2014	2013	Increase (Decrease)		2012
			Amount	% Change	
Assets					
Current assets	\$ 9,761,560	\$ 8,827,014	\$ 934,546	10.6%	\$ 7,961,276
Non-Current assets	27,676,394	26,582,145	1,094,249	4.1%	27,066,714
Capital assets-net	<u>894,787</u>	<u>945,594</u>	<u>(50,807)</u>	<u>-5.4%</u>	<u>996,724</u>
Total Assets	<u>38,332,741</u>	<u>36,354,753</u>	<u>1,977,988</u>	<u>5.4%</u>	<u>36,024,714</u>
Liabilities					
Current liabilities	14,999,844	14,652,528	347,316	2.4%	12,865,023
Non-Current liabilities	<u>4,691,969</u>	<u>4,330,908</u>	<u>361,061</u>	<u>8.3%</u>	<u>2,779,697</u>
Total Liabilities	<u>19,691,813</u>	<u>18,983,436</u>	<u>708,377</u>	<u>3.7%</u>	<u>15,644,720</u>
Net Position					
Invested in capital assets	894,787	945,594	(50,807)	-5.4%	996,724
Unrestricted net position	<u>17,746,141</u>	<u>16,425,723</u>	<u>1,320,418</u>	<u>8.0%</u>	<u>19,383,270</u>
Total Net Position	<u>\$18,640,928</u>	<u>\$17,371,317</u>	<u>\$ 1,269,911</u>	<u>7.3%</u>	<u>\$20,379,994</u>

The increase or decrease in net position can provide an indication as to whether the overall financial position of PERMA improved or deteriorated during the year. Net position of PERMA increased by 7.3% (\$18.6 million compared to \$17.4 million). The net position (financial position) of PERMA changed as a result of the revenue and expense fluctuations described above.

PERMA invests its cash, which is not immediately needed to pay claims, in accordance with a Board adopted policy. Funds are invested in the California Local Agency Investment Fund (LAIF) and Public Financial Management (PFM) portfolios. On June 30, 2014 and 2013, our non LAIF investments, including accrued interest, are valued at \$29,872,139 and \$29,218,456, respectively.

### **Analysis of Balances and Transactions of Individual Funds**

As the overall financial results of PERMA are simply the sum of the results of each individual coverage program, the results of each program will be discussed in the sections below.

#### **General Liability Program**

Total Operating Revenues for the General Liability Program decreased by \$3 thousand for the year ended June 30, 2014. The program realized an operating income of \$1.0 million due primarily to a significant decrease in the provision for claims and claim adjustment expenses over the prior year.

The ending net position of the Program is \$17,045,901, an increase of \$1,377,184 from the prior year.

#### **Workers' Compensation Program**

Total Operating Revenue for the Workers' Compensation Program increased by \$25 thousand for the year ended June 30, 2014 due primarily to slightly higher funding rates. Although total operating expenses were down \$357 thousand from the prior year, the program realized an operating loss of \$181 thousand due primarily to the continued high provision for claims and claim adjustment expenses.

The ending net position of the Program is \$1,595,027, a decrease of \$107,573 from the prior year.

## Employment Practices Liability Program

PERMA is a member of the Employment Risk Management Authority (ERMA) for employment practices liability (EPL) coverage. Members that opt for this coverage join ERMA as an underlying member of PERMA and share risk with other ERMA members. There is no risk sharing at the PERMA level. As such, the net position of this Program for the year ended June 30, 2014 is \$0.

ERMA declared dividends in FY 2013/14 and PERMA's members' share was \$927 thousand. As PERMA is the ERMA member, PERMA recorded the receivable and credited the members' deposit accounts. The actual dividend check was received in July 2014 and PERMA disbursed the money to the members.

## Crime Coverage, Cyber Liability and Property Programs

The Crime Coverage, Cyber Liability and Property Programs operate as a group purchase insurance programs for crime and property insurance to protect members' physical assets from financial loss. There is no risk sharing between the members in the Programs. As such the net positions of the Programs for the year ended June 30, 2014 are \$0 for each program.

## Capital Assets

Capital Assets  
(net of depreciation, in thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Work in progress (building improvements)	\$ -	\$ -	\$ -
Building	833.6	856.0	878.5
Furniture and equipment	57.2	83.7	110.5
Software	<u>4.0</u>	<u>5.9</u>	<u>7.8</u>
Total capital assets, net	<u>\$ 894.8</u>	<u>\$ 945.6</u>	<u>\$ 996.8</u>

There was no significant capital asset activity during the year ended June 30, 2014. For more detailed information, please refer to the notes to the basic financial statements.

## Long-Term Debt

PERMA has no long-term debt.

## Economic Factors

In developing the annual budget and premiums for the fiscal years ended June 30, 2014 and 2013, staff and the Board of Directors took into account the factors that had significant potential to adversely affect the budgeted figures: primarily the claims, investments, and insurance environments.

The Board funded the general liability and workers' compensation programs for the fiscal year ended June 30, 2014 at a 65% confidence level and continued funding the programs at a 65% confidence level for the fiscal year ended June 30, 2015. A 65% confidence level is the actuary's undiscounted recommended funding.

PERMA members are experiencing severe revenue shortfalls and budget constraints. PERMA has been able to respond with viable risk coverage options and continued annual dividend returns.

## Financial Management and Control

PERMA management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted principles.

PERMA's finance staff consists of a Financial Analyst who is responsible for the primary functions of accounting for PERMA. Oversight is provided by the Treasurer/Auditor and the General Manager.

### **Contacting PERMA**

This financial report is designed to provide a general overview of PERMA's finances for all those with an interest in PERMA's finances. Questions concerning any of the information should be addressed to Public Entity Risk Management Authority (PERMA) at 36-951 Cook Street, Suite 101, Palm Desert, California 92211.

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## **BASIC FINANCIAL STATEMENTS**

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**STATEMENT OF NET POSITION**

**June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 6,520,511	\$ 5,932,939
Accounts receivable	978,632	156,793
Member receivable	19,328	58,209
Interest receivable	120,355	113,081
Prepaid expenses	42,915	37,048
Deposit with others	551	520
Investments, maturing within one year (Note 2)	<u>2,079,268</u>	<u>2,528,424</u>
Total current assets	<u>9,761,560</u>	<u>8,827,014</u>
Non-current assets:		
Investments with maturities in excess of one year (Note 2)	27,676,394	26,582,145
Capital assets, net of accumulated depreciation (Note 3)	<u>894,787</u>	<u>945,594</u>
Total non-current assets	<u>28,571,181</u>	<u>27,527,739</u>
Total assets	<u>38,332,741</u>	<u>36,354,753</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	118,640	139,793
Pre-litigation defense	4,446	4,446
Property valuation	43,484	38,484
Compensated absences	58,999	51,154
Member deposits	12,294,275	11,598,651
Current portion of unpaid claims and claim adjustment expenses (Note 4)	<u>2,480,000</u>	<u>2,820,000</u>
Total current liabilities	<u>14,999,844</u>	<u>14,652,528</u>
Non-current liabilities:		
Other payable	42,233	84,466
Other post employment benefits (Note 7)	38,660	26,958
Unpaid claims and claim adjustment expenses (Note 4)	<u>4,611,076</u>	<u>4,219,484</u>
Total non-current liabilities	<u>4,691,969</u>	<u>4,330,908</u>
Total liabilities	<u>19,691,813</u>	<u>18,983,436</u>
<b>NET POSITION</b>		
Net position (Note 5):		
Net investment in capital assets	894,787	945,594
Unrestricted	<u>17,746,141</u>	<u>16,425,723</u>
Total net position	<u>\$ 18,640,928</u>	<u>\$ 17,371,317</u>

See accompanying notes to basic financial statements.

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Deposit premiums	\$ 6,970,879	\$ 6,932,430
Excess insurer returns/premium adjustments	274,559	290,249
Other income	<u>715</u>	<u>1,258</u>
Total operating revenues	<u>7,246,153</u>	<u>7,223,937</u>
Operating expenses:		
Provision for claims and claim adjustment expenses (Note 4)	1,669,672	5,019,863
Excess insurance	1,648,730	1,628,258
Salaries and benefits	697,042	851,063
Professional services	802,608	751,777
Maintenance and operations	375,495	354,312
Member dividends/returns	<u>1,203,492</u>	<u>1,422,230</u>
Total operating expenses	<u>6,397,039</u>	<u>10,027,503</u>
Operating income (loss)	<u>849,114</u>	<u>(2,803,566)</u>
Non-operating income:		
Investment earnings	215,692	269,041
Net increase (decrease) in fair value of investments	<u>204,805</u>	<u>(474,152)</u>
Total non-operating income (loss)	<u>420,497</u>	<u>(205,111)</u>
Change in net position	1,269,611	(3,008,677)
Net position at beginning of year	<u>17,371,317</u>	<u>20,379,994</u>
Net position at end of year	<u>\$ 18,640,928</u>	<u>\$ 17,371,317</u>

See accompanying notes to basic financial statements.

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**STATEMENT OF CASH FLOWS**

**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from members for deposits/premiums	\$ 5,574,948	\$ 5,233,433
Other income received	715	1,258
Cash payments to suppliers for goods and services	(2,462,397)	(2,432,607)
Cash payments for claims	(1,618,080)	(1,511,358)
Cash payments to employees for services	<u>(675,744)</u>	<u>(848,852)</u>
Net cash provided by operating activities	<u>819,442</u>	<u>441,874</u>
Cash flows from investing activities:		
Interest received	107,404	493,558
Proceeds from sale and maturities of investment securities	13,492,202	23,608,016
Purchase of investment securities	<u>(13,831,476)</u>	<u>(24,335,267)</u>
Net cash used by investing activities	<u>(231,870)</u>	<u>(233,693)</u>
Net increase in cash and cash equivalents	587,572	208,181
Cash and cash equivalents at beginning of year	<u>5,932,939</u>	<u>5,724,758</u>
Cash and cash equivalents at end of year	<u>\$ 6,520,511</u>	<u>\$ 5,932,939</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 849,114	\$ (2,803,566)
Depreciation	50,807	51,130
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
(Increase) decrease:		
Accounts receivable	(821,839)	(148,945)
Member receivables	38,881	16,229
Prepaid expenses	(5,867)	(11,940)
Deposit with others	(31)	250
Increase (decrease):		
Accounts payable	(21,153)	69,549
Property valuation	5,000	5,000
Compensated absences	7,845	(6,221)
Member deposits	695,624	(330,823)
Other payable	(42,233)	84,466
Other post employment benefits	11,702	8,240
Unpaid claims and claim adjustment expenses	<u>51,592</u>	<u>3,508,505</u>
Net cash provided by operating activities	<u>\$ 819,442</u>	<u>\$ 441,874</u>
Non-cash capital, financing and investing activities:		
Unrealized gains (loss) on investments	\$ 204,805	\$ (474,152)

See accompanying notes to financial statements.

# PUBLIC ENTITY RISK MANAGEMENT AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014 and 2013

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### History and Organization

Public Entity Risk Management Authority (PERMA) was formed July 25, 1985 under a joint exercise of powers agreement between local governments and special districts for the purpose of jointly funding programs of insurance under Section 990 of the California Government Code.

PERMA is governed by a Board of Directors, which is composed of one director from each member organization which maintains membership in the Liability program.

PERMA provides the following coverage programs, as described below, to its membership: Liability, Workers' Compensation, Crime Coverage, Cyber Liability, Employment Practices Liability, Property, Employee Benefits and Special Events. In addition to the coverage programs, PERMA provides risk management services, which includes training in areas needed by the member.

All members must participate in the Liability program and may elect to participate in the other programs. Members withdrawing from a program may be assessed a premium upon final disposition of all known and future claims arising from losses incurred by that program during the period of the agency's participation. After completing three years as a participating member and upon proper notice, a governmental agency may elect to withdraw from its status as a member at the end of a policy year.

If PERMA experiences an unusually large number of losses during a policy year, the funds for a given program may become exhausted. In such a case, the Board may impose premium surcharges on all members who were in the program at the time such loss or losses occurred in order to pay necessary costs. However, annual surcharges shall not exceed an amount equal to three times the member's annual premium for the policy year in which such loss occurred. Each member surcharge shall be based upon its pro rata share of premiums paid in said year. It is understood this does not limit PERMA from imposing surcharges in future years, even losses for which a levy may have been imposed in a previous year.

#### Insurance Programs

##### Liability Program

The Liability program provides defense and indemnity coverage against claims and suits arising from covered occurrences.

For the years ended June 30, 2014 and 2013, the limits of coverage are \$50 million per occurrence. The coverage is provided through a primary maximum exposure to PERMA of \$1 million through risk sharing pools, followed by membership in the CSAC Excess Insurance Authority (EIA) for \$49 million excess liability coverage.

Within PERMA's \$1 million retention, each member selects its self-insured retention of \$0, \$10,000, \$25,000, \$50,000, \$75,000, \$100,000, \$125,000, \$250,000, or \$500,000. Each member assumes its own losses up to its retention level. The member participates in a multi-level risk sharing pool arrangement for coverage above its retention. PERMA maintains member's equity accounts for each pool member.

The annual deposit premiums are approved by the Board of Directors and are intended to cover PERMA's claim expenses, settlements, and operating costs. Annual deposit premiums are based on actuarially-determined rates for each coverage layer (pool), based on an estimate of the probable losses, and budgeted administrative costs of PERMA for the year in question. Member deposit premiums are subject to retrospective rating adjustments.

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Insurance Programs (Continued)

Liability Program (Continued)

PERMA administers the claims of the membership. Members have the option of having a Third-Party Administrator (TPA) administer their claims or administering their own claims within their retention. Either option is subject to Board approval.

Workers' Compensation Program

The Workers' Compensation program provides statutory benefits for employee injuries arising out of and in the course of employment.

For the years ended June 30, 2014 and 2013, the limits of coverage are statutory per accident for workers' compensation and \$5 million each accident for employers' liability. Coverage is provided through a primary maximum exposure to PERMA of \$500,000 through a risk sharing pool, followed by membership in the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) for excess coverage.

Within PERMA's \$500,000 retention, each member selects its self-insured retention of either \$250,000 or \$500,000. Each member assumes its own losses up to its retention level. A risk sharing pool provides the coverage for the \$250,000 to \$500,000 layer. PERMA maintains member's equity accounts for each pool member.

The annual deposit premiums are approved by the Board of Directors and are intended to cover PERMA's claim expenses, settlements, and operating costs. Annual deposit premiums are based on actuarially-determined rates for each coverage layer (pool), based on an estimate of the probable losses, and budgeted administrative costs of PERMA for the year in question. Member deposit premiums are subject to retrospective rating adjustments.

Within the member's retention, the pool will advance funds to pay member losses in excess of member funds on deposit in the manner of a banking pool. Participant deposit premiums are subject to retrospective rating adjustments. Amounts held by PERMA on behalf of the participants are accounted for as member deposits in the accompanying financial statements. Member's claims within retention and third party administration fees paid by PERMA are charged against each member's deposit and are not charged to PERMA operations as an expense.

PERMA contracts with AdminSure, CorVel Corporation, and York Risk Services Group for Workers' Compensation claims administration.

Crime Coverage Program

The Crime Coverage program provides public employee dishonesty, forgery or alteration, and computer fraud coverage.

Cyber Liability Program

The Cyber Liability program provides coverage for information security & privacy liability, privacy notification costs, regulatory defense & penalties, website media content liability, cyber extortion, first party data protection & business interruption losses. The program provides its insureds with access to a breach response team consisting of privacy expert attorneys, forensic specialists to determine scope of breach, notification vendors, and credit monitoring services at preferred rates.

## PUBLIC ENTITY RISK MANAGEMENT AUTHORITY

### NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

#### Employment Practices Liability Program

The Employment Practices Liability (EPL) program provides members coverage for employment related lawsuits, such as wrongful termination and discrimination, through participation in the Employment Risk Management Authority (ERMA).

#### Property Insurance Program

The Property Insurance program is group purchased under a Master Property Insurance Policy with accumulated property and vehicle values from all participants effecting lower rates and broader coverage for members.

The program covers real property, business personal property, inland marine coverage for special mobile equipment, business interruption, and auto physical damage. Optional earthquake coverage is available. Coverage is written on an all risk basis, eliminating the traditional commercial "named peril" policy.

#### Employee Benefits Program

This is a fully insured program providing a wide range of health and welfare benefits and services to the membership.

#### Special Events Program

The Special Events program allows members of the public to purchase Liability Insurance at a substantially reduced cost for functions held on member premises (such as weddings, meetings, parades), transferring the risk of liability from the member organization to the group sponsoring the event.

#### Measurement Focus

The accounts of PERMA are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. Government resources are allocated and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Enterprise funds, which fall under the Proprietary Fund Type category, are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing services to the members on a continuing basis be financed or recovered primarily through user charges or where periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported net position is segregated into investment in capital assets and unrestricted components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

#### Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting (Continued)

Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Excess Insurance

PERMA enters into excess insurance agreements, whereby, it cedes various amounts of risk to other insurance companies. Risks ceded to insurance companies are treated as though they were not risks for which PERMA is liable. Settlements have not exceeded insurance coverage in each of the past three years.

Investments

Investments are reported in the accompanying Statement of Net Position at fair value. *Investment earnings* include interest income and any gains or losses realized upon the liquidation, maturity, or sale of investments. Changes in fair value that occur during a fiscal year are recognized as *net increase (decrease) in fair value of investments* reported for that fiscal year.

PERMA pools cash and investments for all programs. Each program's share in this pool is displayed in the accompanying financial statements. Investment earnings of pooled investments are allocated to the various programs based on each program's average cash and investment balance.

Cash and Cash Equivalents

PERMA considers short-term, highly liquid investments, purchased within three months of maturity to be cash equivalents, including LAIF, for purposes of the statement of cash flows.

Member Receivables / Member Deposits

Member receivables and member deposits represent funds due to PERMA and funds held by PERMA, respectively, for the payment of member claims and other expenses that do not involve a transfer of risk.

Capital Assets

Capital assets include furniture, equipment, and software with a cost of \$5,000 or more and buildings and building improvements with a cost of \$50,000 or more. Capital assets are valued at historical cost or estimated historical cost (if historical cost is not available) or estimated fair value on the date donated (if the assets are donated). Capital assets are depreciated using the straight-line methodology over the asset's estimated useful life as follows:

Buildings and improvements	40 years
Furniture and Equipment	5 years
Software	5 years

Compensated Absences

Compensated absences reflect the accrued benefits due employees at June 30, 2014 and 2013.

# PUBLIC ENTITY RISK MANAGEMENT AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition

Deposit premiums are recognized as revenue when earned based upon the coverage period of the related insurance. To the extent that allocated losses exceed contributions previously paid, interest and other income, PERMA can assess its members additional premiums. Operating revenues and expenses include all activities necessary to achieve the objectives of PERMA. Non-operating revenues and expenses include investment activity.

#### Provision for Unpaid Claims and Claim Adjustment Expenses

PERMA establishes unpaid claims and claim adjustment expenses based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claim costs depend on such complex factors as inflation, changes in doctrine of legal liability, and damage awards, the process used in computing unpaid claims and claim adjustment expenses does not necessarily result in an exact amount.

Unpaid claims and claim adjustment expenses are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to unpaid claims and claim adjustment expenses are charged or credited to expense in the period in which they are made. The current portion of the outstanding claims liability is estimated using known claim information at June 30 and the previous three years payment pattern.

#### Confidence Level Used by PERMA

The liability for unpaid claims and claim adjustment expenses must be measured in terms of a confidence level because the actual development and outcome of claims (and of losses incurred but not reported as claims) cannot be known with absolute certainty. Confidence level measures the degree of certainty in estimating the liability for unpaid claims and claim adjustment expenses. For example, a 55% confidence level means that 55% of the time, the methodology and assumptions used by the actuary will produce an estimate of the liability for unpaid claims and claim adjustment expenses that is equal to (or greater than) the actual amount that will be paid for those claims and losses. Currently, PERMA utilizes a 55% confidence level for the purpose of valuing the liability for unpaid claims and claim adjustment expenses in the accompanying Statement of Net Position.

#### Income Taxes

PERMA is an organization comprised of public agencies, and is exempt from Federal income and California franchise taxes. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Comparative Data

Totals for the prior year have been presented in the accompanying financial statements for comparison purposes. However, these totals do not represent a complete presentation of the prior year data in accordance with accounting principles generally accepted in the United States of America because a breakdown by program has not also been presented.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash, cash equivalents and investments at June 30, 2014 and 2013 are reported at fair value and consisted of the following:

	2014	2013
Cash and cash equivalents:		
Petty Cash	\$ 150	\$ 150
Cash in bank	38,796	342,513
Money market funds	58,647	110,779
State Investment Pool (LAIF)	6,422,918	5,479,497
Total cash and cash equivalents	6,520,511	5,932,939
Investments:		
Federal agency securities	12,584,508	19,799,413
U. S. Treasury notes	9,197,531	9,311,156
Corporate notes	6,390,997	-
Municipal bonds	1,109,567	-
Certificates of deposits	473,059	-
Total Investments	29,755,662	29,110,569
Total cash and cash equivalents and investments:	\$ 36,276,173	\$ 35,043,508
	2014	2013
Reconciliation to Statement of Net Position:		
Current assets:		
Cash and cash equivalents	\$ 6,520,511	\$ 5,932,939
Investments	2,079,268	2,528,424
	8,599,779	8,461,363
Non-current assets:		
Investments	27,676,394	26,582,145
Total	\$ 36,276,173	\$ 35,043,508

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Investments Authorized by the California Government Code and PERMA's Investment Policy

The table below identifies the investment types that are authorized for PERMA by the California Government Code and PERMA's investment policy. The table also identifies certain provisions of the California Government Code (or PERMA's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk.

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment In One Issuer</u>
Local Agency Bonds	Yes	10 years	100%	5%
U.S. Treasury Obligations	Yes	10 years	100%	None
U.S. Agency Securities	Yes	10 years	100%	None
Banker's Acceptances	Yes	180 days	40%	5%
Commercial Paper	Yes	270 days	25%	5%
Negotiable Certificates of Deposit	Yes	5 years	30%	5%
Repurchase Agreements	No	N/A	N/A	N/A
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Medium-Term Notes	Yes	5 years	30%	5%
Mutual Funds	No	N/A	N/A	N/A
Money Market Mutual Funds	Yes	N/A	20%	None
Mortgage Pass-Through Securities	Yes	5 years	20%	5%
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	\$50 million	None
JPA Pools (other investment pools)	Yes	N/A	100%	None

\* Based on state law requirements or investment policy requirements, whichever is more restrictive.

PERMA's investment policy allows a maximum of 25% of the portfolio to be invested for more than five years but not to exceed ten years.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that PERMA manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of PERMA's investments to market interest rate fluctuations is provided by the following tables that show the distribution of PERMA's investments by maturity at June 30, 2014 and 2013:

<u>Investment Type</u>	<u>Remaining Maturity (in years) at June 30, 2014</u>			
	<u>Total</u>	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>5 to 10 years</u>
Federal agency securities	\$ 12,584,508	\$ 501,233	\$ 7,928,201	\$ 4,155,074
U.S. Treasury notes	9,197,531	1,578,035	6,185,356	1,434,140
Corporate notes	6,390,997	-	6,390,997	-
Municipal bonds	1,109,567	-	1,109,567	-
Certificates of deposits	473,059	-	473,059	-
<b>Total</b>	<b>\$ 29,755,662</b>	<b>\$ 2,079,268</b>	<b>\$ 22,087,180</b>	<b>\$ 5,589,214</b>

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Disclosures Relating to Interest Rate Risk (Continued)

Investment Type	Remaining Maturity (in years) at June 30, 2013			
	Total	Less than 1 year	1 to 5 years	5 to 10 years
Federal agency securities	\$ 19,799,413	\$ 1,519,635	\$ 14,228,918	\$ 4,050,860
U.S. Treasury notes	<u>9,311,156</u>	<u>1,008,789</u>	<u>6,375,336</u>	<u>1,927,031</u>
Total	<u>\$ 29,110,569</u>	<u>\$ 2,528,424</u>	<u>\$ 20,604,254</u>	<u>\$ 5,977,891</u>

PERMA's portfolio includes the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

	Fair Value at June 30, 2014	Fair Value at June 30, 2013
Callable Federal agency securities	\$ 6,922,712	\$ 8,549,906
Callable Corporate notes	\$ 495,184	\$ -

These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair value of these securities highly sensitive to changes in interest rates.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, PERMA's investment policy, or debt agreements, and the actual Standard and Poors ratings as of June 30, 2014 and 2013 for each investment type.

Investment Type	Amount	Exempt From Disclosure	Ratings as of June 30, 2014			
			AAA/A-1	AA	A	AAAm
Money market funds	\$ 58,647	\$ -	\$ -	\$ -	-	\$ 58,647
State Investment Pool (LAIF)	6,422,918	6,422,918	-	-	-	-
Federal agency securities	12,584,508	-	-	12,584,508	-	-
U.S. Treasury notes	9,197,531	-	-	9,197,531	-	-
Corporate notes	6,390,997	-	-	3,052,903	3,338,094	-
Municipal bonds	1,109,567	-	-	498,443	611,124	-
Certificates of deposits	<u>473,059</u>	<u>-</u>	<u>473,059</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$36,237,227</u>	<u>\$6,422,918</u>	<u>\$ 473,059</u>	<u>\$25,333,385</u>	<u>\$ 3,949,218</u>	<u>\$ 58,647</u>

Investment Type	Amount	Exempt From Disclosure	Ratings as of June 30, 2013			
			AAA/A-1	AA	A	AAAm
Money market funds	\$ 110,779	\$ -	\$ -	\$ -	-	\$ 110,779
State Investment Pool (LAIF)	5,479,497	5,479,497	-	-	-	-
Federal agency securities	19,799,413	-	-	19,799,413	-	-
U.S. Treasury notes	<u>9,311,156</u>	<u>-</u>	<u>-</u>	<u>9,311,156</u>	<u>-</u>	<u>-</u>
Total	<u>\$34,700,845</u>	<u>\$5,479,497</u>	<u>\$ -</u>	<u>\$29,110,569</u>	<u>\$ -</u>	<u>\$ 110,779</u>

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Concentration of Investment Credit Risk

The investment policy of PERMA contains some limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represented 5% or more of total PERMA investments for the years ended June 30, 2014 and 2013 are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>2014</u>	<u>%</u>	<u>2013</u>	<u>%</u>
FHLMC	Federal agency securities	\$ 4,252,384	11.7%	\$ 5,635,542	16.2%
FHLB	Federal agency securities	3,914,491	10.8%	4,593,754	13.2%
FNMA	Federal agency securities	3,068,263	8.5%	7,234,609	20.8%
FFCB	Federal agency securities	-	-	2,335,508	6.7%

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and PERMA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure PERMA deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2014 and 2013, there were no deposits with financial institutions in excess of federal depository insurance limits that were held in uncollateralized accounts.

Investment in State Investment Pool

PERMA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of PERMA's investment in this pool is reported in the accompanying financial statements at amounts based upon PERMA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Included in LAIF's investment portfolio are mortgage-backed securities, other asset-backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured notes.

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Realized Gains and Losses

For the years ended June 30, 2014 and 2013, PERMA's investment portfolio realized a net loss of \$196,686 and \$110,068, respectively, from the sale of investments. For the year ended June 30, 2014, \$159,513 was recognized as a realized net loss to PERMA and \$37,173 as a realized net loss to member deposits. For the year ended June 30, 2013, \$78,132 was recognized as a realized net loss to PERMA and \$31,936 as a realized net loss to member deposits. The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase (decrease) in the fair value of PERMA's total investment portfolio for the years ended June 30, 2014 and 2013, was \$306,242 and (\$696,716), respectively. For the year ended June 30, 2014, \$204,805 was apportioned to PERMA and \$101,437 to member deposits. For the year ended June 30, 2013, (\$474,152) was apportioned to PERMA and (\$222,564) to member deposits. These amounts take into account all changes in fair value (including purchases and sales) that occurred during the respective year. The unrealized loss on PERMA's investment portfolio held at June 30, 2014 and 2013 was \$345,342 and \$651,584, respectively.

**3. CAPITAL ASSETS**

The following are the schedule of changes in capital assets for the years ended June 30, 2014 and 2013.

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
Capital assets being depreciated:				
Buildings	\$ 897,155	\$ -	\$ -	\$ 897,155
Furniture and equipment	158,471	-	-	158,471
Software	66,973	-	-	66,973
Total capital assets being depreciated	<u>1,122,599</u>	<u>-</u>	<u>-</u>	<u>1,122,599</u>
Less accumulated depreciation:				
Buildings	(41,120)	(22,428)	-	(63,548)
Furniture and equipment	(74,780)	(26,495)	-	(101,275)
Software	(61,105)	(1,884)	-	(62,989)
Total accumulated depreciation	<u>(177,005)</u>	<u>(50,807)</u>	<u>-</u>	<u>(227,812)</u>
Total capital assets, net	<u>\$ 945,594</u>	<u>\$ (50,807)</u>	<u>\$ -</u>	<u>\$ 894,787</u>

	<u>Balance at June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2013</u>
Capital assets being depreciated:				
Buildings	\$ 897,155	\$ -	\$ -	\$ 897,155
Furniture and equipment	162,371	-	(3,900)	158,471
Software	66,973	-	-	66,973
Total capital assets being depreciated	<u>1,126,499</u>	<u>-</u>	<u>(3,900)</u>	<u>1,122,599</u>
Less accumulated depreciation:				
Buildings	(18,691)	(22,429)	-	(41,120)
Furniture and equipment	(51,875)	(26,805)	3,900	(74,780)
Software	(59,209)	(1,896)	-	(61,105)
Total accumulated depreciation	<u>(129,775)</u>	<u>(51,130)</u>	<u>3,900</u>	<u>(177,005)</u>
Total capital assets, net	<u>\$ 996,724</u>	<u>\$ (51,130)</u>	<u>\$ -</u>	<u>\$ 945,594</u>

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**3. CAPITAL ASSETS** (continued)

For the years ended June 30, 2014 and 2013, depreciation expense in the amount of \$50,807 and \$51,130, respectively, was recognized by PERMA.

**4. UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES**

As discussed in Note 1, PERMA establishes a liability for both reported and unreported insured events. The following represented changes in aggregate liabilities during the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 7,039,484	\$ 3,530,979
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	1,941,392	3,295,993
Change in provision for insured events of prior years	<u>(271,720)</u>	<u>1,723,870</u>
Total incurred claims and claim adjustment expenses	<u>1,669,672</u>	<u>5,019,863</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	(5,921)	(213,464)
Claims and claim adjustment expenses attributable to insured events of prior years	<u>(1,612,159)</u>	<u>(1,297,894)</u>
Total payments	<u>(1,618,080)</u>	<u>(1,511,358)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 7,091,076</u>	<u>\$ 7,039,484</u>

Unpaid claims and claim adjustment expenses of \$7,445,242 and \$7,387,368 at June 30, 2014 and 2013 are presented at their net present value of \$7,091,076 and \$7,039,484, respectively. These liabilities were discounted at an annual rate of 2%.

The components of the unpaid claims and claim adjustment expenses as of June 30, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Reported claims	\$ 3,845,151	\$ 3,054,299
Claims incurred but not reported (IBNR)	2,908,254	3,649,969
Unallocated loss adjustment expenses	<u>337,671</u>	<u>335,216</u>
Total	7,091,076	7,039,484
Less current portion	<u>(2,480,000)</u>	<u>(2,820,000)</u>
Non-current portion	<u>\$ 4,611,076</u>	<u>\$ 4,219,484</u>

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**5. TOTAL NET POSITION**

Total net position is based upon the equity position of each policy year. Some policy years report an excess of premiums over estimated claims and expenses, which results in positive equity. Other policy years report a deficiency of premiums, which results in a deficit position. This is an approximation at this time and is subject to future changes in premium contributions and claims data. As of June 30, 2014 and 2013, the total net position for the General Liability risk sharing pool and the Workers' Compensation risk sharing pool are estimated as follows:

<u>Program</u>	<u>2014</u>	<u>2013</u>
General Liability	\$ 17,045,901	\$ 15,668,717
Workers' Compensation	<u>1,595,027</u>	<u>1,702,600</u>
Total Net Position	<u>\$ 18,640,928</u>	<u>\$ 17,371,317</u>

**6. PENSION PLAN**

Plan Description

PERMA's defined benefit pension plan, the Miscellaneous Plan of PERMA, provides retirement (2.7% at age 55) and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan of PERMA is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California.

A CalPERS member becomes eligible for Service Retirement upon attainment of age 50 with at least five years of credited service. The Service Retirement benefit calculated for service earned by this group of employees is a monthly allowance equal to the product of the years of service, final compensation and benefit factor. The benefit factor (2% - 2.7%) depends on the member's age at retirement and is 2.7% at 55 years. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. PERMA selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office at 400 Q Street, Sacramento, CA 95814.

Funding Policy

PERMA contributes the employees required contribution of 8% of their annual covered salary for all active plan members in PERMA's Miscellaneous Plan. (Effective July 1, 2014 PERMA will only contribute 5% of the employees required 8% contribution, and effective July 1, 2015, PERMA's contribution will decrease to 2% then 0% effective July 1, 2016.) PERMA is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its employees. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the years ended June 30, 2014 and 2013, was 16.707% and 19.643%, respectively. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**6. PENSION PLAN (Continued)**

Annual Pension Cost

For the year ended June 30, 2014, PERMA's annual pension cost of \$114,821 for CalPERS was equal to PERMA's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation. A summary of principle assumptions and methods used to determine the annual required contribution is shown below.

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	20 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and Type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

The Miscellaneous Plan of PERMA had less than 100 active members as of the June 30, 2011 actuarial valuation. As a result, PERMA members are required to participate in a larger risk pool Miscellaneous 2.7% at 55 Risk Pool

In June of 2003, the CalPERS Board implemented a requirement that all plans with less than 100 active members be assigned to a risk-sharing pool with all other agencies in the State with similar benefit packages. The purpose of establishing these risk pools was to establish consistent, less volatile employer contribution rates for smaller agencies within the collective pool.

When PERMA was pooled with other agencies, the plan's unfunded accrued actuarial liability (UAAL) was placed in what CalPERS calls a side fund, so that the rest of the pool would not be responsible for paying off PERMA's specific unfunded liability. An amortization schedule was established for the payoff of the side fund balance and a separate rate is charged to PERMA in addition to the pooled employer rate. The interest rate paid on the side fund balance is based on CalPERS actuarial investment return assumption, which is currently 7.5%.

PERMA's projected side fund balance of \$152,947 at June 30, 2013, determined as part of the June 30, 2011 actuarial valuation, was paid off in May 2013.

Unfunded liabilities are amortized as a level percent of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The CalPERS Miscellaneous 2.7% at 55 Risk Pool Plan has an unfunded liability of \$501,381,651 as of June 30, 2012. This liability will be amortized through higher employer pension rates applied over a 30 year period as determined by CalPERS.

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**6. PENSION PLAN (Continued)**

Trend Information for CalPERS Miscellaneous 2.7% at 55 Risk Pool

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$ 117,968	100%	\$ 0
June 30, 2013	\$ 127,190	100%	\$ 0
June 30, 2014	\$ 114,821	100%	\$ 0

**7. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Plan Description

PERMA provides a defined benefit healthcare plan (the "Retiree Health Plan"). The Retiree Health Plan provides lifetime healthcare insurance for eligible retirees through the CalPERS Health Benefit Program, which covers both active and retired members. Spouses are also covered throughout his or her life. PERMA only pays up to the required minimum employer premium contribution calculated using the unequal contribution method. Under this method, PERMA's contributions for the retiree is calculated by the number of years PERMA has participated in CalPERS, multiplied by at least five percent (5%), and multiplied by the current employer contribution toward active employees, which is adjusted based on the medical care portion of the Consumer Price Index.

Funding Policy

PERMA's Board of Directors will not be funding the plan in the current year. The Board will review the funding requirements and policy annually.

Annual OPEB Cost and Net OPEB Obligation

PERMA's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). PERMA has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over the remaining period of 30 years. The following table shows the components of PERMA's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in its net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$ 14,182
Interest on net OPEB obligation	674
Adjustment to annual required contribution	<u>(837)</u>
Annual OPEB cost (expense)	14,020
Contributions made	<u>2,318</u>
Increase in net OPEB obligation	11,702
Net OPEB obligation - beginning of year	<u>26,958</u>
Net OPEB obligation - end of year	<u>\$ 38,660</u>

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**7. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

Annual OPEB Cost and Net OPEB Obligation (Continued)

PERMA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the last three fiscal years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 10,320	11%	\$ 18,718
June 30, 2013	\$ 10,256	20%	\$ 26,958
June 30, 2014	\$ 14,020	17%	\$ 38,660

Funding Status and Funding Progress

As of July 1, 2013, the actuarial accrued liability (AAL) for benefits was \$141,384, all of which is unfunded. This unfunded actuarial accrued liability (UAAL) is 30.4% of the annual covered payroll of \$464,775.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 65, or at the first subsequent year in which the member would qualify for benefits.

Mortality – Life expectancies at the calculation date are based on the most recent mortality tables published by the National Center for Health Statistics website ([www.cdc.gov](http://www.cdc.gov)). The calculation of OPEB liability for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

Turnover – The probability that an employee will remain employed until the assumed retirement age was determined using non-group-specific age-based turnover data provided in Table 1 in paragraph 35 of GASB Statement No. 45. In addition the expected future working lifetimes of employees were determined using Table 2 in paragraph 35c of GASB Statement No. 45.

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**7. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

Methods and Assumptions (Continued)

Healthcare cost trend rate – Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. The ultimate trend rate was 4%.

Health insurance premiums – 2013 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. An employee is assumed to continue with the same medical plan upon retirement. If an employee waived medical coverage, then such waiver is assumed to continue into retirement.

Medicare Coordination – Medicare was assumed as the primary payer for current and future retirees at age 65.

Payroll increase – Changes in the payroll for current employees are expected to increase at a rate of approximately 2.8% annually.

Discount rate – The calculation uses an annual discount rate of 2.5%. This is based on the assumed long-term return on plan assets or employer assets.

General inflation rate – 2.75%.

Actuarial cost method – The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2013 was twenty-nine years.

Plan for Funding

On an ongoing basis, the Authority will be reviewing its assumptions, comparing them against actual experience and recalculating the needed funding with the goal of paying for post-employment benefits out of interest earned on designated funds.

**8. DEFERRED COMPENSATION PLAN**

PERMA offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all PERMA employees, permits them to defer a portion of their salaries until future years. Participants can elect to contribute 100% of their annual compensation, not to exceed \$17,500. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death. The Plan assets are held in trust for the exclusive benefit of Plan participants and their beneficiaries and, therefore, are excluded from the accompanying financial statements.

**9. CONTINGENCIES**

PERMA is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of PERMA. As of June 30, 2014, PERMA is not aware of any such contingencies.

## **PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

#### **10. JOINT POWERS AGREEMENT**

PERMA participates in three joint powers authorities (JPAs) with CSAC Excess Insurance Authority (EIA), Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) and Employment Risk Management Authority (ERMA). The relationship between PERMA and the JPAs is such that the JPAs are not component units of PERMA for financial reporting purposes.

The joint powers authorities are governed by boards of directors consisting of representatives of the member agencies. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member agency pays a premium commensurate with the level of coverage requested. As a member of the JPAs, PERMA is entitled to retrospective premium adjustments for those claim years where costs were more or less than expected.

#### **CSAC Excess Insurance Authority**

CSAC-EIA is a Joint Powers Authority established under California Government Code § 6500 et seq. in October 1979. The EIA operates programs for excess and primary workers' compensation, two excess liability programs, a primary liability program, a property program, a medical malpractice program, an employee health benefit program, a dental program and a miscellaneous program for other coverages. The EIA also provides support services for selected programs such as claims administration, risk management, claims audits, loss prevention and training and subsidies for actuarial studies and risk management services.

The EIA is governed by a 62 member Board of Directors. The Authority's Board of Directors elects from its membership a President, Vice President and nine members to serve as the Executive Committee. The day-to-day operations of the EIA are conducted by the Chief Executive Officer who is responsible for administration of policies set forth by the Joint Powers Agreement, Bylaws, Board of Directors and Executive Committee.

PERMA has been a member of CSAC-EIA since July 1, 2008, and participates in the General Liability I (GLI) Program for excess liability insurance which provides coverage up to \$50 million in excess of \$1 million. PERMA also participates in the dental program for staff dental benefits.

On March 1, 2013, the CSAC-EIA Board declared a \$3 million dividend in the GLI Program. PERMA's share of the dividend was \$32,674.

#### **Local Agency Workers' Compensation Excess Joint Powers Authority**

LAWCX was formed on July 1, 1992, as a state-wide joint powers authority to self-insure and pool excess workers' compensation losses. The Program was established exclusively for California self-insured joint powers authorities, individual public entities, and special districts. The LAWCX program is designed to provide all services necessary and appropriate for the establishment, operation, and maintenance of a joint program of excess workers' compensation coverage for its member agencies.

LAWCX offers self-insured retentions (SIR) ranging from \$150,000 to \$1,000,000 or a member can attach directly to the purchased excess insurance. LAWCX covers the layer above the member's SIR up to \$5 million. There are three pool layers which are funded using actuarially determined rate factors. One layer is known as the \$150k pool; another as the \$250k pool and the third as the \$2 million to \$5 million mid-layer pool. For excess coverage, LAWCX is a member of CSAC-EIA which provides coverage up to statutory limits.

## **PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

#### **10. JOINT POWERS AGREEMENT (Continued)**

##### **Local Agency Workers' Compensation Excess Joint Powers Authority (Continued)**

LAWCX is governed by a 34 member Board of Directors. The Board of Directors elects from its membership, a President, Vice President and seven members to serve as the Executive Committee. LAWCX contracts with Bickmore Risk Services to handle the day-to-day operations of LAWCX.

PERMA was a founding member of LAWCX, but withdrew on July 1, 2000, and later rejoined on September 1, 2003. PERMA's General Manager, Scott Ellerbrock, is the appointed director on the LAWCX Board and currently is the elected President and a member of the Executive Committee. PERMA's Financial Analyst, Michael Caton, is the alternate director.

On June 11, 2013, the LAWCX Board approved a \$1.8 million assessment over three years. PERMA's share of the assessment was \$126,699. Since the assessment is for policy years prior to PERMA's risk sharing pool, the assessment was apportioned to the members based on their share of premiums and charged to their workers' compensation member deposit accounts.

##### **Employment Risk Management Authority (ERMA)**

ERMA is a public entity joint powers authority, created in 1999 by and among various underlying joint powers authorities in California to provide the state's only pooled approach to exclusively covering and providing loss prevention and litigation management services for the employment practices liability (EPL) exposure for California public entities. ERMA consists of ten primary members, consisting of eight joint powers authorities and two housing authorities. The JPA's underlying members are also direct members of ERMA and are made up of municipalities and special districts. ERMA provides coverage from each underlying member's individual SIR up to \$1 million. Members currently attach to the pool at SIRs ranging from \$25,000 to \$500,000. Optional excess insurance to \$2 million is available for those members who chose to purchase that additional coverage through ERMA.

ERMA is governed by a Board of Directors, which is composed of one director from each member organization. The Board of Directors elects from its membership, a President, Vice President and a few members to serve as the Underwriting and Coverage Committees. ERMA contracts with Bickmore Risk Services to handle the day-to-day operations of ERMA.

PERMA became a member of ERMA on September 14, 2000. PERMA's General Manager, Scott Ellerbrock, is the appointed director on the ERMA Board and currently is the elected Vice President and a member of the subcommittees. PERMA's Claims Manager, Kerry Trost, is the alternate director.

On April 21, 2014, the ERMA Board approved a retrospective adjustment of \$5.7 million. PERMA's share of the return was \$926,558. Since the EPL program is a non-risk sharing program, essentially a pass-through, the return was apportioned to the members based on their share of premiums over the various policy years and distributed directly to the members

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**11. JOINT POWERS AGREEMENT (Continued)**

**Condensed Financial Information.**

Condensed financial information for the fiscal year ended June 30, 2013 (the most current information available) is as follows:

	<u>CSAC-EIA</u>	<u>LAWCX</u>	<u>ERMA</u>
Total assets	\$ 588,152,525	\$ 71,812,040	\$ 29,267,797
Total liabilities	<u>469,537,129</u>	<u>45,119,273</u>	<u>9,521,772</u>
Net position	<u>\$ 118,615,396</u>	<u>\$ 26,692,767</u>	<u>\$ 19,746,025</u>
Revenues	\$ 538,524,288	\$ 10,541,824	\$ 6,404,961
Expenses	<u>525,460,712</u>	<u>9,999,089</u>	<u>3,883,681</u>
Change in net position	<u>\$ 13,063,576</u>	<u>\$ 542,735</u>	<u>\$ 2,521,280</u>

**12. SUBSEQUENT EVENTS**

Management has evaluated all subsequent events through September 12, 2014 which is the date these financial statements were available for issue. Events occurring after this date have not been factored into these financial statements.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**SCHEDULE OF FUNDING PROGRESS**

**Schedule of Funding Progress – California Public Employees’ Retirement System**

The Miscellaneous Plan of PERMA is a cost sharing multiple-employer defined benefit plan maintained by the California Employees’ Retirement System (CalPERS), an agency of the State of California.

Actuarial Valuation Date	Actuarial Liability (AAL) Entry Age (a)	Actuarial Value of Assets (b)	Unfunded Liability (UAAL) (a-b)	Funded Status (b/a)	Annual Covered Payroll (c)	UAAL as a % of payroll ([a-b]/c)
06/30/06	\$ 1,280,157,040	\$ 1,069,546,974	\$ 210,610,066	83.6%	\$ 304,898,179	69.1%
06/30/07	\$ 1,627,025,950	\$ 1,362,059,317	\$ 264,966,633	83.7%	\$ 376,292,121	70.4%
06/30/08	\$ 1,823,366,479	\$ 1,529,548,799	\$ 293,817,680	83.9%	\$ 414,589,514	70.9%
06/30/09	\$ 2,140,438,884	\$ 1,674,260,302	\$ 466,178,582	78.2%	\$ 440,071,499	105.9%
06/30/10	\$ 2,297,871,345	\$ 1,815,671,616	\$ 482,199,729	79.0%	\$ 434,023,381	111.1%
06/30/11	\$ 2,486,708,579	\$ 1,981,073,089	\$ 505,635,490	79.7%	\$ 427,300,410	118.3%
06/30/12	\$ 2,680,181,441	\$ 2,178,799,790	\$ 501,381,651	81.3%	\$ 417,600,034	120.1%

**Schedule of Funding Progress – Other Post Employment Benefits (OPEB)**

Refer to Note 7 for a description of the Plan.

Actuarial Valuation Date	Actuarial Liability (AAL) Entry Age (a)	Actuarial Value of Assets (b)	Unfunded Liability (UAAL) (a-b)	Funded Status (b/a)	Annual Covered Payroll (c)	UAAL as a % of payroll ([a-b]/c)
07/01/2010	\$ 94,297	\$ -	\$ 94,297	0%	\$ 443,914	21.2%
07/01/2013	\$ 141,384	\$ -	\$ 141,384	0%	\$ 464,775	30.4%

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**  
**RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT**  
**LIABILITY PROGRAM**

**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ <u>4,329,534</u>	\$ <u>1,013,277</u>
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	1,612,571	2,905,104
Change in provision for insured events of prior years	<u>(694,939)</u>	<u>1,053,941</u>
Total incurred claims and claim adjustment expenses	<u>917,632</u>	<u>3,959,045</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	(5,921)	(213,464)
Claims and claim adjustment expenses attributable to insured events of prior years	<u>(1,407,437)</u>	<u>(429,324)</u>
Total payments	<u>(1,413,358)</u>	<u>(642,788)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 3,833,808</u>	<u>\$ 4,329,534</u>

The components of the unpaid claims and claim adjustment expenses as of June 30, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Reported claims	\$ 1,842,287	\$ 1,689,462
Claims incurred but not reported (IBNR)	1,808,958	2,433,902
Unallocated loss adjustment expenses	<u>182,563</u>	<u>206,170</u>
Total	3,833,808	4,329,534
Less current portion	<u>(1,890,000)</u>	<u>(2,200,000)</u>
Non-current portion	<u>\$ 1,943,808</u>	<u>\$ 2,129,534</u>

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**  
**RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT**

**WORKERS' COMPENSATION PROGRAM**

**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ <u>2,709,950</u>	\$ <u>2,517,702</u>
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	328,821	390,889
Change in provision for insured events of prior years	<u>423,219</u>	<u>669,929</u>
Total incurred claims and claim adjustment expenses	<u>752,040</u>	<u>1,060,818</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	-	-
Claims and claim adjustment expenses attributable to insured events of prior years	<u>(204,722)</u>	<u>(868,570)</u>
Total payments	<u>(204,722)</u>	<u>(868,570)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 3,257,268</u>	<u>\$ 2,709,950</u>

The components of the unpaid claims and claim adjustment expenses as of June 30, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Reported claims	\$ 2,002,864	\$ 1,364,837
Claims incurred but not reported (IBNR)	1,099,296	1,216,067
Unallocated loss adjustment expenses	<u>155,108</u>	<u>129,046</u>
Total	3,257,268	2,709,950
Less current portion	<u>(590,000)</u>	<u>(620,000)</u>
Non-current portion	<u>\$ 2,667,268</u>	<u>\$ 2,089,950</u>

## **PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

### **CLAIMS DEVELOPMENT INFORMATION**

**For the Year Ended June 30, 2014**

The tables that follow illustrates how PERMA's earned revenues (net of excess insurance) and investment income compared to related costs of loss and other expenses assumed by PERMA as of the end of each of the previous ten years for the liability program and workers' compensation program. The rows of the tables are defined as follows:

1. Total of each fiscal year's gross earned deposit premiums, assessments and reported investment revenue, amounts of excess insurance premiums paid, and net earned premiums (net of excess insurance) and reported investment revenue.
2. Each fiscal year's other operating costs of the program, including overhead and loss adjustment expenses not allocable to individual claims.
3. Program's gross incurred losses and allocated loss adjustment expense, losses assumed by excess insurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called policy year).
4. Cumulative net amounts paid as of the end of successive years for each policy year.
5. The latest reestimated amount of losses assumed by excess insurers each policy year.
6. Each fiscal year's net incurred losses increases or decreases as of the end of successive years. This annual reestimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known.
7. Compares the latest reestimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature policy years.

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

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**CLAIMS DEVELOPMENT INFORMATION  
LIABILITY PROGRAM**

**June 30, 2014**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
(1) Deposit premiums	\$ 4,399,085	\$ 5,104,133	\$ 5,496,149	\$ 5,756,967	\$ 5,183,134	\$ 5,661,644	\$ 5,577,758	\$ 5,457,804	\$ 5,056,602	\$ 5,005,347
Investment revenues	426,240	815,419	750,169	521,494	355,926	287,616	135,178	84,850	23,361	47,686
Assessments (return of contributions):										
PERMA	(1,148,297)	(1,632,898)	(1,078,860)	(155,536)	(245,235)	-	(61,530)	(92,990)	(12,294)	-
Other agencies	26,354	69,993	63,680	45,581	5,583	7,239	7,012	6,603	6,292	-
Excess insurance	(825,514)	(1,152,641)	(1,407,893)	(1,582,193)	(706,990)	(903,050)	(824,266)	(865,207)	(850,862)	(871,181)
Net earned	<u>\$ 2,877,868</u>	<u>\$ 3,204,006</u>	<u>\$ 3,823,245</u>	<u>\$ 4,586,313</u>	<u>\$ 4,592,418</u>	<u>\$ 5,053,449</u>	<u>\$ 4,834,152</u>	<u>\$ 4,591,060</u>	<u>\$ 4,223,099</u>	<u>\$ 4,181,852</u>
(2) Unallocated expenses	\$ 612,461	\$ 745,578	\$ 862,680	\$ 919,126	\$ 1,044,832	\$ 1,024,343	\$ 1,126,991	\$ 1,129,652	\$ 1,202,681	\$ 1,396,371
(3) Estimated claims and expenses, end of policy year:										
Incurred	\$ 1,457,006	\$ 746,079	\$ 956,587	\$ 1,072,365	\$ 2,279,495	\$ 951,741	\$ 1,310,033	\$ 356,056	\$ 3,818,021	\$ 1,536,063
Ceded	-	-	-	-	-	-	-	-	(1,041,090)	-
Net incurred	<u>\$ 1,457,006</u>	<u>\$ 746,079</u>	<u>\$ 956,587</u>	<u>\$ 1,072,365</u>	<u>\$ 2,279,495</u>	<u>\$ 951,741</u>	<u>\$ 1,310,033</u>	<u>\$ 356,056</u>	<u>\$ 2,776,931</u>	<u>\$ 1,536,063</u>
(4) Net paid (cumulative) as of:										
End of policy year	\$ 36,154	\$ 9,610	\$ 50,365	\$ 66,191	\$ 272,152	\$ 71,300	\$ 5,997	\$ 23,096	\$ 213,464	\$ 5,921
One year later	\$ 592,703	\$ 106,312	\$ 117,651	\$ 579,658	\$ 329,843	\$ 122,832	\$ 13,717	\$ 132,602	\$ 355,886	
Two years later	\$ 1,512,406	\$ 197,060	\$ 1,161,353	\$ 966,845	\$ 1,089,118	\$ 149,152	\$ 61,517	\$ 573,981		
Three years later	\$ 1,821,286	\$ 530,100	\$ 1,186,236	\$ 1,521,494	\$ 1,303,279	\$ 160,065	\$ 850,329			
Four years later	\$ 1,936,595	\$ 806,708	\$ 1,269,053	\$ 2,687,333	\$ 1,303,279	\$ 160,065				
Five years later	\$ 2,041,231	\$ 912,039	\$ 1,469,654	\$ 2,777,981	\$ 1,303,279					
Six years later	\$ 2,042,292	\$ 1,775,718	\$ 1,616,742	\$ 2,791,313						
Seven years later	\$ 2,042,292	\$ 1,797,541	\$ 1,626,574							
Eight years later	\$ 2,042,292	\$ 1,806,719								
Nine years later	\$ 2,042,292									
(5) Reestimated ceded claims and expenses	\$ 5,102,822	\$ 350,787	\$ 233,026	\$ 992,833	\$ -	\$ -	\$ 179,088	\$ -	\$ -	\$ -
(6) Reestimated net incurred claims and expenses:										
End of policy year	\$ 1,457,006	\$ 746,079	\$ 956,587	\$ 1,072,365	\$ 2,279,495	\$ 951,741	\$ 1,310,033	\$ 356,056	\$ 2,776,931	\$ 1,536,063
One year later	\$ 1,911,039	\$ 562,337	\$ 1,980,641	\$ 1,982,739	\$ 1,639,178	\$ 181,022	\$ 333,586	\$ 963,045	\$ 1,403,652	
Two years later	\$ 2,176,398	\$ 646,207	\$ 1,817,185	\$ 2,285,807	\$ 1,401,310	\$ 176,022	\$ 450,979	\$ 784,623		
Three years later	\$ 1,913,019	\$ 1,237,841	\$ 1,507,428	\$ 2,615,832	\$ 1,303,279	\$ 160,065	\$ 1,549,672			
Four years later	\$ 2,023,522	\$ 1,138,358	\$ 1,569,018	\$ 2,829,732	\$ 1,303,279	\$ 160,065				
Five years later	\$ 2,048,518	\$ 1,117,689	\$ 1,587,655	\$ 3,037,196	\$ 1,303,279					
Six years later	\$ 2,042,292	\$ 1,793,054	\$ 1,680,743	\$ 2,942,757						
Seven years later	\$ 2,042,292	\$ 1,808,273	\$ 1,626,574							
Eight years later	\$ 2,042,292	\$ 1,818,627								
Nine years later	\$ 2,042,292									
(7) (Decrease) increase in estimated net incurred claims and expenses from end of policy year	<u>\$ 585,286</u>	<u>\$ 1,072,548</u>	<u>\$ 669,987</u>	<u>\$ 1,870,392</u>	<u>\$ (976,216)</u>	<u>\$ (791,676)</u>	<u>\$ 239,639</u>	<u>\$ 428,567</u>	<u>\$ (2,414,369)</u>	<u>\$ -</u>

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**CLAIMS DEVELOPMENT INFORMATION  
WORKERS' COMPENSATION PROGRAM**

**June 30, 2014**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
(1) Deposit premiums	\$ 1,103,253	\$ 1,535,261	\$ 1,220,074	\$ 1,545,096	\$ 1,229,891	\$ 1,729,591	\$ 1,792,478	\$ 1,824,427	\$ 1,879,863	\$ 1,961,836
Investment revenues	170,394	109,118	129,425	74,357	39,556	34,778	17,259	11,908	3,130	8,932
Assessments (return of contributions):										
PERMA	(32,649)	29,325	-	-	-	-	-	(3,625)	-	-
Other agencies	(18,085)	(39,795)	-	-	-	-	80,091	77,052	20,701	-
Excess insurance	(519,480)	(730,392)	(690,958)	(786,219)	(738,162)	(711,656)	(787,394)	(793,953)	(775,459)	(775,540)
Net earned	<u>\$ 703,433</u>	<u>\$ 903,517</u>	<u>\$ 658,541</u>	<u>\$ 833,234</u>	<u>\$ 531,285</u>	<u>\$ 1,052,713</u>	<u>\$ 1,102,434</u>	<u>\$ 1,115,809</u>	<u>\$ 1,128,235</u>	<u>\$ 1,195,228</u>
(2) Unallocated expenses	\$ 73,437	\$ 153,001	\$ 95,234	\$ 136,846	\$ 131,505	\$ 477,713	\$ 553,697	\$ 503,662	\$ 619,360	\$ 627,705
(3) Estimated claims and expenses, end of policy year:										
Incurred	\$ -	\$ 170,694	\$ -	\$ 67,969	\$ 228,750	\$ 211,111	\$ 249,769	\$ 8,906	\$ 372,275	\$ 313,163
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	<u>\$ -</u>	<u>\$ 170,694</u>	<u>\$ -</u>	<u>\$ 67,969</u>	<u>\$ 228,750</u>	<u>\$ 211,111</u>	<u>\$ 249,769</u>	<u>\$ 8,906</u>	<u>\$ 372,275</u>	<u>\$ 313,163</u>
(4) Net paid (cumulative) as of:										
End of policy year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
One year later	\$ -	\$ -	\$ -	\$ -	\$ 55,702	\$ -	\$ -	\$ -	\$ -	\$ -
Two years later	\$ -	\$ -	\$ -	\$ -	\$ 55,702	\$ 28,285	\$ -	\$ 2,929	\$ -	\$ -
Three years later	\$ -	\$ 77,056	\$ -	\$ 182,288	\$ 120,160	\$ 436,544	\$ 34,245	\$ -	\$ -	\$ -
Four years later	\$ -	\$ 136,079	\$ 98,233	\$ 255,365	\$ 159,739	\$ 499,999	\$ -	\$ -	\$ -	\$ -
Five years later	\$ -	\$ 199,565	\$ 128,267	\$ 442,166	\$ 179,890	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ -	\$ 285,498	\$ 148,416	\$ 527,804	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ -	\$ 385,793	\$ 178,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eight years later	\$ 77,891	\$ 461,064	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nine years later	\$ 114,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(5) Reestimated ceded claims and expenses	\$ -	\$ 772,812	\$ -	\$ 299,343	\$ 64,712	\$ 1,106,151	\$ 660,277	\$ -	\$ -	\$ -
(6) Reestimated net incurred claims and expenses:										
End of policy year	\$ -	\$ 170,694	\$ -	\$ 67,969	\$ 228,750	\$ 211,111	\$ 249,769	\$ 8,906	\$ 372,275	\$ 313,163
One year later	\$ -	\$ 70,802	\$ 124,043	\$ 183,065	\$ 133,882	\$ 651,437	\$ 234,250	\$ 223,141	\$ 441,045	\$ -
Two years later	\$ 36,718	\$ 302,330	\$ 124,048	\$ 519,577	\$ 97,247	\$ 553,202	\$ 767,864	\$ 121,737	\$ -	\$ -
Three years later	\$ 49,995	\$ 463,283	\$ 113,322	\$ 682,620	\$ 457,338	\$ 598,660	\$ 589,282	\$ -	\$ -	\$ -
Four years later	\$ 82,930	\$ 656,407	\$ 176,244	\$ 634,507	\$ 239,030	\$ 601,375	\$ -	\$ -	\$ -	\$ -
Five years later	\$ -	\$ 731,694	\$ 181,320	\$ 674,848	\$ 400,615	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ 35,362	\$ 748,260	\$ 220,537	\$ 627,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ 212,343	\$ 803,745	\$ 276,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eight years later	\$ 265,145	\$ 1,023,857	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nine years later	\$ 384,387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(7) (Decrease) increase in estimated net incurred claims and expenses from end of policy year	<u>\$ 384,387</u>	<u>\$ 853,163</u>	<u>\$ 276,362</u>	<u>\$ 559,098</u>	<u>\$ 171,865</u>	<u>\$ 390,264</u>	<u>\$ 339,513</u>	<u>\$ 112,831</u>	<u>\$ 68,770</u>	<u>\$ -</u>

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## **SUPPLEMENTARY INFORMATION**

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**COMBINING SCHEDULE OF NET POSITION**

June 30, 2014

	<u>Liability</u>	<u>Workers' Compen- sation</u>	<u>Cyber &amp; Crime Coverage</u>	<u>EPL</u>	<u>Property</u>	<u>Adminis- tration</u>	<u>Totals</u>	
							<u>2014</u>	<u>2013</u>
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 3,594,207	\$ 2,892,103	\$ -	\$ -	\$ 34,201	\$ -	\$ 6,520,511	\$ 5,932,939
Accounts receivable	-	42,460	-	926,558	9,165	449	978,632	156,793
Member receivable	19,214	-	-	-	114	-	19,328	58,209
Interest receivable	66,631	53,720	-	-	4	-	120,355	113,081
Prepaid expenses	17,350	-	-	-	-	25,565	42,915	37,048
Deposit with others	-	-	-	-	-	551	551	520
Due from (to) other funds	750,897	39,521	-	-	-	(790,418)	-	-
Investments, maturing within one year	1,152,168	927,100	-	-	-	-	2,079,268	2,528,424
Total current assets	<u>5,600,467</u>	<u>3,954,904</u>	<u>-</u>	<u>926,558</u>	<u>43,484</u>	<u>(763,853)</u>	<u>9,761,560</u>	<u>8,827,014</u>
Non-current assets:								
Investments with maturities in excess of one year	15,336,100	12,340,294	-	-	-	-	27,676,394	26,582,145
Capital assets, net of accumulated depreciation	-	-	-	-	-	894,787	894,787	945,594
Total non-current assets	<u>15,336,100</u>	<u>12,340,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>894,787</u>	<u>28,571,181</u>	<u>27,527,739</u>
Total assets	<u>20,936,567</u>	<u>16,295,198</u>	<u>-</u>	<u>926,558</u>	<u>43,484</u>	<u>130,934</u>	<u>38,332,741</u>	<u>36,354,753</u>
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	77	85,288	-	-	-	33,275	118,640	139,793
Pre-litigation defense	4,446	-	-	-	-	-	4,446	4,446
Property valuation	-	-	-	-	43,484	-	43,484	38,484
Compensated absences	-	-	-	-	-	58,999	58,999	51,154
Member deposits	52,335	11,315,382	-	926,558	-	-	12,294,275	11,598,651
Current portion of unpaid claims and claim adjustment expenses	1,890,000	590,000	-	-	-	-	2,480,000	2,820,000
Total current liabilities	<u>1,946,858</u>	<u>11,990,670</u>	<u>-</u>	<u>926,558</u>	<u>43,484</u>	<u>92,274</u>	<u>14,999,844</u>	<u>14,652,528</u>
Non-current liabilities:								
Other payable	-	42,233	-	-	-	-	42,233	84,466
Other post employment benefits	-	-	-	-	-	38,660	38,660	26,958
Unpaid claims and claim adjustment expenses	1,943,808	2,667,268	-	-	-	-	4,611,076	4,219,484
Total non-current liabilities	<u>1,943,808</u>	<u>2,709,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,660</u>	<u>4,691,969</u>	<u>4,330,908</u>
Total liabilities	<u>3,890,666</u>	<u>14,700,171</u>	<u>-</u>	<u>926,558</u>	<u>43,484</u>	<u>130,934</u>	<u>19,691,813</u>	<u>18,983,436</u>
<b>NET POSITION</b>								
Net position:								
Invested in capital assets	-	-	-	-	-	894,787	894,787	945,594
Unrestricted	17,045,901	1,595,027	-	-	-	(894,787)	17,746,141	16,425,723
Total net position	<u>\$ 17,045,901</u>	<u>\$ 1,595,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,640,928</u>	<u>\$ 17,371,317</u>

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Year Ended June 30, 2014

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Cyber &amp; Crime Coverage</u>	<u>EPL</u>	<u>Property</u>	<u>Adminis-tration</u>	<u>Totals</u>	
							<u>2014</u>	<u>2013</u>
Operating revenues:								
Deposit premiums	\$ 5,009,202	\$ 1,961,677	\$ -	\$ -	\$ -	\$ -	\$ 6,970,879	\$ 6,932,430
Excess insurer returns/premium adjustments	253,858	20,701	-	-	-	-	274,559	290,249
Other income	-	-	-	-	-	715	715	1,258
Total operating revenues	<u>5,263,060</u>	<u>1,982,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>715</u>	<u>7,246,153</u>	<u>7,223,937</u>
Operating expenses:								
Provision for claims and claim adjustment expenses	917,632	752,040	-	-	-	-	1,669,672	5,019,863
Excess insurance	871,181	775,540	-	-	-	2,009	1,648,730	1,628,258
Salaries and benefits	-	-	-	-	-	697,042	697,042	851,063
Professional services	15,250	400,334	-	-	-	387,024	802,608	751,777
Maintenance and operations	27,241	176,321	-	-	-	171,933	375,495	354,312
Member returns/premium adjustments	1,203,492	-	-	-	-	-	1,203,492	1,422,230
Interfund charges (fees)	<u>1,197,501</u>	<u>59,554</u>	<u>-</u>	<u>-</u>	<u>238</u>	<u>(1,257,293)</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>4,232,297</u>	<u>2,163,789</u>	<u>-</u>	<u>-</u>	<u>238</u>	<u>715</u>	<u>6,397,039</u>	<u>10,027,503</u>
Operating income (loss)	1,030,763	(181,411)	-	-	(238)	-	849,114	(2,803,566)
Non-operating income:								
Investment earnings	178,052	37,402	-	-	238	-	215,692	269,041
Net increase (decrease) in fair value of investments	<u>168,369</u>	<u>36,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,805</u>	<u>(474,152)</u>
Total non-operating income (loss)	<u>346,421</u>	<u>73,838</u>	<u>-</u>	<u>-</u>	<u>238</u>	<u>-</u>	<u>420,497</u>	<u>(205,111)</u>
Change in net position	1,377,184	(107,573)	-	-	-	-	1,269,611	(3,008,677)
Net position at beginning of year	<u>15,668,717</u>	<u>1,702,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,371,317</u>	<u>20,379,994</u>
Net position at end of year	<u>\$ 17,045,901</u>	<u>\$ 1,595,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,640,928</u>	<u>\$ 17,371,317</u>

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**COMBINING SCHEDULE OF CASH FLOWS**

For the Year Ended June 30, 2014

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Cyber &amp; Crime Coverage</u>	<u>EPL</u>	<u>Property</u>	<u>Adminis- tration</u>	<u>Totals</u>	
							<u>2014</u>	<u>2013</u>
Cash flows from operating activities:								
Cash received from members for deposits/ Premiums	\$ 3,761,446	\$ 2,137,877	\$ -	\$ (324,120)	\$ (255)	\$ -	\$ 5,574,948	\$ 5,233,433
Other income received	-	-	-	-	-	715	715	1,258
Cash payments to suppliers for goods and Services	(634,421)	(1,296,088)	-	-	-	(531,888)	(2,462,397)	(2,432,607)
Cash payments for claims	(1,413,358)	(204,722)	-	-	-	-	(1,618,080)	(1,511,358)
Cash payments to employees for services	-	-	-	-	-	(675,744)	(675,744)	(848,852)
Cash payments (received) for interfund charges	(1,197,501)	(59,554)	-	-	(238)	1,257,293	-	-
Net cash provided (used) by operating activities	<u>516,166</u>	<u>577,513</u>	<u>-</u>	<u>(324,120)</u>	<u>(493)</u>	<u>50,376</u>	<u>819,442</u>	<u>441,874</u>
Cash flows from noncapital financing activities:								
Cash paid to (received from) other funds	<u>47,857</u>	<u>2,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,376)</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>47,857</u>	<u>2,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,376)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:								
Interest received	59,305	47,844	-	-	255	-	107,404	493,558
Proceeds from sale and maturities of investment securities	7,481,998	6,010,204	-	-	-	-	13,492,202	23,608,016
Purchase of investment securities	(7,593,032)	(6,238,444)	-	-	-	-	(13,831,476)	(24,335,267)
Net cash provided (used) by investing activities	<u>(51,729)</u>	<u>(180,396)</u>	<u>-</u>	<u>-</u>	<u>255</u>	<u>-</u>	<u>(231,870)</u>	<u>(233,693)</u>
Net increase (decrease) in cash and cash equivalents	512,294	399,636	-	(324,120)	(238)	-	587,572	208,181
Cash and cash equivalents at beginning of year	<u>3,081,913</u>	<u>2,492,467</u>	<u>-</u>	<u>324,120</u>	<u>34,439</u>	<u>-</u>	<u>5,932,939</u>	<u>5,724,758</u>
Cash and cash equivalents at end of year	<u>\$ 3,594,207</u>	<u>\$ 2,892,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,201</u>	<u>\$ -</u>	<u>\$ 6,520,511</u>	<u>\$ 5,932,939</u>

(Continued)

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**COMBINING SCHEDULE OF CASH FLOWS**

(Continued)

For the Year Ended June 30, 2014

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Cyber &amp; Crime Coverage</u>	<u>EPL</u>	<u>Property</u>	<u>Adminis- tration</u>	<u>Totals</u>	
							<u>2014</u>	<u>2013</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 1,030,763	\$ (181,411)	\$ -	\$ -	\$ (238)	\$ -	\$ 849,114	\$ (2,803,566)
Depreciation	-	-	-	-	-	50,807	50,807	51,130
Loss on disposal of capital assets	-	-	-	-	-	-	-	-
Adjustment to net cash provided by operating activities:								
(Increase) decrease:								
Accounts receivable	32,674	75,481	-	(926,558)	(9,165)	5,729	(821,839)	(148,945)
Member receivables	(19,214)	54,185	-	-	3,910	-	38,881	16,229
Prepaid expenses	(4,451)	-	-	-	-	(1,416)	(5,867)	(11,940)
Deposit with others	-	-	-	-	-	(31)	(31)	250
Increase (decrease):								
Accounts payable	(2,830)	5,937	-	-	-	(24,260)	(21,153)	69,549
Pre-litigation defense	-	-	-	-	-	-	-	-
Property valuation	-	-	-	-	5,000	-	5,000	5,000
Compensated absences	-	-	-	-	-	7,845	7,845	(6,221)
Unearned capital contribution	-	-	-	-	-	-	-	-
Member deposits	(25,050)	118,236	-	602,438	-	-	695,624	(330,823)
Other payable	-	(42,233)	-	-	-	-	(42,233)	84,466
Other post employment benefits	-	-	-	-	-	11,702	11,702	8,240
Claims payable	(495,726)	547,318	-	-	-	-	51,592	3,508,505
Net cash provided (used) by operating activities	<u>\$ 516,166</u>	<u>\$ 577,513</u>	<u>\$ -</u>	<u>\$ (324,120)</u>	<u>\$ (493)</u>	<u>\$ 50,376</u>	<u>\$ 819,442</u>	<u>\$ 441,874</u>
Non-cash capital, financing and investing activities:								
Changes in unrealized gains (loss) on investments	<u>\$ 168,369</u>	<u>\$ 36,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,805</u>	<u>\$ (474,152)</u>

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**MEMBER DEPOSITS/MEMBER RECEIVABLES**

**For the Year Ended June 30, 2014**

The member deposits and member receivables represent funds held by PERMA or funds due to PERMA on behalf of the member agencies for payment of member claims and other expenses that do not involve a transfer of risk. The following schedules reflect the 2013/2014 activity relative to member deposits and member receivables for each program.

**General Liability Program**

	Beginning Balance 7/1/13	Member Reim- bursements	Investment Income	Claims Paid	Member Returns	Ending Balance 6/30/14
Adelanto	\$ 25,938	\$ -	\$ 62	\$ (1,121)	\$ -	\$ 24,879
Banning	-	7,597	-	(7,597)	-	-
Barstow	23,055	140,000	(18)	(182,251)	-	(19,214)
Hesperia	-	16,375	-	(16,375)	-	-
La Mesa	9,305	250,000	41	(259,150)	-	196
Murrieta	6,027	143,641	10	(132,929)	-	16,749
Rancho Mirage	9,101	40,000	19	(42,646)	-	6,474
Stanton	3,959	18,500	4	(18,426)	-	4,037
SunLine	-	8,450	-	(8,450)	-	-
Victorville	-	3,068	-	(3,068)	-	-
<b>Total</b>	<b>\$ 77,385</b>	<b>\$ 627,631</b>	<b>\$ 118</b>	<b>\$ (672,013)</b>	<b>\$ -</b>	<b>\$ 33,121</b>

**Workers' Compensation Program**

	Beginning Balance 7/1/13	Deposit Premium	Investment Income	Subro./ Excess Reimb.	LAWCX Assessment	TPA Claims Admin.	Claims Paid	Member Returns	General and Admin.	Fair Market Value Adustment	Ending Balance 6/30/14
Adelanto	\$ 320,578	\$ 101,001	\$ 2,468	\$ -	\$ -	\$ -	\$ (143,321)	\$ -	\$ -	\$ 3,286	\$ 284,012
Banning	1,839,882	397,224	16,414	1,791	-	-	(336,368)	-	-	15,945	1,934,888
Barstow	356,830	533,998	2,685	23,138	-	-	(645,922)	-	-	4,053	274,782
Blythe	218,830	214,738	1,307	37,254	-	-	(316,775)	-	-	2,586	157,940
Cathedral City	1,541,442	806,427	12,301	252,437	-	-	(1,246,317)	-	-	15,645	1,381,935
Coachella	736,437	136,182	6,193	595	-	-	(174,083)	-	-	6,977	712,301
CVMVCD	(2,141)	2,141	-	-	-	-	-	-	-	-	-
Desert Hot Springs	(52,044)	302,170	(80)	500,641	-	-	(744,619)	-	-	(57)	6,011
Hesperia	1,106,115	252,782	9,882	80,995	-	(13,935)	(346,774)	-	-	10,198	1,099,263
Holtville	524,255	60,423	4,474	28,400	-	-	(84,595)	-	-	4,674	537,631
Moreno Valley	178,793	-	1,542	5,161	-	-	-	-	-	1,559	187,055
Murrieta	1,464,768	815,214	14,175	562	-	-	(656,600)	-	-	11,648	1,649,767
Norco	12,852	90,000	37	-	-	-	(78,737)	-	-	10	24,162
Palm Desert	4,507	-	40	6,475	-	-	(9,180)	-	-	65	1,907
Perris	548,092	103,304	5,228	-	-	-	(1,482)	-	-	3,959	659,101
Rancho Mirage	553,817	172,481	5,475	-	-	-	(41,289)	-	-	3,731	694,215
San Jacinto	511,572	83,262	4,668	60	-	-	(25,584)	-	-	4,052	578,030
Stanton	152,653	69,144	1,417	17	-	-	(48,648)	-	-	1,177	175,760
SunLine Transit	349,811	633,944	1,688	250,207	-	(50,384)	(1,160,921)	-	-	6,256	30,601
Victorville	775,912	324,262	7,579	149,601	-	-	(337,006)	-	-	5,673	926,021
<b>Total</b>	<b>\$11,142,961</b>	<b>\$ 5,098,697</b>	<b>\$ 97,493</b>	<b>\$ 1,337,334</b>	<b>\$ -</b>	<b>\$ (64,319)</b>	<b>\$ (6,398,221)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 101,437</b>	<b>\$11,315,382</b>

(Continued)

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**MEMBER DEPOSITS/MEMBER RECEIVABLES**

(Continued)

**For the Year Ended June 30, 2014**

**Crime Coverage Program**

	Beginning Balance 7/1/13	Premium Deposits	Investment Income	Insurance Premiums	General and Administrative Charges	Ending Balance 6/30/14
Adelanto	\$ -	\$ 1,340	\$ -	\$ (1,340)	\$ -	\$ -
Banning	-	2,450	-	(2,450)	-	-
Barstow	-	2,554	-	(2,554)	-	-
Blythe	-	1,888	-	(1,888)	-	-
Canyon Lake	-	1,288	-	(1,288)	-	-
Coachella	-	1,768	-	(1,768)	-	-
Desert Hot Springs	-	1,962	-	(1,962)	-	-
Eastvale	-	851	-	(851)	-	-
Hesperia	-	2,116	-	(2,116)	-	-
Holtville	-	1,320	-	(1,320)	-	-
Jurupa Valley	-	1,552	-	(1,552)	-	-
La Mesa	-	4,170	-	(4,170)	-	-
March JPA	-	1,326	-	(1,326)	-	-
Moreno Valley	-	4,400	-	(4,400)	-	-
Mt. San Jacinto WPA	-	2,000	-	(2,000)	-	-
Murrieta	-	5,191	-	(5,191)	-	-
Perris	-	1,385	-	(1,385)	-	-
Rancho Mirage	-	2,385	-	(2,385)	-	-
RTC	-	308	-	(308)	-	-
San Jacinto	-	1,192	-	(1,192)	-	-
Stanton	-	1,853	-	(1,853)	-	-
SunLine	-	2,752	-	(2,752)	-	-
VVTA	-	833	-	(833)	-	-
Westmorland	-	832	-	(832)	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 47,716</b>	<b>\$ -</b>	<b>\$ (47,716)</b>	<b>\$ -</b>	<b>\$ -</b>

**Cyber Liability Program**

	Beginning Balance 7/1/13	Premium Deposits	Investment Income	Insurance Premiums	General and Administrative Charges	Ending Balance 6/30/14
Adelanto	\$ -	\$ 516	\$ -	\$ (516)	\$ -	\$ -
Banning	-	1,206	-	(1,206)	-	-
Barstow	-	1,033	-	(1,033)	-	-
Blythe	-	1,033	-	(1,033)	-	-
Canyon Lake	-	516	-	(516)	-	-
Coachella	-	516	-	(516)	-	-
Desert Hot Springs	-	516	-	(516)	-	-
Eastvale	-	516	-	(516)	-	-
Hesperia	-	1,301	-	(1,301)	-	-
Holtville	-	516	-	(516)	-	-
ICTC	-	516	-	(516)	-	-
IVECA	-	516	-	(516)	-	-
Jurupa Valley	-	516	-	(516)	-	-
La Mesa	-	1,033	-	(1,033)	-	-
March JPA	-	1,033	-	(1,033)	-	-
MD&MIWMA	-	516	-	(516)	-	-
Moreno Valley	-	1,391	-	(1,391)	-	-
Mt. San Jacinto WPA	-	516	-	(516)	-	-
Murrieta	-	569	-	(569)	-	-
Norco	-	516	-	(516)	-	-
Perris	-	516	-	(516)	-	-
PVVTA	-	516	-	(516)	-	-
Rancho Mirage	-	1,033	-	(1,033)	-	-
RTC	-	516	-	(516)	-	-
San Jacinto	-	516	-	(516)	-	-
Stanton	-	516	-	(516)	-	-
SunLine	-	516	-	(516)	-	-
VVEDA	-	516	-	(516)	-	-
VVTA	-	516	-	(516)	-	-
Westmorland	-	516	-	(516)	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 20,468</b>	<b>\$ -</b>	<b>\$ (20,468)</b>	<b>\$ -</b>	<b>\$ -</b>

(continued)

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**MEMBER DEPOSITS/MEMBER RECEIVABLES**

(Continued)

For the Year Ended June 30, 2014

**Employment Practices Liability (EPL) Program**

	Beginning Balance 7/1/13	Premium Deposits	Investment Income	ERMA Return	Insurance Premiums	Member Returns	General and Administrative Charges	Ending Balance 6/30/14
Adelanto	\$ 10,104	\$ 11,041	\$ -	\$ 19,309	\$ (11,041)	\$ (10,104)	\$ -	\$ 19,309
Banning	33,367	139,680	-	98,678	(139,680)	(33,367)	-	98,678
Barstow	17,580	98,849	-	51,176	(98,849)	(17,580)	-	51,176
Canyon Lake	-	1,937	-	-	(1,937)	-	-	-
Cathedral City	36,566	136,465	-	101,958	(136,465)	(36,566)	-	101,958
Coachella	10,313	25,837	-	30,758	(25,837)	(10,313)	-	30,758
Desert Hot Springs	55,115	67,686	-	62,961	(67,686)	(55,115)	-	62,961
Hesperia	-	55,827	-	-	(55,827)	-	-	-
Holtville	-	7,265	-	11,384	(7,265)	-	-	11,384
ICTC	-	2,241	-	-	(2,241)	-	-	-
La Mesa	35,038	109,476	-	111,540	(109,476)	(35,038)	-	111,540
Mt. San Jacinto WPA	9,370	19,670	-	18,615	(19,670)	(9,370)	-	18,615
Murrieta	37,491	105,667	-	197,820	(105,667)	(37,491)	-	197,820
Perris	13,407	34,361	-	57,645	(34,361)	(13,407)	-	57,645
RTC	-	2,414	-	-	(2,414)	-	-	-
Stanton	6,101	27,102	-	14,824	(27,102)	(6,101)	-	14,824
SunLine	-	51,732	-	-	(51,732)	-	-	-
Tulelake	685	-	-	1,715	-	(685)	-	1,715
VVTA	-	3,853	-	-	(3,853)	-	-	-
Victorville	58,983	95,567	-	148,175	(95,567)	(58,983)	-	148,175
<b>Total</b>	<b>\$ 324,120</b>	<b>\$ 996,670</b>	<b>\$ -</b>	<b>\$ 926,558</b>	<b>\$ (996,670)</b>	<b>\$ (324,120)</b>	<b>\$ -</b>	<b>\$ 926,558</b>

**Property Program**

	Beginning Balance 7/1/13	Premium Deposits	Investment Income	Valuation Services	Insurance Premiums	General and Administrative Charges	Ending Balance 6/30/14
Adelanto	\$ -	\$ 39,188	\$ -	\$ -	\$ (39,188)	\$ -	\$ -
Banning	-	101,108	-	-	(101,108)	-	-
Barstow	(1,483)	63,938	-	-	(62,455)	-	-
Blythe	-	42,946	-	-	(42,946)	-	-
Canyon Lake	-	3,166	-	-	(3,166)	-	-
Coachella	-	25,787	-	-	(25,787)	-	-
Desert Hot Springs	-	26,998	-	-	(26,998)	-	-
Eastvale	(157)	744	-	-	(587)	-	-
Hesperia	(1,028)	89,630	-	-	(88,602)	-	-
Holtville	(34)	13,941	-	-	(13,907)	-	-
ICTC	-	283	-	-	(283)	-	-
IVECA	-	2,639	-	-	(2,639)	-	-
Jurupa Valley	-	1,422	-	-	(1,422)	-	-
La Mesa	-	69,377	-	-	(69,377)	-	-
March JPA	-	28,457	-	-	(28,457)	-	-
Moreno Valley	(112)	98,045	-	-	(98,045)	-	(112)
Mt. San Jacinto WPA	-	29,056	-	-	(29,058)	-	(2)
Murrieta	-	34,348	-	-	(34,348)	-	-
Norco	-	23,335	-	-	(23,335)	-	-
PVVTA	(181)	7,806	-	-	(7,625)	-	-
Perris	-	36,968	-	-	(36,968)	-	-
Rancho Mirage	-	67,640	-	-	(67,640)	-	-
San Jacinto	-	32,249	-	-	(32,249)	-	-
Stanton	(530)	20,715	-	-	(20,185)	-	-
SunLine Transit	(499)	9,458	-	-	(8,959)	-	-
VVTA	-	19,499	-	-	(19,499)	-	-
Westmorland	-	9,429	-	-	(9,429)	-	-
<b>Total</b>	<b>\$ (4,024)</b>	<b>\$ 898,172</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (894,262)</b>	<b>\$ -</b>	<b>\$ (114)</b>

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**Estimated Outstanding Losses Within Member Retention  
Liability Program**

**For the Year Ended June 30, 2014**

The following schedule reflects the reported and Incurred But Not Reported (IBNR) case reserves as of June 30, 2014, as estimated by PERMA's claims manager and actuary consultant. The amount of the estimated outstanding losses reported below are limited to the member's respective self-insured retention level, to the cases which are provided coverage under PERMA's Memorandum of Liability Coverage, and to the years the member has participated in the program. The amounts below do not involve a transfer of risk, therefore, the total estimated losses should be reported as liabilities in the member's financial statements. Discounted losses are based on present-value calculations which assume a 2% interest rate.

Member	Undiscounted		Discounted	
	Reserves Within Retention	IBNR Reserves	Total Member Liability	Total Member Liability
Adelanto	\$ 50	\$ 145	\$ 195	\$ 187
Banning	160,877	2,177	163,054	158,127
Barstow	220,259	75,513	295,772	286,387
Blythe	5,546	3,121	8,667	8,407
Cathedral City	27,095	15,249	42,344	41,074
Coachella	163,246	79,000	242,246	233,572
Desert Hot Springs	17,336	-	17,336	16,717
Hesperia	13,132	-	13,132	12,711
La Mesa	154,101	30,356	184,457	177,939
Moreno Valley	326,040	246,771	572,811	553,329
Murrieta	51,008	30,845	81,853	79,354
Norco	201,665	66,798	268,463	257,976
Rancho Mirage	18,558	45,542	64,100	61,475
San Jacinto	35,100	15,031	50,131	48,627
SunLine Transit	87,136	50,915	138,051	133,872
Victorville	38,050	21,416	59,466	57,682
<b>Total</b>	<b>\$ 1,519,199</b>	<b>\$ 682,879</b>	<b>\$ 2,202,078</b>	<b>\$ 2,127,436</b>

In addition to the estimated outstanding losses, there is also a need to recognize estimated unallocated loss adjustment expenses (ULAE). ULAE are the costs to administer open claims. Estimated outstanding ULAE are typically 5% to 10% of estimated outstanding losses.

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**Estimated Outstanding Losses Within Member Retention  
Workers' Compensation Program**

**For the Year Ended June 30, 2014**

The following schedule reflects the reported and Incurred But Not Reported (IBNR) case reserves as of June 30, 2014, as estimated by the member's claims administrator and PERMA's actuary consultant. The amount of the estimated outstanding losses reported below are limited to the member's respective self-insured retention level and to the years the member has participated in the program. The amounts below do not involve a transfer of risk, therefore, the total estimated losses should be reported as liabilities in the member's financial statements. Discounted losses are based on present-value calculations which assume a 2% interest rate.

Member	Undiscounted		Discounted	
	Reserves Within Retention	IBNR Reserves	Total Member Liability	Total Member Liability
Adelanto	\$ 296,159	\$ 137,012	\$ 433,171	\$ 406,585
Banning	742,824	563,168	1,305,992	1,231,793
Barstow	880,273	518,048	1,398,321	1,316,937
Blythe	676,330	448,871	1,125,201	1,059,882
Cathedral City	1,463,912	838,699	2,302,611	2,168,199
Coachella	247,576	124,206	371,782	349,471
Desert Hot Springs	280,308	200,814	481,122	453,205
Hesperia	239,694	302,625	542,319	512,524
Holtville	38,358	15,841	54,199	51,001
La Mesa	1,565,568	1,167,044	2,732,612	2,576,389
Murrieta	1,563,173	1,008,843	2,572,016	2,423,530
Norco	424,762	146,455	571,217	535,414
Rancho Mirage	244,736	114,823	359,559	338,009
San Jacinto	142,053	5,637	147,690	138,524
Stanton	15,900	6,566	22,466	21,140
SunLine Transit	1,491,969	1,090,555	2,582,524	2,431,578
Victorville	545,112	324,940	870,052	819,272
<b>Total</b>	<b>\$ 10,858,707</b>	<b>\$ 7,014,147</b>	<b>\$ 17,872,854</b>	<b>\$ 16,833,453</b>

In addition to the estimated outstanding losses, there is also a need to recognize estimated unallocated loss adjustment expenses (ULAE). ULAE are the costs to administer open claims. Estimated outstanding ULAE are typically 5% to 10% of estimated outstanding losses.

## **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the Public Entity Risk Management Authority's (PERMA) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about PERMA's overall financial health.

### Financial Trends

These schedules and graphs contain trend information to help the reader understand how PERMA's financial performance and well-being have changed over time. They show over the years how revenues and expenses have developed, how the net position has increased, and the history of dividends.

	<u>Page</u>
Schedule of Net Position.....	67
Schedule of Revenues, Expenses and Changes in Net Position .....	68
Schedule of Member Dividends/Returns .....	69

### Demographic and Economic Information

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

	<u>Page</u>
Losses by Program Year.....	70
Number of Claims .....	71
Covered Payroll.....	71
Member Participation by Program .....	71
PERMA Employees.....	71

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

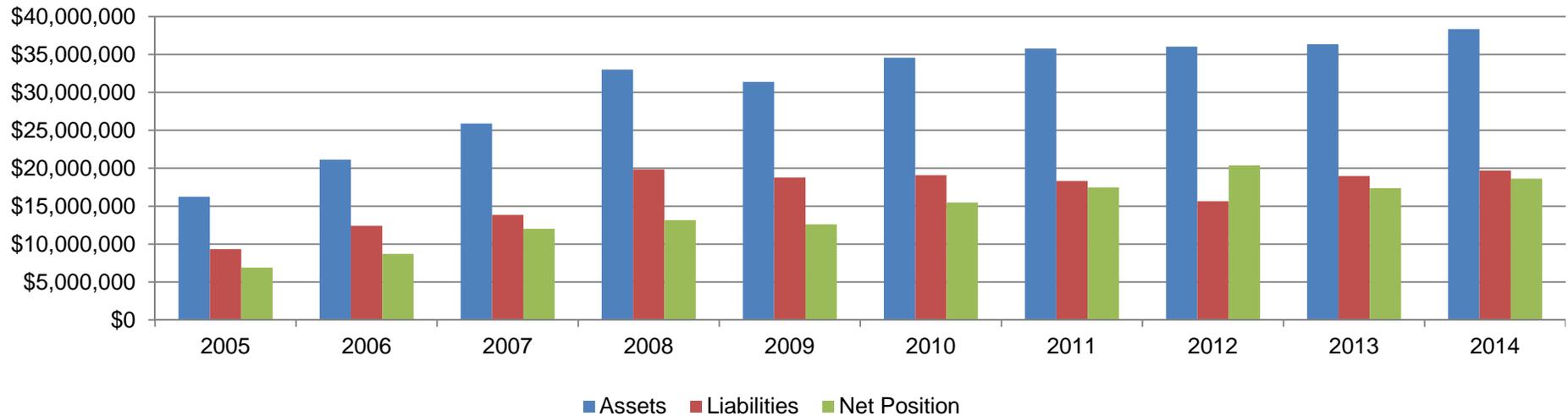
Schedules showing bonded debt and related legal debt ratios are also not applicable.

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**STATEMENT OF NET POSITION  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,

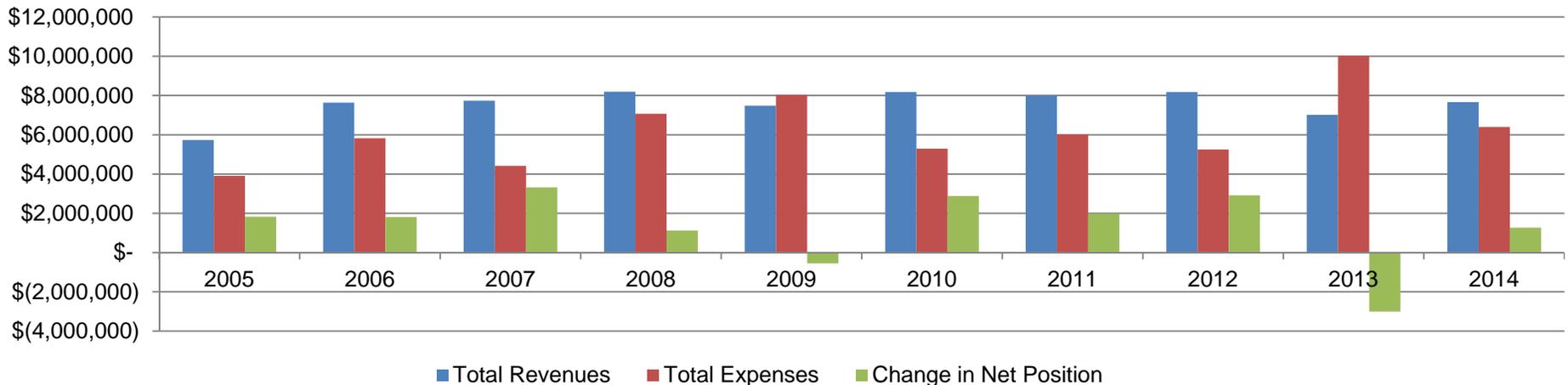
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Assets</b>										
Current assets	\$ 5,048,364	\$ 6,773,260	\$ 6,023,152	\$ 7,489,080	\$ 6,488,031	\$ 11,030,347	\$ 9,529,328	\$ 7,961,276	\$ 8,827,014	\$ 9,761,560
Noncurrent assets	<u>11,187,110</u>	<u>14,360,853</u>	<u>19,872,339</u>	<u>25,508,691</u>	<u>24,897,413</u>	<u>23,536,213</u>	<u>26,244,933</u>	<u>28,063,438</u>	<u>27,527,739</u>	<u>28,571,181</u>
Total assets	<u>16,235,474</u>	<u>21,134,113</u>	<u>25,895,491</u>	<u>32,997,771</u>	<u>31,385,444</u>	<u>34,566,560</u>	<u>35,774,261</u>	<u>36,024,714</u>	<u>36,354,753</u>	<u>38,332,741</u>
<b>Liabilities</b>										
Current liabilities	6,766,958	8,943,416	11,569,389	16,433,071	14,578,011	14,375,906	13,907,227	12,883,741	14,679,486	15,038,504
Noncurrent liabilities	<u>2,570,739</u>	<u>3,479,168</u>	<u>2,293,125</u>	<u>3,408,670</u>	<u>4,201,396</u>	<u>4,706,501</u>	<u>4,405,310</u>	<u>2,760,979</u>	<u>4,303,950</u>	<u>4,653,309</u>
Total liabilities	<u>9,337,697</u>	<u>12,422,584</u>	<u>13,862,514</u>	<u>19,841,741</u>	<u>18,779,407</u>	<u>19,082,407</u>	<u>18,312,537</u>	<u>15,644,720</u>	<u>18,983,436</u>	<u>19,691,813</u>
<b>Net Position</b>										
Invested in capital assets	10,868	62,443	49,533	35,693	21,660	7,055	226,343	996,724	945,594	894,787
Unrestricted	<u>6,886,909</u>	<u>8,649,086</u>	<u>11,983,444</u>	<u>13,120,337</u>	<u>12,584,377</u>	<u>15,477,098</u>	<u>17,235,381</u>	<u>19,383,270</u>	<u>16,425,723</u>	<u>17,746,141</u>
Total net position	<u>\$ 6,897,777</u>	<u>\$ 8,711,529</u>	<u>\$ 12,032,977</u>	<u>\$ 13,156,030</u>	<u>\$ 12,606,037</u>	<u>\$ 15,484,153</u>	<u>\$ 17,461,724</u>	<u>\$ 20,379,994</u>	<u>\$ 17,371,317</u>	<u>\$ 18,640,928</u>



**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Operating revenues</b>										
Deposit premiums	\$ 5,502,338	\$ 6,341,667	\$ 6,716,222	\$ 6,995,539	\$ 6,678,957	\$ 7,397,501	\$ 7,703,840	\$ 7,549,608	\$ 6,932,430	\$ 6,970,879
Excess insurer returns/ premium adjustments	-	1,043,829	9,205	-	-	-	-	194,221	290,249	274,559
Other income	5,575	7,865	12,438	4,593	4,813	1,880	2,286	2,740	1,258	715
Total operating revenues	<u>5,507,913</u>	<u>7,393,361</u>	<u>6,737,865</u>	<u>7,000,132</u>	<u>6,683,770</u>	<u>7,399,381</u>	<u>7,706,126</u>	<u>7,746,569</u>	<u>7,223,937</u>	<u>7,246,153</u>
<b>Operating expenses</b>										
Provision for claims and claim adjustment expenses	1,188,757	2,318,001	253,166	2,487,555	4,046,750	791,197	1,634,239	454,974	5,019,863	1,669,672
Excess insurance	1,376,310	1,850,550	2,076,180	2,339,235	1,521,250	1,684,135	1,562,830	1,661,062	1,628,258	1,648,730
Excess insurer assessments	52,462	39,795	-	-	-	-	-	-	-	-
Salaries and benefits	414,094	460,636	472,596	511,255	606,186	623,266	672,636	668,010	851,063	697,042
Professional services	164,201	200,830	293,431	290,588	350,731	677,182	687,640	707,850	751,777	802,608
Maintenance and operations	148,999	181,097	167,166	199,494	196,679	248,102	279,965	281,499	354,312	375,495
Member dividends/returns	560,564	770,792	1,152,522	1,241,970	1,310,172	1,272,592	1,183,026	1,481,841	1,422,230	1,203,492
Total operating expenses	<u>3,905,387</u>	<u>5,821,701</u>	<u>4,415,061</u>	<u>7,070,097</u>	<u>8,031,768</u>	<u>5,296,474</u>	<u>6,020,336</u>	<u>5,255,236</u>	<u>10,027,503</u>	<u>6,397,039</u>
Operating income (loss)	<u>1,602,526</u>	<u>1,571,660</u>	<u>2,322,804</u>	<u>(69,965)</u>	<u>(1,347,998)</u>	<u>2,102,907</u>	<u>1,685,790</u>	<u>2,491,333</u>	<u>(2,803,566)</u>	<u>849,114</u>
<b>Non-operating income</b>										
Net investment income	<u>224,779</u>	<u>242,092</u>	<u>998,644</u>	<u>1,193,018</u>	<u>798,005</u>	<u>775,209</u>	<u>291,781</u>	<u>426,937</u>	<u>(205,111)</u>	<u>420,497</u>
Change in net position	<u>1,827,305</u>	<u>1,813,752</u>	<u>3,321,448</u>	<u>1,123,053</u>	<u>(549,993)</u>	<u>2,878,116</u>	<u>1,977,571</u>	<u>2,918,270</u>	<u>(3,008,677)</u>	<u>1,269,611</u>
Net position at beginning of year	<u>5,070,472</u>	<u>6,897,777</u>	<u>8,711,529</u>	<u>12,032,977</u>	<u>13,156,030</u>	<u>12,606,037</u>	<u>15,484,153</u>	<u>17,461,724</u>	<u>20,379,994</u>	<u>17,371,317</u>
Net position at end of year	<u>\$ 6,897,777</u>	<u>\$ 8,711,529</u>	<u>\$ 12,032,977</u>	<u>\$ 13,156,030</u>	<u>\$ 12,606,037</u>	<u>\$ 15,484,153</u>	<u>\$ 17,461,724</u>	<u>\$ 20,379,994</u>	<u>\$ 17,371,317</u>	<u>\$ 18,640,928</u>



**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**  
**HISTORY OF MEMBER DIVIDENDS/RETURNS BY PROGRAM**  
**Last Ten Fiscal Years**

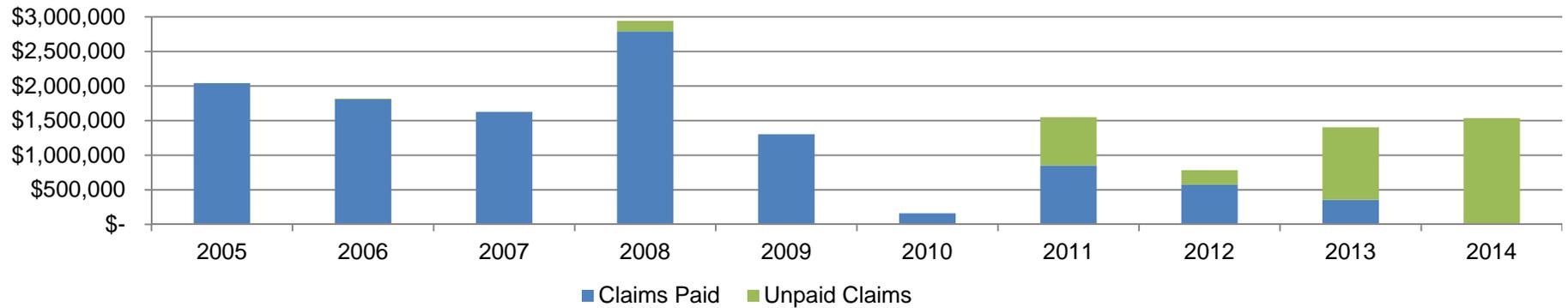
Fiscal Year Ended June 30,

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2007</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General Liability Program</b>										
Pool dividends	\$ 560,564	\$ 770,792	\$ 1,152,522	\$ 1,241,970	\$ 1,273,190	\$ 1,237,352	\$ 1,118,144	\$ 1,260,053	\$ 1,357,536	\$ 1,203,492
Premium adjustments	-	-	-	-	-	-	-	154,520	6,023	-
<b>Workers' Compensation Program</b>										
Pool Dividends	-	-	-	-	36,982	35,240	64,882	63,643	52,400	-
Premium adjustments	-	-	-	-	-	-	-	3,625	-	-
<b>Total</b>	<u>\$ 560,564</u>	<u>\$ 770,792</u>	<u>\$ 1,152,522</u>	<u>\$ 1,241,970</u>	<u>\$ 1,310,172</u>	<u>\$ 1,272,592</u>	<u>\$ 1,183,026</u>	<u>\$ 1,481,841</u>	<u>\$ 1,415,959</u>	<u>\$ 1,203,492</u>

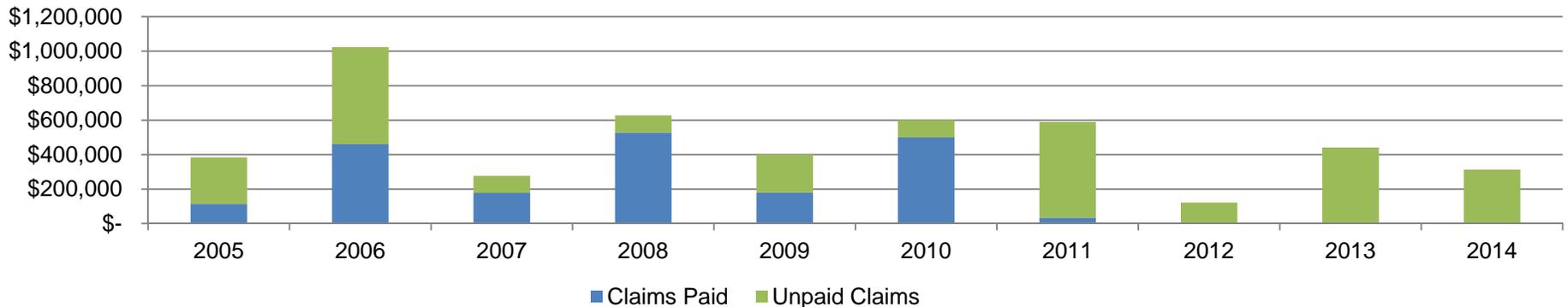


**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**  
**DEMOGRAPHIC & ECONOMIC INFORMATION**  
**GENERAL LIABILITY and WORKERS' COMPENSATION PROGRAMS**  
**Losses by Program Year at Fiscal Year Ended June 30, 2014**

<b>General Liability</b>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
Unpaid claims	\$ -	\$ 11,908	\$ -	\$ 151,444	\$ -	\$ -	\$ 699,343	\$ 210,642	\$ 1,047,766	\$ 1,530,142
Paid claims	<u>2,042,292</u>	<u>1,806,719</u>	<u>1,626,574</u>	<u>2,791,313</u>	<u>1,303,279</u>	<u>160,065</u>	<u>850,329</u>	<u>573,981</u>	<u>355,886</u>	<u>5,921</u>
Total loss	<u>2,042,292</u>	<u>1,818,627</u>	<u>1,626,574</u>	<u>2,942,757</u>	<u>1,303,279</u>	<u>160,065</u>	<u>1,549,672</u>	<u>784,623</u>	<u>1,403,652</u>	<u>1,536,063</u>



<b>Workers' Compensation</b>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
Unpaid claims	\$ 270,257	\$ 562,793	\$ 97,457	\$ 99,263	\$ 220,725	\$ 101,376	\$ 555,037	\$ 118,808	\$ 441,045	\$ 313,163
Paid claims	<u>114,130</u>	<u>461,064</u>	<u>178,905</u>	<u>527,804</u>	<u>179,890</u>	<u>499,999</u>	<u>34,245</u>	<u>2,929</u>	<u>-</u>	<u>-</u>
Total loss	<u>384,387</u>	<u>1,023,857</u>	<u>276,362</u>	<u>627,067</u>	<u>400,615</u>	<u>601,375</u>	<u>589,282</u>	<u>121,737</u>	<u>441,045</u>	<u>313,163</u>

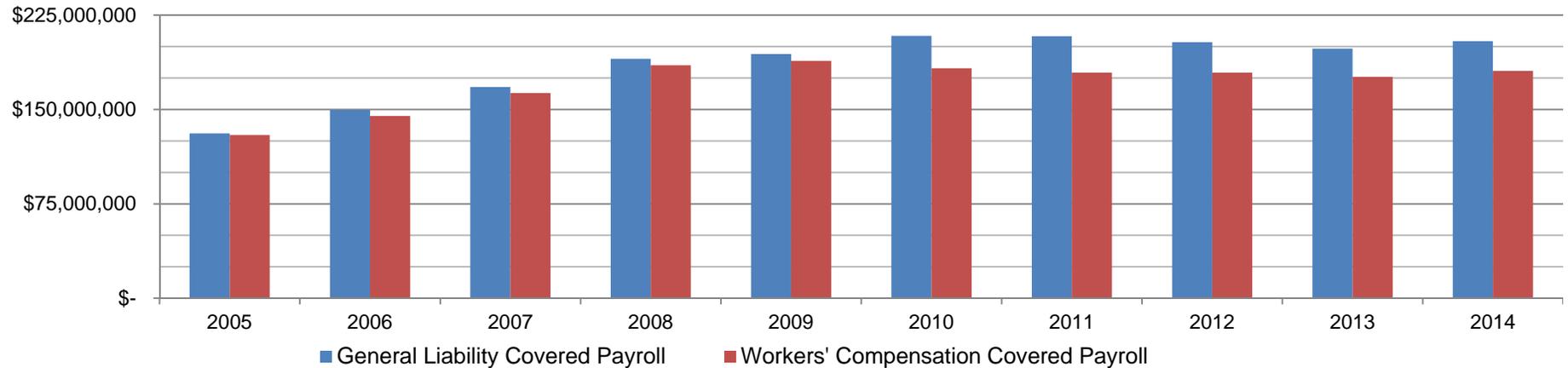


**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**DEMOGRAPHIC & ECONOMIC INFORMATION  
Last Ten Fiscal Years**

**Fiscal Year Ended June 30,**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General Liability Program</b>										
Number of Claims (Cumulative)	7,684	8,016	8,331	8,726	9,065	9,434	9,887	10,277	10,667	11,071
Closed Claims (Cumulative)	7,324	7,782	8,086	8,429	8,788	9,121	9,531	9,935	10,391	10,814
Open Claims (at year end)	360	234	245	297	277	313	356	342	276	257
Claims Received (during FY)	467	332	315	395	339	369	453	390	390	404
Claims Closed (during FY)	349	458	304	343	359	333	410	404	456	423
Covered Payroll	\$ 131,010,887	\$ 149,682,492	\$ 167,890,562	\$ 190,281,291	\$ 194,099,742	\$ 208,472,670	\$ 208,143,445	\$ 203,446,792	\$ 198,377,919	\$ 204,341,443
Number of Participating Members	25	26	26	26	26	27	30	31	31	32
<b>Workers' Compensation Program</b>										
Number of Claims (Cumulative)	5,847	6,190	6,527	6,875	7,231	7,576	7,875	8,194	8,496	8,796
Closed Claims (Cumulative)	5,478	5,798	6,111	6,504	6,842	7,180	7,443	7,744	8,003	8,330
Open Claims (at year end)	369	392	416	371	389	396	432	450	493	466
Claims Received (during FY)	340	343	337	348	356	345	299	319	302	300
Claims Closed (during FY)	350	320	313	393	338	338	263	301	259	327
Covered Payroll	\$ 129,674,904	\$ 144,843,408	\$ 163,039,449	\$ 185,085,378	\$ 188,527,619	\$ 182,711,914	\$ 179,248,090	\$ 179,263,353	\$ 175,920,842	\$ 180,744,107
Number of Participating Members	17	17	17	17	17	17	18	18	18	18
<b>PERMA Employees</b>	5	5	5	5	5	5	5	5	5	5



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