1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833
(800) 541-4591 Fax (916) 244-1199
https://www.planjpa.org/

SPECIAL BOARD OF DIRECTORS MEETING
AGENDA

Wednesday, March 12, 2025
10:00 a.m.

San Carlos Library
610 Elm St Ste. 610, 2nd Floor
Conference Rooms A&B
San Carlos, CA 94070

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact Kassandra Batista at (916) 244-1103. Requests must be made as early as possible and at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item that are provided to the Pooled Liability Assurance Network (PLAN) JPA Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection at 1750 Creekside Oaks Dr., Suite 200, Sacramento, CA 95833.

<u>Page</u>			
	1.	**CALL TO ORDER**	
	2.	**INTRODUCTIONS**	
	3.	**APPROVAL OF AGENDA AS POSTED (OR AMENDED)**	**A**
	4.	**PUBLIC COMMENTS** - The Public may submit any questions in advance of the meeting by contacting Kassandra Batista at: kassandra.batista@sedgwick.com. This time is reserved for members of the public to address the Board relative to matters of the Board of Directors not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.	
4	**5.**	**CONSENT CALENDAR** If a Board Member would like to discuss any item listed, it may be pulled from the Consent Calendar. A. Minutes from the September 20, 2024, Special Board Meeting B. Minutes from the September 26, 2024, Special Board Meeting *Recommendation: Staff recommends the Board approve the Consent Calendar.*	**A**

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	6.	**GENERAL MANAGER'S REPORT**		
15		*A.	Report from PLAN JPA's General Manager *Recommendation: Staff recommends the Board approve Resolution 2025-01 recognizing the tenure, service, and retirement of Kevin Bryant.*	**A**
	7.	**CLOSED SESSION**		
		A.	Pursuant to Government Code Section 54956.95(a), the Committee will hold a closed session to discuss the following claims: •DeAquino v. Town of Hillsborough •Balfour Beatty Infrastructure v. City of Burlingame •Lexington Insurance Company v. City of Burlingame •Howard v. City of Newark	
		B.	Pursuant to Government Code Section 54957.1, the Committee will report in open session any reportable action taken in closed session.	
	8.	**STATE OF THE MARKET**		
17		A.	State of the Market *Recommendation: None.*	**I**
	9.	**BENCHMARK ANALYTICS**		
18		A.	Presentation by Benchmark Analytics *Recommendation: None.*	**I**
	10.	**UPDATE FROM BICKMORE ACTUARIAL**		
19		A.	Update from Bickmore Actuarial Regarding the Captive Feasibility Study *Recommendation: None.*	**I**
	11.	**ACTUARIAL UPDATE FOR THE GENERAL LIABILITY AND PROPERTY PROGRAMS**		
20		*A.	Actuarial Update for the General Liability and Property Programs *Recommendation: None.*	**A**
	12.	**FINANCIAL MATTERS**		
25		*A.	Review of the PLAN JPA 2025/26 Preliminary Operating Budget *Recommendation: None.*	**I**
32		*B.	Fiscal Year 2023-2024 Audited Financials *Recommendation: Staff recommends that the Board receive and file the Audit Report, Governance Letter, and Internal Control Letter for fiscal year 2023-2024.*	**A**

* Reference materials attached with staff report A = Action I = Information.

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	13.	**CLAIMS MATTERS**	
97		A. Update on PLAN JPA Third-Party Administrator Carl Warren *Recommendation: None.*	**I**
	14.	**ELECTIONS**	
98		A. Board Elections for the Position of Vice President *Recommendation: Staff recommends the Board conduct a Board Officer election for the position of Vice President, consistent with the Bylaws.*	**A**
	15.	**CLOSING COMMENTS** This time is reserved for comments by Board members and/or staff and to identify matters for future Board business. A. Board of Directors B. Staff	
	16.	**ADJOURNMENT**	

NOTICES:

- The next Executive Committee meeting will be held on April 24, 2025, at 10:00am, via Zoom Videoconference.
- The next Board of Directors meeting will be held on June 26, 2025, at 10:00am, via Zoom Videoconference.

Agenda Item 5.A-B.

CONSENT CALENDAR

SUBJECT: Consent Calendar

BACKGROUND AND HISTORY:

The Consent Calendar consists of items that require approval or acceptance but are self-explanatory and require no discussion. If a Board Member would like to discuss any item listed, it may be pulled from the Consent Calendar.

RECOMMENDATION:

Staff recommend the Board of Directors approve the Consent Calendar.

REFERENCE MATERIALS ATTACHED:

A. Minutes from the September 20, 2024, Special Board Meeting
B. Minutes from the September 26, 2024, Special Board Meeting

POOLED LIABILITY ASSURANCE NETWORK JOINT POWERS AUTHORITY
(PLAN JPA)

MINUTES OF THE BOARD OF DIRECTORS
SPECIAL MEETING OF SEPTEMBER 20, 2024

A Special Meeting of the Board of Directors was held on September 20, 2024, via Zoom Videoconference.

MEMBERS PRESENT:

Rebecca Mendenhall, President, San Carlos
Kevin Bryant, Vice President, Woodside
Maria Ojeda, American Canyon *(non-voting participant, left during Agenda Item 5.A)*
Michael Guina, Burlingame
Helen Yu-Scott, Burlingame *(Alternate, non-voting)*
Renee Eshun, Colma
Vanessa Guerra, Cupertino *(non-voting participant)*
Sarah Monnastes, Dublin
Tomohito Oku, East Palo Alto
Diane Pitman, Foster City *(non-voting participant)*
Lisa Rossi, Half Moon Bay
Jan Cooke, Hillsborough
Gabrielle Whelan, Los Gatos *(left during Agenda Item 5.A)*
Isabel Carlos, Millbrae
Mike Sung, Millbrae *(Alternate, non-voting)*
Shruti Shah, Milpitas
Donald Larkin, Morgan Hill
Cathreene Ingham-Watters, Newark
Stephanie Coy, Pacifica
Christa Johnson, Ross *(non-voting participant)*
Cyndie Martel, Ross *(Alternate)*
Jenny Liu, San Carlos *(Alternate, non-voting participant)*
Monica LaBossiere, Saratoga
Jason Wong, South San Francisco *(non-voting participant)*
Christina Penland, Suisun City
Cindy Safe, Woodside *(Alternate, non-voting participant)*

MEMBERS ABSENT:
Will Fuentes, Treasurer, Campbell
George Rodericks, Atherton
Kim Imboden, Benicia
Cody Einfalt, Los Altos Hills
Sharif Etman, Portola Valley
Darcy Smith, San Bruno
Greg Chanis, Tiburon

OTHERS PRESENT:
Eric Dahlen, General Manager
Katie Sullivan, Assistant General Manager
Kassandra Batista, Administrative Analyst
Susan DeNardo, Litigation Manager
Marc Zafferano, Board Counsel

1. **CALL TO ORDER**

The September 20, 2024, Special Board of Directors meeting was called to order at 2:02 p.m. by President Rebecca Mendenhall.

2. **INTRODUCTIONS**

Roll call introductions were made and it was determined there was a quorum present.

3. **APPROVAL OF AGENDA AS POSTED (OR AMENDED)**

Michael Guina moved to approve the agenda as posted. Donald Larkin seconded the motion. A roll call vote was taken and the motion passed unanimously by Rebecca Mendenhall, Kevin Bryant, Maria Ojeda, Michael Guina, Renee Eshun, Sarah Monnastes, Tomohito Oku, Lisa Rossi, Jan Cooke, Gabrielle Whelan, Isabel Carlos, Shruti Shah, Donald Larkin, Cathreene Ingham-Watters, Stephanie Coy, Cyndie Martel, Monica Labossiere, and Christina Penland.

4. **PUBLIC COMMENTS**

None.

5. CONTRACTS

A. Review and Consideration of the Third-Party Administration Request for Proposal Results

Eric Dahlen, PLAN JPA General Manager, reminded the Board in November 2023, the Board held a discussion regarding the performance of its service providers. At the conclusion of its discussion, the Board provided authority to the Executive Committee, and Marc Zafferano, Board Counsel, to oversee the Request for Proposal (RFP) process for Third-Party Administration (TPA) services. During the January 2024 Executive Committee, the Executive Committee approved a proposal with Clovis Consultants and Associates for management of the RFP; however, in a Special Executive Committee meeting, the Executive Committee terminated the agreement with Clovis Consultants and Associates. During the March 2024 Special Board of Directors meeting, the Board established an Ad hoc Committee consisting of the following:

- Rebecca Mendenhall, PLAN JPA President, City of San Carlos
- Darcy Smith, City of San Bruno
- Christa Johnson, Town of Ross
- Christina Penland, City of Suisun City
- Jason Wong, City of South San Francisco

Over the next few months, the RFP was released and staff received proposals from three companies: Sedgwick, Carl Warren, and George Hills. All proposals were reviewed and all companies were invited for interviews. The Ad Hoc Committee evaluated the proposals and interviewed respondents. The Ad Hoc Committee provided comments and written feedback regarding their respective selections, along with a forced ranking system to staff, informing of their selection of Carl Warren. Staff was instructed to begin contract discussions.

Mr. Dahlen informed the Board the new contract with Carl Warren has a price structure that would save PLAN JPA approximately $30,000 per year for the first three years, and if the pool extends the contract by the two optional years, the pool would save $136,000 per program year. He stated the total savings would be approximately $292,000 over five program years.

Various members of the Ad Hoc Committee provided their individual feedback, mentioning the benefit of location as Carl Warren operates out of the Bay Area and the pricing structure being lower than the current TPA, despite that the original price of

Carl Warren was higher; however, after negations between Mr. Dahlen and Carl Warren, Carl Warren came back with better overall pricing for all proposed services. The price break is notable due to rising insurance rates and cost savings measures are important. Additionally, it was noted that Carl Warren has a current practice of calling the claimant ahead of sending a denial letter which aids in communications and prevents any confusion in the claims process.

A question arose regarding the 21% fee for subrogation and if that would fall to the member if the third-party refused to pay it. Mr. Dahlen advised that the cost is to be included in the fee charged to the other party and not charged to the member; however, he would reach out to Carl Warren for more information.

The Board continued to ask questions regarding Carl Warren references, claim history, and the amount of adjusters available for PLAN JPA. Carl Warren provided information on the adjusters along with their resumes, stating the senior adjusters on the account have years of experience and at least two new members of staff would be hired for this contract, with potential candidates already being interviewed.

A few questions around the $750 charge per claim arose as there was some confusion on when the pool would be charged this amount. It was clarified the additional charge is for Carl Warren to take over any current claims that PLAN JPA has with their current TPA. Extensive work will need to be done to inform the claimants of a new administration. The charge would also apply to any claims over the 550 threshold. The amount of current claims PLAN JPA has will need to be researched and brought to the Board at a later date.

During discussion quorum was lost and Ms. Mendenhall directed the Board to provide any additional questions to staff. Staff was directed to perform reference checks for Carl Warren and to schedule another Special Board meeting to review and approve a new TPA, to allow the necessary transition time for a January 1st start date.

6. CLOSING COMMENTS

A. Board of Directors

None.

B. Staff

None.

7. ADJOURNMENT

The Special Meeting of the PLAN JPA Board of Directors was adjourned at 3:08 p.m.

Katie Sullivan

Katie Sullivan, Assistant Board Secretary

POOLED LIABILITY ASSURANCE NETWORK JOINT POWERS AUTHORITY (PLAN JPA)

MINUTES OF THE BOARD OF DIRECTORS SPECIAL MEETING OF SEPTEMBER 26, 2024

A Special Meeting of the Board of Directors was held on September 26, 2024, via Zoom Videoconference.

MEMBERS PRESENT:	Rebecca Mendenhall, President, San Carlos Will Fuentes, Treasurer, Campbell Michael Guina, Burlingame Renee Eshun, Colma Kristina Alfaro, Cupertino *(arrived during Agenda Item 5.A)* Sarah Monnastes, Dublin Tomohito Oku, East Palo Alto *(non-voting participant)* Diane Pitman, Foster City Jan Cooke, Hillsborough Gabrielle Whelan, Los Gatos Mike Sung, Millbrae *(Alternate)* Shruti Shah, Milpitas Cathreene Ingham-Watters, Newark Stephanie Coy, Pacifica Christa Johnson, Ross Darcy Smith, San Bruno Jenny Liu, San Carlos *(Alternate, non-voting participant)* Monica LaBossiere, Saratoga Jason Wong, South San Francisco Cindy Safe, Woodside *(Alternate)*
MEMBERS ABSENT:	Kevin Bryant, Vice President, Woodside Maria Ojeda, American Canyon George Rodericks, Atherton Kim Imboden, Benicia Lisa Rossi, Half Moon Bay Thomas Leung, Los Altos Hills Donald Larkin, Morgan Hill

Sharif Etman, Portala Valley
Christina Penland, Suisun City
Greg Chanis, Tiburon

OTHERS PRESENT: Eric Dahlen, General Manager
Katie Sullivan, Assistant General Manager
Kassandra Batista, Administrative Analyst
Susan DeNardo, Litigation Manager
Marc Zafferano, Board Counsel

1. **CALL TO ORDER**

The September 26, 2024, Special Board of Directors meeting was called to order at 2:03pm a.m. by President Rebecca Mendenhall.

2. **INTRODUCTIONS**

Roll call introductions were made and it was determined there was a quorum present.

3. **APPROVAL OF AGENDA AS POSTED (OR AMENDED)**

Michael Guina moved to approve the agenda as posted. Gabrielle Whelan seconded the motion. A roll call vote was taken and the motion was passed unanimously by Rebecca Mendenhall, Will Fuentes, Michael Guina, Renee Eshun, Sarah Monnastes, Diane Pitman, Jan Cooke, Gabrielle Whelan, Mike Sung, Shruti Shah, Cathreene Ingham-Watters, Stephanie Coy, Christa Johnson, Darcy Smith, Monica Labossiere, Jason Wong, and Cindy Safe.

4. **PUBLIC COMMENTS**

None.

5. CONTRACTS

A. Review and Consideration of the Third-Party Administration Request for Proposal Results

Eric Dahlen, PLAN JPA General Manager, reminded the Board of the overall discussion topics during the September 20th Board of Directors meeting regarding the approval of the contract with Carl Warren for Third-Party Administration (TPA) services. He advised towards the end of discussion, a quorum was lost, and the Board could not take action.
Mr. Dahlen received a few additional questions from the Board and reviewed the following:

- With a new TPA does that change the PLAN Defense Counsel Panel?
  - Nothing changes with the PLAN Defense Counsel Panel. The Executive Committee establishes and maintains the panel of defense attorneys. Any TPA that works for PLAN JPA will work with the established panel.
- What was the longevity of the senior staff for the new company?
  - A concern with the incumbent company was staff turnover and as such is a concern for the proposed TPA company. The claims manager has been with Carl Warren for 11 years. Both claims supervisors have been with Carl Warren for 6 plus years. The Executive Vice President has been with company for greater than five years. Carl Warren will have to hire two new claims adjusters to satisfy the needs of this contract.
- Overall pricing between the three proposals received:
  - A table of pricing information was presented from each company. Carl Warren charges $763,000, George Hills $835,000, and Sedgwick $794, 000. The fee will drop on year 4 due to transfer fee and starting costs.
- How much did Sedgwick recover for PLAN in fiscal year 23/24 through their subrogation efforts?
  - Sedgwick reported $765,000. PLAN JPA finance team has been asked to investigate that number and verify, if possible.
  - Carl Warren is listing a 21% fee per recovery for subrogation. Per Carl Warren, approximately 70% of the time they are able to recover fees from the third party, meaning the client would be charged about 5% on 30% of the claims where the full amount cannot be recovered.

- Trust Account
  - The TPA would set up, adjust, and maintain a trust account where they are an executor of the account. PLAN JPA funds this account where a balance of $250k to $400k is maintained. Typically, the funds in those accounts incur an interest and Carl Warren proposed that the interest would be given to them. This is not how PLAN operates with the current TPA as the account funded for that company does not incur interest.

- Confirmation that the fees proposed are for up to 550 new claims per year not the number of active claims.
  - Susan DeNardo, PLAN JPA Litigation Manager, found that PLAN JPA currently has 362 open claims. Between 380 – 440 claims were opened in the 23/24 fiscal year. The fee that would be charged account for newly filed claims not current claims. PLAN does not have claims that would exceed that number.

Marc Zafferano, Board Counsel, spoke to the reference checks for Carl Warren. The company listed four references: The County of Marin, City of Santa Clara, The City of Sunnyvale, and California Joint Powers Insurance Authority (CJPIA). He sent urgent emails explaining the need to receive reference as well as provided a list of questions from Ms. Mendenhall and Mr. Dahlen. Mr. Zafferano was able to have a conversation with a representative of the City of Santa Clara who stated has a good relationship with Carl Warren. The City of Santa Clara advised Carl Warren is very good about responding to claimants, especially those who have been denied. They also noted there was a brief problem with adjusters, but those adjusters are no longer with Carl Warren and there have been no problems since. The representative couldn't comment on subrogation since that is an in-house service for the City. The City of Santa Clara also noted Carl Warren is good at adjusting services to the need of the client, they are hands off in terms of making strong recommendations to settle or not settle, and often agree with what the City recommends. Mr. Zafferano concluded by mentioning that the City of Santa Clara is pleased with Carl Warren's services and they are very collaborative.

Christa Johnson moved to terminate the contract with Sedgwick, PLAN JPA's current Third-Party Administrator, effective December 31, 2024. Sarah Monnastes seconded the motion. The motion passed unanimously by Rebecca Mendenhall, Will Fuentes, Michael Guina, Renee Eshun, Kristina Alfaro, Sarah Monnastes, Diane Pitman, Jan Cooke, Gabrielle Whelan, Mike Sung, Shruti Shah, Cathreene Ingham-Watters,

Stephanie Coy, Christa Johnson, Darcy Smith, Monica Labossiere, Jason Wong, and Cindy Safe.

Christa Johnson moved to approve the agreement with Carl Warren for Third-Party Administration Services. Diane Pitman seconded the motion. The motion passed unanimously by Rebecca Mendenhall, Will Fuentes, Michael Guina, Renee Eshun, Kristina Alfaro, Sarah Monnastes, Diane Pitman, Jan Cooke, Gabrielle Whelan, Mike Sung, Shruti Shah, Cathreene Ingham-Watters, Stephanie Coy, Christa Johnson, Darcy Smith, Monica Labossiere, Jason Wong, and Cindy Safe.

6. CLOSING COMMENTS

A. Board of Directors

None.

B. Staff

None.

7. ADJOURNMENT

The Special Meeting of the PLAN JPA Board of Directors was adjourned at 2:38 p.m.

Katie Sullivan

Katie Sullivan, Assistant Board Secretary

Agenda Item 6.A.

GENERAL MANAGER'S REPORT

SUBJECT: Report from PLAN JPA's General Manager

BACKGROUND AND HISTORY:

Eric Dahlen, PLAN JPA General Manager, will be in attendance to discuss the following:

- The Addition of Workers Compensation Program to PLAN JPA

  Expanding the services offered through PLAN can help to increase retention, simplify member operations, encourage participation, and increase marketability for future growth.

- Consideration of the Establishment of a Social Media Presence via LinkedIn

  Social media presence can play a crucial role to positively market the pool through member profiles, pool activities, and engagement opportunities.

- Celebrating the Tenure of PLAN JPA Board Vice President Kevin Bryant

  JPAs typically thrive with stability of membership and leadership. Mr. Kevin Bryant has proven just that with his tenure of service to PLAN JPA and ABAG PLAN Corporation. Mr. Bryant is now stepping into retirement.

RECOMMENDATION:

Staff recommends the Board approve Resolution 2025-01 recognizing the tenure, service, and retirement of Kevin Bryant.

REFERENCE MATERIALS ATTACHED:

- Resolution 2025-01

Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA)

Resolution No. 2025-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE POOLED LIABILITY ASSURANCE NETWORK JOINT POWERS AUTHORITY EXPRESSING APPRECIATION FOR THE HONORABLE SERVICE OF KEVIN BRYANT FOR PLAN JPA

WHEREAS, Kevin Bryant has served as a long-time member of the PLAN JPA Board of Directors, and has been an elected officer and member of the Executive Committee and Claims Committee for several years;

WHEREAS, Mr. Bryant is known for commitment to sound decision-making, and has demonstrated his ability to balance the perspective of the Town of Woodside with those of other PLAN JPA member entities;

WHEREAS, Mr. Bryant is acknowledged for his exceptional leadership as President during his service to the PLAN JPA Board of Directors; and

WHEREAS, the PLAN JPA Board of Directors wishes to make a permanent record of its appreciation and respect for Mr. Bryant's dedication and service to PLAN JPA.

NOW, THEREFORE, IT IS RESOLVED, on this 12th day of March 2025, that the members of the PLAN JPA Board of Directors commend Kevin Bryant for his many contributions to the organization, and express gratitude for all his efforts on their behalf.

AYES:
NOES:
ABSTAIN:
ABSENT:

____
PLAN JPA President

ATTEST:

Eric Dahlen, PLAN JPA General Manager

Agenda Item 8.A.

STATE OF THE MARKET

SUBJECT: State of the Market

BACKGROUND AND HISTORY:

Annually, Alliant Insurance Services, Inc. (Alliant) provides an update on the status of the current excess market and a strategy for the upcoming renewal of PLAN's reinsurance and excess policies.

Eric Dahlen, PLAN JPA General Manager, will provide the Board of Directors with a marketing report for the 2024/25 Program Year. Mr. Dahlen will be present at the meeting to discuss this strategy as well as answer questions.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

None.

Agenda Item 9.A.

BENCHMARK ANALYTICS

SUBJECT: Presentation by Benchmark Analytics

BACKGROUND AND HISTORY:

Mr. Alec Henderson, Benchmark Analytics, will provide the Board of Directors with an overview on services and programs available to PLAN JPA. Mr. Henderson will be present at the meeting to discuss this study as well as answer questions.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

- None.

UPDATE FROM BICKMORE ACTUARIAL

SUBJECT: Update from Bickmore Actuarial Regarding the Captive Feasibility Study

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BACKGROUND AND HISTORY:

Mr. Mike Harrington, President and Managing Partner, Bickmore Actuarial, will provide the Board of Directors with an update on the Captive Feasibility Study. Mr. Harrington will be present at the meeting to discuss this study as well as answer questions.

RECOMMENDATION:

Provide direction to staff and Mr. Harrington based on the Feasibility Study.

REFERENCE MATERIALS ATTACHED:

None

ACTUARIAL UPDATE FOR THE GENERAL LIABILITY AND PROPERTY PROGRAMS

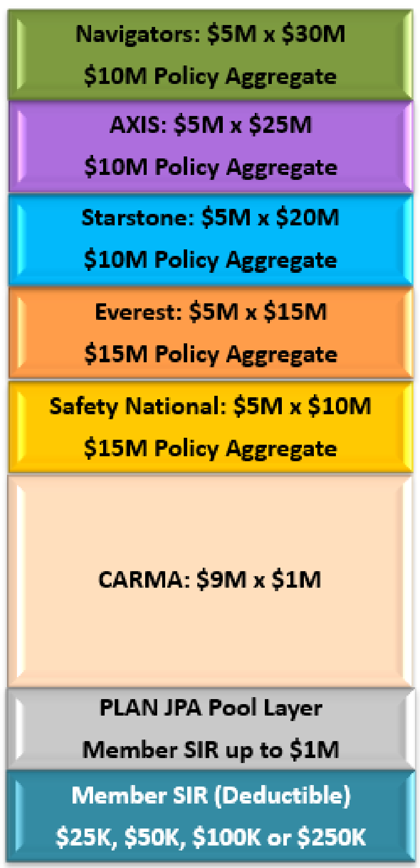
SUBJECT: Actuarial Update for the General Liability and Property Programs

BACKGROUND AND HISTORY:

Ms. Becky Richard, Assistant Vice President and Partner, Bickmore Actuarial, will present the annual Actuarial Report to the Board of Directors. Ms. Richard will be present at the meeting to discuss this study as well as answer questions.

General Liability Program:

The preliminary actuarial report provides the funding information for the upcoming 2025/26 Program Year. This report uses the loss run as of December 31, 2024, and estimated payroll based off December 31, 2024, actual payroll. Below is PLAN JPA's current General Liability (GL) Program structure.



Below is a current comparison of the funding for the PLAN JPA Primary Pool Layer of $1M self-insured retention (SIR):

Liability Program	Discount Factor	Expected	60%
2025/26	2%	6,438,000	7,030,000
2024/25	2%	6,438,000	6,625,000
	Change	394,000	405,000
	% Change	6%	6%

For the upcoming 2025/26 Program Year, the Liability Program funding has increased by $405,000, or 6% at the 60% confidence level, with a 2% discount. The increase in the primary funding layer is also due to the 2025/26 estimated payroll increasing by 3.0% overall, or $43M, for the pool.

Property Program:

The preliminary actuarial report provides the funding information for the upcoming 2025/26 Program Year. This report uses the loss run as of December 31, 2024, and total insured value as of February 10, 2024.

Property Program	Discount Factor	Expected	80%	85%
2025/26	2%	2,031,000	2,778,000	3,038,000
2024/25	2%	1,650,000	2,282,000	2,505,000
	Change	381,000	496,000	533,000
	% Change	23%	22%	21%

For the upcoming 2025/26 Program Year, the Property Program funding has increased by $756,000 or 33% at the 85% confidence level, with a 2% discount. This increase is due to the increase in the confidence level from 80% to 85% and the 2025/26 total insured values increasing by 1.5% overall, or $57M, for the pool.

STAFF RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

- Excerpts of Draft Actuarial Reports - Liability and Property

PLAN JPA

Split of 2025-26 Deposit Between Loss Funding and Administrative Expenses
$1.0M Retention / $35M Limit

Member (A)	Loss Funding (B)	Excess Insurance (C)	Admin Expenses (D)	Total Deposit (E)
American Canyon	$122,856	$542,450	$55,304	$720,610
Atherton	234,290	173,919	52,936	461,146
Benicia	600,009	649,031	136,880	1,385,920
Burlingame	446,129	760,722	215,685	1,422,535
Campbell	318,218	1,074,405	87,556	1,480,179
Colma	69,841	35,153	35,474	140,467
Cupertino	142,797	1,482,676	79,204	1,704,677
Dublin	211,038	1,817,899	89,567	2,118,504
East Palo Alto	104,260	724,946	53,748	882,954
Foster City	249,919	812,279	76,000	1,138,198
Half Moon Bay	167,390	280,175	49,884	497,449
Hillsborough	310,171	277,134	127,987	715,291
Los Altos Hills	75,958	211,316	35,072	322,346
Los Gatos	248,309	828,460	65,729	1,142,497
Millbrae	37,828	575,733	75,692	689,253
Milpitas	429,654	2,038,689	177,588	2,645,931
Morgan Hill	524,245	1,156,403	88,058	1,768,706
Newark	279,504	1,162,661	62,289	1,504,453
Pacifica	357,177	923,996	141,426	1,422,599
Portola Valley	34,086	105,932	36,119	176,138
Ross, Town of	53,973	56,643	33,088	143,705
San Bruno	578,008	1,050,895	166,916	1,795,819
San Carlos	334,424	733,472	69,271	1,137,167
Saratoga	133,698	768,351	41,000	943,049
South SF	401,410	1,610,572	120,309	2,132,291
Suisun City	330,209	719,012	82,982	1,132,203
Tiburon	157,601	219,618	77,625	454,844
Woodside	76,998	127,971	44,614	249,583
Total	$7,030,000	$20,920,513	$2,378,000	$30,328,513

(B) From Exhibit 1, Page 2b.
(C) From Exhibit 1, Page 2b.
(D) From Exhibit 1, Page 2b.
(E) (B) + (C) + (D)

PLAN JPA

2025-26 Deposit by Member
$1.0M Retention / $35M Limit

Member (A)	Deductible (B)	Deductible Factor (C)	Adjusted Experience Modification Factor (D)	2025-26 Payroll (00) (E)	PLAN JPA Loss Fund Contribution (F)	Balanced PLAN JPA Loss Fund Contribution (G)	Excess Insurance (H)	Adjusted Admin. Expenses (I)	Indicated Total Deposit (J)
American Canyon	25,000	1.245	67%	109,835	114,723	122,856	542,450	55,304	720,610
Atherton	25,000	1.245	167%	84,198	218,780	234,290	173,919	52,936	461,146
Benicia	25,000	1.245	127%	283,910	560,289	600,009	649,031	136,880	1,385,920
Burlingame	250,000	0.670	169%	295,482	416,595	446,129	760,722	215,685	1,422,535
Campbell	100,000	1.000	92%	260,344	297,152	318,218	1,074,405	87,556	1,480,179
Colma	50,000	1.139	70%	65,197	65,217	69,841	35,153	35,474	140,467
Cupertino	250,000	0.670	68%	233,251	133,344	142,797	1,482,676	79,204	1,704,677
Dublin	50,000	1.139	113%	122,811	197,067	211,038	1,817,899	89,567	2,118,504
East Palo Alto	100,000	1.000	51%	153,299	97,358	104,260	724,946	53,748	882,954
Foster City	100,000	1.000	58%	323,014	233,375	249,919	812,279	76,000	1,138,198
Half Moon Bay	50,000	1.139	178%	61,950	156,309	167,390	280,175	49,884	497,449
Hillsborough	50,000	1.139	152%	134,636	289,638	310,171	277,134	127,987	715,291
Los Altos Hills	25,000	1.245	111%	41,117	70,929	75,958	211,316	35,072	322,346
Los Gatos	50,000	1.139	67%	242,088	231,871	248,309	828,460	65,729	1,142,497
Millbrae	100,000	1.000	135%	21,016	35,324	37,828	575,733	75,692	689,253
Milpitas	100,000	1.000	49%	661,703	401,211	429,654	2,038,689	177,588	2,645,931
Morgan Hill	100,000	1.000	96%	408,128	489,540	524,245	1,156,403	88,058	1,768,706
Newark	100,000	1.000	68%	309,721	261,000	279,504	1,162,661	62,289	1,504,453
Pacifica	50,000	1.139	96%	244,471	333,532	357,177	923,996	141,426	1,422,599
Portola Valley	25,000	1.245	88%	23,281	31,830	34,086	105,932	36,119	176,138
Ross, Town of	25,000	1.245	107%	30,321	50,400	53,973	56,643	33,088	143,705
San Bruno	100,000	1.000	114%	381,145	539,744	578,008	1,050,895	166,916	1,795,819
San Carlos	100,000	1.000	163%	154,101	312,285	334,424	733,472	69,271	1,137,167
Saratoga	25,000	1.245	80%	100,286	124,848	133,698	768,351	41,000	943,049
South SF	100,000	1.000	58%	515,341	374,836	401,410	1,610,572	120,309	2,132,291
Suisun City	25,000	1.245	140%	141,495	308,349	330,209	719,012	82,982	1,132,203
Tiburon	50,000	1.139	199%	52,139	147,168	157,601	219,618	77,625	454,844
Woodside	25,000	1.245	169%	27,467	71,901	76,998	127,971	44,614	249,583
Total		1.029	93%	5,481,747	6,564,614	7,030,000	20,920,513	2,378,000	30,328,513

(B) Provided by PLAN
(C) From Exhibit 2, Page 2.
(D) From Exhibit 1, Page 6.
(E) From , .
(G) { [$7,030,000 / Total (E)] x [(C) / Weighted Average of (C)] x (D) x (E)}.
$7,030,000 is the discounted expected loss & ALAE at 60% CL from Exhibit 2, Page 1a. (2.0% Discount Rate).
(H) From Exhibit 1, page 3.
(I) [Total fixed expenses / Total number of members].
Total fixed expenses are equal to 33% of total expenses. Total expenses of $2,378,000 projected by PLAN JPA.
(J) (G) + (H) + (I)

PLAN JPA - Property

Funding Options for Program Year 2025-2026 (Pool Layer: $5,000 - $500,000)
One-Year Funding Plan

		Dollar Amount	TIV Rate
(A)	Estimated Ultimate Losses Incurred in Accident Year 2025-2026: (From Not Included)	$2,093,000	$0.053
(B)	Estimated Claims Administration Fees Incurred in Accident Year 2025-2026: (From Exhibit 3, Page 1, item (L))	0	0.000
(C)	Total Claims Costs Incurred in Accident Year 2025-2026: ((A) + (B))	$2,093,000	$0.053
(D)	Loss Discount Factor (Based on a Discount Rate of 2.0%.): (Appendix F, , (G))	0.970	
(E)	Discounted Total Claims Costs Incurred in Accident Year 2025-2026: ((C) x (D))	$2,031,000	$0.052

		Marginally Acceptable		Recommended		Conservative
		70%	75%	80%	85%	90%
(F)	Confidence Level Factor: (From Appendix G)	1.179	1.265	1.368	1.496	1.668
(G)	Margin for Adverse Experience: ((E) x [(F) - 1])	364,000	538,000	747,000	1,007,000	1,357,000
(H)	Recommended Funding in 2025-2026 for Claims Costs: ((E) + (G))	$2,395,000	$2,569,000	$2,778,000	$3,038,000	$3,388,000
(I)	Budgeted Program Costs: (Provided by the Pool)	10,251,000	10,251,000	10,251,000	10,251,000	10,251,000
(J)	Recommended Funding in 2025-2026 for Claims Costs, Other Expenses, and Non Claims Related Expenses: ((H) + (I))	$12,646,000	$12,820,000	$13,029,000	$13,289,000	$13,639,000
(I)	Rate per $100 of TIV: ((H) / $39,258,008)	$0.322	$0.327	$0.332	$0.339	$0.347

TIV rates are per hundred dollars of 2025-2026 TIV of $3,925,800,800.

FINANCIAL MATTERS

SUBJECT: Review of the PLAN JPA 2025/26 Preliminary Operating Budget

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BACKGROUND AND HISTORY:

Joe Roy, PLAN JPA Finance Manager, will present the Draft Preliminary Operating Budget (Budget) for PLAN JPA for the 2025/26 Fiscal Year.

Overview:

- For the Liability Program, member contributions are presented at the 60% confidence level (CL) with a 2% discount. PLAN JPA's Self-Insured Retention (SIR) covers up to $1M above each member's SIR, with current options of $25K, $50K, $100K, and $250K. PLAN JPA joined California Affiliated Risk Management Authorities (CARMA) JPA in 2021/22 at the $9M excess of $1M layer. Above CARMA's pooled layer, PLAN JPA purchases Reinsurance and Excess above $10M. Coverage layers are estimated at a 15% increase over 2024/25 budgeted amounts, except for the pooled layer, which has been re-estimated through an actuarial study, and has increased 6% compared to the prior year. Overall, the Liability Program has been estimated as increasing in cost by [14%].

    - 80% of Administrative and Other Direct Expenses are allocated to the Liability Program.

- For the Property Program, member contributions are presented at the increased 85% confidence level funding with a 2% discount factor. The pooled layer has been re-estimated through an actuarial study, and costs have increased 33% compared to the prior year. The proposed coverage includes losses pooled from each member's SIR, currently $5K for all members, with a maximum of $500K per occurrence. Excess coverage purchased through the Alliant Insurance Property Program (APIP) up to $1B has been estimated at a 15% increase over 2024/25 budgeted amounts. Overall, the Property Program has been estimated as increasing in cost by 15%.

    - 20% of Administrative and Other Direct Expenses are allocated to the Property Program.
    - Other costs related to the Property Program include:
        - Cyber Excess Policy (15% growth factor applied; includes additional charge of $1,000 per member).
        - Resolute Guard Services (no growth factor applied).
        - Property Rehabilitation Loan repayment year 3 (of 3).

Inputs to Budget and Use of Estimates:

Total Estimated Payroll, a proxy for the risk of loss for Liability Claims, has increases by 3% compared to the prior year. Total Insured Values (TIV), a proxy for the risk of loss for Property Claims, has increased by 2% compared to the prior year.

To account for the risk of increased claim costs due to severity or frequency and market risk related to the cost of purchasing excess insurance, a 15% growth factor has been applied to various items budgeted in the prior year. They include, for both the Liability and Property Programs, (i) funding for losses in the pool layer, and (ii) the costs of excess insurance/reinsurance policies. ERMA costs, for those that participate in that program have also been estimated to be 15% higher than the prior year.

Administration and Other Direct Expenses

Administrative and Other Direct Expenses are projected to decrease by 6%, compared to the budgeted amounts from the prior year. For these items, the 2025/26 proposed budget includes the following actual and estimated amounts:

EXPENSE ITEM	ACTUAL OR ESTIMATE	BASIS
OTHER DIRECT EXPENSES		
Claims Admin & Audit	Actual	New contract with Carl Warren.
Risk Control Services	Estimate	New contract required for 2025/26.
Sewer Summit	Estimate	Based on preliminary indication of cost.
Resolute Guard	Estimate	Based on prior year actual costs incurred
ADMINISTRATIVE EXPENSES		
Program Administration	Actual	Contractual increase (3%).
Financial Audit	Estimate	Currently out to RFP.
Actuarial Studies	Estimate	Current Engagement Letter expires June 30, 2025.
Legal Counsel	Estimate	Based on prior year actual costs incurred.
CAJPA Membership	Estimate	Based on prior year actual costs incurred.
Bank Fees	Estimate	Based on prior year actual costs incurred.
Board Meetings/Strategic Planning	Estimate	Based on prior year actual costs incurred, plus allowance for alternates to attend Annual Meeting.
Allowance for Contingencies	Estimate	Based on prior year budgeted amount.

STAFF RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

- Draft Preliminary Operating Budget for 2025/26

PLAN JPA

2025/26 - Budget - Summary Sheet

	Preliminary	24/25 Budgeted Amounts	% Change
Cost Drivers			
Estimated Payroll	$ 558,199,100	$ 532,374,900	5%
Total Insured Values (TIV)	$ 3,830,049,565	$ 3,772,682,019	2%
Liability Program			
Confidence Level	60%	60%	
Discount Rate	2.0%	2.0%	
Funding for Losses $1M	$ 7,030,000	$ 6,625,000	6%
Excess Insurance, Other Insurance	$ 20,920,513	$ 18,130,881	15%
Administrative & Other Direct Expenses*	$ 1,902,380	$ 2,015,935	-6%
Total Liability	**$ 29,852,893**	**$ 26,771,816**	12%
Property Program			
Confidence Level	85%	80%	
Discount Rate	2.0%	2.0%	
Funding for Losses $500K	$ 3,038,000	$ 2,282,000	33%
Excess Insurance	$ 8,928,382	$ 7,703,156	16%
Excess Cyber	$ 396,000	$ 380,052	4%
Resolute Guard	$ 142,100	$ 142,100	0%
Rehabilitation Plan	$ 784,084	$ 784,084	0%
Administrative & Other Direct Expenses*	$ 475,595	$ 503,984	-6%
Total Property	**$ 13,764,161**	**$ 11,795,376**	17%
Employment Liability			
ERMA JPA	$ 745,991	$ 648,688	15%
Total Employment Liability	**$ 745,991**	**$ 648,688**	15%
Grand Total Contributions	**$ 44,363,045**	**$ 39,215,880**	**13%**

*Administrative Expenses budgeted 100% as part of Liability Program in prior year. Going forward, allocation between Liability Program and Property Program will be budgeted to match Financial Statement Presentation (80% to Liability Program; 20% to Property Program).

PLAN JPA

2025/2026 Operating Budget (Preliminary)

	2024/25 Approved Budget	2025/26 Draft Operating Budget	Prior Year Dollar Incr./(Decr.)	Prior Year Percent Incr./(Decr.)
Revenues:				
Contributions	$ 39,215,880	$ 44,363,045	$ 5,147,165	13.1%
Total Revenues	***39,215,880***	**44,363,045**	*5,147,165*	*13.1%*
Expenses				
Claims Expense	8,088,000	8,863,000	775,000	9.6%
Claims Expense Total	**8,088,000**	**8,863,000**	**775,000**	9.6%
Insurance Expense				
Liability Program				
Excess Insurance - Liability	18,130,881	20,850,513	2,719,632	15.0%
Other Insurance - Liability (Crime, Prof. Liab., etc.)	67,200	70,000	2,800	4.2%
Property Program				
Excess Insurance - Property	7,642,500	8,858,628	1,216,129	15.9%
Flood Insurance	60,655	69,754	9,098	15.0%
Excess Cyber Coverage	380,052	396,000	15,948	4.2%
Employment Liability Program				
ERMA	648,688	745,991	97,303	15.0%
Insurance Expense Total	**26,929,977**	**30,990,886**	4,060,910	15.1%
Other Direct Expenses				
Claims Admin & Audit	832,300	760,000	(72,300)	-8.7%
Loss Prevention				
Risk Control Services	316,615	330,000	13,385	4.2%
Sewer Summit	20,000	16,000	(4,000)	-20.0%
Resolute Guard	142,100	142,100	-	0.0%
Other Direct Expenses Total	**1,311,015**	**1,248,100**	(62,915)	-4.8%
Administrative Expenses				
Program Administration	1,058,228	1,089,975	31,747	3.0%
Financial Audit	22,900	25,000	2,100	9.2%
Actuarial Studies	34,430	35,000	570	1.7%
Legal Counsel	60,246	45,000	(15,246)	-25.3%
CAJPA Membership	12,000	4,000	(8,000)	-66.7%
Bank Fees	6,000	3,000	(3,000)	-50.0%
Board Meetings/Strategic Planning	80,000	60,000	(20,000)	-25.0%
Allowance for Contingencies	10,000	10,000	-	0.0%
Administration Expenses Total	**1,283,804**	**1,271,975**	(11,829)	-0.9%
Total Expenses	***37,612,796***	**42,373,961**	*4,761,166*	*12.7%*
Budgeted Net Income (Loss)	***1,603,084***	***1,989,084***	*386,000*	*24.1%*

Non-Expense Contribution Items	
Liability Claims Expense (Expected) vs. Funding (60% CL)	198,000
Property Claims Expense (Expected) vs. Funding (85% CL)	1,007,000
Property Rehabilitation Loan	784,084
Total Non-Expense Contribution Items	1,989,084
Total Non-Expense Contribution Items vs. Net Income	0

PLAN JPA

2025/2026 Operating Budget (Preliminary)

Summary of Contributions by Program

Member	60% CL Liability Program	85% CL Property Program	80% CL EPL Liability	2025/26 Total Contributions	Prior Year Comparison: 2024/25 Total Contributions	Dollar Change	Percent Change	Payroll Comparison: Estimated Payroll 2025/26	Estimated Payroll 2024/25	Percent Change	Ex-mod Comparison: 2025/26	2024/25	Percent Change
			Note 1					Note 2	Note 3		Note 4		
American Canyon	$ 708,624	$ 405,169	$ 62,353	**$ 1,176,146**	$ 996,126	$ 180,020	18%	$ 10,983,500	$ 9,165,300	20%	67%	52%	29%
Atherton	$ 450,102	$ 144,400	69,779	**$ 664,281**	594,716	69,565	12%	8,419,800	8,112,600	4%	167%	157%	6%
Benicia	$ 1,357,551	$ 1,057,562	-	**$ 2,415,112**	2,093,891	321,221	15%	28,391,000	27,076,600	5%	127%	112%	13%
Burlingame	$ 1,378,787	$ 893,269	219,748	**$ 2,491,804**	2,160,370	331,434	15%	29,548,200	29,391,900	1%	169%	146%	16%
Campbell	$ 1,461,074	$ 450,415	-	**$ 1,911,489**	1,769,861	141,628	8%	26,034,400	27,352,200	-5%	92%	108%	-15%
Colma	$ 133,796	$ 124,960	-	**$ 258,755**	254,547	4,209	2%	6,519,700	7,021,400	-7%	70%	78%	-10%
Cupertino	$ 1,686,233	$ 509,571	-	**$ 2,195,804**	1,889,874	305,930	16%	23,325,100	25,330,500	-8%	68%	58%	17%
Dublin	$ 2,095,210	$ 922,022	-	**$ 3,017,233**	2,738,498	278,734	10%	12,281,100	12,234,200	0%	113%	162%	-30%
East Palo Alto	$ 871,287	$ 145,060	-	**$ 1,016,347**	897,832	118,514	13%	15,329,900	11,910,200	29%	51%	69%	-26%
Foster City	$ 1,123,339	$ 678,905	-	**$ 1,802,244**	1,529,322	272,922	18%	32,301,400	29,591,900	9%	58%	48%	21%
Half Moon Bay	$ 486,648	$ 119,902	-	**$ 606,549**	501,536	105,013	21%	6,195,000	5,552,500	12%	178%	137%	30%
Hillsborough	$ 689,224	$ 335,981	-	**$ 1,025,205**	860,669	164,536	19%	13,463,600	13,746,600	-2%	152%	117%	30%
Los Altos Hills	$ 314,838	$ 84,123	34,963	**$ 433,924**	383,545	50,379	13%	4,111,700	3,704,500	11%	111%	107%	4%
Los Gatos	$ 1,128,630	$ 296,731	119,118	**$ 1,544,479**	1,321,181	223,298	17%	24,208,800	23,464,200	3%	67%	52%	29%
Millbrae	$ 673,558	$ 583,996	-	**$ 1,257,554**	1,212,900	44,654	4%	2,101,600	10,073,700	-79%	135%	136%	-1%
Milpitas	$ 2,610,184	$ 1,054,653	-	**$ 3,664,836**	3,368,585	296,251	9%	66,170,300	67,897,000	-3%	49%	64%	-23%
Morgan Hill	$ 1,750,263	$ 633,340	-	**$ 2,383,603**	1,948,553	435,049	22%	40,812,800	35,838,500	14%	96%	75%	28%
Newark	$ 1,508,809	$ 651,164	-	**$ 2,159,973**	1,936,165	223,808	12%	30,972,100	27,209,200	14%	68%	85%	-20%
Pacifica	$ 1,392,869	$ 1,052,809	-	**$ 2,445,678**	2,314,115	131,563	6%	24,447,100	24,579,500	-1%	96%	123%	-22%
Portola Valley	$ 168,715	$ 74,281	-	**$ 242,996**	217,037	25,959	12%	2,328,100	2,404,600	-3%	88%	84%	5%
Ross	$ 137,063	$ 39,337	-	**$ 176,400**	150,552	25,848	17%	3,032,100	2,526,600	20%	107%	93%	15%
San Bruno	$ 1,761,404	$ 680,454	-	**$ 2,441,858**	2,084,851	357,008	17%	38,114,500	39,509,400	-4%	114%	87%	31%
San Carlos	$ 1,131,424	$ 366,835	119,273	**$ 1,617,533**	1,589,619	27,914	2%	15,410,100	14,895,900	3%	163%	232%	-30%
Saratoga	$ 933,005	$ 205,812	-	**$ 1,138,817**	1,065,142	73,674	7%	10,028,600	8,674,200	16%	80%	115%	-30%
South San Francisco	$ 2,107,710	$ 1,847,405	-	**$ 3,955,114**	3,373,019	582,095	17%	51,534,100	45,360,100	14%	58%	56%	4%
Suisun City	$ 1,113,665	$ 263,989	105,438	**$ 1,483,091**	1,302,686	180,406	14%	14,149,500	13,139,500	8%	140%	145%	-3%
Tiburon	$ 438,612	$ 84,698	-	**$ 523,310**	401,740	121,569	30%	5,213,900	4,428,300	18%	199%	153%	30%
Woodside	$ 240,271	$ 57,320	15,319	**$ 312,910**	258,949	53,960	21%	2,746,700	2,183,800	26%	169%	130%	30%
Total	**$ 29,852,893**	**$ 13,764,161**	**$ 745,991**	**$ 44,363,045**	**$ 39,215,883**	**$ 5,147,163**	**13.1%**	**$ 548,174,700**	**$ 532,374,900**	**3.0%**			

Notes:

Note 1: EPL coverage is through Employment Risk Management Authority (ERMA).

Note 2: Payroll amount is an estimate based off of Q1 and Q2 actuals from fiscal year 2024-25.

Note 3: Historical estimate used at the time of funding.

Note 4: Ex-mod comparisons were obtained from actuarial report dated March 11, 2024; 2025/26 values subject to update.

PLAN JPA

2025/2026 Operating Budget (Preliminary)

Liability Program Contribution Schedule

Pool Funding @ 60% Confidence Level, 2.0% Discount Factor

Members	*Member SIR*	Funding for Losses SIR-$1M	Reinsurance/Excess Insurance: CARMA $9M x $1M	Reinsurance/Excess Insurance: Rein/Excess $25M x $10M	Other Insurance Crime, Prof. Liab., etc.	Administration + Other Direct Expense	2025/26 60% CL Liability Budget	*Budget Comparison: 2024/25 60% CL Liability Budget*	*Budget Comparison: Dollar Increase / (Decrease)*	*Budget Comparison: Percent Increase / (Decrease)*
	Note 1	Note 2	Notes 3, 4	Note 4		Note 5				
American Canyon	*$25,000*	$ 122,369	$ 320,024	$ 220,611	$ 1,377	$44,243	**$ 708,624**	$ 606,828	$ 101,796	*16.8%*
Atherton	*$25,000*	$ 233,361	$ 102,605	$ 70,732	$ 1,056	$42,348	**450,102**	420,360	29,742	*7.1%*
Benicia	*$25,000*	$ 597,629	$ 382,902	$ 263,957	$ 3,560	$109,503	**1,357,551**	1,222,115	135,436	*11.1%*
Burlingame	*$250,000*	$ 444,359	$ 448,796	$ 309,381	$ 3,705	$172,546	**1,378,787**	1,248,513	130,274	*10.4%*
Campbell	*$100,000*	$ 316,956	$ 633,856	$ 436,954	$ 3,265	$70,044	**1,461,074**	1,400,692	60,382	*4.3%*
Colma	*$50,000*	$ 69,564	$ 20,739	$ 14,296	$ 818	$28,379	**133,796**	153,127	(19,332)	*-12.6%*
Cupertino	*$250,000*	$ 142,231	$ 874,720	$ 602,995	$ 2,925	$63,362	**1,686,233**	1,468,135	218,098	*14.9%*
Dublin	*$50,000*	$ 210,201	$ 1,072,489	$ 739,328	$ 1,540	$71,653	**2,095,210**	1,974,347	120,864	*6.1%*
East Palo Alto	*$100,000*	$ 103,846	$ 427,689	$ 294,831	$ 1,922	$42,998	**871,287**	787,087	84,200	*10.7%*
Foster City	*$100,000*	$ 248,928	$ 479,213	$ 330,349	$ 4,051	$60,799	**1,123,339**	967,664	155,675	*16.1%*
Half Moon Bay	*$50,000*	$ 166,726	$ 165,292	$ 113,946	$ 777	$39,907	**486,648**	406,567	80,080	*19.7%*
Hillsborough	*$50,000*	$ 308,941	$ 163,498	$ 112,709	$ 1,688	$102,388	**689,224**	579,391	109,833	*19.0%*
Los Altos Hills	*$25,000*	$ 75,657	$ 124,668	$ 85,941	$ 516	$28,057	**314,838**	286,938	27,900	*9.7%*
Los Gatos	*$50,000*	$ 247,324	$ 488,758	$ 336,929	$ 3,036	$52,583	**1,128,630**	975,227	153,403	*15.7%*
Millbrae	*$100,000*	$ 37,678	$ 339,660	$ 234,147	$ 1,521	$60,553	**673,558**	733,354	(59,795)	*-8.2%*
Milpitas	*$100,000*	$ 427,950	$ 1,202,746	$ 829,122	$ 8,298	$142,069	**2,610,184**	2,498,647	111,536	*4.5%*
Morgan Hill	*$100,000*	$ 522,165	$ 682,232	$ 470,302	$ 5,118	$70,446	**1,750,263**	1,421,611	328,651	*23.1%*
Newark	*$100,000*	$ 296,324	$ 685,924	$ 472,847	$ 3,884	$49,831	**1,508,809**	1,396,089	112,719	*8.1%*
Pacifica	*$50,000*	$ 355,760	$ 545,121	$ 375,783	$ 3,066	$113,139	**1,392,869**	1,445,970	(53,101)	*-3.7%*
Portola Valley	*$25,000*	$ 33,951	$ 62,496	$ 43,082	$ 292	$28,895	**168,715**	159,389	9,326	*5.9%*
Ross	*$25,000*	$ 53,759	$ 33,417	$ 23,037	$ 380	$26,470	**137,063**	122,046	15,017	*12.3%*
San Bruno	*$100,000*	$ 575,715	$ 619,986	$ 427,392	$ 4,780	$133,531	**1,761,404**	1,531,793	229,611	*15.0%*
San Carlos	*$100,000*	$ 343,058	$ 432,720	$ 298,298	$ 1,932	$55,416	**1,131,424**	1,182,698	(51,273)	*-4.3%*
Saratoga	*$25,000*	$ 133,168	$ 453,297	$ 312,483	$ 1,258	$32,800	**933,005**	896,744	36,261	*4.0%*
South San Francisco	*$100,000*	$ 399,818	$ 950,174	$ 655,010	$ 6,463	$96,246	**2,107,710**	1,820,106	287,604	*15.8%*
Suisun City	*$25,000*	$ 328,899	$ 424,189	$ 292,418	$ 1,774	$66,385	**1,113,665**	1,024,018	89,646	*8.8%*
Tiburon	*$50,000*	$ 156,976	$ 129,566	$ 89,317	$ 654	$62,099	**438,612**	342,304	96,308	*28.1%*
Woodside	*$25,000*	$ 76,693	$ 75,498	$ 52,045	$ 344	$35,691	**240,271**	204,040	36,231	*17.8%*
Total		**$ 7,030,000**	**$ 12,342,274**	**$ 8,508,239**	**$ 70,000**	**$ 1,902,380**	**$ 29,852,893**	***$ 27,275,800***	***$ 2,577,093***	***9.4%***

Notes:

Note 1: Member Selected Self-Insured Retention.

Note 2: Adjusted pool funding between member SIR to $1,000,000 at the 60% confidence level from draft Actuarial Study dated March 11, 2024, with 15% growth factor for current year.

Note 3: CARMA contributions and reinsurance/excess insurance costs. CARMA funds its losses at the 80%CL, discounted 3%.

Note 4: Allocation based upon member population.

Note 5: Administrative Expense allocation: 33% allocated to the member equally. Of the remaining 67%, one-third is allocated using reported claims and two-thirds using paid losses; these numbers were provided in the draft actuarial study; applied prior year allocations to current year estimates of administrative expense. 80% of Administrative Expense is allocated to Liability Program.

PLAN JPA

2025/2026 Operating Budget (Preliminary)

Property Program Contributions Schedule

Pool Funding @ 85% Confidence Level, 2.0% Discount Factor

Member	SIR	Pool Funding SIR-$500K	Excess Prop. Premium $500k-$1B	Flood Premium	Excess Cyber $2M-$5M	Resolute Guard	Repayment Year 3 of 3	Administration + Other Direct Expense	2025/26 85% CL Property Budget	Budget Comparison: 2024/25 80% CL Property Budget	Dollar Increase / (Decrease)	Percent Increase / (Decrease)
		Notes 1, 2	Notes 2, 3	Note 4	Note 5	Note 6	Note 7	Note 8				
American Canyon	$5,000	$ 91,238	$ 266,045	$ 2,013	$ 8,241	$ 4,500	$ 22,070	$ 11,061	**405,169**	$ 335,078	$ 70,091	*20.9%*
Atherton	$5,000	$ 30,321	$ 88,414	$ -	6,551	4,500	4,027	$ 10,587	**144,400**	*113,679*	*30,721*	*27.0%*
Benicia	$5,000	$ 237,714	$ 693,159	$ 5,033	19,717	5,650	68,912	$ 27,376	**1,057,562**	*871,776*	*185,785*	*21.3%*
Burlingame	$5,000	$ 195,433	$ 569,872	$ 2,745	20,480	5,650	55,953	$ 43,136	**893,269**	*720,772*	*172,498*	*23.9%*
Campbell	$5,000	$ 98,126	$ 286,131	$ -	18,164	5,650	24,833	$ 17,511	**450,415**	*369,169*	*81,246*	*22.0%*
Colma	$5,000	$ 25,139	$ 73,305	$ 2,013	5,298	4,500	7,609	$ 7,095	**124,960**	*101,420*	*23,539*	*23.2%*
Cupertino	$5,000	$ 112,031	$ 326,675	$ 2,013	16,377	5,650	30,984	$ 15,841	**509,571**	*421,739*	*87,832*	*20.8%*
Dublin	$5,000	$ 211,435	$ 616,532	$ 2,013	9,096	4,500	60,532	$ 17,913	**922,022**	*764,151*	*157,871*	*20.7%*
East Palo Alto	$5,000	$ 28,497	$ 83,095	$ -	11,106	4,500	7,112	$ 10,749	**145,060**	*110,745*	*34,315*	*31.0%*
Foster City	$5,000	$ 152,262	$ 443,987	$ -	22,295	5,650	39,511	$ 15,200	**678,905**	*561,658*	*117,247*	*20.9%*
Half Moon Bay	$5,000	$ 23,878	$ 69,627	$ -	5,084	4,500	6,836	$ 9,977	**119,902**	*94,969*	*24,933*	*26.3%*
Hillsborough	$5,000	$ 69,798	$ 203,527	$ -	9,876	4,500	22,683	$ 25,597	**335,981**	*281,278*	*54,703*	*19.4%*
Los Altos Hills	$5,000	$ 16,394	$ 47,803	$ -	3,711	4,500	4,701	$ 7,014	**84,123**	*66,204*	*17,918*	*27.1%*
Los Gatos	$5,000	$ 62,233	$ 181,466	$ -	16,960	5,650	17,277	$ 13,146	**296,731**	*242,373*	*54,358*	*22.4%*
Millbrae	$5,000	$ 133,214	$ 388,445	$ 3,009	8,994	4,500	30,696	$ 15,138	**583,996**	*479,546*	*104,449*	*21.8%*
Milpitas	$5,000	$ 230,335	$ 671,642	$ 5,615	44,624	6,800	60,120	$ 35,517	**1,054,653**	*869,938*	*184,715*	*21.2%*
Morgan Hill	$5,000	$ 137,101	$ 399,777	$ 2,013	27,906	5,650	43,281	$ 17,611	**633,340**	*526,942*	*106,398*	*20.2%*
Newark	$5,000	$ 146,754	$ 427,926	$ -	21,419	5,650	36,957	$ 12,458	**651,164**	*540,076*	*111,088*	*20.6%*
Pacifica	$5,000	$ 234,832	$ 684,757	$ 15,099	17,117	5,650	67,070	$ 28,285	**1,052,809**	*868,145*	*184,664*	*21.3%*
Portola Valley	$5,000	$ 14,281	$ 41,644	$ -	2,535	4,500	4,097	$ 7,224	**74,281**	*57,648*	*16,633*	*28.9%*
Ross	$5,000	$ 5,505	$ 16,053	$ 2,013	2,999	4,500	1,649	$ 6,618	**39,337**	*28,506*	*10,831*	*38.0%*
San Bruno	$5,000	$ 149,958	$ 437,267	$ -	26,127	5,650	28,069	$ 33,383	**680,454**	*553,058*	*127,396*	*23.0%*
San Carlos	$5,000	$ 81,118	$ 236,537	$ 2,013	11,159	4,500	17,654	$ 13,854	**366,835**	*303,205*	*63,631*	*21.0%*
Saratoga	$5,000	$ 43,582	$ 127,082	$ 2,013	7,611	4,500	12,823	$ 8,200	**205,812**	*168,398*	*37,414*	*22.2%*
South San Francisco	$5,000	$ 428,156	$ 1,248,477	$ 15,099	34,975	6,800	89,838	$ 24,062	**1,847,405**	*1,552,913*	*294,492*	*19.0%*
Suisun City	$5,000	$ 55,259	$ 161,131	$ 5,033	10,328	4,500	11,141	$ 16,596	**263,989**	*186,983*	*77,006*	*41.2%*
Tiburon	$5,000	$ 13,638	$ 39,767	$ 2,013	4,437	4,500	4,818	$ 15,525	**84,698**	*59,436*	*25,262*	*42.5%*
Woodside	$5,000	$ 9,769	$ 28,486	$ -	2,811	4,500	2,831	$ 8,923	**57,320**	*41,588*	*15,732*	*37.8%*
Total		**$ 3,038,000**	**$ 8,858,628**	**$ 69,754**	**$ 396,000**	**$ 142,100**	**$ 784,084**	**$ 475,595**	**$ 13,764,161**	***$ 11,291,392***	***$ 2,472,769***	***21.9%***

Notes:

Note 1: Adjusted pool funding at tł Note 1: For Preliminary budget, used prior year values times 115%.

Note 2: Allocations based on total Insured property values obtained from Alliant as of February 10, 2025.

Note 3: For Preliminary budget, used prior year values times 115%.

Note 4: Flood zone costs are based upon 2024/25 expiring premiums with a 15% increase.

Note 5: Excess Cyber coverage: minimum $1K per member and remaining allocated based upon estimated payroll 2025/26.

Note 6: Continuation of Resolute Guard Services, no increase over prior year.

Note 7: Year 3 of 3, Property Rehabilitation Repayment.

Note 8: 20% of Administrative and Other Direct Expenses (except for Resolute Guard) allocated to Property Program.

March 12, 2025
Agenda Item 12.B.

FINANCIAL MATTERS

SUBJECT: Fiscal Year 2023-2024 Audited Financials

BACKGROUND AND HISTORY:

PLAN's financial audit concluded on February 14, 2025. The audit opinion was unmodified, meaning that the financial statements present fairly, in all material respects, the respective financial position of the Pooled Liability Assurance Network, as of June 30, 2024, and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal years then ended are in accordance with accounting principles generally accepted in the United States of America ("GAAP").

At the end of December 2024, staff became aware that a non-GAAP method of accounting had been used to prepare (i) the financial statements presented at PLAN's board meeting held on December 5, 2024 and (ii) previously issued audited financial statements. In particular, the method of accounting used to reflect the expenses and liabilities associated with the risk management grant fund was not in compliance with GASB, Statement, No. 33 ("GASB 33").

GASB 33 discusses the timing of recognition of expense and liabilities associated with grant programs. GASB 33 requires that expenses (and associated liabilities) be recognized as grant recipients meet the eligibility requirements of the grant program. The previous method of accounting was to immediately record an increase in expenses and liabilities equal to the amount of funds designated by the Board of Directors as available for use for the risk management fund grant program.

This practice was communicated to the auditors, who agreed with the assessment that the prior method of accounting was not in compliance with GAAP. To correct for this, the beginning balance of net position for the fiscal year ended June 30, 2023, was restated to reflect the application of GASB 33 in accordance with GASB, Statement, No. 100. For further discussion of this issue, please see Note 7 to the audited financial statements.

RECOMMENDATION:

Staff recommends that the Board receive and file the Audit Report, Governance Letter, and Internal Control Letter for fiscal year 2023-2024.

REFERENCE MATERIALS ATTACHED:

- PLAN Audit Report 2023-2024
- PLAN Governance Letter 2023-2024
- PLAN Internal Control Letter 2023-2024

POOLED LIABILITY ASSURANCE NETWORK

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2024 AND 2023

POOLED LIABILITY ASSURANCE NETWORK

TABLE OF CONTENTS

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pooled Liability Assurance Network
Sacramento, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying Statements of Net Position of Pooled Liability Assurance Network (PLAN) as of and for the fiscal years ended June 30, 2024 and 2023, and the related Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise the Pooled Liability Assurance Network's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Pooled Liability Assurance Network, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pooled Liability Assurance Network and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter

Pooled Liability Assurance Network has corrected an error in previously issued financial statements by restating the beginning net position for the earliest period presented to reflect the cumulative effect of the error on prior periods. The nature of the error and the periods affected are described in Note 7 to the financial statements.

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Responsibilities of Management for the Financial Statements

Pooled Liability Assurance Network's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pooled Liability Assurance Network's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Pooled Liability Assurance Network's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pooled Liability Assurance Network's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Claims Reconciliation by Program, Claims Development Information and the Notes to Claims Development Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pooled Liability Assurance Network's basic financial statements. The Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position and the Graphical Summary of Claims are presented for purposes of additional analysis and are not a required part 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic 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 February 14, 2025 on our consideration of Pooled Liability Assurance Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pooled Liability Assurance Network's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pooled Liability Assurance Network's internal control over financial reporting and compliance.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
February 14, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Pooled Liability Assurance Network (PLAN) Joint Powers Authority is pleased to present the following discussion and analysis of the operating results, financial condition, and liquidity of PLAN JPA for the fiscal year ending June 30, 2024. This discussion should be read in conjunction with the financial statements and notes to the financial statements included with this report.

Overall Program Highlights

<u>General</u>

PLAN is a public entity, joint powers authority (JPA), created July 1, 2018, to provide a pooled approach to insurance coverage for several Bay Area Cities pursuant to the California Government Code. PLAN currently consists of twenty-eight member cities. The purpose of PLAN is to develop effective risk management programs to reduce the amount and frequency of losses; share the risk of self-insured losses; and jointly purchase insurance, administrative and other services. PLAN is governed by a Board of Directors comprising of officials appointed by each member city.

Prior to July 1, 2018, all PLAN members participated in a non-profit public benefit corporation called ABAG Pooled Liability Assurance Network Corporation (ABAG PLAN). Similar to PLAN, ABAG PLAN provided insurance coverage to its members. Effective July 1, 2018, all the assets and liabilities of ABAG PLAN were transferred to PLAN. The transfer of assets, liabilities, and net position were valued at $43.9M, $20.5M, and $23.4M, respectively.

PLAN currently provides insurance coverage for General Liability, Property, Cyber, Crime, and Pollution insurance. Additionally, some PLAN members purchase standalone Employment Practice Liability insurance (EPL).

- Effective July 1, 2021, for the General Liability program, PLAN joined California Affiliated Risk Management Authority (CARMA) JPA and lowered PLAN's self-insured retention (SIR) to $1M, from $2.5M SIR in the prior years. CARMA's coverage of $9M attaches above the PLAN SIR layer. PLAN purchases Excess Coverage of $20M, which attaches above the CARMA layer, totaling $35M of coverage for Program Year 2023/24. The General Liability program offers the following member retained limits: $25K, $50K, $100K, and $250K.
- For the Property program, PLAN's SIR is $500K per occurrence with no aggregate in the 2023-24 program year. PLAN purchases excess coverage limits of, up to $1 billion. Member retention for the Property program is $5K per member, per occurrence.
- PLAN also provided its members with Cyber Liability and Pollution Liability coverage through PLAN's property program and the Alliant Property Insurance Program (APIP). In addition, PLAN procured Excess APIP Cyber Liability in the 2023/24 program year.
- An optional offering for its members, PLAN offered a stand-alone or pass-through Employment Practice Liability program, wherein PLAN members elect to obtain coverage from Employment Risk Management Authority (ERMA). ERMA's SIR is $1M, with member retentions available at $50K or $100K. In 2023/24, PLAN members who participated in ERMA, also purchased additional excess EPL of $3M, totaling $4M of coverage.

During fiscal year, 2023/24, claims adjusting services for PLAN's claims were provided by Sedgwick Claims Management. Sedgwick is an international risk management firm providing a variety of insurance services including claims management and specialized loss adjusting. As PLAN's claims administrator, Sedgwick was responsible for the day-to-day administration and payment of reported claims and for estimating the cost of such claims. These estimates are used by PLAN in the preparation of its financial statements.

In addition, PLAN contracts with Sedgwick for Program Administration. A company specializing in the management of joint powers authorities, to handle the day-to-day operations of PLAN. The firms' employees provide general administrative, financial accounting, underwriting, loss prevention, claims management oversight, risk and litigation management, and other services as necessary for the operations of PLAN.

Sedgwick's claims adjusting division, which is responsible for managing PLAN's claims, is independent from the Program Administration division.

FISCAL YEAR 2023/24 FINANCIAL HIGHLIGHTS

PLAN's financial highlights for the fiscal year include the following:

Revenues	$35.4M	Overall, Total Revenues increased 29% or $7.9M, over the prior year. This was attributed to higher Operating Revenues, specifically member contributions, which experienced a 23% increase or $6.2M over the prior year. Revenues include investment income earnings, which increased $1.7M from prior year due to higher interest rates earned.
Expenses	$36.3M	Total expenses increased 19% or $6M, over the prior year, largely due to an increase of insurance expense increased 29% or $5.1M. Claims expense increased 3% or $323K Contracted services decreased by 4%, or $6K. Management and Administration expenses was up 4%, or $80K. Loss prevention increased 66% or 323K due to increased use of the grant funding.
Assets	$53.6M	Overall increase of 8% or $3.9M in Total Assets from prior year; cash and Investments amounted to 98% of Total Assets. The remaining Total Asset balance was related to receivables and prepaid expenses, which increased 77% or $376K from the prior year.
Liabilities	$30.5M	Total Liabilities increased by 19% or $4.8M from the prior year due to Claims Liabilities, which is 99% of the total liabilities. Claims Liabilities increased 18% or $4.7M from the prior year. Accounts payable increased 99% or $89K, which is the remaining 1% of total liabilities.

Net Position	$23.2M	Net Position decreased by 4% or $929K from the prior year. The increase in claims reserves liabilities resulted in the net position of $23.2M. Net position remains a financially healthy fund balance for fiscal year ended June 30, 2024.

Description of the Basic Financial Statements

PLAN's financial statements are prepared in conformity with generally accepted accounting principles and include certain amounts based upon reliable estimates and judgments. The financial statements include Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; and Statements of Cash Flows along with accompanying Notes to the Financial Statements.

The **Statements of Net Position** present information on PLAN's assets and liabilities and the difference between the two, representing net position, or pool equity. Assets and liabilities are classified as current or non-current. Changes from one year to the next in total net position as presented on the Statement of Net Position are based on the activity presented on the Statement of Revenues, Expenses, and Changes in Net Position.

The **Statements of Revenues, Expenses and Changes in Net Position** present information regarding revenues versus expenses and how PLAN's net position changed during the year. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in the disbursement or collection of cash during future years (e.g., increase/decrease in claims liability).

The **Statements of Cash Flows** present the changes in PLAN's cash and cash equivalents during the fiscal year. The statements are prepared using both the direct and indirect method of cash flow. The statements detail the sources and uses of PLAN's cash and cash equivalents into two categories: operating activities and investing activities.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of PLAN's operations and significant accounting policies as well as clarify unique financial information.

Following the basic financial statements and footnotes is **Required Supplementary Information**, which provide further detail on claims activities and the financial position and results of the program.

PLAN's accounting system is organized so that each program year can be accounted for and evaluated independently. The assets, liabilities, revenues, and expenses are reported on a full-accrual basis. There were no significant accounting changes during the year.

James Marta & Company, LLP, Certified Public Accountants has performed an independent audit of the accompanying financial statements in accordance with generally accepted auditing standards. Their opinion is included in the Independent Auditor's Report section of this report.

Bickmore Actuarial provided an independent actuarial review to value the amounts recorded as outstanding claims liabilities for each program year and recommendations of funding levels for the upcoming year.

Analysis of Overall Financial Position and Results of Operations

Statements of Net Position

CONDENSED STATEMENT OF NET POSITION

	6/30/2024	6/30/2023	% Change	6/30/2022	% Change
Cash and Investments	$ 52,773,154	$ 49,278,568	7%	$ 47,834,098	3%
Receivables & Prepaid Expenses	863,120	487,557	77%	661,118	-26%
Total Assets	53,636,274	49,766,125	8%	48,495,216	3%
Accounts Payable	179,313	90,127	99%	64,180	40%
Claims Liabilities	30,283,197	25,572,588	18%	21,371,476	20%
Total Liabilities	30,462,510	25,662,715	19%	21,435,657	20%
Net Position - Unrestricted	$ 23,173,764	$ 24,103,410	-4%	$ 27,059,559	-11%

ASSETS

Overall, Total Assets on June 30, 2024, was $53.6M, an increase of 8% over the prior year, of which 98% of it is in cash and investments. The increase is due to increased member contributions, as the retention of cash and investment assets are collected upfront, at the beginning of each program year, to pay for claims that will not be paid out until several years into the future. The remaining 2% was interest and member deductible receivables. Cash and investments are discussed below:

In Fiscal Year 2023/24, claims were paid through a trust account, the Wells Fargo Claims Trust Account (Trust Account), which had a balance of $661K as of fiscal year-end.

Administrative expenses are paid through the California Bank & Trust General Operating account (CB&T), which had a balance of $6K as of fiscal year-end.

SHARP also holds balances in two highly liquid investment accounts consisting of the Local Agency Investment Fund (LAIF) and California Asset Management Program liquidity account (CAMP Liquid), with allocations of investment between the accounts dependent on whether LAIF or CAMP has greater expected investment returns. Beginning with fiscal year 2022/23, CAMP has had greater expected returns, relative to LAIF. As such, the majority of investments have been held in CAMP since that fiscal year.

LAIF funds totaled $55K as of fiscal year-end. The effective yield of LAIF ranged between 3.59% and 4.55% during the fiscal year 2023/24.

CAMP funds totaled $16.3M at fiscal year-end. The effective yield of CAMP ranged between 5.31% and 5.58% during the fiscal year 2023/24.

PLAN also maintains its investment portfolio with a CAMP investment account (CAMP Investment Account). CAMP contracts with PFM to provide investment management services. Custodial services are provided by U.S. Bank. The market value of PLAN's portfolio was $36.3M on June 30, 2024, which was less than its book value by $542K.

As of June 30, 2024, cash and investments equaled $52.8M. The cash and investments balance is comprised of less than 2% held in the Trust Account, less than 1% held in CB&T, less than 1% as investments in LAIF, 31% held as investments in CAMP Liquid, and over 67% held in the Investment Account.

LIABILITIES

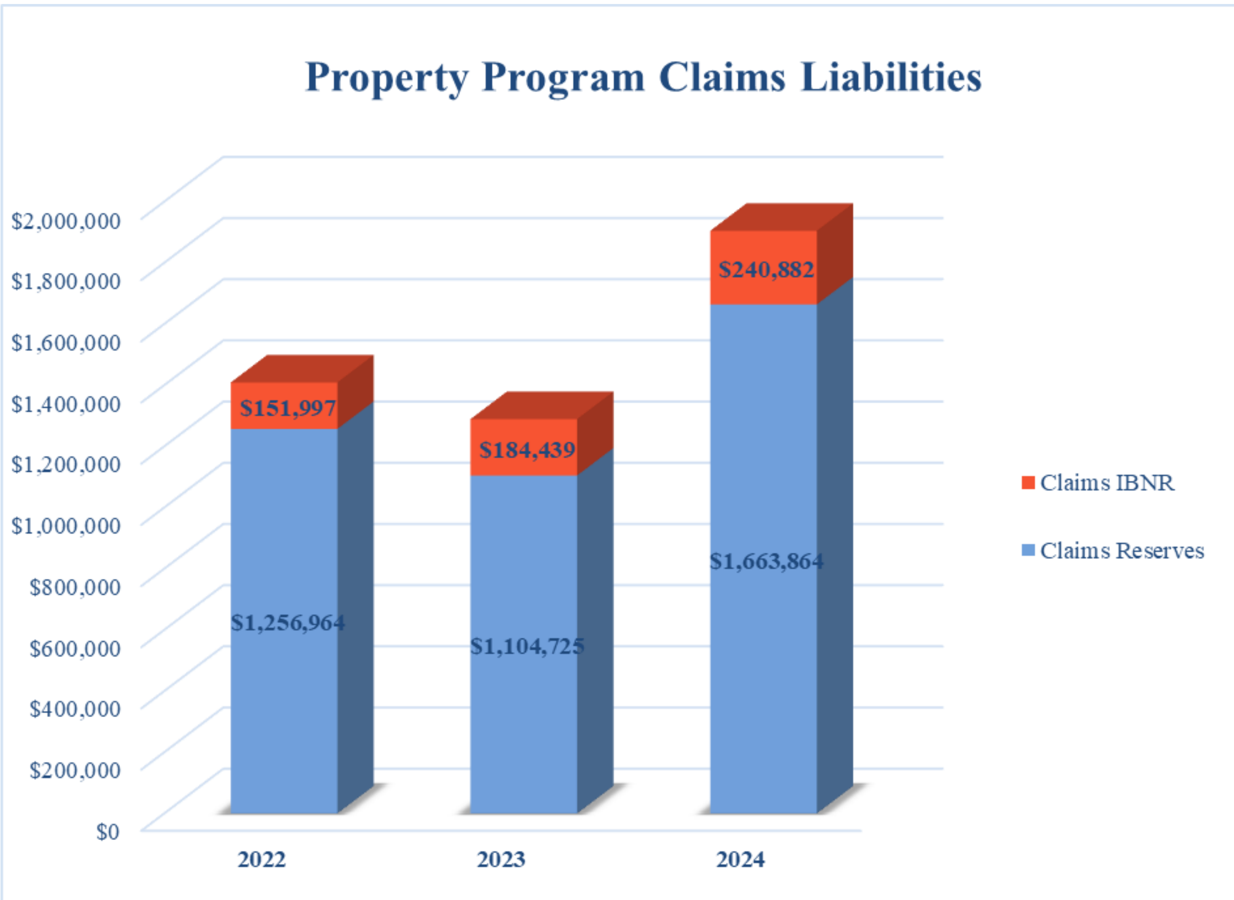
Overall, Total Liabilities on June 30, 2024, were $30.5M, of which 99% was related to claim liabilities. The remaining 1% was for accounts payable of $179K. Claim liabilities are recorded at the actuarially determined expected confidence level for both the General Liability and Property programs.

General Liability Program:

The total claims liabilities for the General Liability program were $28.4M, of which $12.4M was for claims reserves, $12.8M was for claims incurred but not reported (IBNR), and $3.3M was unallocated loss adjustment expenses (ULAE). Total Claim liabilities increased $4.1M, from $24.3M to $28.4M, over the prior year. Claim Reserves, which consist of known claims that are reserved by the claims' adjustors, increased by $2 M from the prior year. Claims IBNR and ULAE, which are estimates provided by PLAN's actuary, increased by $2M from the prior year.

Property Program:

The total liabilities for the Property program were $1.9M, of which $1.7M was claims reserves and $240K was for claims IBNR. Property claim liabilities increased by $615K, from $1.3M in the prior year.



NET POSITION

Total Net Position of PLAN was $23.2M on June 30, 2024, of which $23.2M was for the Liability program, and a negative $22K for the Property program. Overall, net position decreased by 4%, or $929K, from prior year's net position of $24.1M.

Due to the error correction discussed in Note 1P, beginning net position for the year ended June 30, 2023, was restated to 27.1M, reflecting a $1.3M increase from the prior presentation of the Basic Financial Statements. This adjustment reflects the summation of previously expensed risk management funds less actual usage from years prior to June 30, 2023, until the year ended June 30, 2019, and earlier, for which no data was available.

ELIMINATING ITEMS

On June 21, 2023, the PLAN Board of Directors passed a resolution authorizing a loan from the Liability Program to the Property Program in the amount of $2,352,253. The intent in authorizing the loan was to bolster the Property Program's financial health through an immediate infusion of cash. Repayment of the loan began in fiscal year 2023/24 through increased contributions to the Property Program. These increased contributions will occur in each fiscal year 2023/24 through 2025/26, with the additional contributions equaling one third of the total loan amount.

To record the loan, a receivable has been created for the Liability Program and a payable has been created for the Property Program. These receivables and payables net to zero and are eliminated in the Combining Statement of Net Position.

As shown in the Combining Statement of Net Position, the deficit in the Property Program has been reduced to $22K and is expected to continue to improve.

Statement of Revenues, Expenses and Change in Net Position

CONDENSED STATEMENT OF ACTIVITIES

	FY 2023/24	FY 2022/23	% Change	FY 2021/22	% Change
Operating Revenues	$ 32,832,284	$ 26,609,070	23%	$ 21,961,892	21%
Non-operating Revenues	2,537,621	867,017	193%	(1,817,829)	148%
Total Revenues	35,369,905	27,476,087	29%	20,144,063	36%
Claims Expense	10,606,832	10,283,700	3%	3,462,481	197%
Insurance Expenses	22,866,807	17,719,017	29%	14,585,994	21%
Loss Prevention Programs	810,128	487,643	66%	453,214	8%
Contracted Services	160,698	166,643	-4%	99,194	68%
Management, Administration, Other Exp	1,855,087	1,775,234	4%	1,700,485	4%
Total Expenses	36,299,552	30,432,237	19%	20,301,367	50%
Change in Net Position	(929,646)	(2,956,150)	69%	(157,304)	1779%
Net Position - Beginning	24,103,410	27,059,560	-11%	27,216,865	-1%
Net Position - Ending	$ 23,173,764	$ 24,103,410	-4%	$ 27,059,560	-11%

REVENUES

Total operating revenues consist of member contributions, which experienced a $6.2M increase over the prior year. Below is a breakdown of contributions by program.

General Liability Program:

The member contributions for the General Liability program were $22.2M, which experienced an increase of 15% over the prior year contributions of $19.2M. The General Liability contributions consist of funding the pooled layer, reinsurance and excess insurance, and administration costs. The estimated payroll increased 2.7%, and funding for the pool layer increased by 4.2% due to an increase in claims activity. CARMA excess premiums increased by 21.8% or $1.5M. The remaining excess insurance covering $25M X $10M increased 27.8% or $1.4M. The administration cost saw an increase of 4%, or $94K. The 2023/24 program year was funded at 60% confidence level, discounted at 2.0%.

Property Program:

The member contributions for the Property Program were $10.6M, which experienced an increase of 44% over the prior year contributions of $7.4M. The Property contributions consist of funding the pooled layer, flood premium, cyber and excess cyber coverage, Resolute Guard, excess insurance costs, and a payment representing one third of the Property Rehabilitation Loan. Total Insured Values (TIV) of properties increased by 9.2%, resulting in an 31% increase in pool layer funding. The excess cyber coverage increased 8%, or $31K from prior year. The property rehabilitation program was in its first of three years of repayments, which added $784K to the property revenue. The 2023/24 program year was funded at 75% confidence level, discounted at 2.0%.

The non-operating revenues mainly consist of investment income, which includes LAIF, CAMP Liquid and CAMP Investment. Realized investment income (including interest earnings) during the year were approximately $1.1M, and there exists an unrealized gain of $1.4M with the mark to market adjustment as of fiscal year end. Investment income increased by 192%, over the prior year, due to favorable market conditions, and higher yield interest rates. PFM, PLAN's investment advisor, continues to evaluate market conditions while maintaining the PLAN's investment policy principles of safety, liquidity and return on investment.

EXPENSES

Total Expenses for fiscal year (FY) 2023/24 was $36.3M. Claims related expenses were 29% of the total, while insurance expense was 63% of total expenses. Management, Administration, Risk Control, and other expenses accounted for 7% of total expenses for the year.

Overall, Claims Expense, which was $10.6M for the FY 2023/24, experienced an increase of 3% or $323K from the prior year. Below is a breakdown of claims expenses by program.

General Liability Program:
The Liability program claims expense for the fiscal year was $9.2M. The actuarial estimated ultimate loss for program year 2023/24 was $7.4M, which increased by approximately $2.1M when compared to prior year program year ultimate loss of $5.4M. Ultimate losses for the older program years decreased by $1.9M.

Property Program:
The Property program claims expense for the year was $2.2M, of which the actuarial estimated ultimate loss for program year 2023/24 was $1.3M. Ultimate losses for the older program years experienced an increase of $218K.

Overall, Insurance Expense increased 29%, or $5.2M from the prior year. Below is a breakdown of insurance expenses by program.

General Liability Program:
The General Liability program, which cost $15.4M, insures above PLAN's retention of $1M to $35M through CARMA and multiple carriers at the excess levels. The cost increased 3.1M, or 25%, over prior year due to the hardening insurance market.

Property Program:
The Property program insurance expense, which insures from $500K to $1 billion through APIP, was $7.5M, which increased by $2.1M, or 38%, over prior year. The rise in property insurance costs were due to a rise in both TIVs and property valuations. Severe weather-related events which caused significant damages, inflation, and real estate pricing escalations, particularly in California, all contributed to the rise in the year-over-year property insurance expense for PLAN in 2023/24.

Management, Administration, Risk Control and Loss Prevention Programs, and Other Expenses, were approximately $2.8M, increased by $396K, or 16% over the prior year. The increase is attributed members using more of the risk grant funds in the 2023/24 fiscal year. Management and Administration increases of $80K were related to contractual agreements for program administration, claims administration, financial audit, actuarial studies, and cybersecurity services. Other expenses included bank fees, and board meeting costs, which were held in person during the fiscal year.

ERROR CORRECTION

After the end of fiscal year 2023/24, it came to management's attention that the accounting methodology previously used by PLAN to record liabilities and expenses associated with the risk management grant program was not compliant with GAAP, particularly GASB, Statement No. 33. As a result, PLAN changed its accounting methodology for the risk management grant to be GAAP compliant.

This change affects the timing of when liabilities and expenses are recorded. Expenses related to the risk management grant are only recorded when members incur reimbursable expenses, rather during the budgeting process. As a result of this change, certain items that had previously been reported in the condensed statements of the MD&A for fiscal years 2021/22 and 2022/23 have been restated. These restated items only impact the PLAN on an overall basis and the Liability Program. They do not affect the Property Program. A table describing the effect of the restatements is below:

Financial Statement Line Item	Restated Amount	Originally Reported Amount	Difference
Fiscal Year 2021/22			
Net Position - Beginning	$ 27,216,865	26,209,958	1,006,907
Net Position - Ending	27,059,560	25,721,046	1,338,514
Accounts Payable	64,180	1,402,694	(1,338,514)
Loss Prevention Programs	453,214	784,821	(331,607)
Fiscal Year 2022/23			
Net Position - Beginning	$ 27,059,560	$ 25,721,046	$ 1,338,514
Net Position - Ending	24,103,410	22,944,159	1,159,251
Accounts Payable	90,127	1,249,378	(1,159,251)
Loss Prevention Programs	487,643	308,380	(179,263)

A note, Note 7, was added to the financial statements to address the error correction made in accordance with GASB, Statement No. 100.

Description of Facts or Conditions that are Expected to have a Significant Effect on Financial Position or Results of Operations

Investment Arena:

The latter half of 2023 saw the Federal Reserve (Fed) reach the end of its rate hiking cycle with the Federal Funds Rate target range maintained at 5.25-5.50%. A "higher for longer" narrative persisted in the first half of 2024, based on "sticky" inflation and continuing economic strength. Markets are now expecting the Fed to continue its rate cutting cycle based on recent inflation and employment data.

Inflation, as measured by the year-over-year change in the Consumer Price Index (CPI), peaked at 3.7% in August and September of 2023. CPI continued to move lower over the latter half of the year and into 2024. However, CPI reversed trend in February and March as services inflation—and shelter in particular—put upward pressure on overall inflation numbers. Recently, the CPI has begun moving lower again and ended June 2024 at 3.0%.

The labor market continued to show exceptional strength as the unemployment rate has remained at or near 4% for over the past three years. During 2023, an average of 251,000 new jobs were added per month, which has since dropped slightly to 222,000 new jobs per month through June 2024. The strength in the labor market has resulted in wages continuing to increase. Average hourly earnings are up by approximately 4% on a year-over-year basis. The proportion of unfulfilled job openings relative to the number of unemployed workers has declined since the pandemic, but has shown a steady, albeit slight, upward trend since 2022.

At the same time, strong consumer spending contributed to U.S. domestic production defying expectations. In fact, Q3 2023 Gross Domestic Product (GDP) growth of 4.9% was the strongest reading over the prior seven quarters and was followed up by a stronger-than-expected Q4 2023 GDP growth of 3.4%. Growth in GDP rose an average of 3.1% per quarter over calendar year 2023, an improvement from the prior four quarter average of 0.7% and was mostly driven by strong consumer spending. Growth showed signs of slowing in Q1 2024, with the annualized quarterly GDP increase declining to 1.4%. Combined with the prior quarters' strength, GDP grew 2.9% from the year prior, still well above the Fed's long-term expectation of 1.8%.

Short-term rates have remained elevated during the reporting period, as the yield on the 3-month Treasury Bill have closed above 5% for most trading days since mid-April 2023. Longer-term rates have been comparatively depressed, with yields around 2% for 10-year Treasury Bills.

CONTACTING PLAN'S FINANCIAL MANAGEMENT

The Basic Financial Statements are intended to provide PLAN members, citizens, creditors, and other interested parties a general overview of PLAN's finances. Questions about these statements should be directed to PLAN JPA, 1750 Creekside, Oak Drive, Suite 200, Sacramento, CA 95833.

BASIC FINANCIAL STATEMENTS

POOLED LIABILITY ASSURANCE NETWORK

STATEMENTS OF NET POSITION

AS OF JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	$ 17,309,275	$ 15,105,908
Investments	208,176	238,967
Receivables		
Interest	234,786	148,004
Excess insurance	-	110
Member deductibles	628,334	339,443
Total Current Assets	18,380,571	15,832,432
Noncurrent Assets		
Investments (Note 2)	35,255,703	33,933,693
Total Assets	53,636,274	49,766,125
LIABILITIES		
Current Liabilities		
Payables		
Accounts payable	174,355	90,101
Other accrued liabilities	4,958	26
Claim liabilities (Note 3)	9,364,118	5,804,000
Total Current Liabilities	9,543,431	5,894,127
Noncurrent Liabilities		
Claim liabilities (Note 3)	20,919,079	19,768,588
Total Liabilities	30,462,510	25,662,715
NET POSITION		
Unrestricted (Note 4)	$ 23,173,764	$ 24,103,410

The accompanying notes are an integral part of these financial statements.

POOLED LIABILITY ASSURANCE NETWORK

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Premium contributions	$ 32,832,284	$ 26,609,070
Total Revenues	32,832,284	26,609,070
OPERATING EXPENSES		
Claims expense	10,606,832	10,283,700
Excess insurance	15,416,573	12,332,993
Property insurance	7,450,234	5,386,024
Claims administration	796,067	766,714
Loss prevention	810,128	487,643
Management and administration	1,027,406	997,482
Contract services	160,698	166,643
Other expenses	31,614	11,038
Total Expenses	36,299,552	30,432,237
Operating Income/(Loss)	(3,467,268)	(3,823,167)
NONOPERATING INCOME/(EXPENSE)		
Investment income	2,536,737	867,017
Other income	885	-
Total nonoperating income	2,537,622	867,017
Change in Net Position	(929,646)	(2,956,150)
Net Position		
Beginning of year, as originally reported	24,103,410	25,721,046
Restatement of Prior (Note 7)	-	1,338,514
Beginning of year, restated	24,103,410	27,059,560
End of year	$ 23,173,764	$ 24,103,410

The accompanying notes are an integral part of these financial statements.

POOLED LIABILITY ASSURANCE NETWORK

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Cash received from members	$ 32,543,503	$ 26,780,535
Cash paid for insurance	(22,866,807)	(17,719,017)
Cash paid for claims	(6,692,290)	(6,849,302)
Cash paid for contract services	(1,909,046)	(1,453,809)
Cash paid to others	(31,613)	(183,050)
Net Cash Flows Provided (Used) by Operating Activities	1,043,747	575,357
Cash Flows From Investing Activities:		
Purchase of investments	(18,899,954)	(14,057,370)
Sale/Maturity of investments	19,253,557	13,902,704
Cash received from investment income	806,017	972,346
Net Cash Flows Provided (Used) by Investing Activities	1,159,620	817,680
Net Decrease in Cash	2,203,367	1,393,037
Beginning Cash and Cash Equivalents	15,105,908	13,712,871
Ending Cash and Cash Equivalents	$ 17,309,275	$ 15,105,908
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ (3,467,268)	$ (3,823,167)
(Increase) Decrease in:		
Accounts receivable	(1,856,949)	171,465
Increase (Decrease) in:		
Accounts payable	1,657,355	25,946
Claims liabilities	4,710,609	4,201,113
Net Cash Provided (Used) by Operating Activities	$ 1,043,747	$ 575,357
Supplemental Disclosures		
Noncash Investing Activities		
Increase (decrease) in Fair Market Value of Investments	$ 1,426,457	$ (103,233)

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

Pooled Liability Assurance Network (PLAN) was established on July 1, 2018 when ABAG Pooled Liability Assurance Network transferred all of its assets to PLAN JPA. PLAN was established to provide liability and other lines of coverage, claims management, and risk management services to its member agencies, as allowed under the California Government Code.

PLAN is governed by a Board of Directors comprising officials appointed by each member agency. The activities of PLAN include setting and collecting premiums, administering and paying claims and related expenses, investing PLAN's assets, and offering loss prevention programs.

PLAN has a multi-level risk sharing arrangement. Each member assumes its own losses up to its retention level. Losses in excess of the self-insured retention are paid out of a central pool maintained by PLAN for the pooled layer of coverage. This central pool is funded by premiums from all members. Additional member premiums may be assessed if, actuarially determined, the assets of the program as a whole are not sufficient to meet the expected losses of the program including claims incurred but not reported (IBNR) and unallocated loss adjustment expenses (ULAE).

Admission

Any governmental agency which is authorized to participate in a joint powers agreement under the Government Code and is located within the State of California may be admitted to PLAN upon submission of an approved application form no less than 90 days before the start of the program year, accompanied by the approved fee, a signed resolution acknowledging participation, agreement to at least three consecutive fiscal years of membership, approval by a two-thirds vote of the Board of Directors and must appoint a director and alternate director to the Board.

Withdrawal

Any participating member may withdraw from PLAN only at the end of a fiscal year, provided it has given PLAN at least six months' written notice of its intent to withdraw, which shall be final and irrevocable upon its receipt by PLAN unless the Board authorizes it to be rescinded. A participating member may only withdraw provided it has met the three (3) year minimum participation requirement. The effect of withdrawal does not terminate the responsibility of the member for any unpaid premiums and debts or assessments levied against program years during which the member participated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. ORGANIZATION (CONTINUED)

Coverage

PLAN provides the following insurance coverage:

Liability:

Member Deductible:	$25,000 to $250,000
SIR Limit:	$1 million
Reinsurance Limit:	$1M to $10M per Occurrence through CARMA.
Excess of:	$10M to $15M per Occurrence through Safety National. $15M to $20M per Occurrence through Everest. $20M to $25M per Occurrence through StarStone Specialty Insurance Company. $25M to $30M per Occurrence through AXIS Excess Insurance Policy. $30M to $35M per Occurrence through Navigators Excess Insurance Policy.

Property:

Member Deductible:	$5,000
SIR Limit:	$500,000
Excess of:	$500,000 to a total of $1 Billion of coverage per occurrence through Alliant Property Insurance Program (APIP)

B. REPORTING ENTITY

PLAN has reviewed criteria to determine whether other entities with activities that benefit PLAN should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), scope of public service and special financing relationship.

PLAN has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in these financial statements. In addition, PLAN is not aware of any entity that would exercise such oversight responsibility that would result in PLAN being considered a component unit of that entity. In determining its reporting entity, PLAN considered all governmental units that were members of PLAN since inception. The criteria did not require the inclusion of these entities in these financial statements principally because PLAN does not exercise oversight responsibility over any members.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF ACCOUNTING

The financial statements are prepared on the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues from contributions and interest are recognized when earned and expenses are recognized when goods or services have been received, except when a premium deficiency exists where unearned premiums are recognized currently in accordance with GASB pronouncements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As a governmental entity, PLAN follows the accounting standard hierarchy established by the GASB.

PLAN accounts for all transactions in one fund, which is comprised of all its assets, liabilities, deferred inflows/outflows of resources, net position, revenues and expenses. All transactions are accounted for on the accrual basis, which means that expenses are recorded when the liability is incurred and revenues are recorded when earned, rather than when cash changes hands.

D. CASH AND EQUIVALENTS

For purposes of the statement of cash flows, PLAN considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. RECEIVABLES

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2024, the total accounts receivable portfolio was considered collectible. Interest on investments is recorded in the year the interest is earned.

Reinsurance and Excess Receivables are payments made above the PLAN self-insured retention layer that are deemed collectible.

Member deductibles receivables are claims payments made within the member deductible layer on behalf of the member cities.

F. UNEARNED REVENUE/PREPAID EXPENSES

The policy year-end for PLAN is June 30. As such, certain revenues are treated as unearned and certain expenses as prepaid. This is to reflect a proper matching of revenues and expenses for the fiscal year-end financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. INVESTMENTS

Under provision of PLAN's investment policy, and in accordance with Section 53601 of the California Government Code, the Authority may deposit and invest in the following:

- United States Treasury Securities
- Federal Agency Obligations
- Medium-Term Corporate Notes
- Bankers' Acceptances
- Commercial Paper
- Negotiable Certificates of Deposit
- Time Certificates of Deposit
- Money Market Funds
- State of California Local Agency Investment Fund
- Municipal Obligations
- Asset-Backed Securities
- Local Government Investment Pools
- Supranational Obligations

PLAN records its investments in Local Agency Investment Fund (LAIF) at fair market value. The effect of recording investments in LAIF at fair market value is reflected as a net increase/decrease in the fair value of investments on the Statement of Revenues, Expenses and Changes in Net Position. Fair market value of investments in LAIF has been determined by the sponsoring government based on quoted market prices. PLAN's investments in LAIF have been valued based on the relative fair value of the entire external pool to the external pool's respective amortized cost.

H. OPERATING AND NONOPERATING REVENUES

Proprietary fund operating revenues, which include program contributions, related fees and assessments, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Revenues classified as non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. MEMBER CONTRIBUTIONS

Each member is assessed a contribution which is intended to cover its share of PLAN's claims, operating costs and claim settlement expenses. Contributions are based on an actuarially determined estimate of the probable losses and expenses attributable to a policy year. Additional cash contributions may be assessed on the basis of adverse loss experience. Refunds to members may be made if funds are determined to be in excess of the desired confidence level. All contributions are recognized as revenues in the year they are assessed.

Each year, PLAN performs an actuarial study to estimate the losses to be incurred in the pool layer. Contributions from members are, in part, assessed based on this evaluation.

J. EXCESS INSURANCE

PLAN purchases excess insurance policies to provide coverage for its members' exposure to losses in excess of the liability pool's $1 million limit and the property pool's $500,000 limit. Excess liability insurance provides a total of $35 million (above the $1 million PLAN layer) in liability coverage and excess property insurance pays claims up to the replacement cost of damaged property, subject to the terms of the policies.

K. UNPAID CLAIMS LIABILITIES: CLAIMS PENDING AND CLAIMS INCURRED BUT NOT REPORTED (IBNR)

PLAN's pooling fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future allocated claim adjustment expense) that have been reported but not closed, and of claims that have been incurred but not reported. Estimated amounts of subrogation and excess insurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities is unlikely to result in an exact amount.

Claims liabilities are recomputed periodically to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Management has estimated the accrual based upon the current actuarial projection.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. UNALLOCATED LOSS ADJUSTMENT EXPENSE (ULAE)

The liability for ULAE includes all costs expected to be incurred in connection with the settlement of unpaid claims that cannot be related to a specific claim. Management has estimated the accrual based upon the current actuarial projection.

M. INCOME TAXES

PLAN's income is exempt from federal income taxes under Internal Revenue Code Section 115, which excludes income derived from the exercise of any essential governmental function and accrues to a state political subdivision.

N. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

O. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

2. CASH AND INVESTMENTS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of June 30:

	2024	2023
Cash in Bank	$ 667,289	$ 172,656
Cash in CAMP Pool	16,586,946	14,880,842
Local Agency Investment Fund	55,040	52,410
Total Cash and Cash Equivalents	$ 17,309,275	$ 15,105,908

The carrying amount of the PLAN's cash in bank is covered by federal depository insurance up to $250,000 for each account. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit. This collateral must be in the form of government-backed securities. All funds held in banks are collateralized.

Local Agency Investment Fund

Pooled Liability Assurance Network is a voluntary participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the Authority's investment in this pool, which approximates cost, is reported in the accompanying financial statements based upon the Authority'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 an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours' notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

1. CASH AND INVESTMENTS (CONTINUED)

A. CASH AND CASH EQUIVALENTS (CONTINUED)

The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized. As of June 30, 2024, this fund has an average life of 217 days. The monies held in the LAIF are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization. LAIF is administered by the State Treasurer and is audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814.

California Asset Management Program

Pooled Liability Assurance Network is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Pool's investments are limited to investments permitted by subdivisions (a) to (o), inclusive, of Section 53601 of the California Government Code. PLAN reports its investments in CAMP at fair market value.

2. CASH AND INVESTMENTS (CONTINUED)

B. INVESTMENTS

PLAN's Investment Policy and the California Government Code allow PLAN to invest in the following, provided the credit ratings of the issuers are acceptable to PLAN.

Authorized Investment Type*	Maturity Limits	Rating Requirements	Maximum Portfolio Percentage Holdings	Maximum Investment in One Issuer
United States Treasury Securities	5 years	None	100%	None
Federal Agency Obligations	5 years	None	100% (A)	None
Medium-Term Corporate Notes	5 years	A	30%	5%
Bankers' Acceptances	180 days	A1/P1	25%	5%
Commercial Paper	270 days	A1/P1/F1	25%	5%
Negotiable Certificates of Deposit	5 years	A/A1	30%	5%
Time Certificates of Deposit	5 years	(B)	10%	10%
Money Market Funds	N/A	AAA (C)	10%	None
State of California LAIF	N/A	None	100%	None
Municipal Obligations	5 years	A/A1	30%	5%
Asset-Backed Securities	5 years	AAA	20%	5%
Local Government Investment Pools	N/A	AAA	100%	None
Supranational Obligations	5 years	AA	30%	None

(A) Maximum limit on mortgage-backed securities is 20% of the investment portfolio
(B) Must have "satisfactory" CRA rating
(C) Minimum 5 years' experience and $500 million under management
* The aggregate total of investments in callable notes is limited to 25% of the portfolio.

Investment Interest Rate Risk

Interest rate risk is the potential adverse effect resulting from changes in market interest rates on 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. The sensitivity of the fair values of PLAN's investments to market interest rate fluctuations can be analyzed by the following distribution of PLAN's cash and investments by maturity which has been prepared using the earlier of stated maturity date or callable dates, if applicable:

2. CASH AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Investment Type	Fair Value	Investment Maturities < 1yr	1-3 yrs	> 3 yrs
US Treasury Bond/Note	$ 11,514,219	$ -	$ 8,180,656	$ 3,333,562
Municipal Bond/Note	1,139,893	149,344	990,549	-
Federal Agency CMO	5,428,989	-	3,174,240	2,254,750
Federal Agency Bond/Note	1,543,595	-	1,543,595	-
Corporate Note	8,924,185	58,832	6,847,961	2,017,392
Certificates of Deposit	1,211,784	-	1,211,784	-
Bank Note	723,278	-	723,278	-
Asset-Backed Security	4,977,936	-	3,556,379	1,421,557
Total	$ 35,463,879	$ 208,176	$ 26,228,442	$ 9,027,261

Investment Credit Risk

Credit risk is the risk of failure of an issuer of an investment in fulfilling its obligation to the holder of the investment. Presented below is the actual rating by Moody's investment rating service as of June 30, 2024:

Investment Type	Fair Value	Aaa/Aa1-Aa3	A1-A3	Baa1-Baa3	Not Rated
US Treasury Bond/Note	$ 11,514,219	$ 11,514,219	$ -	$ -	$ -
Municipal Bond/Note	1,139,893	1,139,893	-	-	-
Federal Agency CMO	5,428,989	5,428,989	-	-	-
Federal Agency Bond/Note	1,543,595	1,543,595	-	-	-
Corporate Note	8,924,185	2,279,405	6,393,734	251,046	-
Certificates of Deposit	1,211,784	598,563	613,221	-	-
Bank Note	723,278	723,278	-	-	-
Asset-Backed Security	4,977,936	2,656,473	-	-	2,321,464
Total	$ 35,463,879	$ 25,884,414	$ 7,006,955	$ 251,046	$ 2,321,464

2. CASH AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Concentration of Risk
Investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total PLAN's investments are as follows:

Issuer	Investment Type	Fair Value	Portfolio Percentage
Freddie Mac	Federal Agencies	$ 5,718,209	15.99%

Fair Value Hierarchy

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements at June 30, 2024 are as shown below:

Investment Type	Level 1	Level 2	Level 3	Total
US Treasury Bond/Note	$ -	$ 11,514,219	$ -	$ 11,514,219
Supranational Obligations	-	-	-	-
Municipal Bond/Note	-	1,139,893	-	1,139,893
Federal Agency CMO	-	5,428,989	-	5,428,989
Federal Agency Bond/Note	-	1,543,595	-	1,543,595
Corporate Note	-	8,924,185	-	8,924,185
Certificates of Deposit	-	1,211,784	-	1,211,784
Bank Note	-	723,278	-	723,278
Asset-Backed Security	-	4,977,936	-	4,977,936
Total	$ -	$ 35,463,879	$ -	$ 35,463,879

2. CASH AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, PLAN may not be able to recover its deposits or collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its agent having a fair value of 105% to 150% of the public agency's deposit. All of PLAN's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in PLAN's name. In addition, 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, PLAN may not be able to recover the value of its investment or collateral securities that are in the possession of another party. PLAN's Investment Policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by PLAN, be conducted on a delivery-versus-payment basis. Securities are to be held by a third-party custodian.

3. CLAIM LIABILITIES

PLAN establishes a liability for both reported and unreported insured events. Liability claim liabilities are reflected on a discounted basis at 2.0% for 2024 and 2023, in accordance with actuarially-determined discount formulas. PLAN does not discount property claims.

	2024	2023
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	$ 25,572,587	$ 21,371,476
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	8,767,635	6,727,328
Increases (Decreases) in provision for insured events of prior fiscal years	1,839,197	3,556,372
Claims Administration	796,067	766,714
Total incurred claims and claim adjustment expenses	11,402,899	11,050,414
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	624,647	458,607
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	6,067,642	6,390,695
Total Payments	6,692,289	6,849,302
Total unpaid claims and claim adjustment expenses at end of the fiscal year	$ 30,283,197	$ 25,572,587

3. CLAIM LIABILITIES (CONTINUED)

The components of unpaid claims liability and claims adjustment expense as of June 30, 2024 and 2023 were as follows:

	2024	2023
Components of Claims Liabilities		
Claim Reserves	$ 14,019,880	$ 11,435,849
Claims Incurred But Not Reported (IBNR)	13,006,580	11,364,739
Reserves for unallocated loss adjustment expense (ULAE)	3,256,737	2,772,000
Total Claims Liabilities	$ 30,283,197	$ 25,572,588
Financial Statement Presentation		
Claims liabilities - current portion	$ 9,364,118	$ 5,804,000
Claims liabilities - noncurrent portion	20,919,079	19,768,587
Total Claims Liabilities	$ 30,283,197	$ 25,572,587

As of June 30, 2024 and 2023, the undiscounted unpaid claims and claim adjustment expenses were $31,448,201 and $26,533,877, respectively.

4. NET POSITION

Net Position is the excess of a fund's assets over all its liabilities. All of PLAN's net position is classified as unrestricted, and may be used for any purpose.

5. RISK MANAGEMENT GRANT FUND

PLAN established a risk management grant policy. The purpose of the Grant Fund Program is to provide a mechanism for PLAN JPA members to fund expenditures that support their safety and risk management programs.

The Grant fund is funded annually through PLAN JPA's equity and the annual amount is allotted among the members using a percentage of the contributions in the primary layer. Any amount not used during the year is carried over.

	2024	2023
Beginning balance available for use	$ 1,159,251	$ 1,338,514
Allocation to the grant	500,000	-
Usage of the members	(487,034)	(179,263)
Ending balance available for use	$ 1,172,217	$ 1,159,251

6. PROPERTY PROGRAM REHABILITATION LOAN

On June 21, 2023, the PLAN Board of Directors passed a resolution authorizing a loan from the Liability Program to the Property Program in the amount of $2,352,253, which is considered borrowing between programs that does not incur finance fees nor interest.

PLAN JPA members repay the program loan through increased contributions to the Property Program over the following three program years, fiscal years 2024 to 2026.

7. ERROR CORRECTION

In prior years, the risk management grant was recorded as a payable and expense when the funding amount was approved by the PLAN board as part of the budget approval process. This accounting method was used since 2020, the earliest year for which adequate accounting records exist, and may have been used since the formation of PLAN.

GASB, Statement, No. 33 (effective June 30, 2000) states that, in voluntary nonexchange transactions, providers should recognize liabilities and expenses and recipients should recognize receivables and revenues, when all applicable eligibility requirements are met.

As the risk management grant program has the characteristics of a voluntary nonexchange transaction in which PLAN acts as a provider, PLAN has changed its accounting method to record expenses and liabilities related to the risk management grant program when members notify PLAN that they have incurred reimbursable expenses.

GASB, Statement, No. 100 (effective for fiscal years beginning after June 15, 2023) states that a change in accounting principal from non-GAAP to GAAP is an error correction which requires a restatement of the financial statements and additional disclosure. The following items have been restated as a result of the implementation of GASB Statement, No. 100: Net Position, Risk Management Grant Payable (Liability), and Risk Management (Expense). These restated items only impact the PLAN on an overall basis and the Liability Program. They do not affect the Property Program.

Fiscal year ended June 30, 2023, restatements:

Financial Statement Line Item	Restated Amount	Originally Reported Amount	Restatement
Net Position, Beginning of Year	$ 27,059,560	$ 25,721,046	$ 1,338,514
Net Position, End of Year	24,103,410	22,944,159	1,159,251
Risk Management Grant Payable (Liability)	-	1,159,251	(1,159,251)
Risk Management (Expense)	487,643	308,380	179,263

8. SUBSEQUENT EVENTS

Pooled Liability Assurance Network's management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2024 through February 14, 2025, the date the financial statements were issued. Management is not aware of any subsequent events, other than those described above, that would require disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

POOLED LIABILITY ASSURANCE NETWORK

CLAIMS RECONCILIATION BY PROGRAM

AS OF JUNE 30, 2024 AND 2023

	Liability		Property		Total	
	6/30/2024	6/30/2023	6/30/2024	6/30/2023	6/30/2024	6/30/2023
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	$ 24,283,423	$ 19,962,515	$ 1,289,165	$ 1,408,961	$ 25,572,588	$ 21,371,476
Incurred claims and claim adjustment expenses:						
Provision for insured events of the current fiscal year	7,486,635	5,407,349	1,281,000	1,320,000	8,767,635	6,727,349
Increases (Decreases) in provision for insured events of prior fiscal years	1,744,245	3,625,955	891,019	697,110	2,635,264	4,323,065
Total incurred claims and claim adjustment expenses	9,230,880	9,033,304	2,172,019	2,017,110	11,402,899	11,050,414
Payments:						
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	-	-	624,647	458,607	624,647	458,607
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	5,135,852	4,712,396	931,791	1,678,299	6,067,643	6,390,695
Total Payments	5,135,852	4,712,396	1,556,438	2,136,906	6,692,290	6,849,302
Total unpaid claims and claim adjustment expenses at end of the fiscal year	$ 28,378,451	$ 24,283,423	$ 1,904,746	$ 1,289,165	$ 30,283,197	$ 25,572,588
Components of Claims Liabilities						
Claim Reserves	$ 12,356,017	$ 10,331,123	$ 1,663,864	$ 1,104,726	$ 14,019,881	$ 11,435,849
Claims Incurred But Not Reported (IBNR)	12,765,698	11,180,300	240,882	184,439	13,006,580	11,364,739
Reserves for unallocated loss adjustment expense (ULAE)	3,256,736	2,772,000	-	-	3,256,736	2,772,000
Total Claims Liabilities	$ 28,378,451	$ 24,283,423	$ 1,904,746	$ 1,289,165	$ 30,283,197	$ 25,572,588
Financial Statement Presentation						
Claims liabilities - current portion	$ 7,972,000	$ 5,000,000	$ 1,392,118	$ 804,000	$ 9,364,118	$ 5,804,000
Claims liabilities - noncurrent portion	20,406,450	19,283,423	512,628	485,165	20,919,079	19,768,588
Total Claims Liabilities	$ 28,378,451	$ 24,283,423	$ 1,904,746	$ 1,289,165	$ 30,283,197	$ 25,572,588

POOLED LIABILITY ASSURANCE NETWORK

CLAIMS DEVELOPMENT INFORMATION – LIABILITY

AS OF JUNE 30, 2024

	For the Policy Years Ended:									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Required Contribution and Investment Revenue:										
Earned	$8,627,000	$8,094,000	$7,990,000	$8,164,000	$10,942,000	$12,536,000	$12,635,975	$14,994,192	$20,099,142	$24,738,330
Ceded- Excess Ins.	629,000	1,282,000	1,308,000	1,428,000	1,860,000	2,815,000	5,320,573	10,718,038	12,332,993	15,416,572
Assessments/(Dividends)										
(1) Net Earned Required Contribution and Investment Revenues	7,998,000	6,812,000	6,682,000	6,736,000	9,082,000	9,721,000	7,315,402	4,276,155	7,766,149	9,321,758
(2) Unallocated Expenses*	3,538,425	3,273,830	3,469,405	3,405,015	2,958,280	2,720,335	2,269,278	2,470,860	1,979,684	2,309,973
(3) Estimated Incurred Claims and Expenses										
End of Year	6,296,000	5,665,000	5,881,000	7,611,000	8,879,000	10,304,000	12,915,573	16,295,234	17,740,320	22,903,207
Ceded	629,000	1,282,000	1,308,000	1,428,000	1,860,000	2,815,000	5,320,573	10,718,038	12,332,993	15,416,572
Net Incurred	5,667,000	4,383,000	4,573,000	6,183,000	7,019,000	7,489,000	7,595,000	5,577,196	5,407,327	7,486,635
(4) Paid (Cumulative)										
End of Year	325,000	17,000	1,000	-	-	-	-	-	-	-
One Year Later	1,777,000	175,000	266,000	317,000	36,000	52,320	2,628,613	86,466	56,747	
Two Years Later	2,214,000	2,983,000	2,242,000	661,000	370,371	56,239	5,435,442	977,136		
Three Years Later	4,276,000	3,635,000	4,766,000	827,000	886,239	559,067	6,550,547			
Four Years Later	5,344,000	4,543,000	5,178,000	867,136	1,053,811	842,233				
Five Years Later	5,486,000	4,805,000	6,789,446	867,136	1,130,398					
Six Years Later	5,421,000	4,810,702	7,094,456	866,485						
Seven Years Later	5,471,059	4,811,847	9,082,846							
Eight Years Later	5,421,059	4,824,051								
Nine Years Later	5,421,059									
(5) Estimated Ceded Claims and Expenses	10,893	2,533,630	4,180,464	5,045	105,661	44,485	11,795	-	-	-
(6) Reestimated Incurred Claims and Expenses										
End of Year	5,667,000	4,383,000	4,573,000	6,183,000	7,019,000	7,489,000	7,595,000	5,577,196	5,407,327	7,486,635
One Year Later	6,355,000	4,539,000	6,689,000	5,230,000	5,252,000	5,378,320	9,019,052	6,731,144	6,756,361	
Two Years Later	5,747,000	5,492,000	7,674,000	3,968,000	3,854,371	3,276,016	10,231,670	5,978,884		
Three Years Later	5,773,000	5,859,000	7,545,000	2,542,221	2,657,858	3,490,886	10,899,596			
Four Years Later	5,977,000	5,437,000	8,456,398	1,122,774	2,009,278	3,927,979				
Five Years Later	5,928,000	5,440,839	8,043,351	1,043,281	1,859,731					
Six Years Later	5,732,059	5,233,404	9,377,184	870,154						
Seven Years Later	5,658,058	5,048,533	9,325,074							
Eight Years Later	5,430,715	4,950,316								
Nine Years Later	5,430,773									
(7) Increase (Decrease) in Estimated Incurred Claims Expense from End of Policy Year	$ (236,227)	$ 567,316	$ 4,752,074	$ (5,312,846)	$ (5,159,269)	$ (3,561,021)	$ 3,304,596	$ 401,688	$ 1,349,034	$ -

* Unallocated expenses for the years 2020 to 2024 have been restated to reflect the correction of an error in the Risk Management Grant Fund. Expenses for the years 2015 to 2019 have not been restated due to the unavailability of complete data for those years. See also discussion in Note 7. Claims administration is added which in the prior year had been recorded in claims expense (Item (3)).

POOLED LIABILITY ASSURANCE NETWORK

CLAIMS DEVELOPMENT INFORMATION – PROPERTY

AS OF JUNE 30, 2024

	For the Policy Years Ended:									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Required Contribution and Investment Revenue:										
Earned	$1,392,000	$1,224,000	$1,246,000	$1,795,000	$2,418,000	$2,562,000	$3,711,187	$5,149,871	$7,376,945	$10,631,575
Ceded- Excess Ins.	1,147,000	986,000	983,000	1,209,000	1,306,000	1,762,000	2,258,365	3,817,118	5,386,024	7,450,234
Assessments/(Dividends)										
(1) Net Earned Required Contribution and Investment Revenues	245,000	238,000	263,000	586,000	1,112,000	800,000	1,452,822	1,332,753	1,990,921	3,181,341
(2) Unallocated Expenses*	109,356	121,457	125,101	119,254	382,320	395,701	539,657	564,002	449,836	515,940
(3) Estimated Incurred Claims and Expenses										
End of Year	1,724,000	1,384,000	1,644,000	1,883,000	2,074,000	2,653,000	3,095,365	5,102,540	6,706,024	8,731,234
Ceded	1,147,000	986,000	983,000	1,209,000	1,306,000	1,762,000	2,258,365	3,817,118	5,386,024	7,450,234
Net Incurred	577,000	398,000	661,000	674,000	768,000	891,000	837,000	1,285,422	1,320,000	1,281,000
(4) Paid (Cumulative)										
End of Year	227,000	48,000	311,000	392,000	332,000	332,000	466,198	17,491	458,607	624,647
One Year Later	580,000	195,000	667,000	509,000	785,000	882,864	551,312	780,858	1,337,876	
Two Years Later	567,000	278,000	667,000	508,000	825,159	2,340,874	614,193	692,835		
Three Years Later	590,000	283,000	672,000	556,024	872,790	2,509,680	500,560			
Four Years Later	590,000	283,000	671,930	590,828	872,790	2,521,651				
Five Years Later	590,000	565,312	626,930	590,828	872,790					
Six Years Later	589,942	565,312	1,121,930	590,828						
Seven Years Later	589,942	579,354	1,121,930							
Eight Years Later	486,998	608,469								
Nine Years Later	589,942									
(5) Reestimated Ceded Claims and Expenses	178,099	121,269	58,450	29,055	156,347	136,382	336,081	397,186	290,219	88,871
(6) Reestimated Incurred Claims and Expenses										
End of Year	577,000	398,000	661,000	674,000	768,000	891,000	837,000	1,285,422	1,320,000	1,281,000
One Year Later	580,000	195,000	700,000	701,000	959,000	1,212,755	653,245	1,072,000	2,430,000	
Two Years Later	567,000	1,091,000	673,000	636,000	906,000	2,342,419	749,728	847,000		
Three Years Later	946,000	566,000	673,000	577,000	909,000	2,510,775	500,560			
Four Years Later	590,000	544,000	672,829	591,000	872,790	2,523,753				
Five Years Later	590,000	565,902	627,509	590,828	872,790					
Six Years Later	589,942	565,902	1,121,930	590,828						
Seven Years Later	589,942	579,354	1,121,930							
Eight Years Later	486,998	608,469								
Nine Years Later	589,942									
(7) Increase (Decrease) in Estimated Incurred Claims Expense from End of Policy Year	$ 12,942	$ 210,469	$ 460,930	$ (83,172)	$ 104,790	$ 1,632,753	$ (336,440)	$ (438,422)	$ 1,110,000	$ -

* Claims administration is added which in the prior year had been recorded in claims expense (Item (3)).

NOTES TO CLAIMS DEVELOPMENT INFORMATION

CUMULATIVE FROM JUNE 30, 2015, THROUGH JUNE 30, 2024

The table on the previous page illustrates how PLAN's earned revenues and investment income compare to related costs of loss and other expenses assumed by PLAN as of the end of each of the last ten years. The rows of the tables are defined as follows:

1. Total of each fiscal year's gross earned contribution and investment income less ceded (excess insurance cost, assessments/dividends) contributions to arrive at net earned contribution and investment revenues.

2. Fiscal year's other operating costs of the Authority for each fiscal year including overhead and loss expenses not allocable to individual claims.

3. The Authority's gross incurred losses and allocated loss adjustment expenses, losses assumed by reinsurers and net incurred losses and allocated loss adjustment expenses as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred.

4. Cumulative amounts paid as of the end of successive years for each policy year.

5. The latest re-estimated amount of losses assumed by reinsurers as of the end of the current year for each policy year.

6. Shows how each policy year's net incurred losses increased or decreased as of the end of successive years. This annual re-estimation 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 re-estimated 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 projected. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature policy years.

SUPPLEMENTARY INFORMATION

POOLED LIABILITY ASSURANCE NETWORK

COMBINING STATEMENT OF NET POSITION

AS OF JUNE 30, 2024

	General Liability	Property Liability	Elimination	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 17,309,275	$ -	$ -	$ 17,309,275
Investments	187,830	20,346	-	208,176
Receivables				
Interest	234,786	-	-	234,786
Member deductibles	628,334	-	-	628,334
Interfund Receivable	784,084	-	(784,084)	-
Total Current Assets	19,144,309	20,346	(784,084)	18,380,571
Noncurrent Assets				
Interfund Receivable	784,084	-	(784,084)	-
Investments	31,809,951	3,445,752	-	35,255,703
Total Noncurrent Assets	32,594,035	3,445,752	(784,084)	35,255,703
Total Assets	51,738,344	3,466,098	(1,568,168)	53,636,274
LIABILITIES				
Current Liabilities				
Accounts payable				
Accounts payable	159,824	14,531	-	174,355
Other accrued liaiblities	3,967	991	-	4,958
Interfund Payable	-	784,084	(784,084)	-
Claim liabilities	7,972,000	1,392,118	-	9,364,118
Total Current Liabilities	8,135,791	2,191,724	(784,084)	9,543,431
Noncurrent Liabilities				
Interfund Payable	-	784,084	(784,084)	-
Claim liabilities	20,406,451	512,628	-	20,919,079
Total Noncurrent Liabilities	20,406,451	1,296,712	(784,084)	20,919,079
Total Liabilities	28,542,242	3,488,436	(1,568,168)	30,462,510
NET POSITION				
Unrestricted	$ 23,196,102	$ (22,338)	$ -	$ 23,173,764

POOLED LIABILITY ASSURANCE NETWORK

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

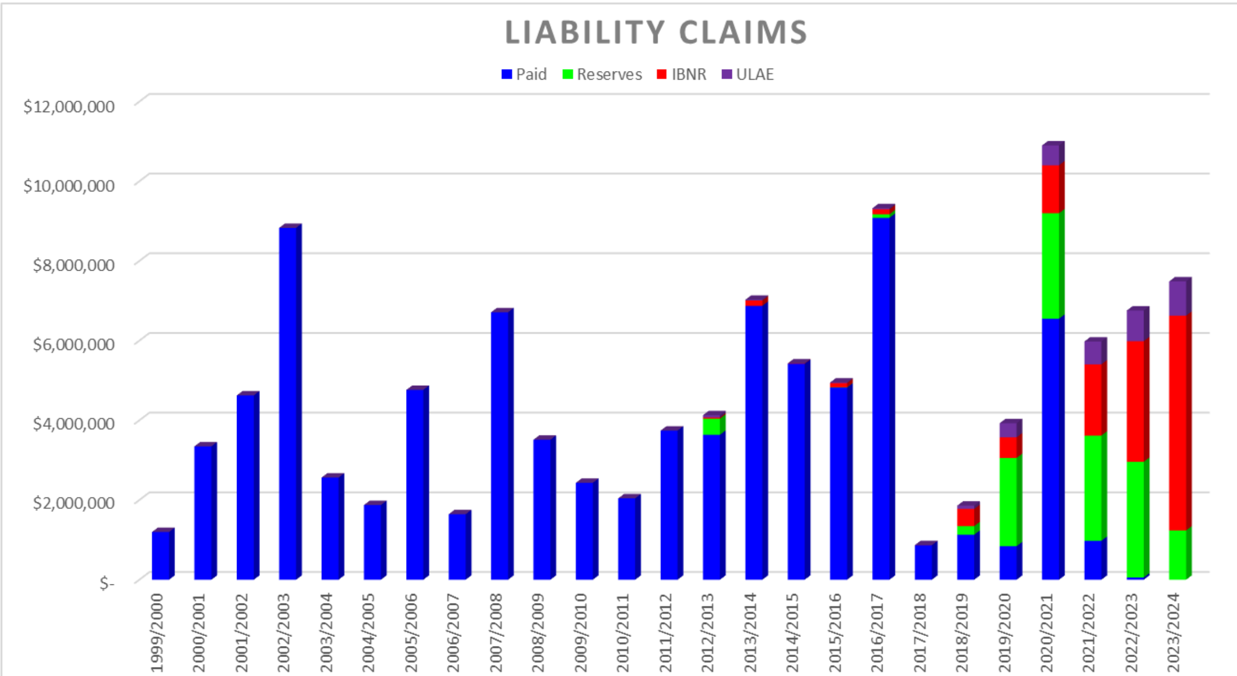
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

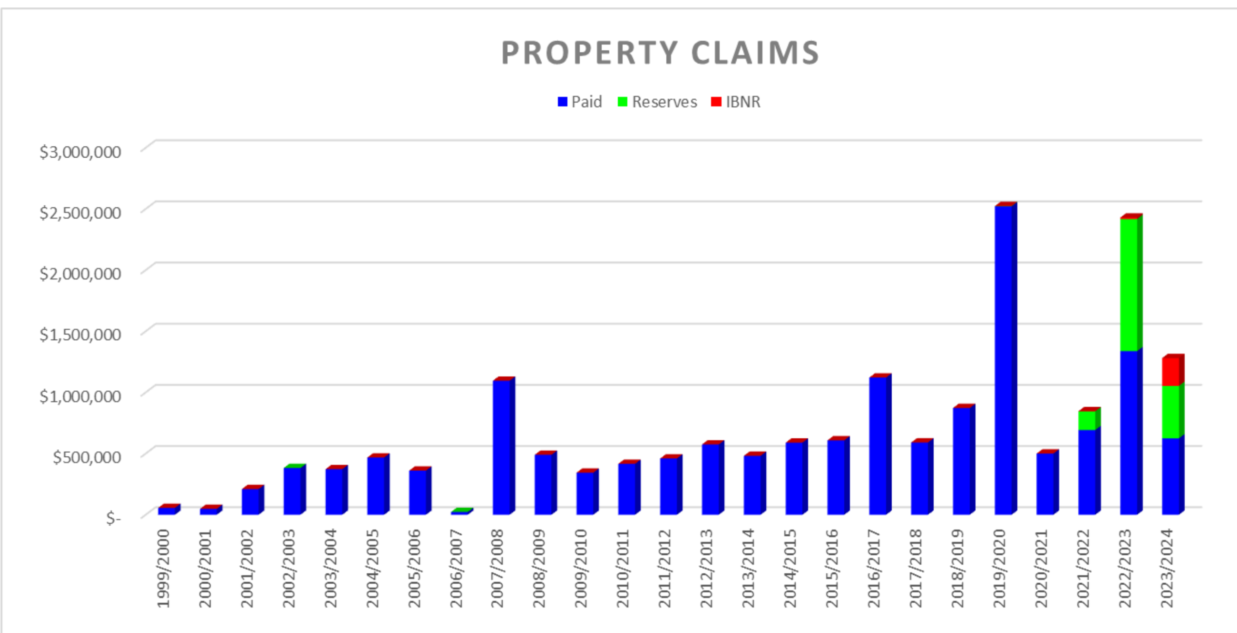
	General Liability	Property Liability	Total
OPERATING REVENUES			
Premium contributions	22,200,709	$ 10,631,575	$ 32,832,284
Total Revenues	22,200,709	10,631,575	32,832,284
OPERATING EXPENSES			
Claims expense	8,594,027	2,012,805	10,606,832
Excess insurance	15,416,573	-	15,416,573
Property insurance	-	7,450,234	7,450,234
Claims administration	636,854	159,213	796,067
Loss prevention	745,508	64,620	810,128
Management and administration	821,922	205,484	1,027,406
Contract services	80,397	80,301	160,698
Other expenses	25,292	6,322	31,614
Total Expenses	26,320,573	9,978,979	36,299,552
Operating Income (Loss)	(4,119,864)	652,596	(3,467,268)
NONOPERATING INCOME/(EXPENSE)			
Investment income	2,536,737	-	2,536,737
Other income	885	-	885
Total nonoperating income	2,537,622	-	2,537,622
Change in Net Position	(1,582,242)	652,596	(929,646)
Net Position			
Beginning of year. Restated	24,778,344	(674,934)	24,103,410
End of year	$ 23,196,102	$ (22,338)	$ 23,173,764

POOLED LIABILITY ASSURANCE NETWORK

GRAPHICAL SUMMARY OF CLAIMS

AS OF JUNE 30, 2024





COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Directors
Pooled Liability Assurance Network
Sacramento, California

We have audited the financial statements of Pooled Liability Assurance Network as of and for the fiscal years ended June 30, 2024 and 2023, and have issued our report thereon dated February 14, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 31, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Pooled Liability Assurance Network solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our consideration of Pooled Liability Assurance Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters in a separate letter to you dated February 14, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

Significant Risks Identified

We have identified the following significant risks:

- Claims Liabilities and related accounts

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Pooled Liability Assurance Network is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2023-2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. However, there are new Governmental Accounting Standards that may affect Pooled Liability Assurance Network in future years. See Attachment I.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the claim liabilities and the related discount rate.

Management's estimate of the claim liabilities is based on calculations reported by the actuary and claim administrators. Management also estimates a discount rate based upon an expected future investment yield assumption. We evaluated the key factors and assumptions used to develop the claim liabilities and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Pooled Liability Assurance Network's financial statements relate to accounting policies affecting claim liabilities.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. The following significant unusual transactions identified as a result of our audit procedures were brought to the attention of management:

None.

Identified or Suspected Fraud

We have not identified or obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. We did not identify any uncorrected misstatements as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. See Attachment II for adjusting and reclassifying journal entries identified as a result of our audit procedures or provided by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Pooled Liability Assurance Network's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affected the form and content of our auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated February 14, 2025. See Attachment III.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Pooled Liability Assurance Network, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. Pooled Liability Assurance Network has corrected an error in previously issued financial statements by restating the beginning net position for the earliest period presented to reflect the cumulative effect of the error on prior periods. The nature of the error and the periods affected are described in Note 7 to the financial statements. None of the matters discussed resulted in a condition to our retention as Pooled Liability Assurance Network's auditors.

Other Services

We have assisted management in preparing the financial statements of Pooled Liability Assurance Network in conformity with U.S. generally accepted accounting principles based on information provided by management.

Management's responsibilities for other services included designating qualified individuals with the skill, knowledge, and experience to be responsible and accountable for overseeing financial statement preparation and any other nonattest services we performed as part of this engagement. Management has represented that they have evaluated the adequacy and results of those services and is accepting responsibility for them.

This report is intended solely for the information and use of the Board of Directors and management of Pooled Liability Assurance Network and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
February 14, 2025

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to Pooled Liability Assurance Network (PLAN) in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to PLAN. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB Statement No. 101, Compensated Absences
Effective for the fiscal year ending June 30, 2025

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

We do not expect this standard to have any significant impact on PLAN.

GASB Statement No. 102, Certain Risk Disclosures
Effective for the fiscal year ending June 30, 2025

The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.

PLAN is currently assessing the financial statement impact of GASB 102.

GASB Statement No. 103, Financial Reporting Model Improvements
Effective for the fiscal year ending June 30, 2026

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues.

PLAN is currently assessing the financial statement impact of GASB 103.

Adjusting Journal Entries

Adjusting Journal Entries JE # 6			
PBC - to adjust the case loss reserves per updates on the claims reconciliation and loss run.			
200-22000	Case Loss Reserves	30,000	
200-53110	Change in Claim Reserves		30,000
Total		**30,000**	**30,000**

Adjusting Journal Entries JE # 7			
PBC - to adjust the risk management grant payable, expense, and restatement due to error correction.			
100-21400	Risk Management Grant Payable	500,000	
100-21400	Risk Management Grant Payable	1,159,251	
100-68050	Risk Management Grant	487,034	
100-21400	Risk Management Grant Payable		487,034
100-30100	Retained Earnings - Prior Year		1,159,251
100-68050	Risk Management Grant		500,000
Total		**2,146,285**	**2,146,285**

Reclassifying Journal Entries

Account	Description	Debit	Credit
Reclassifying Journal Entries JE # 4			
To reclass administrative expense.			
100-20000	Accounts Payable	174,355	
100-53140	Claims Administration	636,854	
100-55090	Bad Debt Expense	88	
100-60000	Program Administration Fees	821,922	
100-61100	Risk Control Services	247,314	
100-61800	Sewer Loss Prevention	11,161	
100-62000	Legal Fees - General	15,997	
100-62000	Legal Fees - General	19,017	
100-62300	Audit - Financial	18,320	
100-62700	Actuarial Services	27,064	
100-65000	Board Meetings	22,989	
100-67900	Bank Fees	2,210	
100-67950	Misc Expenses	4	
200-53140	Claims Administration	159,213	
200-54090	Cyber Security	11,650	
200-54090	Cyber Security	48,550	
200-55090	Bad Debt Expense	22	
200-60000	Program Administration Fees	205,484	
200-61100	Risk Control Services	61,830	
200-61800	Sewer Loss Prevention	2,790	
200-62000	Legal Fees - General	4,000	
200-62000	Legal Fees - General	4,755	
200-62300	Audit - Financial	4,580	
200-62700	Actuarial Services	6,766	
200-65000	Board Meetings	5,747	
200-67900	Bank Fees	552	
200-67950	Misc Expenses	1	
900-21500	Other Accrued Liabilities	4,958	
100-20000	Accounts Payable		159,824
100-21500	Other Accrued Liabilities		3,967
100-53140	Claims Administration		796,067
100-54090	Cyber Security		11,650
100-61100	Risk Control Services		309,143
100-61800	Sewer Loss Prevention		13,951
100-62000	Legal Fees - General		19,997
200-20000	Accounts Payable		14,531
200-21500	Other Accrued Liabilities		991
900-54090	Cyber Security		48,550
900-55090	Bad Debt Expense		110
900-60000	Program Administration Fees		1,027,406
900-62000	Legal Fees - General		23,772
900-62300	Audit - Financial		22,900
900-62700	Actuarial Services		33,830
900-65000	Board Meetings		28,736
900-67900	Bank Fees		2,763
900-67950	Misc Expenses		5
Total		**2,518,193**	**2,518,193**

Reclassifying Journal Entries (Continued)

Reclassifying Journal Entries JE # 5			
To allocate unallocated funds to liability and property.			
100-10000	Checking Account - General	38,908	
100-10310	Liability Claims/Trust Account	661,103	
100-11000	LAIF or equivalents	55,244	
100-11100	CAMP Liquidity Account	16,283,474	
100-11150	CAMP Pool	303,472	
100-12000	Fixed Income Investments	31,997,781	
100-13000	Contributions Receivable	475,748	
100-13400	Interest Receivable - LAIF or equivalents	623	
100-13410	Intrest Receivable - Investments	234,163	
100-80200	Investment Management Fees	36,753	
200-12000	Fixed Income Investments	3,466,098	
900-11050	Market Valuation - LAIF or equivalents	204	
900-44150	Misc Income	885	
900-80000	Interest and Dividend Income	218,366	
900-80010	Interest Earned in LAIF	2,839	
900-80020	Interest Earned in CAMP	925,828	
900-80100	Unrealized Gains and Losses	1,426,457	
100-11050	Market Valuation - LAIF or equivalents		204
100-44150	Misc Income		885
100-80000	Interest and Dividend Income		218,366
100-80010	Interest Earned in LAIF		2,839
100-80020	Interest Earned in CAMP		925,828
100-80100	Unrealized Gains and Losses		1,426,457
900-10000	Checking Account - General		38,908
900-10310	Liability Claims/Trust Account		661,103
900-11000	LAIF or equivalents		55,244
900-11100	CAMP Liquidity Account		16,283,474
900-11150	CAMP Pool		303,472
900-12000	Fixed Income Investments		35,463,879
900-13000	Contributions Receivable		475,748
900-13400	Interest Receivable - LAIF or equivalents		623
900-13410	Interest Receivable - Investments		234,163
900-80200	Investment Management Fees		36,753
Total		**56,127,946**	**56,127,946**

Proposed Journal Entries

None.

1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833
(800) 541-4591 Fax (916) 244-1199
https://www.planjpa.org/

MANAGEMENT REPRESENTATION LETTER

February 14, 2025

James Marta & Company LLP
Certified Public Accountants
701 Howe Avenue, Suite E3
Sacramento, California 95825

This representation letter is provided in connection with your audit of the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows of Pooled Liability Assurance Network as of June 30, 2024 and 2023 for the fiscal years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Pooled Liability Assurance Network in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 14, 2025:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated August 31, 2021, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.

- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- We have reviewed and approved the attached adjusting and reclassifying journal entries reflected in the audit statements and Attachment I.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.

– There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

- With respect to preparation of the financial statements we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained controls, including a process to monitor the system of internal control.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Pooled Liability Assurance Network has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Pooled Liability Assurance Network is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- Pooled Liability Assurance Network has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Additional Representations

Provision has been made for any material loss that is probable from our claim liabilities. We believe that such estimate is reasonable based on available information and that the liabilities and related loss contingencies and the expected outcome of uncertainties have been adequately described in the Pooled Liability Assurance Network financial statements.

We have reviewed, approved, and taken responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.

Use of a Specialist

We agree with the findings of specialists in evaluating the claims liabilities and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements:

a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
c. The methods of measurement or presentation have not changed from those used in the prior period, except as noted in footnotes on the required supplementary information.
d. We believe the following significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances:

Significant Assumption or Interpretation	*Basis for Assumption or Interpretation*
Claims Liabilities	Actuarially Determined

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the supplementary information accompanying the financial statements:

a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with *accounting principles generally accepted in the United States of America.*
b. We believe the supplementary information, including its form and content, is fairly presented in accordance with *accounting principles generally accepted in the United States of America.*

To the best of our knowledge and belief, no events have occurred subsequent to the Statement of Net Position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Eric Dahlen, General Manager

Joseph Roy
Joe Roy, Finance Manager

ATTACHMENT A
JOURNAL ENTRIES REPORT

Adjusting Journal Entries

Adjusting Journal Entries JE # 6			
PBC - to adjust the case loss reserves per updates on the claims reconciliation and loss run.			
200-22000	Case Loss Reserves	30,000	
200-53110	Change in Claim Reserves		30,000
Total		**30,000**	**30,000**

Adjusting Journal Entries JE # 7			
PBC - to adjust the risk management grant payable, expense, and restatement due to error correction.			
100-21400	Risk Management Grant Payable	500,000	
100-21400	Risk Management Grant Payable	1,159,251	
100-68050	Risk Management Grant	487,034	
100-21400	Risk Management Grant Payable		487,034
100-30100	Retained Earnings - Prior Year		1,159,251
100-68050	Risk Management Grant		500,000
Total		**2,146,285**	**2,146,285**

Reclassifying Journal Entries

Account	Description	Debit	Credit
Reclassifying Journal Entries JE # 4			
To reclass administrative expense.			
100-20000	Accounts Payable	174,355	
100-53140	Claims Administration	636,854	
100-55090	Bad Debt Expense	88	
100-60000	Program Administration Fees	821,922	
100-61100	Risk Control Services	247,314	
100-61800	Sewer Loss Prevention	11,161	
100-62000	Legal Fees - General	15,997	
100-62000	Legal Fees - General	19,017	
100-62300	Audit - Financial	18,320	
100-62700	Actuarial Services	27,064	
100-65000	Board Meetings	22,989	
100-67900	Bank Fees	2,210	
100-67950	Misc Expenses	4	
200-53140	Claims Administration	159,213	
200-54090	Cyber Security	11,650	
200-54090	Cyber Security	48,550	
200-55090	Bad Debt Expense	22	
200-60000	Program Administration Fees	205,484	
200-61100	Risk Control Services	61,830	
200-61800	Sewer Loss Prevention	2,790	
200-62000	Legal Fees - General	4,000	
200-62000	Legal Fees - General	4,755	
200-62300	Audit - Financial	4,580	
200-62700	Actuarial Services	6,766	
200-65000	Board Meetings	5,747	
200-67900	Bank Fees	552	
200-67950	Misc Expenses	1	
900-21500	Other Accrued Liabilities	4,958	
100-20000	Accounts Payable		159,824
100-21500	Other Accrued Liabilities		3,967
100-53140	Claims Administration		796,067
100-54090	Cyber Security		11,650
100-61100	Risk Control Services		309,143
100-61800	Sewer Loss Prevention		13,951
100-62000	Legal Fees - General		19,997
200-20000	Accounts Payable		14,531
200-21500	Other Accrued Liabilities		991
900-54090	Cyber Security		48,550
900-55090	Bad Debt Expense		110
900-60000	Program Administration Fees		1,027,406
900-62000	Legal Fees - General		23,772
900-62300	Audit - Financial		22,900
900-62700	Actuarial Services		33,830
900-65000	Board Meetings		28,736
900-67900	Bank Fees		2,763
900-67950	Misc Expenses		5
Total		**2,518,193**	**2,518,193**

Reclassifying Journal Entries (Continued)

Reclassifying Journal Entries JE # 5

To allocate unallocated funds to liability and property.

100-10000	Checking Account - General	38,908	
100-10310	Liability Claims/Trust Account	661,103	
100-11000	LAIF or equivalents	55,244	
100-11100	CAMP Liquidity Account	16,283,474	
100-11150	CAMP Pool	303,472	
100-12000	Fixed Income Investments	31,997,781	
100-13000	Contributions Receivable	475,748	
100-13400	Interest Receivable - LAIF or equivalents	623	
100-13410	Intrest Receivable - Investments	234,163	
100-80200	Investment Management Fees	36,753	
200-12000	Fixed Income Investments	3,466,098	
900-11050	Market Valuation - LAIF or equivalents	204	
900-44150	Misc Income	885	
900-80000	Interest and Dividend Income	218,366	
900-80010	Interest Earned in LAIF	2,839	
900-80020	Interest Earned in CAMP	925,828	
900-80100	Unrealized Gains and Losses	1,426,457	
100-11050	Market Valuation - LAIF or equivalents		204
100-44150	Misc Income		885
100-80000	Interest and Dividend Income		218,366
100-80010	Interest Earned in LAIF		2,839
100-80020	Interest Earned in CAMP		925,828
100-80100	Unrealized Gains and Losses		1,426,457
900-10000	Checking Account - General		38,908
900-10310	Liability Claims/Trust Account		661,103
900-11000	LAIF or equivalents		55,244
900-11100	CAMP Liquidity Account		16,283,474
900-11150	CAMP Pool		303,472
900-12000	Fixed Income Investments		35,463,879
900-13000	Contributions Receivable		475,748
900-13400	Interest Receivable - LAIF or equivalents		623
900-13410	Interest Receivable - Investments		234,163
900-80200	Investment Management Fees		36,753
Total		**56,127,946**	**56,127,946**

Proposed Journal Entries

None.

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pooled Liability Assurance Network
Sacramento, California

We have audited, in accordance with the 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, the financial statements of Pooled Liability Assurance Network, as of and for the fiscal years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Pooled Liability Assurance Network's basic financial statements, and have issued our report thereon dated February 14, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pooled Liability Assurance Network's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pooled Liability Assurance Network's internal control. Accordingly, we do not express an opinion on the effectiveness of Pooled Liability Assurance Network's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pooled Liability Assurance Network's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
February 14, 2025

CLAIMS MATTERS

SUBJECT: Update on PLAN JPA Third-Party Administrator Carl Warren

BACKGROUND AND HISTORY:

TPA Transition Update:

On September 26, 2024, the Board of Directors approved a professional services agreement with Carl Warren & Company to assume the Third-Party Administrator (TPA) services for PLAN JPA effective January 1, 2025. Both, Carl Warren & Company and the outgoing TPA immediately began working together for a smooth transition of services. Carl Warren has been working to transition the data from the prior TPA's claims system to its own. All claims data should have been in Carl Warren's system by the end of January 2025. To date, our claims documents have not been put in the new Third Party Administrator's system.

Eric Dahlen, General Manager, and Susan DeNardo, Litigation Manager, have also been meeting regularly with the Carl Warren team to ensure a smooth transition with respect to data conversion, trust accounting, and claims handling. Carl Warren is meeting with members to introduce them to the new claims software and its application. Carl Warren has also begun scheduling claim reviews with members.

Litigation Management and Carl Warren have also worked with PLAN JPA members and carrier representatives to ensure a smooth transition including updating relevant claim handling forms and procedures.

Ms. DeNardo will be present to answer questions from the Executive Committee.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

None.

Agenda Item 14.A.

ELECTIONS

SUBJECT: Board Elections for the Position of Vice President

BACKGROUND AND HISTORY:

Mr. Kevin Bryant currently serves PLAN JPA as the Vice President of the Board of Directors. With consideration to his announced retirement and resignation of his position, the Board of Directors needs to fill this office position.

Pursuant to Article IX of the PLAN JPA Bylaws, the following section should be considered:

1. Officers. The officers of PLAN JPA shall be the President, Vice President, Secretary and a Treasurer. All officers shall be Directors.
2. Election of Officers. At the first meeting of the Board of Directors, and at each annual meeting thereafter, nominations for the officers shall be made and seconded by a Director. If more than two (2) names are received in nomination for any one office, balloting shall occur until a nominee receives a majority of the votes cast; provided that after the first ballot the nominee receiving the fewest votes shall be dropped from the balloting. Each officer shall serve a two (2) year term. Any officer except the President and Vice President may succeed himself/herself and may serve any number of consecutive or non-consecutive terms. The President and Vice President may succeed himself/herself only if his/her first term was filled as a result of a vacancy in the office.
3. Vacancies. Any vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled for the balance of the vacated term in the manner prescribed in these Bylaws for regular appointments to that office; provided, however, that such vacancies may be filled at any regular or special meeting of the Board of Directors.

4. Resignation of Officers. Any Officer may resign at any time by giving written notice to the President or Secretary. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of PLAN JPA under any contract to which the Officer is a party.

5. Vice President of the Board. The Vice President of the Board shall fulfill all the duties of the President in his/her absence.

    a. President of the Board. The President of the Board shall preside at meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him/her by the Board of Directors or prescribed by the Bylaws.

Nominations will be accepted at the Board meeting.

RECOMMENDATION:

Staff recommends the Board conduct a Board Officer election for the position of Vice President, consistent with the Bylaws.

REFERENCE MATERIALS ATTACHED:

None.