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CALIFORNIA INTERGOVERNMENTAL  
RISK AUTHORITY

**MEETING:** August 30, 2022  
**TO:** PARSAC Advisory Committee  
**FROM:** Tracey Smith-Reed, Senior Accountant  
**ITEM:** Property Equity

**SUMMARY:** The PARSAC property program has equity of \$94,713. As the program is no longer active and has no long-term obligations, the equity is available for distribution to members.

**RECOMMENDATION:** Staff recommends the Advisory Committee approve allocating the property program equity to the Flexible Spending Fund accounts and recommend the Board ratify.

**DISCUSSION:** As part of the budgeting process, PARSAC has historically allocated a portion of the administrative costs to the property program. The most recent allocation had 5% of the estimated administrative costs included in the member property premiums. Each fiscal year, the program is charged for the actual administrative costs. Some years had higher than estimated administrative costs resulting in a deficit, while other years resulted in a surplus. Overall, the property program has accumulated \$94,713 in program equity. While the liability and workers' compensation programs have an annual retrospective premium adjustment calculated in order to return equity to the members, the property program has no such method by which to return equity. As a result, no property program equity has been distributed.

The PARSAC property program has been closed with the formation of CIRA. Staff is proposing reallocation of the program equity to the flexible spending accounts of members. The equity will be distributed among current members and based on the average property premiums paid over the last ten years.

**FISCAL IMPLICATION:** A reduction in PARSAC equity of \$94,713 and an offsetting increase in members flexible spending funds.

**ATTACHMENTS:** Allocation Spreadsheet

