



California Sanitation Risk Management Authority
c/o ALLIANT INSURANCE SERVICES, INC.
560 Mission Street, 6th Floor, San Francisco, CA 94105

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OFFICERS:

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925.756.1920

RECENT PAST PRESIDENTS:

Craig Murray
2020-2024
Greg Baatrup
2018-2020

FINANCE COMMITTEE MEETING AGENDA

Meeting Via Teleconference at the Following Location(s):

1301 Andersen Dr, San Rafael, CA 94901
5019 Imhoff Place, Martinez, CA 94553
1960 La Costa Avenue, Carlsbad, CA 92009
450 Ryder Street, Vallejo, CA 94590

621 Capitol Mall, Suite 800, Sacramento, CA 95814
701 Howe Avenue, Suite E3, Sacramento, CA 95825

Date/Time: Monday, November 3, 2025
10:00 AM

LOCATION: Alliant Offices
560 Mission Street, 6th Floor
San Francisco, CA 94105

Phone One-Tap: +16699006833,,96207126135#,,, *113904#

Meeting URL: <https://alliantinsurance.zoom.us/j/96207126135?pwd=s5vXRbCp4snNRwewNtcaZWtZaAl9r3.1>

		A = Action	
A.	CALL TO ORDER	I = Information	
		H = Handout	
B.	PUBLIC & COMMITTEE MEMBER COMMENTS	V = Verbal	
		S = Separate	
C.	CONSENT CALENDAR		
1.	Meeting Minutes: April 15, 2025 <i>Recommendation: Approve minutes from the last meeting.</i>	A	p. 3
2.	Budget to Date Report as of September 30, 2025 <i>Recommendation: Review the budget to date report.</i>	A	p. 9
D.	GENERAL ADMINISTRATION		
1.	CSRMA Investment Performance Review <i>Recommendation: Receive an update on CSRMA's Investment Portfolio from PFM.</i>	I/S	p. 22
2.	2024-2025 Fiscal Year DRAFT Financial Audit <i>Recommendation: Review and approve the 2024-25 Financial Audit.</i>	A/S	p. 23
3.	Reconciliation of Program Director Fees for the Fiscal Year Ended June 30, 2025 <i>Recommendation: Review the reconciliation of Program Director Fees for the past fiscal year.</i>	I	p. 24
4.	Review Investment Benchmark <i>Recommendation: Discuss CSRMA's investment strategy.</i>	I	p. 26
5.	Proposed 2026 Meeting Calendar <i>Recommendation: Review and approve the proposed 2026 Meeting Calendar.</i>	A	p. 39
6.	Captive Insurance Company Update <i>Recommendation: Receive an update on the Clean Water Insurance Captive (CWIC).</i>	I	p. 41
E.	STAFF/COMMITTEE REPORTS		
	None		
F.	INFORMATION ITEMS		
1.	Poem of the Day	I	p. 44
2.	Article - Two-Factor Authentication: No Longer Infallible Because Of Human Error	I	p. 47
3.	Article - Shielding Your Organization From Internal Theft - Lessons From A Costly Embezzlement	I	p. 51
4.	Article - Human Cyber Security: A Guide - KYND	I	p. 54
5.	CSRMA 2025 Meeting Calendar	I	p. 56
6.	CSRMA Organizational Chart	I	p. 57

Recommendation: Review the presented Information Items.

G. ADJOURNMENT

The next meeting is scheduled for April 21, 2026

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant at (415) 403-1400 twenty-four hours in advance of the meeting. Entrance to the meeting location requires routine provision of identification to building security. However, CSRMA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

**CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING
APRIL 15, 2025
SAN FRANCISCO, CALIFORNIA**

MEMBERS PRESENT

Mr. Jason Dow, Treasurer-Auditor, Central Marin Sanitation Agency, via teleconference
Mr. Philip Leiber, Central Contra Costa Sanitary District
Mr. Jeffery Tucker, Vallejo Flood & Wastewater District
Mr. Ryan Green, Leucadia Wastewater District

MEMBERS ABSENT

None

GUESTS AND CONSULTANTS

Mr. Seth Cole, Alliant Insurance Services, Inc.
Mr. P.J. Skarlanic, Alliant Insurance Services, Inc.
Mr. Myron Leavell, Alliant Insurance Services, Inc.
Mr. Steve Davidson, Alliant Insurance Services, Inc.
Ms. Tami Giovanni, Alliant Insurance Services, Inc., via teleconference
Mr. Michael Kronbetter, PFM Asset Management Group (left 11:07 a.m.)
Ms. Mallory Sampson, PFM Asset Management Group, via teleconference (left 11:07 a.m.)

A. CALL TO ORDER

The meeting was called to order by Chair Jason Dow at 10:04 a.m.

B. PUBLIC & COMMITTEE MEMBER COMMENTS

There was a round of introductions.

C. CONSENT CALENDAR

C.1. Meeting Minutes: November 4, 2024

The minutes of the meeting on November 4, 2024 were reviewed.

C.2. Budget to Date Report as of March 31, 2025

The Budget to Date Report as of March 31, 2025 was reviewed.

A motion was made to approve the Consent Calendar as presented.

MOTION: Ryan Green

SECOND: Jeffery Tucker

MOTION CARRIED

AYES: Dow, Green, Lieber, Tucker

NAYS: None

ABSTAIN: None

ABSENT: None

D. GENERAL ADMINISTRATION

D.1. CSRMA Investment Performance Review

Michael Kronbetter of PFM Asset Management Group presented a market update and an overview of CSRMA current investments as of March 31, 2025 to the Committee. The U.S. economy shows an increased degree of uncertainty, which is attributed to economic & tariff policy's impact on the market. The labor market continues to serve as the backbone of the current economy. Goods inflation is weighing on the Fed's progress forwards a 2.0% inflation target. Consumer spending and wage growth are outpacing inflation.

The Fed has kept the federal funds target rate unchanged at 4.25-4.50%. 50 base points of cuts are targeted in 2025. The Fed's Chair stated that the significant policy changes relating to trade, immigration, fiscal policy, and regulation is creating considerable uncertainty.

Treasury yields have fallen as well with the growing economic uncertainty. Yields on maturities between 2 and 10 years fell 35-43 basis points during the 1st quarter. Yield spreads widened off historically low levels but still remain tight.

Michael added that consumer sentiment index appears to be closely tied with the rate at which policy changes are rolled out, pointing out that the new administration signed considerably more executive orders in its first month than any in the past several decades. He also reviewed the impact that tariffs, which increased sharply at the beginning of the year, have on the US economy. A 10% increase in the effective tariff rate corresponds to roughly 8% inflation, and a 1.4% decrease in GDP.

Michael reported that CSRMA's portfolio is performing well given the current economic picture. CSRMA's portfolio experienced a 5.68% rate of return for the past year, 0.27% above the ICE BofAML 1-10 year U.S. Treasury Index. CSRMA's annualized return, over the past 10 years, is at 1.66%, outperforming the 1.28% Index benchmark.

Seth Cole added that, because Clean Water Insurance Captive is now reinsuring the Pooled Layers of the Workers' Compensation and Pooled Liability Programs, monies that would have been contributed as Pool Deposits on each program are now being paid as reinsurance premium to CWIC. Consequently, CSRMA may need to liquidate assets in the coming years as it pays for losses reported prior to each Pooled Layer's transfer to CWIC. This was expected and accounted for in the leadup to CWIC's formation.

D.2. Investment Policy

Seth Cole directed the Finance Committee to the item and advised the Committee that PFM conducts a review of the investment policy annually to ensure the policy is in compliance with any changes in California Government Code. PFM is not recommending any material changes to the Investment Policy, except to update the Current Year in the header.

Seth noted that any changes to the Investment Policy require approval by the full Board of Directors. The Investment Policy is part of the annual fiscal year budget packet presented to the Board for approval.

A motion was made to recommend approval of the Investment Policy as proposed.

MOTION: Ryan Green

SECOND: Phil Lieber

MOTION CARRIED

AYES: Dow, Green, Lieber, Tucker

NAYS: None

ABSTAIN: None

ABSENT: None

D.3. CWIC Investment Performance Review

Mallory Sampson of PFM Asset Management Group reviewed the investment report with the Committee. The report captures CWIC's investment performance as of March 31, 2025. Mallory provided some additional insight into the US economic health and consumer sentiments to complement those provided by Michael Kronbetter. The Captive's investments have appreciated a total of 9.49% since inception, falling just short of the blended benchmark of 9.93%. The year-to-date return is 1.03%, also falling just short of the benchmark of 1.17%.

Mallory advised that, due to the current uncertainty regarding economic policy, it is not yet certain if a more conservative approach to CWIC's investments would be advisable, but that rebalancing of investment allocations is something to consider as economic conditions develop and mature.

D.4. CWIC (Captive) Update

P.J. Skarlanic introduced the item to the Committee and provided a brief update on CWIC.

A fiscal year financial audit was conducted by James Marta of James Marta & Company on CWIC's 2023-24 Fiscal Year Financials, the first full fiscal year of CWIC. The audit report was reviewed and accepted by CWIC's Board of Directors. The report was provided for the Committee's review. The audit indicated that CWIC's financial statements were presented fairly and in accordance with generally accepted accounting principles. The audit found no deficiencies in CWIC's internal controls.

CWIC's total assets were valued at \$9.6M at the time of the audit, with the majority being cash and investments. CWIC's total liabilities were valued at \$6.2M, nearly all of which were short- and long-term claims liabilities. The net position was therefore approximately \$3.4M.

Since the Committee's last meeting in November 2024, CSRMA renewed reinsurance of the Pooled Liability Program's Pooled Layer, effective December 31, 2024. CSRMA's Pooled Workers' Compensation Program's reinsurance with CWIC will expire on July 1, 2024, and an actuarial study is underway to determine appropriate pricing for the Program's renewal.

The Program Administrator prepared a comparison table, illustrating the comparative returns on investment for both CSRMA and CWIC. The table showed that CWIC's rate of return is considerably higher than that of CSRMA for the period shown, and has resulted in a \$354k increase in return on investment for the \$8.5M invested in CWIC at the beginning of 2024.

An update on CWIC is a standing item on Finance Committee, Executive Board, and Board of Director agendas.

The State of Utah requires that the Board of Directors for insurance companies domiciled in Utah meets in person within the State at least once per year. The CWIC Board will meet in later in 2025 on dates yet to be decided at the office of Smart Schofield Shorter, P.C. in Murray Utah.

D.5. Estimated Actual 24/25 Budget & Proposed 25/26 Budget - DRAFT

Seth Cole provided the Committee with some background on the draft budget and the various components of the budget packet. CSRMA/CWIC consolidated budget schedules are included in the agenda packet. The presented budget is not consolidated. Seth advised that the Program Administrators are in the process of remapping the budget format to line up with the financial audit report so that all financial reporting will be consistent. The new format was implemented for the budget to date report included in the consent calendar and the goal is to implement the new format for the budget packeted presented to the Board of Directors in June.

Seth also provided an update on the current state of the property and casualty insurance market. While the property insurance market has improved, the casualty lines remain challenging, and we are likely to see continue upward pressure on rates.

Seth reviewed the Program Budget Schedules, noting that CSRMA is projecting a net loss this year, due to payment of older year claims in the Pooled Liability and Workers' Compensation Programs and the transfer of reinsurance premium to CWIC, however on a consolidated basis (CSRMA & CWIC), net income is estimated at just over \$2 million. The assets are essentially moving from CSRMA's books to CWIC's.

Seth directed the Committee to the Summary Projected Current Year Final table on page 8 of the draft Budget. Overall FY 24/25 total revenues are projected to be slightly under budget by about 0.88%, with total expenses about 0.4% over budget. Seth noted that the net insurance premiums came in under budget due to favorable changes in the property insurance market, while the affiliate insurance premium (premium paid to CWIC) was about 5% over budget due to unfavorable

development in liability claims. Settlements in the Pooled Liability Program were greater than anticipated when the Adopted Budget was prepared, which resulted in the Claims & Loss Adjustment Expense (a component of Non-Operating Expenses) being 44.5% over budget. Retro adjustments in the Workers' Compensation and Pooled Liability Programs largely offset each other.

Seth then reviewed the Summary Comparative Budget on page 9 which shows expected year-over-year changes to budgeted items. The JPA Charge is budgeted to increase by 5.9% (\$69,395), almost entirely attributed to a Large Language Model development engagement approved by the Executive Board at its Long Range Planning Session in March 2025. Pooled Deposits are budgeted to increase by 6.6% (\$43,115), driven by the Property Program. Net Insurance Premiums for all programs is budgeted to increase 6.5% (\$1,037,918), due in large part to pressures in the Liability market and increases in member exposures. Total Revenues are budgeted to increase by 8.5%. Investment earnings are projected to decrease 4.7% (\$39,029), in part due to some of CSRMA's investment portfolio being transferred to CWIC.

Total Operating Expenses are expected to increase 4.7%, with Claims & Loss Adjustment Expenses budgeted to remain relatively stable. Dividends are not budgeted, as it is anticipated that dividends will not be eligible for declaration based on the Dividend P&P.

The draft budget will be presented to the Executive Board for review and approval at their June 9 meeting for recommendation to the full Board of Directors for adoption at their June 18 meeting.

A motion was made to recommend that the Executive Board recommend that the Board of Directors adopt the fiscal year 2024-25 budget as presented with some corrections as discussed with the Committee.

MOTION: Jeffery Tucker

SECOND: Phil Lieber

MOTION CARRIED

AYES: Dow, Green, Lieber, Tucker

NAYS: None

ABSTAIN: None

ABSENT: None

E. STAFF/COMMITTEE REPORTS

None.

F. INFORMATION ITEMS

F.1. Poem of the Day

F.2. Article – *Don't click on those road toll texts! Officials issue warnings about the smishing scam*

F.3. Article – *Tips to Help Prevent Eyestrain During Computer Use*

F.4. CSRMA 2025 Meeting Calendar

F.5. CSRMA Organizational Chart

F.6. CSRMA Service Team

The Finance Committee reviewed the Information Items.

G. ADJOURNMENT

The meeting was adjourned at 11:48 a.m. The next meeting is scheduled for November 3, 2025 via teleconference.

Budget to Date Report as of September 30, 2025

ISSUE: Attached is the budget to date report as of September 30, 2025 and corresponding balance sheet. A variance report highlighting notable variances in the actual year to date figures versus what was budgeted is included.

There are no major concerns about CSRMA's finances at this writing.

RECOMMENDATION: None at this time.

FISCAL IMPACT: As depicted in the attached document.

BACKGROUND: None.

ATTACHMENTS:

1. Profit & Loss Budget to Actual
2. Variance Report
3. Balance Sheet

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC

Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - September, 2025

Preliminary & Unaudited *

	TOTAL			% of Budget
	Actual	Budget	over Budget	
Income				
40 Operating Revenue				
400 Member Contributions				
4100 JPA Charge	295,480.36	1,245,265.00	-949,784.64	23.73%
4220 Pooled Deposit	172,878.68	696,413.00	-523,534.32	24.82%
4400 Insurance Premium (Net)	3,926,693.87	17,016,831.00	-13,090,137.13	23.08%
4450 Affiliate Insurance Premium Rev	1,788,196.50	7,897,437.00	-6,109,240.50	22.64%
Total 400 Member Contributions	\$ 6,183,249.41	\$ 26,855,946.00	-\$ 20,672,696.59	23.02%
410 Retrospective Contribution				
4300 Retro Adjustment	-376,040.75	-250,000.00	-126,040.75	150.42%
Total 410 Retrospective Contribution	-\$ 376,040.75	-\$ 250,000.00	-\$ 126,040.75	150.42%
420 Member Fees				
4110 Program Directors' Fee	362,708.79	1,451,000.00	-1,088,291.21	25.00%
Total 420 Member Fees	\$ 362,708.79	\$ 1,451,000.00	-\$ 1,088,291.21	25.00%
Total 40 Operating Revenue	\$ 6,169,917.45	\$ 28,056,946.00	-\$ 21,887,028.55	21.99%
Total Income	\$ 6,169,917.45	\$ 28,056,946.00	-\$ 21,887,028.55	21.99%
Gross Profit	\$ 6,169,917.45	\$ 28,056,946.00	-\$ 21,887,028.55	21.99%
Expenses				
50 Operating Expense				
500 Program Expense				
4500 Deductible Recoveries	-133,488.62	-400,000.00	266,511.38	33.37%
5201 Claims Expense	1,329,923.12	4,025,392.00	-2,695,468.88	33.04%
Total 500 Program Expense	\$ 1,196,434.50	\$ 3,625,392.00	-\$ 2,428,957.50	33.00%
610 Insurance Expense				
6432 Net Insurance Premium	3,981,292.99	17,016,831.00	-13,035,538.01	23.40%
6435 Affiliate Insurance Premium Exp	1,788,196.50	7,897,437.00	-6,109,240.50	22.64%
Total 610 Insurance Expense	\$ 5,769,489.49	\$ 24,914,268.00	-\$ 19,144,778.51	23.16%
620 Management Consultants				
6523 Outside Safety Consultant	373,275.52	554,284.00	-181,008.48	67.34%
Total 620 Management Consultants	\$ 373,275.52	\$ 554,284.00	-\$ 181,008.48	67.34%
630 Program Director Fee				
6330 Program Directors' Fee Exp.	365,740.00	1,451,000.00	-1,085,260.00	25.21%
Total 630 Program Director Fee	\$ 365,740.00	\$ 1,451,000.00	-\$ 1,085,260.00	25.21%
640 Other Program Expense				
6464 User/Fraud Fund Assessment	0.00	101,018.00	-101,018.00	0.00%
6506 Actuarial	0.00	62,700.00	-62,700.00	0.00%
6510 Claims Audit	0.00	8,200.00	-8,200.00	0.00%
6512 Claims Admin. Annual Fee	10,650.00	27,060.00	-16,410.00	39.36%
6516 Coverage Counsel	0.00	5,500.00	-5,500.00	0.00%
6650 Program Legal	2,205.00	26,500.00	-24,295.00	8.32%
6652 Program Committee	16.00	3,000.00	-2,984.00	0.53%
6660 Program Consulting	442.50	35,270.00	-34,827.50	1.25%
6666 Finance Charge	0.00	9,500.00	-9,500.00	0.00%
6667 CSRMA Provided Seminars	48,100.26	85,500.00	-37,399.74	56.26%
Total 640 Other Program Expense	\$ 61,413.76	\$ 364,248.00	-\$ 302,834.24	16.86%
700 General & Administrative Expense				
7808 Financial Audit	3,000.00	25,296.00	-22,296.00	11.86%
7822 Board Counsel	1,900.11	20,700.00	-18,799.89	9.18%

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes
July - September, 2025
Preliminary & Unaudited *

	TOTAL			% of
	Actual	Budget	over Budget	Budget
8944 Printing/Promotion	339.89	1,000.00	-660.11	33.99%
8945 Computer Software/Programming	33,334.99	109,900.00	-76,565.01	30.33%
8946 Memberships/Other	0.00	12,086.00	-12,086.00	0.00%
8948 Banking Service Charges	1,090.76	2,678.00	-1,587.24	40.73%
8954 Executive/Officers Committee	2,654.38	38,500.00	-35,845.62	6.89%
8956 Board of Directors	9,754.54	15,180.00	-5,425.46	64.26%
8960 JPA Insurance	21,836.39	95,393.00	-73,556.61	22.89%
8990 General Contingency	0.00	6,000.00	-6,000.00	0.00%
Total 700 General & Administrative Expense	\$ 73,911.06	\$ 326,733.00	-\$ 252,821.94	22.62%
Total 50 Operating Expense	\$ 7,840,264.33	\$ 31,235,925.00	-\$ 23,395,660.67	25.10%
Total Expenses	\$ 7,840,264.33	\$ 31,235,925.00	-\$ 23,395,660.67	25.10%
Net Operating Income	-\$ 1,670,346.88	-\$ 3,178,979.00	\$ 1,508,632.12	52.54%
Other Income				
Total 4660 Investment Earnings	\$ 193,078.31	\$ 791,474.00	-\$ 598,395.69	24.39%
Total Other Income	\$ 193,078.31	\$ 791,474.00	-\$ 598,395.69	24.39%
Net Other Income	\$ 193,078.31	\$ 791,474.00	-\$ 598,395.69	24.39%
Net Income	-\$ 1,477,268.57	-\$ 2,387,505.00	\$ 910,236.43	61.87%

*Excludes results of CWIC subsidiary; excludes unrealized income/loss from investments and changes to longterm claim liability.

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC

Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - September, 2025

Preliminary & Unaudited *

	.021 - PIP			
	Actual	Budget	over Budget	% of Budget
Income				
40 Operating Revenue				
400 Member Contributions				
4100 JPA Charge	18,063.11	82,424.00	-64,360.89	21.91%
4220 Pooled Deposit			0.00	
4400 Insurance Premium (Net)	237,609.66	999,581.00	-761,971.34	23.77%
4450 Affiliate Insurance Premium Rev			0.00	
Total 400 Member Contributions	\$ 255,672.77	\$ 1,082,005.00	-\$ 826,332.23	23.63%
410 Retrospective Contribution				
4300 Retro Adjustment			0.00	
Total 410 Retrospective Contribution	\$ 0.00	\$ 0.00	\$ 0.00	
420 Member Fees				
4110 Program Directors' Fee	34,459.04	138,000.00	-103,540.96	24.97%
Total 420 Member Fees	\$ 34,459.04	\$ 138,000.00	-\$ 103,540.96	24.97%
Total 40 Operating Revenue	\$ 290,131.81	\$ 1,220,005.00	-\$ 929,873.19	23.78%
Total Income	\$ 290,131.81	\$ 1,220,005.00	-\$ 929,873.19	23.78%
Gross Profit	\$ 290,131.81	\$ 1,220,005.00	-\$ 929,873.19	23.78%
Expenses				
50 Operating Expense				
500 Program Expense				
4500 Deductible Recoveries			0.00	
5201 Claims Expense			0.00	
Total 500 Program Expense	\$ 0.00	\$ 0.00	\$ 0.00	
610 Insurance Expense				
6432 Net Insurance Premium	238,518.46	999,581.00	-761,062.54	23.86%
6435 Affiliate Insurance Premium Exp			0.00	
Total 610 Insurance Expense	\$ 238,518.46	\$ 999,581.00	-\$ 761,062.54	23.86%
620 Management Consultants				
6523 Outside Safety Consultant	35,851.10	38,728.00	-2,876.90	92.57%
Total 620 Management Consultants	\$ 35,851.10	\$ 38,728.00	-\$ 2,876.90	92.57%
630 Program Director Fee				
6330 Program Directors' Fee Exp.	37,490.00	138,000.00	-100,510.00	27.17%
Total 630 Program Director Fee	\$ 37,490.00	\$ 138,000.00	-\$ 100,510.00	27.17%
640 Other Program Expense				
6464 User/Fraud Fund Assessment			0.00	
6506 Actuarial			0.00	
6510 Claims Audit			0.00	
6512 Claims Admin. Annual Fee			0.00	
6516 Coverage Counsel			0.00	
6650 Program Legal			0.00	
6652 Program Committee			0.00	
6660 Program Consulting		1,500.00	-1,500.00	0.00%
6666 Finance Charge			0.00	
6667 CSRMA Provided Seminars	4,810.02	9,500.00	-4,689.98	50.63%
Total 640 Other Program Expense	\$ 4,810.02	\$ 11,000.00	-\$ 6,189.98	43.73%
700 General & Administrative Expense				
7808 Financial Audit	300.00	2,530.00	-2,230.00	11.86%
7822 Board Counsel	190.01	2,070.00	-1,879.99	9.18%

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - September, 2025

Preliminary & Unaudited *

.021 - PIP				
	Actual	Budget	over Budget	% of Budget
8944 Printing/Promotion	33.99	100.00	-66.01	33.99%
8945 Computer Software/Programming	3,233.50	10,990.00	-7,756.50	29.42%
8946 Memberships/Other		1,209.00	-1,209.00	0.00%
8948 Banking Service Charges	109.08	268.00	-158.92	40.70%
8954 Executive/Officers Committee	265.44	3,850.00	-3,584.56	6.89%
8956 Board of Directors	975.45	1,540.00	-564.55	63.34%
8960 JPA Insurance	2,183.64	9,539.00	-7,355.36	22.89%
8990 General Contingency		600.00	-600.00	0.00%
Total 700 General & Administrative Expense	\$ 7,291.11	\$ 32,696.00	-\$ 25,404.89	22.30%
Total 50 Operating Expense	\$ 323,960.69	\$ 1,220,005.00	-\$ 896,044.31	26.55%
Total Expenses	\$ 323,960.69	\$ 1,220,005.00	-\$ 896,044.31	26.55%
Net Operating Income	-\$ 33,828.88	\$ 0.00	-\$ 33,828.88	
Other Income				
Total 4660 Investment Earnings	\$ 1,322.54	\$ 6,713.00	-\$ 5,390.46	19.70%
Total Other Income	\$ 1,322.54	\$ 6,713.00	-\$ 5,390.46	19.70%
Net Other Income	\$ 1,322.54	\$ 6,713.00	-\$ 5,390.46	19.70%
Net Income	-\$ 32,506.34	\$ 6,713.00	-\$ 39,219.34	-484.23%

*Excludes results of CWIC subsidiary; excludes unrealized income/loss from investments and changes to longterm claim liability.

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes
July - September, 2025
Preliminary & Unaudited *

	.023 - Property			% of Budget
	Actual	Budget	over Budget	
Income				
40 Operating Revenue				
400 Member Contributions				
4100 JPA Charge	30,455.00	121,820.00	-91,365.00	25.00%
4220 Pooled Deposit	172,878.68	696,413.00	-523,534.32	24.82%
4400 Insurance Premium (Net)	2,248,579.46	9,963,565.00	-7,714,985.54	22.57%
4450 Affiliate Insurance Premium Rev			0.00	
Total 400 Member Contributions	\$ 2,451,913.14	\$ 10,781,798.00	-\$ 8,329,884.86	22.74%
410 Retrospective Contribution				
4300 Retro Adjustment			0.00	
Total 410 Retrospective Contribution	\$ 0.00	\$ 0.00	\$ 0.00	
420 Member Fees				
4110 Program Directors' Fee	48,000.00	192,000.00	-144,000.00	25.00%
Total 420 Member Fees	\$ 48,000.00	\$ 192,000.00	-\$ 144,000.00	25.00%
Total 40 Operating Revenue	\$ 2,499,913.14	\$ 10,973,798.00	-\$ 8,473,884.86	22.78%
Total Income	\$ 2,499,913.14	\$ 10,973,798.00	-\$ 8,473,884.86	22.78%
Gross Profit	\$ 2,499,913.14	\$ 10,973,798.00	-\$ 8,473,884.86	22.78%
Expenses				
50 Operating Expense				
500 Program Expense				
4500 Deductible Recoveries			0.00	
5201 Claims Expense	95,000.00	275,392.00	-180,392.00	34.50%
Total 500 Program Expense	\$ 95,000.00	\$ 275,392.00	-\$ 180,392.00	34.50%
610 Insurance Expense				
6432 Net Insurance Premium	2,248,404.03	9,963,565.00	-7,715,160.97	22.57%
6435 Affiliate Insurance Premium Exp			0.00	
Total 610 Insurance Expense	\$ 2,248,404.03	\$ 9,963,565.00	-\$ 7,715,160.97	22.57%
620 Management Consultants				
6523 Outside Safety Consultant	70,838.39	71,124.00	-285.61	99.60%
Total 620 Management Consultants	\$ 70,838.39	\$ 71,124.00	-\$ 285.61	99.60%
630 Program Director Fee				
6330 Program Directors' Fee Exp.	48,000.00	192,000.00	-144,000.00	25.00%
Total 630 Program Director Fee	\$ 48,000.00	\$ 192,000.00	-\$ 144,000.00	25.00%
640 Other Program Expense				
6464 User/Fraud Fund Assessment			0.00	
6506 Actuarial		5,500.00	-5,500.00	0.00%
6510 Claims Audit			0.00	
6512 Claims Admin. Annual Fee			0.00	
6516 Coverage Counsel			0.00	
6650 Program Legal	0.00	1,500.00	-1,500.00	0.00%
6652 Program Committee			0.00	
6660 Program Consulting		1,500.00	-1,500.00	0.00%
6666 Finance Charge		9,500.00	-9,500.00	0.00%
6667 CSRMA Provided Seminars	4,810.02		4,810.02	
Total 640 Other Program Expense	\$ 4,810.02	\$ 18,000.00	-\$ 13,189.98	26.72%
700 General & Administrative Expense				
7808 Financial Audit	300.00	2,530.00	-2,230.00	11.86%
7822 Board Counsel	190.01	2,070.00	-1,879.99	9.18%

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes
 July - September, 2025
 Preliminary & Unaudited *

		.023 - Property			
		Actual	Budget	over Budget	% of Budget
8944 Printing/Promotion		33.99	100.00	-66.01	33.99%
8945 Computer Software/Programming		3,233.50	10,990.00	-7,756.50	29.42%
8946 Memberships/Other			1,209.00	-1,209.00	0.00%
8948 Banking Service Charges		109.08	268.00	-158.92	40.70%
8954 Executive/Officers Committee		265.44	3,850.00	-3,584.56	6.89%
8956 Board of Directors		975.45	1,540.00	-564.55	63.34%
8960 JPA Insurance		2,183.64	9,539.00	-7,355.36	22.89%
8990 General Contingency			600.00	-600.00	0.00%
Total 700 General & Administrative Expense		\$ 7,291.11	\$ 32,696.00	-\$ 25,404.89	22.30%
Total 50 Operating Expense		\$ 2,474,343.55	\$ 10,552,777.00	-\$ 8,078,433.45	23.45%
Total Expenses		\$ 2,474,343.55	\$ 10,552,777.00	-\$ 8,078,433.45	23.45%
Net Operating Income		\$ 25,569.59	\$ 421,021.00	-\$ 395,451.41	6.07%
Other Income					
Total 4660 Investment Earnings		\$ 6,407.33	\$ 49,395.00	-\$ 42,987.67	12.97%
Total Other Income		\$ 6,407.33	\$ 49,395.00	-\$ 42,987.67	12.97%
Net Other Income		\$ 6,407.33	\$ 49,395.00	-\$ 42,987.67	12.97%
Net Income		\$ 31,976.92	\$ 470,416.00	-\$ 438,439.08	6.80%

*Excludes results of CWIC subsidiary; excludes unrealized income/loss from investments and changes to longterm claim liability.

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC

Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - September, 2025

Preliminary & Unaudited *

	.024 - Liability			
	Actual	Budget	over Budget	% of Budget
Income				
40 Operating Revenue				
400 Member Contributions				
4100 JPA Charge	109,571.00	491,456.00	-381,885.00	22.30%
4220 Pooled Deposit			0.00	
4400 Insurance Premium (Net)	966,118.75	4,188,364.00	-3,222,245.25	23.07%
4450 Affiliate Insurance Premium Rev	941,171.00	3,691,550.00	-2,750,379.00	25.50%
Total 400 Member Contributions	\$ 2,016,860.75	\$ 8,371,370.00	-\$ 6,354,509.25	24.09%
410 Retrospective Contribution				
4300 Retro Adjustment			0.00	
Total 410 Retrospective Contribution	\$ 0.00	\$ 0.00	\$ 0.00	
420 Member Fees				
4110 Program Directors' Fee	171,499.75	686,000.00	-514,500.25	25.00%
Total 420 Member Fees	\$ 171,499.75	\$ 686,000.00	-\$ 514,500.25	25.00%
Total 40 Operating Revenue	\$ 2,188,360.50	\$ 9,057,370.00	-\$ 6,869,009.50	24.16%
Total Income	\$ 2,188,360.50	\$ 9,057,370.00	-\$ 6,869,009.50	24.16%
Gross Profit	\$ 2,188,360.50	\$ 9,057,370.00	-\$ 6,869,009.50	24.16%
Expenses				
50 Operating Expense				
500 Program Expense				
4500 Deductible Recoveries	-133,488.62	-400,000.00	266,511.38	33.37%
5201 Claims Expense	930,505.74	2,000,000.00	-1,069,494.26	46.53%
Total 500 Program Expense	\$ 797,017.12	\$ 1,600,000.00	-\$ 802,982.88	49.81%
610 Insurance Expense				
6432 Net Insurance Premium	965,959.50	4,188,364.00	-3,222,404.50	23.06%
6435 Affiliate Insurance Premium Exp	941,171.00	3,691,550.00	-2,750,379.00	25.50%
Total 610 Insurance Expense	\$ 1,907,130.50	\$ 7,879,914.00	-\$ 5,972,783.50	24.20%
620 Management Consultants				
6523 Outside Safety Consultant	162,579.90	211,778.00	-49,198.10	76.77%
Total 620 Management Consultants	\$ 162,579.90	\$ 211,778.00	-\$ 49,198.10	76.77%
630 Program Director Fee				
6330 Program Directors' Fee Exp.	171,500.00	686,000.00	-514,500.00	25.00%
Total 630 Program Director Fee	\$ 171,500.00	\$ 686,000.00	-\$ 514,500.00	25.00%
640 Other Program Expense				
6464 User/Fraud Fund Assessment			0.00	
6506 Actuarial		14,000.00	-14,000.00	0.00%
6510 Claims Audit		8,200.00	-8,200.00	0.00%
6512 Claims Admin. Annual Fee	4,650.00	20,460.00	-15,810.00	22.73%
6516 Coverage Counsel		5,500.00	-5,500.00	0.00%
6650 Program Legal	1,642.50	23,500.00	-21,857.50	6.99%
6652 Program Committee	16.00	1,500.00	-1,484.00	1.07%
6660 Program Consulting	442.50	16,750.00	-16,307.50	2.64%
6666 Finance Charge			0.00	
6667 CSRMA Provided Seminars	21,645.11	42,750.00	-21,104.89	50.63%
Total 640 Other Program Expense	\$ 28,396.11	\$ 132,660.00	-\$ 104,263.89	21.41%
700 General & Administrative Expense				
7808 Financial Audit	1,350.00	11,383.00	-10,033.00	11.86%
7822 Board Counsel	855.05	9,315.00	-8,459.95	9.18%

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - September, 2025

Preliminary & Unaudited *

.024 - Liability				
	Actual	Budget	over Budget	% of Budget
8944 Printing/Promotion	152.95	450.00	-297.05	33.99%
8945 Computer Software/Programming	15,050.74	49,455.00	-34,404.26	30.43%
8946 Memberships/Other		5,438.00	-5,438.00	0.00%
8948 Banking Service Charges	490.84	1,205.00	-714.16	40.73%
8954 Executive/Officers Committee	1,194.47	17,325.00	-16,130.53	6.89%
8956 Board of Directors	4,389.54	6,820.00	-2,430.46	64.36%
8960 JPA Insurance	9,826.37	42,927.00	-33,100.63	22.89%
8990 General Contingency		2,700.00	-2,700.00	0.00%
Total 700 General & Administrative Expense	\$ 33,309.96	\$ 147,018.00	-\$ 113,708.04	22.66%
Total 50 Operating Expense	\$ 3,099,933.59	\$ 10,657,370.00	-\$ 7,557,436.41	29.09%
Total Expenses	\$ 3,099,933.59	\$ 10,657,370.00	-\$ 7,557,436.41	29.09%
Net Operating Income	-\$ 911,573.09	-\$ 1,600,000.00	\$ 688,426.91	56.97%
Other Income				
Total 4660 Investment Earnings	\$ 60,138.11	\$ 202,673.00	-\$ 142,534.89	29.67%
Total Other Income	\$ 60,138.11	\$ 202,673.00	-\$ 142,534.89	29.67%
Net Other Income	\$ 60,138.11	\$ 202,673.00	-\$ 142,534.89	29.67%
Net Income	-\$ 851,434.98	-\$ 1,397,327.00	\$ 545,892.02	60.93%

*Excludes results of CWIC subsidiary; excludes unrealized income/loss from investments and changes to longterm claim liability.

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes
July - September, 2025
Preliminary & Unaudited *

	.025 - WC			% of
	Actual	Budget	over Budget	Budget
Income				
40 Operating Revenue				
400 Member Contributions				
4100 JPA Charge	137,391.25	549,565.00	-412,173.75	25.00%
4220 Pooled Deposit			0.00	
4400 Insurance Premium (Net)	474,386.00	1,865,321.00	-1,390,935.00	25.43%
4450 Affiliate Insurance Premium Rev	847,025.50	4,205,887.00	-3,358,861.50	20.14%
Total 400 Member Contributions	\$ 1,458,802.75	\$ 6,620,773.00	-\$ 5,161,970.25	22.03%
410 Retrospective Contribution				
4300 Retro Adjustment	-376,040.75	-250,000.00	-126,040.75	150.42%
Total 410 Retrospective Contribution	-\$ 376,040.75	-\$ 250,000.00	-\$ 126,040.75	150.42%
420 Member Fees				
4110 Program Directors' Fee	108,750.00	435,000.00	-326,250.00	25.00%
Total 420 Member Fees	\$ 108,750.00	\$ 435,000.00	-\$ 326,250.00	25.00%
Total 40 Operating Revenue	\$ 1,191,512.00	\$ 6,805,773.00	-\$ 5,614,261.00	17.51%
Total Income	\$ 1,191,512.00	\$ 6,805,773.00	-\$ 5,614,261.00	17.51%
Gross Profit	\$ 1,191,512.00	\$ 6,805,773.00	-\$ 5,614,261.00	17.51%
Expenses				
50 Operating Expense				
500 Program Expense				
4500 Deductible Recoveries			0.00	
5201 Claims Expense	304,417.38	1,750,000.00	-1,445,582.62	17.40%
Total 500 Program Expense	\$ 304,417.38	\$ 1,750,000.00	-\$ 1,445,582.62	17.40%
610 Insurance Expense				
6432 Net Insurance Premium	528,411.00	1,865,321.00	-1,336,910.00	28.33%
6435 Affiliate Insurance Premium Exp	847,025.50	4,205,887.00	-3,358,861.50	20.14%
Total 610 Insurance Expense	\$ 1,375,436.50	\$ 6,071,208.00	-\$ 4,695,771.50	22.66%
620 Management Consultants				
6523 Outside Safety Consultant	104,006.13	232,654.00	-128,647.87	44.70%
Total 620 Management Consultants	\$ 104,006.13	\$ 232,654.00	-\$ 128,647.87	44.70%
630 Program Director Fee				
6330 Program Directors' Fee Exp.	108,750.00	435,000.00	-326,250.00	25.00%
Total 630 Program Director Fee	\$ 108,750.00	\$ 435,000.00	-\$ 326,250.00	25.00%
640 Other Program Expense				
6464 User/Fraud Fund Assessment		101,018.00	-101,018.00	0.00%
6506 Actuarial		43,200.00	-43,200.00	0.00%
6510 Claims Audit			0.00	
6512 Claims Admin. Annual Fee	6,000.00	6,600.00	-600.00	90.91%
6516 Coverage Counsel			0.00	
6650 Program Legal	562.50	1,500.00	-937.50	37.50%
6652 Program Committee		1,500.00	-1,500.00	0.00%
6660 Program Consulting		15,520.00	-15,520.00	0.00%
6666 Finance Charge			0.00	
6667 CSRMA Provided Seminars	16,835.11	33,250.00	-16,414.89	50.63%
Total 640 Other Program Expense	\$ 23,397.61	\$ 202,588.00	-\$ 179,190.39	11.55%
700 General & Administrative Expense				
7808 Financial Audit	1,050.00	8,853.00	-7,803.00	11.86%
7822 Board Counsel	665.04	7,245.00	-6,579.96	9.18%

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - September, 2025

Preliminary & Unaudited *

		.025 - WC			% of Budget
		Actual	Budget	over Budget	
8944	Printing/Promotion	118.96	350.00	-231.04	33.99%
8945	Computer Software/Programming	11,817.25	38,465.00	-26,647.75	30.72%
8946	Memberships/Other		4,230.00	-4,230.00	0.00%
8948	Banking Service Charges	381.76	937.00	-555.24	40.74%
8954	Executive/Officers Committee	929.03	13,475.00	-12,545.97	6.89%
8956	Board of Directors	3,414.10	5,280.00	-1,865.90	64.66%
8960	JPA Insurance	7,642.74	33,388.00	-25,745.26	22.89%
8990	General Contingency		2,100.00	-2,100.00	0.00%
Total 700 General & Administrative Expense		\$ 26,018.88	\$ 114,323.00	-\$ 88,304.12	22.76%
Total 50 Operating Expense		\$ 1,942,026.50	\$ 8,805,773.00	-\$ 6,863,746.50	22.05%
Total Expenses		\$ 1,942,026.50	\$ 8,805,773.00	-\$ 6,863,746.50	22.05%
Net Operating Income		-\$ 750,514.50	-\$ 2,000,000.00	\$ 1,249,485.50	37.53%
Other Income					
Total 4660 Investment Earnings		\$ 125,210.33	\$ 532,693.00	-\$ 407,482.67	23.51%
Total Other Income		\$ 125,210.33	\$ 532,693.00	-\$ 407,482.67	23.51%
Net Other Income		\$ 125,210.33	\$ 532,693.00	-\$ 407,482.67	23.51%
Net Income		-\$ 625,304.17	-\$ 1,467,307.00	\$ 842,002.83	42.62%

*Excludes results of CWIC subsidiary; excludes unrealized income/loss from investments and changes to longterm claim liability.

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes
 July - September, 2025
 Preliminary & Unaudited *

	Actual	Budget	over Budget	Budget	
Income					
40 Operating Revenue					
400 Member Contributions					
4100 JPA Charge	295,480.36	1,245,265.00	-949,784.64	23.73%	One quarter of amortized revenue
4220 Pooled Deposit	172,878.68	696,413.00	-523,534.32	24.82%	One quarter of amortized revenue
4400 Insurance Premium (Net)	3,926,693.87	17,016,831.00	-13,090,137.13	23.08%	One quarter of amortized revenue
4450 Affiliate Insurance Premium Rev	1,788,196.50	7,897,437.00	-6,109,240.50	22.64%	One quarter of amortized revenue
Total 400 Member Contributions	\$ 6,183,249.41	\$ 26,855,946.00	-\$ 20,672,696.59	23.02%	
410 Retrospective Contribution					
4300 Retro Adjustment	-376,040.75	-250,000.00	-126,040.75	150.42%	Work Comp retro
Total 410 Retrospective Contribution	-\$ 376,040.75	-\$ 250,000.00	-\$ 126,040.75	150.42%	
420 Member Fees					
4110 Program Directors' Fee	362,708.79	1,451,000.00	-1,088,291.21	25.00%	One quarter of amortized revenue
Total 420 Member Fees	\$ 362,708.79	\$ 1,451,000.00	-\$ 1,088,291.21	25.00%	
Total 40 Operating Revenue	\$ 6,169,917.45	\$ 28,056,946.00	-\$ 21,887,028.55	21.99%	
Total Income	\$ 6,169,917.45	\$ 28,056,946.00	-\$ 21,887,028.55	21.99%	
Gross Profit	\$ 6,169,917.45	\$ 28,056,946.00	-\$ 21,887,028.55	21.99%	
Expenses					
50 Operating Expense					
500 Program Expense					
4500 Deductible Recoveries	-133,488.62	-400,000.00	266,511.38	33.37%	
5201 Claims Expense	1,329,923.12	4,025,392.00	-2,695,468.88	33.04%	
Total 500 Program Expense	\$ 1,196,434.50	\$ 3,625,392.00	-\$ 2,428,957.50	33.00%	
610 Insurance Expense					
6432 Net Insurance Premium	3,981,292.99	17,016,831.00	-13,035,538.01	23.40%	One quarter of amortized expense
6435 Affiliate Insurance Premium Exp	1,788,196.50	7,897,437.00	-6,109,240.50	22.64%	One quarter of amortized expense
Total 610 Insurance Expense	\$ 5,769,489.49	\$ 24,914,268.00	-\$ 19,144,778.51	23.16%	
620 Management Consultants					
6523 Outside Safety Consultant	373,275.52	554,284.00	-181,008.48	67.34%	Includes Vector Solutions & Kynd subscription paid
Total 620 Management Consultants	\$ 373,275.52	\$ 554,284.00	-\$ 181,008.48	67.34%	
630 Program Director Fee					
6330 Program Directors' Fee Exp.	365,740.00	1,451,000.00	-1,085,260.00	25.21%	One quarter of amortized expense
Total 630 Program Director Fee	\$ 365,740.00	\$ 1,451,000.00	-\$ 1,085,260.00	25.21%	
640 Other Program Expense					
6464 User/Fraud Fund Assessment	0.00	101,018.00	-101,018.00	0.00%	
6506 Actuarial	0.00	62,700.00	-62,700.00	0.00%	
6510 Claims Audit	0.00	8,200.00	-8,200.00	0.00%	
6512 Claims Admin. Annual Fee	10,650.00	27,060.00	-16,410.00	39.36%	Full year WC; 3 months Liability
6516 Coverage Counsel	0.00	5,500.00	-5,500.00	0.00%	
6650 Program Legal	2,205.00	26,500.00	-24,295.00	8.32%	
6652 Program Committee	16.00	3,000.00	-2,984.00	0.53%	
6660 Program Consulting	442.50	35,270.00	-34,827.50	1.25%	
6666 Finance Charge	0.00	9,500.00	-9,500.00	0.00%	
6667 CSRMA Provided Seminars	48,100.26	85,500.00	-37,399.74	56.26%	Includes Sewer Summit
Total 640 Other Program Expense	\$ 61,413.76	\$ 364,248.00	-\$ 302,834.24	16.86%	
700 General & Administrative Expense					
7808 Financial Audit	3,000.00	25,296.00	-22,296.00	11.86%	
7822 Board Counsel	1,900.11	20,700.00	-18,799.89	9.18%	
8944 Printing/Promotion	339.89	1,000.00	-660.11	33.99%	
8945 Computer Software/Programming	33,334.99	109,900.00	-76,565.01	30.33%	Bonfire AI included
8946 Memberships/Other	0.00	12,086.00	-12,086.00	0.00%	
8948 Banking Service Charges	1,090.76	2,678.00	-1,587.24	40.73%	
8954 Executive/Officers Committee	2,654.38	38,500.00	-35,845.62	6.89%	
8956 Board of Directors	9,754.54	15,180.00	-5,425.46	64.26%	
8960 JPA Insurance	21,836.39	95,393.00	-73,556.61	22.89%	One quarter of amortized expense
8990 General Contingency	0.00	6,000.00	-6,000.00	0.00%	
Total 700 General & Administrative Expense	\$ 73,911.06	\$ 326,733.00	-\$ 252,821.94	22.62%	
Total 50 Operating Expense	\$ 7,840,264.33	\$ 31,235,925.00	-\$ 23,395,660.67	25.10%	
Total Expenses	\$ 7,840,264.33	\$ 31,235,925.00	-\$ 23,395,660.67	25.10%	
Net Operating Income	-\$ 1,670,346.88	-\$ 3,178,979.00	\$ 1,508,632.12	52.54%	
Other Income					
Total 4660 Investment Earnings	\$ 193,078.31	\$ 791,474.00	-\$ 598,395.69	24.39%	
Total Other Income	\$ 193,078.31	\$ 791,474.00	-\$ 598,395.69	24.39%	
Net Other Income	\$ 193,078.31	\$ 791,474.00	-\$ 598,395.69	24.39%	
Net Income	-\$ 1,477,268.57	-\$ 2,387,505.00	\$ 910,236.43	61.87%	

*Excludes results of CWIC subsidiary; excludes unrealized income/loss from investments and changes to longterm claim liability.

California Sanitation Risk Management Authority
Unconsolidated
Balance Sheet
As of September 30, 2025
Preliminary & Unaudited*

ASSETS

Current Assets	
Bank Accounts	
1002 LAIF	1,447,143.23
1005 Checking - US Bank	909,962.44
1006 WC Trust - US Bank 280	150,000.00
1007 Liability Trust - US Bank 272	100,000.00
1008 PFM/CA Asset Mgmt Program	20,359,528.24
1009 PFM-CAMP Cash Reserve	988,217.39
Total Bank Accounts	\$ 23,954,851.30
Accounts Receivable	
1100 Accounts Receivable	1,104,843.87
Total Accounts Receivable	\$ 1,104,843.87
Other Current Assets	
1150 Due from/to Subsidiary	582,634.59
1200 Interest Receivable	194,234.93
1300 Other Current Assets	60,534.75
1540 Prepaid Insurance Premium	11,190,347.22
1550 Prepaid Program Directors' Fee	673,260.00
Total Other Current Assets	\$ 12,701,011.49
Total Current Assets	\$ 37,760,706.66
Other Assets	
1700 Investment in Subsidiary	1,365,000.00
Total Other Assets	\$ 1,365,000.00
TOTAL ASSETS	\$ 39,125,706.66
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	63,199.67
Total Accounts Payable	\$ 63,199.67
Other Current Liabilities	
2200 Deferred JPA Charge	631,172.83
2210 Deferred Program Directors' Fee	676,208.76
2220 Deferred Pooled Deposits	518,636.04
2240 Deferred Insurance Premium	12,854,872.29
Total Other Current Liabilities	\$ 14,680,889.92
Total Current Liabilities	\$ 14,744,089.59
Long-Term Liabilities	
2300 Claims Reserves	7,252,469.49
2500 Claims IBNR	5,031,182.00
2600 Claims ULAE	1,058,152.00
Total Long-Term Liabilities	\$ 13,341,803.49
Total Liabilities	\$ 28,085,893.08
Equity	
3900 Retained Earnings	12,517,082.15
Net Income	-1,477,268.57
Total Equity	\$ 11,039,813.58
TOTAL LIABILITIES AND EQUITY	\$ 39,125,706.66

*Excludes results of CWIC subsidiary; excludes unrealized income/loss from investments and changes to longterm claim liability.

CSRMA Investment Performance Review

ISSUE: Mr. Mike Kronbetter from PFM will present a review of CSRMA's current investments and provide a market outlook at the meeting.

RECOMMENDATION: None at this time.

FISCAL IMPACT: As depicted in the Investment Performance review for the Quarter ended September 30, 2025.

BACKGROUND: None.

ATTACHMENT: Investment Performance review for the Quarter ended September 30, 2025

2024-2025 Fiscal Year DRAFT Financial Audit

ISSUE: Annually, CSRMA engages an independent auditor to audit the accounting records of CSRMA. Jim Marta of James Marta & Company will be present at the meeting to discuss the results of the audit of fiscal year 2024-2025. The draft financial audit will be provided under separate cover.

RECOMMENDATION: Review the draft report. If no major concerns are noted, the Program Administrators recommend that the Finance Committee submit the audit to the Executive Board and Board of Directors at their January meetings for review and acceptance.

FISCAL IMPACT: The total cost of the audit is \$24,090.

BACKGROUND: Jim Marta of James Marta & Company performed the financial audit for the year ended June 30, 2024.

The Annual Comprehensive Financial Report (ACFR) (formerly Comprehensive Annual Financial Report (CAFR)) is attached to this item. Mr. Marta will focus his presentation on the financial statements within the ACFR.

With the formation of the Clean Water Insurance Captive (CWIC) effective 7/1/23, the financial audit is presented as a consolidated report including CWIC. CWIC's finances are broken out in the Supplementary Information section.

CSRMA was awarded the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2024. Comments and suggestions for improvement were provided by the Government Finance Officers Association. The comments and suggestions have been addressed and incorporated into the attached draft ACFR as of June 30, 2025.

ATTACHMENTS: Draft Annual Comprehensive Financial Report (separate)

**Reconciliation of Program Director Fees for the
Fiscal Year Ended June 30, 2025**

ISSUE: At the end of each fiscal year, the Program Administrators reconcile the Program Director Fees to ensure that payment to Alliant Insurance Services, Inc. was billed correctly and in accordance with the contract. The findings are presented to the Finance Committee. The Program Director fees for the fiscal year ended June 30, 2025 have been reconciled and reviewed by the financial auditor and are being presented to the Committee for review.

RECOMMENDATION: None. Information only.

FISCAL IMPACT: None.

BACKGROUND: Following the fiscal year ended June 30, 2004, the Executive Board requested that CSRMA's financial auditor conduct a review of CSRMA's payments to Alliant for the two previous fiscal years for services rendered in accordance with the contract. The focus of the review was to determine whether commission earned by Alliant in the placement of insurance for the JPA was properly handled in accordance with the contract terms. The financial auditor reviewed the payments and terms of the contract and determined that CSRMA was in compliance but recommended that a reconciliation be done at the end of each fiscal year and be presented to the Finance Committee for review.

ATTACHMENTS: 1) CSRMA Program Director Fees Reconciliation
2024-25 Spreadsheet

CSRMA
Program Director Fees Reconciliation 2024-2025

Program	Workers' Compensation	Property	Pooled Liability	PIP
Commission Received	\$86,925.10	\$0.00	\$427,531.00	\$86,267.95
Fees Received	\$348,074.10	\$192,000.00	\$258,469.00	\$51,732.06
Contracted Amount	\$435,000.00	\$192,000.00	\$686,000.00	\$138,000.00
Difference (over/under)	(\$0.80)	\$0.00	\$0.00	\$0.01
New Member Fees*	\$0.00	\$0.00	\$0.00	\$0.00
Contract Amount Allowed	10% of new member's total program cost	15% of new member's total program cost	10% of new member's total program cost	25% of new member's total program cost

New Member(s):

None

Notes:

None

Review Investment Benchmark

ISSUE: CSRMA's investment strategy was discussed with the Finance Committee at its meeting in November of last year. At that time, it was determined that the current investment strategy is sustainable for the time being, but we may need to reconsider in the future as CSRMA's investment portfolio will likely decline over time as payments for prior years' claims require liquidity made available from the investment portfolio.

The Program Administrators met with PFM recently to review the investment benchmark, which is currently managed to the 1-10 Year Treasury Index with an average duration of 3.5 years. PFM is recommending that CSRMA consider a 0-10 Year Treasury Index with an average duration of 3 years to decrease investment rate risk and manage uncertainty related to unexpected claims payouts.

RECOMMENDATION: Review and discuss.

FISCAL IMPACT: Unknown.

BACKGROUND: Historically CSRMA has relied on monies in LAIF to pay pooled losses/claims in both the Pooled Liability and Workers' Compensation Programs, while monies not needed to pay claims and operating expenses are invested in longer term instruments. As CSRMA is now transferring the go forward pooled layer losses to the Clean Water Insurance Captive (CWIC) and funding for this layer is now being paid to CWIC as premium, CSRMA may not have a sufficient cash balance to pay for the older year claims without liquidating longer term assets.

CSRMA's investment portfolio will likely decline over time as prior years' claims require liquidity made available from the investment portfolio. While the CSRMA portfolio is not expected to go away completely in the foreseeable future, there will likely be a liquidity need that will reduce the balance over time, which may require CSRMA to reconsider the investment strategy for their portfolio in the future. Based on the expected cash flow needs to make claims payments over the next 1-2 years, a change to the investment strategy was not necessary when the Committee met last November. The Program Administrators continue to monitor this with the Authority's investment advisor and keep the Committee informed.

CSRMA's portfolio performance benchmark index is currently managed to the 1-10 Year Treasury Index. Under this strategy, a portfolio would generally maintain securities with varying maturities within that 1-10 year period. Over time, securities that approach one year remaining to maturity are often sold and again reinvested longer term to maintain duration with the selected index. If CSRMA determines it may need to raise liquidity to cover payments in the future, it might make sense to reevaluate the investment strategy.

Additionally, with the reliance on CWIC for longer term investments, it may be a good idea to reevaluate the 1-10 Year index as the CSRMA benchmark to reduce duration and market value volatility which may be of increasing importance for access to liquidity over time.

ATTACHMENT: 1. CSRMA Benchmark Comparison
 2. CSRMA Investment Policy

CSRMA Benchmark Comparison

October 2025

Michael Kronbetter, Relationship Manager

Comparison of Benchmarks

- Since December 31, 2018, the performance benchmark index for CSRMA's investment portfolio has been the:
 - ICE BofA 1-10 Year U.S. Treasury Index.
- To reduce duration and increase short-term maturities for potential liquidity needs, we recommend moving to the:
 - ICE BofA 0-10 Year U.S. Treasury Index.

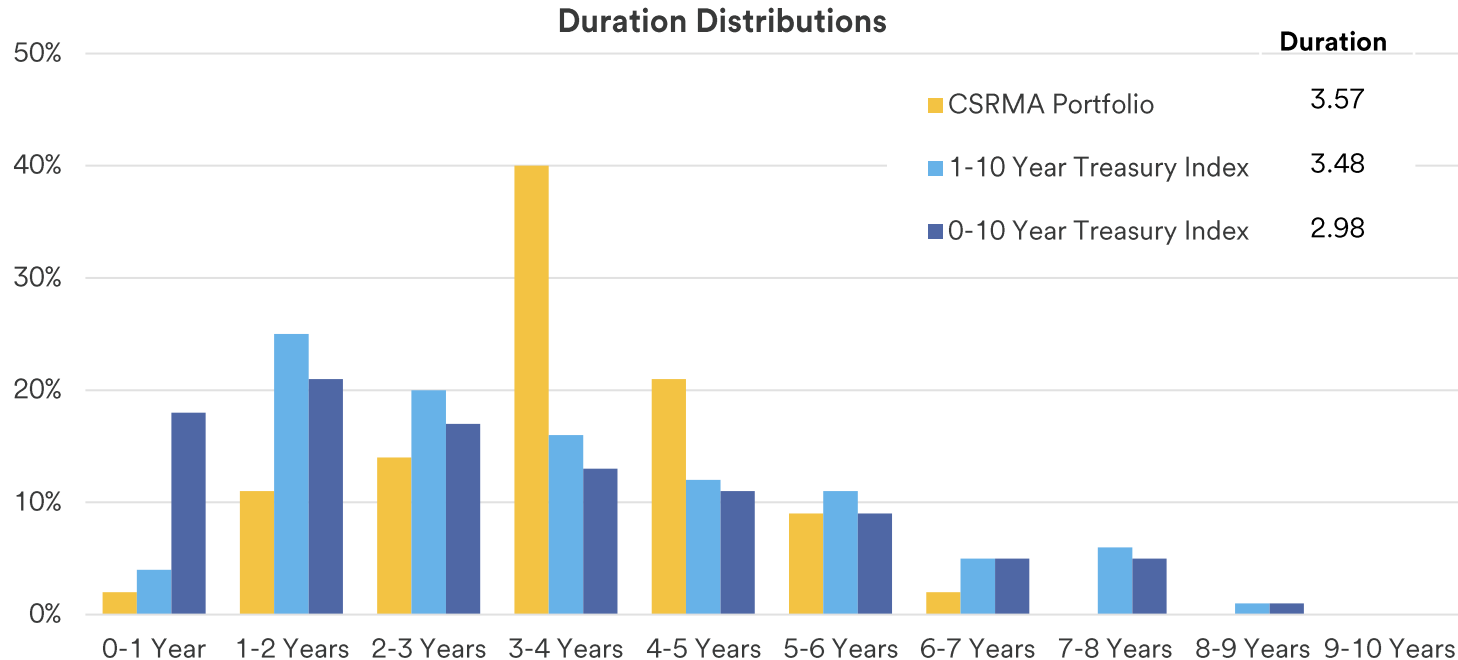
Risk/Return of Various Investment Strategies 20 Years Ended September 30, 2025

ICE BofA Treasury Index	Duration (years)	Annualized Total Return	Cumulative Value of \$20 Million	Quarters With Negative Return
0-10 Yr Treasury	2.98	2.60%	\$33,435,552	27 out of 80
1-10 Yr Treasury	3.48	2.74%	\$34,348,656	28 out of 80

Source: Bloomberg Finance L.P., ICE BofA Indices. Data as of 9/30/2025.

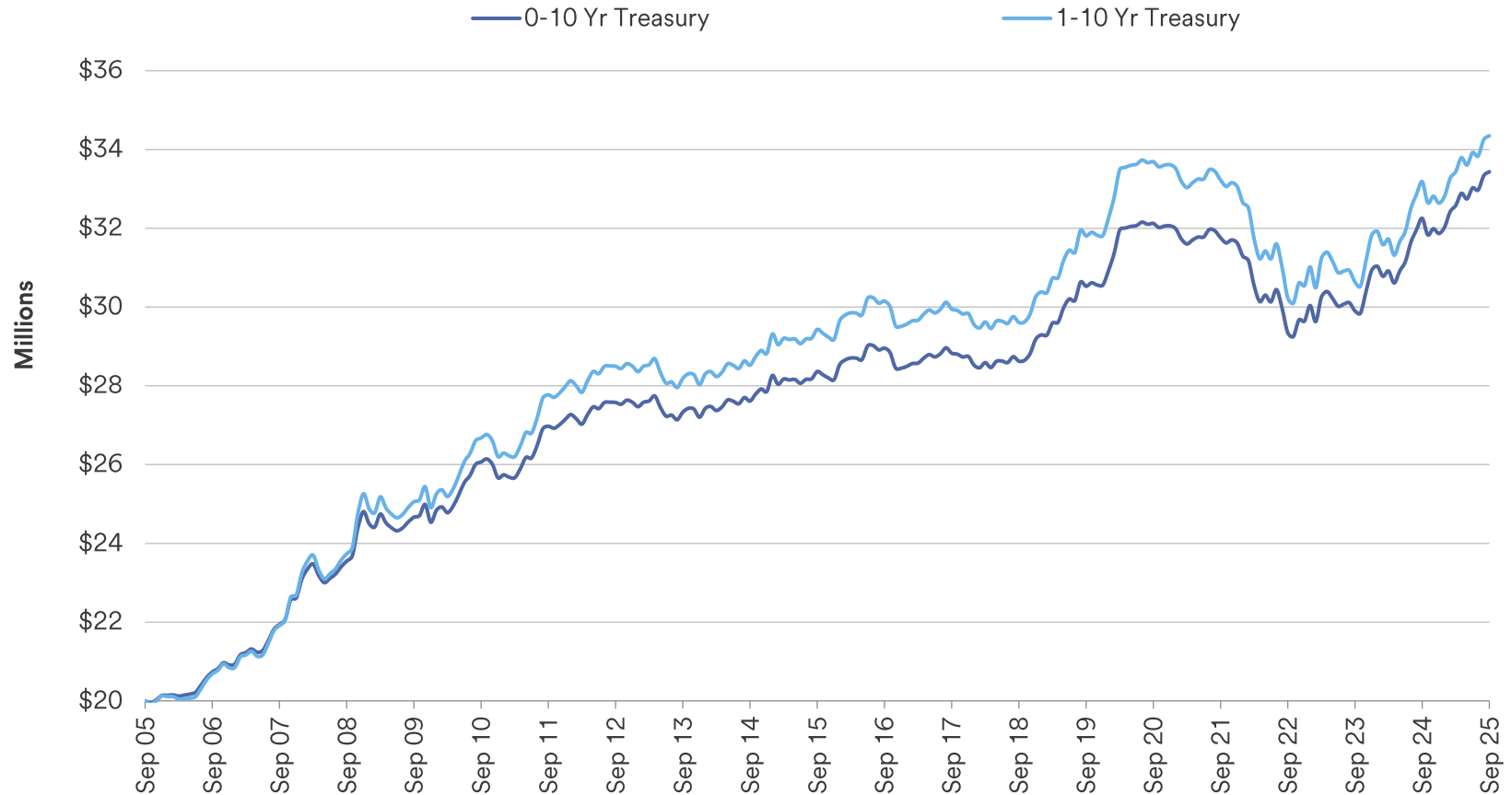
Duration Distributions

- Portfolio duration would decrease by approximately half a year, with a larger allocation to the 0-1 year duration bucket.



Source: PFMAM and Bloomberg Finance L.P., ICE BofA Indices. Data as of 9/30/2025.

Historical Growth of \$20 Million Over 20 Years



Source: Bloomberg Finance L.P., ICE BofA Indices. Data as of 9/30/2025.

Disclosures

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California Sanitation Risk Management Authority

For the Fiscal Year 2025-26

Investment Policy

Introduction

The purpose of this policy is to provide guidelines to the officers of the California Sanitation Risk Management Authority (the “Authority”) charged with the responsibility for the investment of surplus monies not required for the immediate necessities of the Authority. All investment of such surplus monies is governed by California Government Code (CGC) Section 53600, et seq. and by this Investment Policy (the “Policy”).

To the extent possible, all money belonging to or in the custody of the Authority required for the immediate necessities of the Authority (those monies not designated as surplus monies) shall be deposited for safekeeping pursuant to relevant CGC sections, including **Sections 53635.2, 53637-53645 and 53649.**

The Treasurer is responsible for administering the Authority’s investments. In furtherance of this responsibility, the Treasurer may issue and administer detailed investment instructions which may change periodically and which will supplement, but conform to, the provisions of this Investment Policy.

Policy Guidelines

1. **Prudence** The standard of prudence to be used by investment officials shall be the “prudent investor” standard, as set forth in California Government Code (CGC) Section 53600.3, and shall be applied in the context of managing an overall portfolio. All persons investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds shall act with care, skill, prudence and diligence, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Authority that a prudent person, acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Authority. To the extent permitted by law, investment officials acting in accordance with the Investment Policy, as supplemented by the Treasurer’s investment instructions, and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market prices changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
2. **Objectives** The primary objectives, in priority order, of the Authority’s investment activities shall be:
 - a) **Safety of principal** Safety of principal is the foremost objective of the Investment Policy. The investments shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
 - b) **Liquidity** The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements, which might be reasonably anticipated.
 - c) **Return on Investment** The investment portfolio shall be designed with the objective of attaining a market rate of return on its investments throughout budgetary and economic cycles, consistent with the constraints imposed by the

California Sanitation Risk Management Authority

For the Fiscal Year 2025-26

Investment Policy

Authority's safety objective and cash flow requirements, and applicable law. Within the constraints of safety and liquidity, investments will be selected with the objective of attaining a long-term market rate of return in line with the Authority's performance benchmark.

- d) **Diversification** The portfolio will be diversified in order to avoid incurring unreasonable and avoidable risks regarding specific types of securities or individual financial institutions. Excluding U.S. Treasury obligations, federal agency/government sponsored enterprise (GSE) obligations, supranational obligations, and pooled invested vehicles like money market funds, local government investment pools, and the Local Agency Investment Fund, as described in section 7 below, no more than five percent (5%) of the portfolio may be invested in any one institution.
3. **Delegation of Authority** The management and oversight responsibility for the investment program is hereby delegated to the Treasurer who shall monitor and review all investments for consistency with this Investment Policy and state law. No person may engage in an investment transaction except as provided under the provisions of this policy, as supplemented by the Treasurer's investment instructions.
- The Treasurer may delegate day-to-day investment decision-making and execution authority to an investment advisor and shall maintain investment instruction for internal and external management of investments consistent with state requirements. Such investment advisor must have not less than five years' experience managing public agency funds subject to California Government Code and must have total public agency assets under management nationwide of at least \$10 billion. The rights and responsibilities delegated to an investment advisor must be in a written agreement. The investment advisor shall make all investment decisions and transactions in accordance with California Government Code and this Policy.
4. **Ethics and Conflict of Interest** Officers and employees involved in the investment process shall refrain from personal business activities or other conduct that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial decisions. Officer and employees involved in the investment process shall abide by CGC Section 1090, et seq., the California Political Reform Act, and any other applicable laws and regulations which prohibit public officials from engaging in governmental affairs in which they may have a conflict of interest.
5. **Internal Controls** The Treasurer shall establish and maintain an annual process of independent review by a financial auditor. This review will provide independent verification of compliance with policies and procedures.
6. **Performance Evaluation** The Treasurer shall establish one or more benchmarks for the purpose of evaluating the performance of the portfolio.
7. **Investments** All investments shall be made in the Local Agency Investment Fund of the State Treasurer's Office (LAIF), as provided in CGC Section 16429.1, or in investments authorized by CGC 53600 through 53601.6. All investments shall comply with the restrictions in those laws.

California Sanitation Risk Management Authority

For the Fiscal Year 2025-26

Investment Policy

a) Diversification

The Authority will diversify its investments by security type, institution, and maturities to prevent incurring unreasonable or avoidable risks regarding specific security types, individual financial institutions or maturity segments.

Percentage holding limits listed below apply at the time the security is purchased. Authority funds may be invested in accordance with the following table, which summarizes the allowable allocation of investments by percentage of total funds invested. For more information on credit quality restrictions, maximum maturity restrictions, and a detailed description on each authorized investment type, please see CGC sections 16429.1, and 53600 through 53601.6.

Authorized Investment	Maximum Allowable Percentage
Local Agency Investment Fund (LAIF)	Per State Treasurer
U.S. Treasury Obligations	100%
U.S. Federal Agency and Government Sponsored Enterprise (GSE) Obligations	100%
Repurchase Agreements	100%
FDIC-Insured Certificates of Deposit (CDs)	100%
Negotiable Certificates of Deposit	30%
Bankers' Acceptances	40%
Medium-Term Corporate Notes	30%
Mutual Funds and Money Market Funds	20% (10% per fund)
Joint Powers Authority Pool (e.g., CAMP)	100%
Commercial Paper	25%
Municipal Obligations	30%*
Supranational Obligations	30%
Asset-Backed Securities	20%

**A maximum of 30% of the Authority's portfolio may be invested in municipal obligations (as defined in CGC 53601(a), 53601(c), 53601(d), and 53601(e)). No more than 10% of the Authority's portfolio may be invested in municipal obligations that have a remaining time to maturity in excess of five years. Further, municipal obligations shall be rated in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization (NRSRO).*

b) Maximum Maturity

California Sanitation Risk Management Authority

For the Fiscal Year 2025-26

Investment Policy

The purchase of U.S. Treasury, U.S. Federal Agency/Government Sponsored Enterprise (GSE), and municipal obligations with maturities in excess of five years is permitted, subject to the following constraints: U.S. Treasury, U.S. Federal Agency/GSE, and municipal obligations shall have a maximum remaining maturity at time of purchase of eleven years or less, and U.S. Federal Agency/GSE mortgage-backed securities (including pass-throughs and CMOs) shall have a maximum remaining average life of ten years or less. This change to the investment program was authorized at the August 9, 2018 meeting of the Board of Directors. The maximum maturity of all other authorized investment types may be found in CGC sections 53600 through 53601.1.

For purposes of compliance with this section, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment.

- c) The Treasurer may delegate the responsibility for investment transactions to staff personnel or an outside professional service, but the Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates. This shall include separation of transactional authority from accounting and bookkeeping, separation of transactional authority from custodial safekeeping, limitations of securities losses and remedial action, written confirmation of telephone transactions, documentation of transactions and strategies, and annual review of controls by the Treasurer.
- d) Investments shall be purchased according to the minimum credit standards provided in the California Government Code; in the event of a downgrade in credit after the date of purchase to a level below the minimum credit standards provided in the California Government Code, the Treasurer, or his/her designee, shall advise the Executive Board/Board of Directors of the change at or before the next regular meeting, or at a maximum, within 15 days of the rating downgrade. The Treasurer or his/her designee will use his/her best professional judgment to determine the appropriate course of action.

e) Excluded Investments

The following investments or investment practices are not permitted under this Statement of Investment Policy:

1. purchase or sale of securities on margin;
2. reverse repurchase agreements;
3. financial futures and financial options; and
4. Guaranteed Small Business Administration (SBA) Notes.

f) Banks and Securities Dealers

California Sanitation Risk Management Authority

For the Fiscal Year 2025-26

Investment Policy

1. In selecting financial institutions and broker/dealers for the deposit or investment of Authority funds, the Treasurer shall consider their credit-worthiness. The Treasurer shall continue to monitor their credit characteristics and financial history throughout the period in which the Authority funds are deposited or invested. A commercial rating or bank watch service may be used to accomplish this objective.
2. Financial institutions and broker/dealers shall annually sign a certification form attesting that the individual responsible for the Authority's account with that firm has reviewed and understands the investment policy and intends to present only those investment transactions appropriate under the policy.

If an external investment advisor is authorized to conduct investment transactions on the Authority's behalf, the investment advisor may use its own list of approved broker/dealers and financial institutions, which it will maintain and review periodically. The adviser must make the list available to the Authority upon request.

g) Safekeeping and Custody.

1. Securities purchased from broker/dealers will be held in a third-party custodian/safekeeping account. The only exception to this policy is the collateral for time deposits in banks and savings and loans. Collateral for time deposits shall be held in accordance with applicable state and federal regulations.
2. In addition to these general policy considerations, the following specific policies will be followed: all transactions will be executed on a delivery versus payment basis; and a competitive bidding process will be used to place all investments, when practical.

8. **Reporting** In accordance with the Joint Exercise of Powers Agreement (the "JPA Agreement"), the Treasurer will prepare quarterly financial reports, which will include a review of the Authority's investment portfolio. The review of the investment portfolio shall include the following information:

1. Type of investment, issuer, date of maturity, par and dollar amount invested on all securities and amounts invested in money market funds and local government investment pools. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report.
2. A statement that the portfolio complies with this Investment Policy, or the manner that the portfolio is not in compliance.
3. A statement denoting the Authority's ability to meet its expenditure requirements for the next six months, or a statement denoting why sufficient money shall not or may not be available.

California Sanitation Risk Management Authority

For the Fiscal Year 2025-26

Investment Policy

9. **Annual Review** In accordance with the JPA Agreement, this Investment Policy shall be reviewed and adopted annually by the Board of Directors at a public meeting.

Proposed 2026 Meeting Calendar

ISSUE: Every year the Executive Board adopts a meeting calendar. The Finance Committee meetings are included in that calendar. The Finance Committee should review the proposed meetings dates and approve their calendar dates for the upcoming year.

The Committee should consider whether to return to an in-person meeting schedule or continue a schedule of both virtual and in-person meetings.

RECOMMENDATION: The Program Administrator recommends that the Finance Committee approve their dates on the 2026 meeting calendar.

FISCAL IMPACT: None.

BACKGROUND: None.

ATTACHMENTS: Proposed 2026 Meeting Calendar – FC Version

CSRMA MEETING CALENDAR 2026			
JANUARY	FEBRUARY	MARCH	APRIL
CSRMA EB - TUE - 13	CSRMA LIAB (TC) - TUE - 17	CSRMA LRP - SUN - TUE - 1, 2, 3	CSRMA FIN - TUE - 21 (SFO)
CSRMA BD - WED - 14	CSRMA WC - THUR - 19 (SFO)		
CASA January 13 - 16	PARMA February 24 - 27		
Indian Wells	Monterey		
MAY	JUNE	JULY	AUGUST
CSRMA LIAB (TC) - MON - 4	CSRMA EB (TC) - MON - 8		CSRMA EB - TUE - 4
CSRMA OC (TC) - TUES - 5	CSRMA BOD (TC) - WED - 17		CSRMA BD - WED - 5
CSRMA WC (TC) - THUR - 14	CSRMA OC (TC) - WED - 24		
			CASA August 4 - 7
			Napa
SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
CSRMA LIAB - TUE - 8 (WC OFFICE)	CSRMA EB - MON - 5 (SFO)	CSRMA FIN (TC) - MON - 9	CSRMA EB (TC) - MON - 7
CSRMA OC (TC) - FRI - 11	CSRMA WC (TC) - WED - 14	CSRMA LIAB - MON - 16 (WC OFFICE)	CSRMA OC (TC) - THUR - 10
	CSRMA OC (TC) - FRI - 30		
CAJPA September 15 - 18			
South Lake Tahoe			

Meetings in RED are IN-PERSON

Clean Water Insurance Captive Update

ISSUE: The Program Administrators will provide the Committee with an update on the Clean Water Insurance Captive (CWIC).

RECOMMENDATION: None. Information Only.

FISCAL IMPACT: None.

BACKGROUND: Below is an update since the last Committee meeting, as well as a brief history on CSRMA's formation of CWIC.

- 1) **CWIC Board Annual In-Person Meeting** – The CWIC Board met for their Annual in-person meeting on October 24th at the offices of Smart Schofield Shorter in Murray Utah. The State of Utah requires at least one meeting to be held in the State on an annual basis.

The Table of Contents from the meeting agenda is attached to this item for the Committee's review, and the Program Administrators will discuss the meeting highlights in more detail at the meeting.

- 2) **Annual CWIC Investment Performance Comparison to CSRMA** – One way to measure the financial benefit of CWIC is to compare its investment performance to CSRMA, and as requested by the Executive Board this comparison will be provided on an annual basis. The below table compares CWIC performance to that of CSRMA's over the same full calendar year 2024 period. The table shows that the \$8.5M invested in CWIC at the beginning of 2024 earned \$354K more than it would have had that same amount been invested in CSRMA. The financial benefit of CWIC will of course fluctuate over time due to factors such as claims payments to CSRMA and the investment environment, but in taking a long-term strategic approach with the captive, over time the expectation is that CWIC's investment portfolio will yield a higher rate of return.

Total Calendar Year 2024			
	Beginning Principal	Rate of Return %	ROI \$
CSRMA	23,608,660	3.21%	757,838
CWIC	8,534,484	7.36%	628,138
CWIC Benefit	n/a	4.15%	354,181

Note: 1) CWIC's overhead expenses in FY 2023-24 were \$182,999.

2) *CWIC's Investment Policy allows for a 60% equities / 40% fixed income balance.*

A Brief History on CSRMA's Formation of CWIC

A captive insurance company (captive) is a special purpose insurance or reinsurance company that is owned and controlled by its parent company, (in this case CSRMA). The captive's purpose is to insure some or all the risk of its parent. In so doing, the parent can secure coverage from the captive, and benefit from the captive's profitable underwriting of the parents' risk.

Many public agency risk-sharing pools have formed captives for both insurance needs and investment purposes. A captive could be used to expand product offerings to include new lines of insurance that may not be applicable to all members, or to offer coverage to third parties, or in CSRMA's case, assume risk in CSRMA programs to diversify our panel of program carriers and capture underwriting profit. Captives are also created to broaden the pool's permissible investment universe and increase the opportunity for higher investment returns. As the captive matures the goal is to have surplus funds that can then be utilized for the financial benefit of CSRMA and its members (i.e. issue dividends, retrospectively rate coverage programs, provide rate relief, etc.).

ATTACHMENTS: None.

Annual Shareholder and Board of Directors Meeting Agenda

Date/Time: **October 24, 2025**
9:00am PDT / 9:00am MDT

via Virtual Zoom Meeting
Meeting ID No. / Passcode: 930 1025 9831 / 240555
Join by Telephone: 1.669.444.9171

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**'Out, Out—'**BY ROBERT FROST

The buzz saw snarled and rattled in the yard
And made dust and dropped stove-length sticks of wood,
Sweet-scented stuff when the breeze drew across it.
And from there those that lifted eyes could count
Five mountain ranges one behind the other
Under the sunset far into Vermont.
And the saw snarled and rattled, snarled and rattled,
As it ran light, or had to bear a load.
And nothing happened: day was all but done.
Call it a day, I wish they might have said
To please the boy by giving him the half hour
That a boy counts so much when saved from work.
His sister stood beside him in her apron
To tell them 'Supper.' At the word, the saw,
As if to prove saws knew what supper meant,
Leaped out at the boy's hand, or seemed to leap—
He must have given the hand. However it was,
Neither refused the meeting. But the hand!
The boy's first outcry was a rueful laugh,

As he swung toward them holding up the hand
Half in appeal, but half as if to keep
The life from spilling. Then the boy saw all—
Since he was old enough to know, big boy
Doing a man's work, though a child at heart—
He saw all spoiled. 'Don't let him cut my hand off—
The doctor, when he comes. Don't let him, sister!'
So. But the hand was gone already.
The doctor put him in the dark of ether.
He lay and puffed his lips out with his breath.
And then—the watcher at his pulse took fright.
No one believed. They listened at his heart.
Little—less—nothing!—and that ended it.
No more to build on there. And they, since they
Were not the one dead, turned to their affairs.

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Two-Factor Authentication: No Longer Infallible Because Of Human Error

October 23, 2025

The FBI warns of the increasing ability of threat actors - notably the Scattered Spider group - to bypass two-factor authentication (2FA), especially targeting sectors like retail, insurance, and aviation.

Qantas, a major aviation company, has already disclosed a significant breach involving a third-party vendor, with personal data of around six million clients potentially compromised.

The FBI's key message is that attackers are exploiting weaknesses not only in 2FA but also in password practices, which remain alarmingly poor across both corporate and consumer environments.

The FBI and the Cybersecurity and Infrastructure Security Agency (CISA) have repeatedly issued guidelines on password hygiene, but these are still being ignored by many individuals and organizations.

Recent research from NordPass confirms that weak, reused, and otherwise inadequate passwords are widespread, even in critical infrastructure industries such as transportation, where lapses can have far-reaching consequences.

Examples of commonly used (and easily compromised) passwords include "123," "Dell 123," "password 111," "4," "123456789," and "qwerty" - passwords that offer virtually no protection against even unsophisticated attacks.

Although sophisticated groups like Scattered Spider often use social engineering to manipulate IT support into adding unauthorized multi-factor authentication (MFA) devices to compromised accounts, their attacks frequently begin by exploiting vulnerable login credentials.

Ransomware groups typically target the weakest security link, which is often a poorly managed password. The article stresses that improving password practices is a simple and effective way to reduce the risk of data breaches and operational failures, yet this basic step is still widely neglected.

The FBI and cybersecurity experts are urging organizations and individuals to stop using easily guessable passwords and to consider transitioning to even stronger authentication methods like passkeys, which offer enhanced security over traditional passwords and 2FA.

Source: <https://www.forbes.com/sites/daveywinder/2025/07/05/fbi-confirms-2fa-bypass-warning---now-stop-using-these-passwords/>

Commentary

One of the most disturbing aspects of the above report is that online criminals are bypassing 2FA.

Online criminals like the Scattered Spider group bypass two-factor authentication - not by cracking security codes or exploiting software vulnerabilities - but by manipulating the people and processes that manage those security measures.

In a typical attack scenario, an attacker might start by gathering personal details about a targeted employee, perhaps through LinkedIn searches or data leaks, to make their impersonation more convincing.

They then contact the company's IT help desk, pretending to be that employee, and create a plausible story - such as losing their phone or needing urgent access - to request a password reset and a new MFA device registration. If the help desk is fooled, the attacker can direct authentication codes or prompts to a device they control, gaining access to the account.

Sometimes, attackers send repeated authentication requests to the real user's device, hoping the user will accidentally approve one out of frustration.

Other times, phishing tools are used to intercept both login credentials and session tokens, allowing the attacker to log in without ever needing to interact with MFA.

Once inside, the attacker can enroll their own MFA device, ensuring they maintain access even if the password is changed, and potentially move through the organization's systems, searching for valuable data to steal or encrypt for ransom.

To protect against these increasingly sophisticated attacks, organizations need to implement stronger security practices.

Phishing-resistant authentication methods, such as hardware security keys or device-bound passkeys, should be used instead of SMS or push notifications, which are easier for attackers to intercept or manipulate.

The process for resetting passwords or enrolling new devices needs to be tightened, requiring multiple confirmations and identity checks to prevent social engineering.

Employees at all levels should receive training to recognize and report suspicious requests, and IT support staff should be especially alert to unusual account changes.

Remote access tools should be monitored and restricted, and all new MFA device enrollments - especially for accounts with high privileges - should be reviewed for legitimacy.

Security systems that continuously monitor device integrity and user behavior can help flag suspicious access patterns in real time.

Regular audits of account access and prompt removal of unused credentials reduce the risk of attackers gaining a foothold, and organizations should always assume that some attacks might get through, so rapid detection and response plans are vital.

The final takeaway is that while two-factor authentication is an important security layer, criminals have learned to circumvent it by exploiting both technology and human nature. Organizations must therefore adopt a comprehensive approach that combines advanced authentication, vigilant monitoring, continuous training, and a strong incident response process to truly protect their data and operations.

Finally, your opinion is important to us. Please complete the opinion survey:

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Shielding Your Organization From Internal Theft: Lessons From A Costly Embezzlement

October 21, 2025

Amanda Joy Quinn, age 42, of Sisseton, South Dakota, was sentenced today to 18 months in federal prison, followed by three years of supervised release, for embezzling approximately \$107,295 from the Long Hollow District of the Sisseton-Wahpeton Oyate Sioux Tribe.

Quinn, who had been serving as Treasurer for the Long Hollow District, admitted to authorizing checks for overpayments to herself and others and then negotiating those checks to retain the funds. This case was prosecuted following her guilty plea to charges of embezzlement and theft from an Indian tribal organization. In addition to the custodial sentence, Quinn was ordered to pay a \$100 special assessment to the Federal Crime Victims Fund.

"This sentence reflects our commitment to protecting the financial integrity of tribal organizations and ensuring that those entrusted with managing tribal funds are held accountable," said a representative from the U.S. Attorney's Office. "The Guardians Project continues to be instrumental in combating public corruption and safeguarding the assets of Indian Country communities."

The investigation and prosecution were conducted by the U.S. Attorney's Office for the District of South Dakota with the cooperation of federal law enforcement agencies including the FBI and IRS Criminal Investigation. This case is part of the Guardians Project, a federal initiative aimed at addressing public corruption, fraud, and embezzlement involving federal program funds in South Dakota's Indian country.

Quinn will report to the U.S. Marshals Service to begin her sentence.

Source: <https://www.justice.gov/usao-sd/pr/sisseton-woman-sentenced-federal-prison-embezzlement-and-theft-violation>

Commentary

The scheme used by accused involved exploiting her position as Treasurer to authorize improper disbursements and negotiate checks to herself and others.

Such schemes often thrive in environments where segregation of duties is inadequate, where approval, reconciliation, and custody functions are not properly divided among independent personnel. Where one person controls multiple facets of the financial process without checks and balances, opportunities for fraud increase significantly.

Early detection often hinges on prompt investigation of irregular payment patterns or discrepancies in financial statements. Periodic surprise audits, mandatory vacations, job rotation, and independent review functions serve as additional deterrents by increasing the likelihood that fraudulent activity will be discovered before causing extensive damage.

Leveraging technology for automated transaction monitoring and employing external auditors can augment internal efforts to safeguard organizational assets. Ultimately, ongoing training and awareness campaigns for employees help build a collective responsibility and understanding that protecting the organization's financial health benefits the entire community.

The final takeaway is that this matter underscores the critical need organizations to prioritize fraud prevention through strong governance, diligent oversight, and fostering a workplace environment where integrity is paramount and fraudulent actions carry definite consequences.

Finally, your opinion is important to us. Please complete the opinion survey:

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Human Cyber Security: A guide

KYND

The human element of cyber security is often deprioritized. There is a misconception that human weakness can be overcome by purchasing the right product or installing a certain piece of software. This does not reflect the reality of managing cyber risk.



What is human cyber security?

Human cybersecurity refers to all aspects of your cyber security posture that are not based in technology. This is the training of your users, and your overall security culture as an organization. Do you provide adequate training to all users, so they are equipped appropriately to handle the threats their work exposes them to? Do you have a culture where people know how to communicate about potential threats? Do users fully understand how they contribute to keeping the organization and their colleagues safe?



Why does human cyber security matter?

Firstly, because threat actors would rather attack people over technology. Humans are easier to manipulate than code, and are likely to provide a cyber-criminal with a greater reward than attacking technology. Secondly, because you can build the most sophisticated cyber-defense system, but human error can still undermine all that work. Insufficient understanding and care from humans is the cause of a critical number of cyber security incidents.



Human cyber security and assessment.

A variety of assessment types will expect you to be putting substantial effort into training users, and building a cyber-resilient culture that mitigates the chances of users making potentially dangerous mistakes. Failing to address the risk of human based attacks - such as social engineering, phishing, and fraud - is often assessed as a high risk behavior that will be noted as part of an assessment for a variety of purposes such as compliance certification, funding eligibility, or insurance.



Training

All users should receive regular training that is relevant to their role. This should cover core threats such as social engineering, phishing, secure password creation and management, and other threats to your users. Training needs to happen at least twice a year, and you should record the results to detect patterns, or areas where your users do not feel so confident. This will help you build training that addresses your organisation's unique threat profile.



Role specific training

Users in certain roles will have different exposure to threats. For example, members of the finance team are likely to be highly targeted to steal valuable payroll, bank, or other financial information. Users who have elevated privileges and access to sensitive data are also a target, as compromising their accounts will get attackers more sensitive information that is better for extortion. These users need additional and more tailored training than ordinary users.



Remedial training.

Being competent in managing cyber security is considered a core competence of the modern workplace – it is now no different to general building security or fire safety awareness in its significance for organizational security. Users who do not pass regular training tests should be flagged as potential risks. Persistently failing the training exercises means that a user is misunderstanding a core safety protocol and needs remedial training and feedback to understand the issue at hand.



Well-documented processes.

Ensure that all your security plans, and your incident response protocols are well documented and available to the user who may need to enact it. Just because someone isn't in the IT team, doesn't mean they won't be the one to discover a threat. When they do, they need to know what the next steps are. Make sure all users know how to find out what to do in an emergency, and how they can contact the relevant security team members.



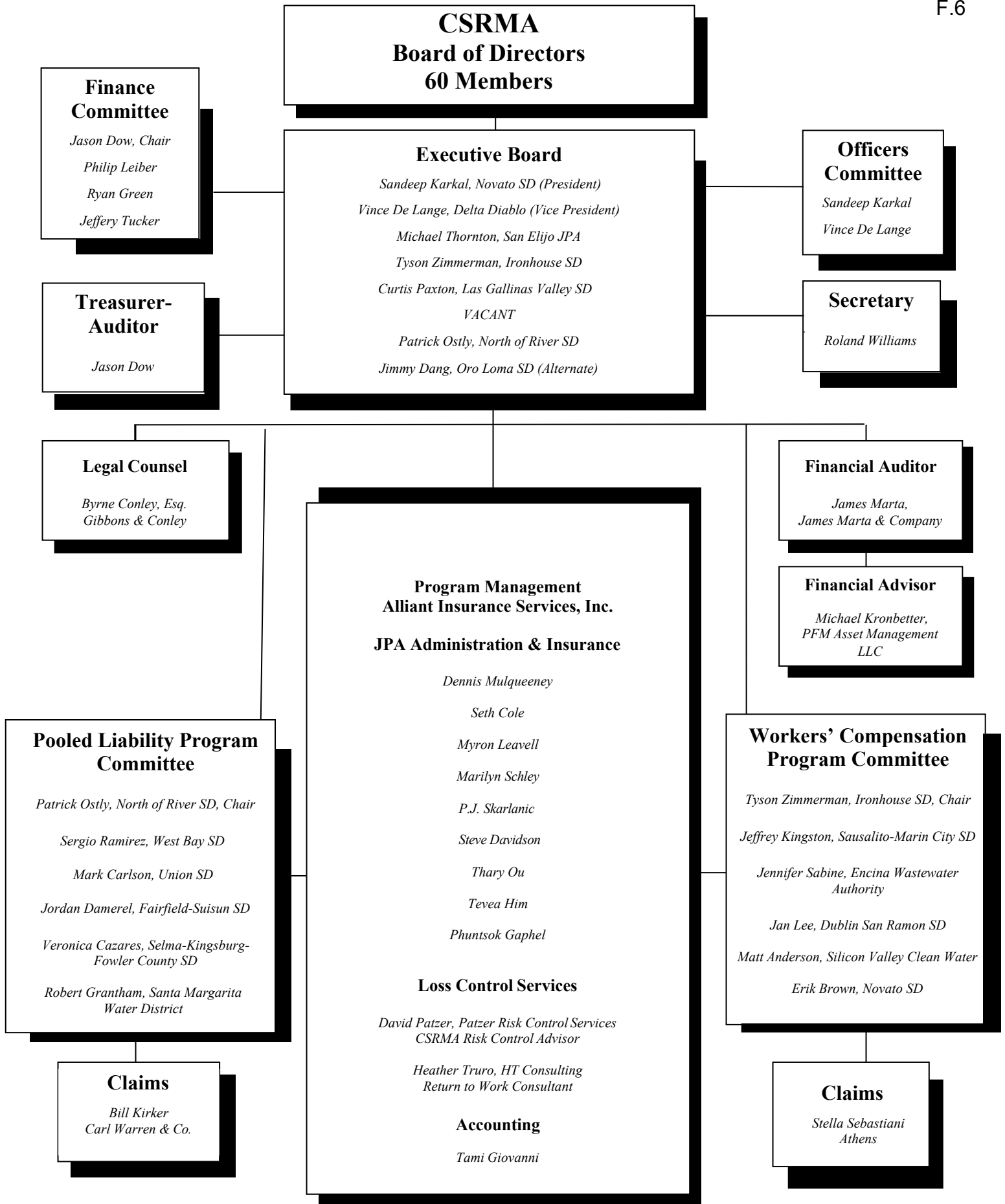
Checklist

When reviewing elements of human cyber security, consider the following:

1. Ensure human cyber security has equal importance to technical solutions in your cyber security plan
2. Provide regular, relevant training to all users in core cyber security practices
3. Provide additional role specific training to users who face more threats due to their role
4. Make sure there is a remedial training and feedback process to catch any user who is persistently failing regular cyber security training
5. Ensure your security processes and incident response protocols are documented and available to users who may need them

CSRMA MEETING CALENDAR 2025			
JANUARY	FEBRUARY	MARCH	APRIL
CSRMA EB - TUE - 28	CSRMA LIAB (TC) - TUE - 18	CSRMA LRP - SUN - TUE - 16, 17, 18	CSRMA FIN - TUE - 15 (SFO)
CSRMA BD - WED - 29	CSRMA WC - THUR - 20 (SFO)		
<i>CASA January 29 - 31</i>	<i>PARMA February 23 - 26</i>		
<i>Palm Springs</i>	<i>Anaheim</i>		
MAY	JUNE	JULY	AUGUST
CSRMA LIAB - MON - 5 (WC OFFICE)	CSRMA EB (TC) - MON - 9	CSRMA EB - TUE - 29	
CSRMA OC (TC) - TUES - 6	CSRMA BOD (TC) - WED - 18	CSRMA BD - WED - 30	
CSRMA WC (TC) - THUR - 15	CSRMA OC (TC) - WED - 25		
		<i>CASA July 30 - August 1</i>	
		<i>San Diego</i>	
SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
CSRMA LIAB - MON - 8 (WC OFFICE)	CSRMA EB - MON - 6 (SFO)	CSRMA FIN (TC) - MON - 3	CSRMA EB (TC) - MON - 8
CSRMA OC (TC) - FRI - 12	CSRMA WC (TC) - WED - 15	CSRMA LIAB - MON - 17 (WC OFFICE)	CSRMA OC (TC) - THUR - 11
	CSRMA OC (TC) - FRI - 31		
<i>CAJPA September 16 - 19</i>			
<i>Monterey</i>			

Meetings in RED are IN-PERSON



CSRMA California Sanitation Risk Management Authority

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