

Agenda Item 4a

**FY 2014 Audited Financial
Statements & Memorandum
of Internal Controls**



To: Finance Committee
ABAG PLAN Corporation

Date: May 15, 2015

From: Charlie Adams, Interim CFO

RE: Audited Financial Statements
& MOIC—June 30, 2014

Attached are the audited Financial Statements and Memorandum on Internal Controls (MOIC) for the fiscal year ended June 30, 2014. The account balances in the Financial Statements are consistent with the unaudited balances previously provided with the exception of unrecognized gain on investment of \$744,600 and market valuation of securities of \$673,957.

There were no significant deficiencies noted in the Memorandum on Internal Controls. The only auditor's recommendation from prior reviews of internal controls was related to timeliness of bank reconciliations and the documentation of review of reconciliations. The auditor reported that their recommendations have been implemented.

Staff is available to respond to any questions the Committee may have.

Basic Financial Statements

**ABAG POOLED LIABILITY ASSURANCE NETWORK
CORPORATION (PLAN)**

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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**ABAG POOLED LIABILITY ASSURANCE
NETWORK CORPORATION (PLAN)
BASIC FINANCIAL STATEMENTS**

For the Year Ended June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Directors
ABAG PLAN Corporation
Oakland, California

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the ABAG Pooled Liability Assurance Network Corporation (PLAN) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise PLAN's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund of PLAN as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2014, but did not have a material effect on the financial statements:

Statement 65 – *Items Previously Reported as Assets and Liabilities.*

Statement 67 – *Financial Reporting for Pension Plans.*

Statement 70 – *Accounting and Reporting for Non-exchange Financial Guarantees.*

The emphasis of this matter does not constitute a modification to our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Maye + Associates

Pleasant Hill, California
January 20, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The ABAG PLAN Corporation (PLAN) has issued the financial reports for fiscal year ending June 30, 2014 based on the provisions of the Government Accounting Standards Board Statement 34, "Basic Financial Statement and Management's Discussion & Analysis—for State and Local Governments," (GASB 34). One of the most significant requirements of GASB 34 is for government entities to prepare financial reports using the full accrual basis of accounting. PLAN has always used this method of accounting; changes in its financial reports are primarily in the format of presentation.

GASB 34 requires PLAN to provide an overview of financial activities in the fiscal year and it should be read in conjunction with the accompanying financial statements.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The Basic Financial Statements required under GASB 34 include:

- (1) Statement of Net Position—provides information about the financial position of PLAN, including assets, liabilities and net position. The difference between this statement and the traditional Balance Sheet is that net position (fund equity) is shown as the difference between total assets and total liabilities.
- (2) Statement of Activities—presents revenues, expenses and changes in net assets for the fiscal year. It differs with the traditional Statement of Revenues and Expenses in that revenues and expenses directly attributable to operating programs are presented separately from investment income and financing costs.
- (3) Statement of Cash Flows—provides itemized categories of cash flows. This statement differs from the traditional Statement of Cash Flows in that it presents itemized categories of cash in flows and out flows instead of computing the net cash flows from operation by backing out non-cash revenues and expenses from net operating income. In addition, cash flows related to investments and financing activities are presented separately.

FISCAL YEAR 2014 FINANCIAL HIGHLIGHTS

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

- Total assets at June 30, 2014 were \$45.5 million. At June 30, 2013, total assets were \$44.4 million.
- Total revenues, including program and general revenues, were \$12.0 million in FY 2014, while total expenses were \$5.5 million including a \$987 thousand reduction for provision of claims and claim adjustment expenses due to favorable claim development in the General Liability Fund.
- Total net position increased by \$6.5 million in FY 2014 to a new total of \$14.6 million at June 30, 2014. The increase is primarily attributed to favorable claim development in which the claim reserves for the General Liability Fund was reduced to \$30.0 million in FY 2014 from \$35.5 million in FY 2013.

- General Liability program operating revenues were \$6.6 million in FY 2014, while Property Liability operating revenues were \$1.4 million and Administration operating revenues were \$2.9 million.
- General Liability program operating expenses were \$1.2 million in FY 2014, while Property Liability operating expenses were \$1.7 million and Administration operating expenses were \$2.6 million.
- General revenues, comprising investment income, totaled \$1.3 million in FY 2014 with the recognition of fair market value adjustments, of which \$1.2 million and \$27 thousand were allocated to General Liability and Property Liability funds, respectively.
- General Liability net position was \$13.1 million at June 30, 2014, while Property Liability net position was \$824 thousand and Administration net position was \$743 thousand at that date.

CLAIMS SETTLEMENT AND RESERVES FOR CLAIMS

Above-deductible General Liability claims paid totaled \$4.5 million in FY 2014 compared to \$2.7 million during FY 2013. This was a function of the closure of more mature and higher valued claims. The reserve level for claims was decreased to \$30.0 million in FY 2014 from \$35.5 million in FY 2013. The decrease in reserves is primarily a function of an overall reduction in expected losses and lower than anticipated loss development.

Above-deductible Property claims paid during FY 2014 amounted to \$398 thousand compared to \$196 thousand during FY 2013. Liability reserve for Property claims were \$350 thousand at June 30, 2014. Property losses at the program level have breached the Stop Loss Aggregate (SLA) feature for the 2008/09, 2010/11 and 2011/12 program years. Our review of the property claims paid in each year noted indicates that PLAN will be recouping approximately \$153,700 from our insurer for these fiscal years. These recoveries will be processed in the upcoming fiscal year (FY 2015).

INVESTMENT ACTIVITIES

As of June 30, 2014, total book value (including the Local Agency Investment Fund) of the portfolio was \$44.1 million, comprised of investments in LAIF and federal agency securities. PLAN has \$1.1 million invested in the Local Agency Investment Fund (LAIF) and \$43.0 million in federal agency securities. Total market value of the investments was \$43.4 million as of that date.

The investment income was \$523 thousand before fair market value adjustments. The investment income was \$1.3 million with fair market value adjustments. The overall average yield was 1.57% when the adjustments for fair market value are excluded.

At June 30, 2014, the market value of PLAN's investments is \$674 thousand below book value. With the exception of PLAN's investment in LAIF, all other investments are fixed income securities. The market value of a fixed income security falls during periods of rising interest rates, and increases when interest rates decline. It is PLAN's investment objective to hold all securities to maturity; therefore, temporary unrealized gains and losses have no real

financial significance for the pool. As all securities in PLAN's investment portfolio are highly rated, they are generally regarded as safe investments that will mature at their full face values.

MAJOR PROGRAM INITIATIVES IN FY 2014 AND OUTLOOK FOR FY 2015

The Inverse Tail Claim program (ITC) was closed effective June 30, 2013. The program exposure to these latent claims has been significantly lower than anticipated and no further reserve adjustment activity is warranted for these claims.

In FY 2015, PLAN will focus on continuing to provide stable loss funding rates for the Liability Program. Premium stabilization and broadening coverage will be a focus of our Property Program.

During FY 2015, PLAN contracted an outside Third Party Claims Administrator (York Risk Services Group) to handle its claims administration responsibilities. The change is projected to save approximately \$1.3 million in Administrative costs over the next two year period. PLAN has migrated to a new automated claim system and platform (Claims Connect and FOCUS) and is customizing claim reports and Risk Management reports to meet the specific reporting needs of PLAN and its members. PLAN will continue its focus on collection (subrogation) of property damage losses from responsible third parties by retaining a dedicated subrogation specialist. Our recovery efforts continue to realize significant financial savings and reduce our property net claim payments.

PLAN will also provide a broad range of technical training to our members to enhance their technical skills in Claims and Risk Management.

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 ABAG PLAN Corporation, 101 Eighth Street, Oakland, CA 94607.

ABAG PLAN CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2014

| | <u>General Liability Fund</u> | <u>Property Liability Fund</u> | <u>Administration Fund</u> | <u>Total</u> |
|---|---------------------------------------|--|--------------------------------|---------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents (Note 2) | \$29,970 | \$1,174,646 | \$967,649 | \$2,172,265 |
| Investments, at Fair Value (Note 2) | <u>42,275,620</u> | | | <u>42,275,620</u> |
| Total Cash and Investments | <u>42,305,590</u> | <u>1,174,646</u> | <u>967,649</u> | <u>44,447,885</u> |
| Receivables: | | | | |
| Due from Members | 556,224 | | 20,000 | 576,224 |
| Interest | <u>153,266</u> | | | <u>153,266</u> |
| Total Current Assets | <u>43,015,080</u> | <u>1,174,646</u> | <u>987,649</u> | <u>45,177,375</u> |
| Noncurrent Assets: | | | | |
| Capital Assets, Net of Accumulated Depreciation (Note 4) | <u>282,573</u> | | | <u>282,573</u> |
| Total Noncurrent Assets | <u>282,573</u> | | | <u>282,573</u> |
| Total Assets | <u>43,297,653</u> | <u>1,174,646</u> | <u>987,649</u> | <u>45,459,948</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | 201,598 | | 244,324 | 445,922 |
| Reserves for Claims and Claim Adjustment Expenses (Note 3) | <u>1,388,000</u> | <u>350,000</u> | | <u>1,738,000</u> |
| Total Current Liabilities | <u>1,589,598</u> | <u>350,000</u> | <u>244,324</u> | <u>2,183,922</u> |
| Noncurrent Liabilities (Note 3): | | | | |
| Reserves for Claims and Claim Adjustment Expenses | 25,712,000 | | | 25,712,000 |
| Reserves for Unallocated Loss Adjustment Expenses | <u>2,925,000</u> | | | <u>2,925,000</u> |
| Total Noncurrent Liabilities | <u>28,637,000</u> | | | <u>28,637,000</u> |
| Total Liabilities | <u>30,226,598</u> | <u>350,000</u> | <u>244,324</u> | <u>30,820,922</u> |
| NET POSITION (Note 5) | | | | |
| Net Investment in Capital Assets | 282,573 | | | 282,573 |
| Unrestricted | <u>12,788,482</u> | <u>824,646</u> | <u>743,325</u> | <u>14,356,453</u> |
| Total Net Position | <u>\$13,071,055</u> | <u>\$824,646</u> | <u>\$743,325</u> | <u>\$14,639,026</u> |

See accompanying notes to basic financial statements

ABAG PLAN CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

| | General Liability Fund | Property Liability Fund | Administration Fund | Total |
|---|------------------------------|-------------------------------|------------------------|---------------------|
| PROGRAM REVENUES | | | | |
| Premiums from Members: | | | | |
| General Liability | \$6,565,078 | | | \$6,565,078 |
| Administration | | | \$2,850,001 | 2,850,001 |
| Property Insurance | | \$1,356,510 | | 1,356,510 |
| Total Program Revenues | <u>6,565,078</u> | <u>1,356,510</u> | <u>2,850,001</u> | <u>10,771,589</u> |
| PROGRAM EXPENSES | | | | |
| Provision for Claims and Claim Adjustments (Note 3) | (987,333) | 497,912 | | (489,421) |
| Property Insurance Coverage | | 1,165,259 | | 1,165,259 |
| Excess Insurance Coverage | 672,993 | | 18,360 | 691,353 |
| Depreciation (Note 4) | 47,369 | | | 47,369 |
| Management and Administration | | | 2,378,524 | 2,378,524 |
| Loss Prevention Programs | 728,923 | | | 728,923 |
| Contract Services | | | 210,157 | 210,157 |
| Other Expenses | 715,135 | | 42,524 | 757,659 |
| Total Program Expenses | <u>1,177,087</u> | <u>1,663,171</u> | <u>2,649,565</u> | <u>5,489,823</u> |
| Net Program Operating Income (Loss) | <u>5,387,991</u> | <u>(306,661)</u> | <u>200,436</u> | <u>5,281,766</u> |
| GENERAL REVENUE | | | | |
| Investment Income | 1,240,058 | 27,342 | | 1,267,400 |
| Total General Revenue | <u>1,240,058</u> | <u>27,342</u> | | <u>1,267,400</u> |
| CHANGE IN NET POSITION | 6,628,049 | (279,319) | 200,436 | 6,549,166 |
| NET POSITION - BEGINNING | <u>6,443,006</u> | <u>1,103,965</u> | <u>542,889</u> | <u>8,089,860</u> |
| NET POSITION - ENDING | <u>\$13,071,055</u> | <u>\$824,646</u> | <u>\$743,325</u> | <u>\$14,639,026</u> |

See accompanying notes to basic financial statements

ABAG PLAN CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

| | General Liability Fund | Property Liability Fund | Administration Fund | Total |
|---|------------------------------|-------------------------------|------------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from members | \$7,266,380 | \$1,356,510 | \$2,860,001 | \$11,482,891 |
| Payments for insurance and contract services | (1,579,344) | (1,165,259) | (228,517) | (2,973,120) |
| Payments to ABAG | | | (2,392,759) | (2,392,759) |
| Claims paid | (4,454,667) | (397,912) | | (4,852,579) |
| Other payments | (715,135) | | (42,524) | (757,659) |
| Net cash flows from (used by) operating activities | <u>517,234</u> | <u>(206,661)</u> | <u>196,201</u> | <u>506,774</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase (sale) of investments | (4,560,760) | | | (4,560,760) |
| Interest received | 1,304,131 | 27,342 | | 1,331,473 |
| Net cash flows from investing activities | <u>(3,256,629)</u> | <u>27,342</u> | | <u>(3,229,287)</u> |
| Net cash flows | (2,739,395) | (179,319) | 196,201 | (2,722,513) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>2,769,365</u> | <u>1,353,965</u> | <u>771,448</u> | <u>4,894,778</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$29,970</u> | <u>\$1,174,646</u> | <u>\$967,649</u> | <u>\$2,172,265</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$5,387,991 | (\$306,661) | \$200,436 | \$5,281,766 |
| Adjustments to reconcile operating loss to cash flows from operating activities: | | | | |
| Depreciation | 47,369 | | | 47,369 |
| Change in assets and liabilities: | | | | |
| Receivable from members | 701,302 | | 10,000 | 711,302 |
| Payables | (177,428) | | (14,235) | (191,663) |
| Reserves for claims and claim adjustment expenses | (4,914,000) | 107,500 | | (4,806,500) |
| Reserves for unallocated loss adjustment expenses | (528,000) | (7,500) | | (535,500) |
| Net cash flows from operating activities | <u>\$517,234</u> | <u>(\$206,661)</u> | <u>\$196,201</u> | <u>\$506,774</u> |

See accompanying notes to basic financial statements

ABAG PLAN CORPORATION
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description and Programs

The ABAG Pooled Liability Assurance Network Corporation (PLAN) is a non-profit public benefit corporation created by the Association of Bay Area Governments (ABAG) to provide a pooled approach for liability coverage for a number of Bay Area cities as allowed under the California Government Code. The purpose of PLAN is to operate and maintain a joint program for liability and property damage protection for the member agencies. 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.

ABAG assists PLAN by providing administrative, accounting and clerical supports. PLAN paid ABAG \$2,469,657 for these services and \$190,399 for contract services in the fiscal year ended June 30, 2014.

The members of PLAN must be members of ABAG, but not all ABAG members are members of PLAN. For that reason, PLAN is not a component unit of ABAG.

B. Basis of Presentation

PLAN's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

The Statement of Net Position and the Statement of Activities display the overall financial activities of PLAN's programs. These statements display the *business-type activities* of PLAN that are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of PLAN's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that may be received and are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that may be received and are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

ABAG PLAN CORPORATION
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds

Major funds are defined as funds that have either assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenses equal to at least ten percent of their fund-type total and five percent of the grand total.

PLAN reported all its enterprise funds as major funds in the accompanying financial statements:

General Liability Fund – this fund accounts for revenues and expenses for the general liability program for its participating members.

Property Liability Fund – this fund accounts for revenues and expenses for the property liability program for its participating members.

Administration Fund – this fund accounts for revenues and expenses for management and administration activities of PLAN.

D. Basis of Accounting

PLAN accounts for all transactions in enterprise funds, which are separate sets of self-balancing accounts that comprise 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.

Premiums from Members - Each member is assessed a premium which is intended to cover PLAN's claims, operating costs and claims settlement expenses. Premiums 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 premiums are recognized as revenues when earned, based on the period covered by the premium.

Losses and Claims - PLAN establishes claim liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, and based on estimates of claims that have been incurred but not reported (IBNR). Because actual claim costs can be affected by such complex factors as inflation, changes in legal costs and damage awards, claim liabilities are recommitment periodically using a variety of actuarial and statistical techniques to produce current estimates. The calculation of estimated future claims costs is based on actual historical data that reflect past inflation and other factors that are considered to be appropriate modifiers of past experience. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

ABAG PLAN CORPORATION
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 layers of coverage. This central pool is funded by premiums from all members.

PLAN purchases excess insurance policies to provide coverage for its members' exposure to losses in excess of the liability pool's \$5 million limit and the property pool's \$100,000 limit. Excess liability insurance provides a total of \$20 million (above the \$5 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. Premiums paid for excess insurance during the year ended June 30, 2014 amounted to \$691,353.

Risk Sharing - PLAN is a "risk sharing" program which pools risks and funds and shares in the cost of losses. Losses and expenses are paid from the liability and property pools up to the limit of coverage subject to the self-insured retention.

Each year, PLAN evaluates the pools' financial risk position, defined as contributions less expenses, claim reserves and incurred-but-not-reported (IBNR) claims. If the events of the year result in a negative risk position, the members' annual assessments may be increased in subsequent years.

E. *Estimates*

PLAN's management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and the disclosure of contingent liabilities to prepare these financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Actual results could differ from those estimates.

ABAG PLAN CORPORATION
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2014

NOTE 2 - CASH AND INVESTMENTS

Cash and investments consist of the following at June 30, 2014:

| | Cash and Cash Equivalents | Investments | Total |
|---------------------------------------|---------------------------------|---------------------|---------------------|
| Cash in Banks | \$1,028,145 | | \$1,028,145 |
| Local Agency Investment Fund | 1,144,120 | | 1,144,120 |
| U.S. Agency Securities: | | | |
| Federal National Mortgage Association | | \$16,672,510 | 16,672,510 |
| Federal Home Loan Bank | | 13,226,730 | 13,226,730 |
| Federal Farm Credit Bank | | 3,942,220 | 3,942,220 |
| Federal Loan Mortgage Corporation | | 8,434,160 | 8,434,160 |
| Total Cash and Investments | \$2,172,265 | \$42,275,620 | \$44,447,885 |

A. Authorized Investments by PLAN

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 | Maximum Maturity | Minimum Credit Quality | Maximum Percentage of Portfolio | Maximum Investment In One Issuer |
|---|---------------------|---------------------------|---------------------------------------|--|
| U.S. Treasury Obligations | 7 years (E) | N/A | None | None |
| U.S. Agency Securities | 7 years (E) | N/A | None, (A) | None |
| Bankers Acceptances | 180 days | A1/P1 | 25% | 10% |
| Commercial Paper | 270 days | A1/P1/F1 | 10% | 10% |
| Medium Term/Corporate Notes | 5 years | AA | 10% | 10% |
| Negotiable Certificates of Deposit | 2 years | AA/A-1 | 30% | 10% |
| Time Certificates of Deposit | 1 years | (D) | 10% | 10% |
| Money Market Mutual Funds | N/A | AAA or (B) | 10% | 10% |
| California Local Agency Investment Fund | N/A | N/A | None, (C) | None |

(A) Maximum limit of 20% of the investment portfolio in mortgage-backed securities.

(B) ABAG PLAN can also purchase money market funds managed by a manager with a minimum 5 year history and \$500 million under management.

(C) LAIF has a limit of \$50 million per account.

(D) Financial institution must have received a minimum overall satisfactory rating for meeting the credit needs for California Communities in its most recent evaluation.

(E) The Board approved investment policy allows maximum maturity of 7 years, which is longer than the 5 years as specified in the Government code.

ABAG PLAN CORPORATION
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2014

NOTE 2 - CASH AND INVESTMENTS (Continued)

B. 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 is 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:

| Cash and Investments | 12 Months or less | 13 to 24 Months | 25 to 60 Months | Total |
|---------------------------------------|----------------------|--------------------|--------------------|---------------------|
| U.S. Agency Securities: | | | | |
| Federal National Mortgage Association | \$13,711,720 | | \$2,960,790 | \$16,672,510 |
| Federal Home Loan Bank | 11,203,570 | \$2,023,160 | | 13,226,730 |
| Federal Farm Credit Bank | 3,942,220 | | | 3,942,220 |
| Federal Loan Mortgage Corporation | 8,434,160 | | | 8,434,160 |
| Subtotal Investments | <u>37,291,670</u> | <u>2,023,160</u> | <u>2,960,790</u> | <u>42,275,620</u> |
| Cash and Cash Equivalents: | | | | |
| Cash in Banks | 1,028,145 | | | 1,028,145 |
| Local Agency Investment Fund | 1,144,120 | | | 1,144,120 |
| Subtotal Cash and Cash Equivalents | <u>2,172,265</u> | | | <u>2,172,265</u> |
| Total Cash and Investments | <u>\$39,463,935</u> | <u>\$2,023,160</u> | <u>\$2,960,790</u> | <u>\$44,447,885</u> |

As of year end, the weighted average maturity of the investments in the LAIF investment pool is approximately 232 days.

C. 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, 2014 for each investment type:

| | Aaa |
|---------------------------------------|---------------------|
| U.S. Agency Securities: | |
| Federal National Mortgage Association | \$16,672,510 |
| Federal Home Loan Bank | 13,226,730 |
| Federal Farm Credit Bank | 3,942,220 |
| Federal Loan Mortgage Corporation | 8,434,160 |
| Total Investments | <u>\$42,275,620</u> |

ABAG PLAN CORPORATION
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2014

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Concentration of Credit Risk

PLAN's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Included in the table at C above are investments held by the General Liability Fund.

E. 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.

F. Local Agency Investment Fund

PLAN is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. PLAN reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporate notes.

G. Statement of Cash Flows

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.

ABAG PLAN CORPORATION
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2014

NOTE 3 - RESERVES FOR CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Reconciliation of Reserves

Reserves for claims and claim adjustment expenses changed as follows:

| | General Liability Pool | | Property Liability Pool | |
|---|------------------------|---------------------|-------------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Reserves for claims and claim settlement expenses, beginning of year | \$35,467,000 | \$23,492,000 | \$250,000 | \$250,000 |
| Provision for claims and claim settlement expenses attributable to insured events of: | | | | |
| Current year | 5,534,000 | 6,493,000 | 350,000 | 242,500 |
| Prior years | (6,521,333) * | 8,203,014 | 147,912 | (46,249) |
| Total incurred claims and claim settlement expenses | (987,333) | 14,696,014 | 497,912 | 196,251 |
| Less settlement of claims and claim settlement expenses attributable to insured events of current and prior fiscal years: | | | | |
| Claims paid -- current year | | (430,441) | (116,758) | (102,879) |
| Claims paid -- prior years | (4,454,667) | (2,290,573) | (281,154) | (93,372) |
| Total payments | (4,454,667) | (2,721,014) | (397,912) | (196,251) |
| Reserves for claims and claim settlement expenses, end of year | <u>\$30,025,000</u> ** | <u>\$35,467,000</u> | <u>\$350,000</u> | <u>\$250,000</u> |
| Components of unpaid claims liabilities: | | | | |
| Reserves for claims and claim settlement expenses | \$27,100,000 | \$32,014,000 | \$350,000 | \$242,500 |
| Reserves for unallocated loss settlement expenses | 2,925,000 | 3,453,000 | | 7,500 |
| Total | <u>\$30,025,000</u> | <u>\$35,467,000</u> | <u>\$350,000</u> | <u>\$250,000</u> |
| Current portion | <u>\$1,388,000</u> | <u>\$1,380,000</u> | <u>\$350,000</u> | <u>\$250,000</u> |

* Includes costs to be recovered from members

** The liability is recorded at present value using a discount rate of 0.909. Undiscounted liability claims totaled \$32,174,809 at June 30, 2014.

NOTE 4 - CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation expense is calculated on the straight line method over the estimated useful lives of assets, which are as follows:

| | |
|----------------------|----------|
| Vehicles | 4 Years |
| Capitalized software | 10 Years |

ABAG PLAN CORPORATION
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2014

NOTE 4 - CAPITAL ASSETS (Continued)

Capital Assets activity was as follows for the year ended June 30, 2014:

| | <u>June 30, 2013</u> | <u>Additions</u> | <u>June 30, 2014</u> |
|--|----------------------|------------------|----------------------|
| Capital assets being depreciated: | | | |
| Capitalized software | \$468,719 | | \$468,719 |
| Vehicles | <u>52,715</u> | | <u>52,715</u> |
| Total capital assets being depreciated | <u>521,434</u> | | <u>521,434</u> |
| Less accumulated depreciation for: | | | |
| Capitalized software | 138,777 | \$47,369 | 186,146 |
| Vehicles | <u>52,715</u> | | <u>52,715</u> |
| Total accumulated depreciation | <u>191,492</u> | <u>\$47,369</u> | <u>238,861</u> |
| Net capital assets being depreciated | <u>329,942</u> | | <u>282,573</u> |
| Capital assets, net | <u>\$329,942</u> | | <u>\$282,573</u> |

NOTE 5 – NET POSITION

Net Position is the excess of a fund's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. PLAN's Net Position is divided into the two captions described below:

Net Investment in Capital Assets is the current net book value of PLAN's capital assets.

Unrestricted describes the portion of the Net Position which may be used for any PLAN purpose.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Litigation – PLAN is subject to litigation arising in the normal course of business. In the opinion of the Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of PLAN.

ABAG PLAN CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION - GENERAL LIABILITY POOL - (in Thousands)
YEARS ENDED JUNE 30,

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| (1) Earned premiums | \$6,979 | \$7,475 | \$8,085 | \$7,906 | \$8,262 | \$8,326 | \$7,753 | \$7,562 | \$7,685 | \$9,218 |
| Excess insurance premiums | 544 | 562 | 777 | 710 | 764 | 776 | 738 | 634 | 652 | 673 |
| Net Earned | 6,435 | 6,913 | 7,308 | 7,196 | 7,498 | 7,550 | 7,015 | 6,928 | 7,033 | 8,545 |
| (2) Investment income allocation: | | | | | | | | | | |
| FY 13-14 | 36 | 2 | 44 | (51) | (9) | 20 | 16 | 12 | 29 | 52 |
| FY 12-13 | 55 | 3 | 69 | (63) | (4) | 31 | 30 | 59 | 49 | |
| FY 11-12 | 68 | 4 | 85 | (76) | 2 | 58 | 51 | 76 | | |
| FY 10-11 | 73 | 6 | 105 | (15) | 14 | 89 | 63 | | | |
| FY 09-10 | 79 | 53 | 129 | 36 | 60 | 98 | | | | |
| FY 08-09 | 119 | 140 | 206 | 92 | 106 | | | | | |
| FY 07-08 | 146 | 199 | 259 | 116 | | | | | | |
| FY 06-07 | 181 | 213 | 237 | | | | | | | |
| FY 05-06 | 207 | 206 | | | | | | | | |
| FY 04-05 | 196 | | | | | | | | | |
| (3) Net earned premiums and investment revenues | 7,595 | 7,739 | 8,442 | 7,235 | 7,667 | 7,846 | 7,175 | 7,075 | 7,111 | 8,597 |
| (4) Unallocated expenses | 2,532 | 2,825 | 2,799 | 5,086 | 5,013 | 3,673 | 4,422 | 3,579 | 3,909 | 4,143 |
| (5) Funds available for claims | 5,063 | 4,914 | 5,643 | 2,149 | 2,654 | 4,173 | 2,753 | 3,496 | 3,202 | 4,454 |
| (6) Paid (cumulative) as of: | | | | | | | | | | |
| End of program year | 29 | 97 | 15 | | 24 | 305 | 23 | 71 | 430 | |
| One year later | 102 | 255 | 57 | 95 | 405 | 363 | 359 | 198 | 662 | |
| Two years later | 873 | 905 | 235 | 1,009 | 2,064 | 1,474 | 1,004 | 2,569 | | |
| Three years later | 1,838 | 1,471 | 506 | 2,954 | 2,595 | 2,350 | 1,354 | | | |
| Four years later | 1,874 | 2,894 | 1,061 | 5,719 | 2,918 | 2,353 | | | | |
| Five years later | 1,874 | 4,649 | 1,646 | 5,847 | 3,473 | | | | | |
| Six years later | 1,874 | 4,721 | 1,657 | 6,756 | | | | | | |
| Seven years later | 1,876 | 4,742 | 1,657 | | | | | | | |
| Eight years later | 1,876 | 4,756 | | | | | | | | |
| Nine years later | 1,874 | | | | | | | | | |
| (7) Estimated reserves for claims and claims adjustment expenses: | | | | | | | | | | |
| End of policy year | 8,095 | 8,581 | 4,938 | 5,194 | 5,029 | 4,199 | 4,789 | 4,918 | 6,063 | 5,534 |
| One year later | 5,170 | 4,183 | 4,412 | 4,351 | 3,995 | 6,944 | 7,353 | 8,977 | 8,299 | |
| Two years later | 3,151 | 3,678 | 2,449 | 3,595 | 3,660 | 4,643 | 11,270 | 6,830 | | |
| Three years later | 1,625 | 2,429 | 1,447 | 2,392 | 2,871 | 3,029 | 6,164 | | | |
| Four years later | 790 | 4,110 | 937 | 2,231 | 3,139 | 1,592 | | | | |
| Five years later | 274 | 442 | 281 | 1,939 | 219 | | | | | |
| Six years later | | 715 | 125 | 632 | | | | | | |
| Seven years later | 87 | 629 | 86 | | | | | | | |
| Eight years later | | 518 | | | | | | | | |
| Nine years later | | | | | | | | | | |
| (8) Re-estimated incurred claims and claims adjustment expenses: | | | | | | | | | | |
| End of policy year | 8,124 | 8,678 | 4,953 | 5,194 | 5,053 | 4,504 | 4,812 | 4,989 | 6,493 | 5,534 |
| One year later | 5,272 | 4,438 | 4,469 | 4,446 | 4,400 | 7,307 | 7,712 | 9,175 | 8,961 | |
| Two years later | 4,024 | 4,583 | 2,684 | 4,604 | 5,724 | 6,117 | 12,274 | 9,399 | | |
| Three years later | 3,463 | 3,900 | 1,953 | 5,346 | 5,466 | 5,379 | 7,518 | | | |
| Four years later | 2,664 | 7,004 | 1,998 | 7,950 | 6,057 | 3,945 | | | | |
| Five years later | 2,148 | 5,091 | 1,927 | 7,786 | 3,692 | | | | | |
| Six years later | 1,874 | 5,436 | 1,782 | 7,388 | | | | | | |
| Seven years later | 1,963 | 5,371 | 1,743 | | | | | | | |
| Eight years later | 1,876 | 5,274 | | | | | | | | |
| Nine years later | 1,874 | | | | | | | | | |
| (9) Change in estimated net incurred claims from end of policy year | (6,250) | (3,404) | (3,210) | 2,194 | (1,361) | (559) | 2,706 | 4,410 | 2,468 | |
| (10) Net distributions | | | | | | | | 106 | 100 | 198 |
| (11) Funds available after estimated claims and net asset distributions | 3,189 | (360) | 3,900 | (5,239) | (1,038) | 228 | (4,765) | (5,797) | (5,659) | (882) |

ABAG PLAN CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 TEN-YEAR CLAIMS DEVELOPMENT INFORMATION - PROPERTY LIABILITY POOL - (in Thousands)
 YEARS ENDED JUNE 30,

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|-------|-------|---------|-------|-------|---------|---------|-------|---------|---------|
| (1) Earned premiums | \$984 | \$893 | \$1,004 | \$892 | \$918 | \$1,086 | \$1,080 | \$992 | \$1,151 | \$1,357 |
| Excess insurance premiums | 774 | 718 | 858 | 727 | 726 | 885 | 880 | 802 | 961 | 1,165 |
| Net Earned | 210 | 175 | 146 | 165 | 192 | 201 | 200 | 190 | 190 | 192 |
| (2) Investment income allocation: | | | | | | | | | | |
| FY 13-14 | 2 | (1) | (1) | (12) | (5) | (1) | (7) | (9) | (5) | 2 |
| FY 12-13 | 2 | (1) | (1) | (10) | (4) | | (6) | (7) | 2 | |
| FY 11-12 | 2 | (1) | (1) | (16) | (4) | (1) | (4) | (1) | | |
| FY 10-11 | 1 | (1) | (1) | (15) | (4) | (1) | (2) | | | |
| FY 09-10 | 1 | (1) | (1) | (13) | (4) | 1 | | | | |
| FY 08-09 | 2 | (1) | (1) | (16) | (5) | | | | | |
| FY 07-08 | (4) | (15) | (9) | (15) | | | | | | |
| FY 06-07 | (4) | (12) | (4) | | | | | | | |
| FY 05-06 | (2) | (1) | | | | | | | | |
| FY 04-05 | 2 | | | | | | | | | |
| (3) Net earned premiums and investment revenues | 212 | 141 | 127 | 68 | 166 | 199 | 181 | 173 | 187 | 194 |
| (4) Unallocated expenses | | | | | 1 | | | | | |
| (5) Funds available for claims | 212 | 141 | 127 | 68 | 165 | 199 | 181 | 173 | 187 | 194 |
| (6) Paid (cumulative) as of: | | | | | | | | | | |
| End of program year | 165 | 208 | 225 | 415 | 379 | 148 | 318 | 252 | 103 | 117 |
| One year later | 273 | 420 | 294 | 796 | 407 | 242 | 409 | 555 | 388 | |
| Two years later | 283 | 424 | 181 | 859 | 374 | 236 | 486 | 556 | | |
| Three years later | 283 | 187 | 181 | 859 | 371 | 224 | 477 | | | |
| Four years later | 132 | 187 | 177 | 859 | 371 | 227 | | | | |
| Five years later | 132 | 187 | 177 | 585 | 371 | | | | | |
| Six years later | 132 | 187 | 177 | 585 | | | | | | |
| Seven years later | 132 | 187 | 177 | | | | | | | |
| Eight years later | 132 | 187 | | | | | | | | |
| Nine years later | 132 | | | | | | | | | |
| (7) Estimated reserves for claims and claims adjustment expenses: | | | | | | | | | | |
| End of policy year | 157 | 158 | 158 | 158 | 158 | 158 | 158 | 250 | 250 | 350 |
| One year later | | | | | | | | | | |
| Two years later | | | | | | | | | | |
| Three years later | | | | | | | | | | |
| Four years later | | | | | | | | | | |
| Five years later | | | | | | | | | | |
| Six years later | | | | | | | | | | |
| Seven years later | | | | | | | | | | |
| Eight years later | | | | | | | | | | |
| Nine years later | | | | | | | | | | |
| (8) Re-estimated incurred claims and claims adjustment expenses: | | | | | | | | | | |
| End of policy year | 322 | 365 | 383 | 573 | 537 | 306 | 476 | 502 | 353 | 467 |
| One year later | 273 | 420 | 294 | 796 | 407 | 242 | 409 | 555 | 388 | |
| Two years later | 283 | 424 | 181 | 859 | 374 | 236 | 486 | 556 | | |
| Three years later | 283 | 187 | 181 | 859 | 371 | 224 | 477 | | | |
| Four years later | 132 | 187 | 177 | 859 | 371 | 227 | | | | |
| Five years later | 132 | 187 | 177 | 585 | 371 | | | | | |
| Six years later | 132 | 187 | 177 | 585 | | | | | | |
| Seven years later | 132 | 187 | 177 | | | | | | | |
| Eight years later | 132 | 187 | | | | | | | | |
| Nine years later | 132 | | | | | | | | | |
| (9) Change in estimated net incurred claims from end of policy year | (190) | (178) | (206) | 12 | (166) | (79) | 1 | 54 | 35 | |
| (10) Net distributions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (11) Funds available after estimated claims | 80 | (46) | (50) | (517) | (206) | (28) | (296) | (383) | (201) | (273) |

| |
|---|
| ABAG PLAN CORPORATION NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For The Year Ended June 30, 2014 |
|---|

The preceding tables illustrate how PLAN's earned revenue (net of excess insurance) and investment income compare to related costs of loss and other expenses assumed by PLAN as of the end of each of the past ten years. The rows of table are defined as follows:

- (1) This line shows the total of each fiscal year's gross earned premium revenue, premium revenue ceded to excess insurers and net earned premium revenues.
- (2) This line shows investment income allocation to policy year from investment income earned during each of the past ten fiscal years.
- (3) This line shows the total of net earned premiums and investment revenues.
- (4) This line shows each fiscal year's other operating costs of PLAN not allocable to individual claims.
- (5) This line shows the net funds available for claims, after payments for excess insurance and unallocated expenses.
- (6) This section of ten rows shows the cumulative net claims paid at the end of successive years for each policy year.
- (7) This section of ten rows shows the estimated outstanding reserves as of the end of the current year for each policy year. This annual reestimation results from new information received on reported claims not previously reported.
- (8) This section of ten rows is the total of (6) and (7) and shows how each policy year's net incurred claims has changed as of the end of successive years.
- (9) This line compares the latest reestimated net incurred claims amount to the amount for each policy year originally established (first row of line 8) and shows the difference between the current and original amounts. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.
- (10) This line shows the net distributions for claims dividends and tail assessments.
- (11) This line shows the funds available after reestimated claims and distributions.

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Memorandum of Internal Controls

**ABAG POOLED LIABILITY ASSURANCE NETWORK
CORPORATION (PLAN)
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

**FOR THE YEAR ENDED
JUNE 30, 2014**

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**ABAG POOLED LIABILITY ASSURANCE NETWORK CORPORATION (PLAN)
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2014

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors of the
ABAG Pooled Liability Assurance Network Corporation
Oakland, California

We have audited the basic financial statements of ABAG Pooled Liability Assurance Network Corporation (PLAN) for the year ended June 30, 2014, and have issued our report thereon dated January 20, 2015. In planning and performing our audit of the basic financial statements of the Association of Bay Area Governments for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered PLAN's internal control over financial reporting (internal control) as a basis for designing our auditing 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 PLAN's internal control. Accordingly, we do not express an opinion on the effectiveness of PLAN'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 PLAN's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definition that we believe to be of potential benefit to PLAN.

PLAN's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, the Board and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads 'Maze & Associates'.

Pleasant Hill, California
January 20, 2015

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MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We have cited them here to keep you abreast of developments:

EFFECTIVE FISCAL YEAR 2015:

2014-01: GASB 68 - Accounting and Financial Reporting for Pensions (an amendment of GASB 27)

This Statement will not have material impact on PLAN's financial statements. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

2014-02: GASB 69 - Government Combinations and Disposals of Government Operations

This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

2014-03: GASB 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68

This Statement will not have material impact on PLAN's financial statements. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

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ABAG POOLED LIABILITY ASSURANCE NETWORK CORPORATION
MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF PRIOR YEAR OTHER MATTERS

2013-01: Bank reconciliation – prepare and review process

Criteria: Bank statements should be reconciled within a timely manner denoting who the preparer was, when the bank reconciliation was prepared, who the reviewer was, and when the review was performed.

Condition: During our testing of PLAN's March 2013 bank reconciliations, we noted that although reconciliations are being performed, there were no physical indications of by whom and when the preparation and review process took place.

Effect: Without proper audit trail of said processes, timely reconciliation is questionable and no accountability is denoted.

Cause: Lack of audit trail processes was an oversight by staff.

Recommendation: We noted that PLAN corrected this internal control error when the June 2013 bank reconciliations were tested, however, we recommend PLAN continue to implement said process.

Management Response: Bank reconciliations were prepared by the accountants that are responsible for the entities. Reviewers were required to review and sign off on the bank reconciliations in the past. The practice was consistent and reviewed by the auditors as part of the annual audit. The new recommendation will enhance internal control, and we will continue to implement the process.

Current Status: Recommendation was implemented in FY 13-14.

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REQUIRED COMMUNICATIONS

January 20, 2015

To the Board of Directors of the
ABAG Pooled Liability Assurance Network Corporation
Oakland, California

We have audited the basic financial statements of the ABAG Pooled Liability Assurance Network Corporation (PLAN) for the year ended June 30, 2014. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 65 - *Items Previously Reported as Assets and Liabilities*

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

GASB 67 - *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*

This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

GASB 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees

Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

This Statement requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range.

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by PLAN during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimate(s) affecting PLAN's financial statements were:

Estimated Fair Value of Investments: As of June 30, 2014 the PLAN held approximately \$44.4 million of cash and investments as measure by fair value as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2014. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2014.

Estimated Reserve for Claims: Management's estimate of the reserve for claims and claims adjustments expenses is disclosed in Note 3 to the financial statements and is based on an actuarial study determined by a consultant, which is based on the claims experience of the PLAN. We evaluated the key factors and assumptions used to develop the estimate and determine that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all/certain such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated January 20, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

Other Information Accompanying the Financial Statements

With respect to the required supplementary information accompanying the financial statements, we 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 did not express an opinion nor 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.

This information is intended solely for the use of the Board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Mage & Associates

Pleasant Hill, California
January 20, 2015

Agenda Item 4b
FY 2014 Investment Report



Association of Bay Area Governments

To: Finance Committee
ABAG PLAN Corporation

Date: May 20, 2015

From: Charlie Adams
Interim Chief Financial Officer

RE: **Investment Report--
thru March 2015**

Attached are the PLAN Investment Report through March, 2015 and an update on recommendations to revise PLAN investment policies.

INVESTMENT REPORT

As of the end of March, there was a total amount invested of \$46.244 million (market value) with a current book value of \$46.310 million. Of this amount, \$42.393 million (market value) is invested in Federal Agency Securities providing an average annual yield of 1.559 percent and \$3.851 million in LAIF deposit providing an average annual yield of 0.278 percent. The combined average reflects an average annual yield of 1.452 percent. A detailed listing of securities composing the portfolio is provided on the second page of the investment report.

The yield on the LAIF deposit increased .042 percent from the yield at March 2014 and continues to exceed the current yield on short term Treasury Securities. Our yield on Federal Agency Securities declined .043 percent from the yield at March 2014. The principal reason for the decline in yield is the recall of two securities, with a total par value of \$4.5 million, which were yielding 2.096 and 1.883 percent. The recall of higher yielding securities continues, with two securities totaling \$4 million par and yielding 1.765 and 1.479 percent having been recalled in April and May of this year. Our portfolio currently contains four securities with total par value of \$9 million, for which the market value at March 31, 2015 was greater than the par value, making them likely candidates for recall by the issuers.

We propose to continue the policy of holding securities to maturity and; therefore, short-term opportunities to diversify the composition of the portfolio are dependent on new funds being generated from operations or the maturing and recall of existing securities. The earliest maturity date in the current portfolio is August 7, 2017. In order to maintain our ability to invest in higher yielding securities, should interest rates rise within the next two years, we will seek invest to funds, now in LAIF, that exceed expected current cash flow requirements, and the rollover funds from bond recalls, into shorter term Federal Agency Securities and Guaranteed Bank Certificates of Deposit.

INVESTMENT POLICY

In the report on investment policies presented to the Committee in May 2014, the CFO listed six objectives and actions to be accomplished in the following year. We concur with the objectives listed, all of which have been fully achieved or are on the path to full implementation. Review of the Investment Policy Statement shows that an update of the statement, to ensure compliance with practice is maintained is desirable. A proposed updated draft will be presented to the Committee prior to the end of the first quarter of the 2015-16 fiscal year.

Staff is available to respond to any questions the Committee may have.

Agenda Item 4.b.

ABAG PLAN Corp.
Portfolio Management
Portfolio Details - Investments
March 31, 2015

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | S&P | YTM 360 | Days to Maturity | Maturity Date |
|---------------------------------------|--------------|------------------------------|----------------------|---------------|----------------------|----------------------|----------------------|-------------|-----|--------------|------------------|---------------|
| Local Agency Investment Funds | | | | | | | | | | | | |
| LAIF | LAIF | LOCAL AGENCY INVESTMENT FUND | 3,850,838.44 | | 3,850,838.44 | 3,850,838.44 | 3,850,838.44 | 0.278 | | 0.274 | 1 | |
| | | Subtotal and Average | 4,166,967.47 | | 3,850,838.44 | 3,850,838.44 | 3,850,838.44 | | | 0.274 | 1 | |
| Federal Agency Issues - Coupon | | | | | | | | | | | | |
| 3133ECDM3 | FAC141 | FEDERAL FARM CREDIT BANK | | 01/24/2013 | 2,000,000.00 | 1,990,860.00 | 2,000,000.00 | 1.550 | | 1.529 | 1,759 | 01/24/2020 |
| 3133ECK37 | FAC147 | FEDERAL FARM CREDIT BANK | | 03/26/2013 | 2,000,000.00 | 2,000,080.00 | 2,000,000.00 | 1.750 | | 1.726 | 1,821 | 03/26/2020 |
| 3133EDGY2 | FAC155 | FEDERAL FARM CREDIT BANK | | 08/19/2014 | 2,000,000.00 | 2,000,300.00 | 2,000,000.00 | 1.790 | | 1.765 | 1,441 | 03/12/2019 |
| 313381KX2 | FAC139 | FEDERAL HOME LOAN BANK | | 12/27/2012 | 2,000,000.00 | 1,986,420.00 | 2,000,000.00 | 1.490 | | 1.470 | 1,731 | 12/27/2019 |
| 313381QW8 | FAC140 | FEDERAL HOME LOAN BANK | | 01/30/2013 | 2,000,000.00 | 1,996,300.00 | 2,000,000.00 | 1.550 | | 1.529 | 1,765 | 01/30/2020 |
| 313380XC6 | FAC143 | FEDERAL HOME LOAN BANK | | 10/30/2012 | 3,000,000.00 | 2,977,710.00 | 2,999,018.45 | 1.500 | | 1.480 | 1,673 | 10/30/2019 |
| 3133818M2 | FAC145 | FEDERAL HOME LOAN BANK | | 11/21/2012 | 3,000,000.00 | 2,986,560.00 | 2,997,514.88 | 1.530 | | 1.529 | 1,695 | 11/21/2019 |
| 3130A03Y4 | FAC150 | FEDERAL HOME LOAN BANK | | 09/25/2013 | 2,000,000.00 | 2,010,460.00 | 2,000,000.00 | 1.580 | | 1.558 | 908 | 09/25/2017 |
| 313381UM5 | FAC153 | FEDERAL HOME LOAN BANK | | 12/27/2013 | 1,500,000.00 | 1,486,890.00 | 1,471,712.99 | 1.200 | | 1.728 | 1,308 | 10/30/2018 |
| 3134G3L99 | FAC134 | FED HOME LOAN MORTG CORP | | 09/17/2012 | 2,000,000.00 | 1,989,520.00 | 1,996,303.65 | 1.500 | | 1.479 | 1,630 | 09/17/2019 |
| 3134G3M49 | FAC137 | FED HOME LOAN MORTG CORP | | 09/26/2012 | 2,000,000.00 | 1,994,280.00 | 2,000,000.00 | 1.500 | | 1.479 | 1,639 | 09/26/2019 |
| 3134G5YL3 | FAC156 | FED HOME LOAN MORTG CORP | | 01/30/2015 | 2,000,000.00 | 2,002,000.00 | 2,000,000.00 | 1.500 | | 1.479 | 1,400 | 01/30/2019 |
| 3136G0F63 | FAC135 | FEDERAL NATL MTG ASSN | | 10/11/2012 | 2,000,000.00 | 2,000,720.00 | 2,000,000.00 | 1.500 | | 1.479 | 1,471 | 04/11/2019 |
| 3136G1D48 | FAC138 | FEDERAL NATL MTG ASSN | | 02/21/2013 | 2,000,000.00 | 1,997,360.00 | 2,000,000.00 | 1.750 | | 1.726 | 1,787 | 02/21/2020 |
| 3136G0U25 | FAC142 | FEDERAL NATL MTG ASSN | | 10/29/2012 | 3,000,000.00 | 2,976,300.00 | 3,000,000.00 | 1.500 | | 1.479 | 1,672 | 10/29/2019 |
| 3136G17D5 | FAC144 | FEDERAL NATL MTG ASSN | | 12/27/2012 | 2,000,000.00 | 1,993,520.00 | 2,000,000.00 | 1.500 | | 1.479 | 1,731 | 12/27/2019 |
| 3136G04W8 | FAC146 | FEDERAL NATL MTG ASSN | | 11/21/2012 | 3,000,000.00 | 2,974,950.00 | 3,000,000.00 | 1.600 | | 1.578 | 1,695 | 11/21/2019 |
| 3135G0U15 | FAC148 | FEDERAL NATL MTG ASSN | | 06/03/2013 | 3,000,000.00 | 3,031,650.00 | 2,994,309.49 | 1.750 | | 1.726 | 1,801 | 03/06/2020 |
| 3136G1BT5 | FAC152 | FEDERAL NATL MTG ASSN | | 11/15/2013 | 2,000,000.00 | 1,997,640.00 | 2,000,000.00 | 0.850 | | 0.987 | 859 | 08/07/2017 |
| | | Subtotal and Average | 43,715,556.52 | | 42,500,000.00 | 42,393,520.00 | 42,458,859.46 | | | 1.537 | 1,587 | |
| | | Total and Average | 47,882,524.00 | | 46,350,838.44 | 46,244,358.44 | 46,309,697.90 | | | 1.432 | 1,455 | |

**ABAG PLAN Corp.
Activity Report
Sorted By Issuer**

March 1, 2015 - March 31, 2015

| CUSIP | Investment # | Issuer | Percent of Portfolio | Par Value | | Current Rate | Transaction Date | Purchases or Deposits | Redemptions or Withdrawals | Ending Balance |
|---|--------------|------------------------------|----------------------|-------------------|-------|--------------|------------------|-----------------------|----------------------------|----------------|
| | | | | Beginning Balance | | | | | | |
| Issuer: FEDERAL FARM CREDIT BANK | | | | | | | | | | |
| Federal Agency Issues - Coupon | | | | | | | | | | |
| | | Subtotal and Balance | | 6,000,000.00 | | | | | | 6,000,000.00 |
| | | Issuer Subtotal | 12.945% | 6,000,000.00 | | | 0.00 | 0.00 | | 6,000,000.00 |
| Issuer: FEDERAL HOME LOAN BANK | | | | | | | | | | |
| Federal Agency Issues - Coupon | | | | | | | | | | |
| | | Subtotal and Balance | | 13,500,000.00 | | | | | | 13,500,000.00 |
| | | Issuer Subtotal | 29.126% | 13,500,000.00 | | | 0.00 | 0.00 | | 13,500,000.00 |
| Issuer: FED HOME LOAN MORTG CORP | | | | | | | | | | |
| Federal Agency Issues - Coupon | | | | | | | | | | |
| 3134G4QQ4 | FAC154 | FED HOME LOAN MORTG CORP | | | 1.500 | 03/27/2015 | 0.00 | 1,500,000.00 | | |
| | | Subtotal and Balance | | 7,500,000.00 | | | 0.00 | 1,500,000.00 | | 6,000,000.00 |
| | | Issuer Subtotal | 12.945% | 7,500,000.00 | | | 0.00 | 1,500,000.00 | | 6,000,000.00 |
| Issuer: FEDERAL NATL MTG ASSN | | | | | | | | | | |
| Federal Agency Issues - Coupon | | | | | | | | | | |
| | | Subtotal and Balance | | 17,000,000.00 | | | | | | 17,000,000.00 |
| | | Issuer Subtotal | 36.677% | 17,000,000.00 | | | 0.00 | 0.00 | | 17,000,000.00 |
| Issuer: LOCAL AGENCY INVESTMENT FUND | | | | | | | | | | |
| Local Agency Investment Funds | | | | | | | | | | |
| LAIF | LAIF | LOCAL AGENCY INVESTMENT FUND | | | 0.283 | | 0.00 | 600,000.00 | | |
| | | Subtotal and Balance | | 4,450,838.44 | | | 0.00 | 600,000.00 | | 3,850,838.44 |
| | | Issuer Subtotal | 8.308% | 4,450,838.44 | | | 0.00 | 600,000.00 | | 3,850,838.44 |

ABAG PLAN Corp.
 Activity Report
 March 1, 2015 - March 31, 2015

| CUSIP | Investment # | Issuer | Percent of Portfolio | Par Value | | Current Rate | Transaction Date | Purchases or Deposits | Redemptions or Withdrawals | Ending Balance |
|-------|--------------|--------|----------------------|-------------------|--|--------------|------------------|-----------------------|----------------------------|----------------|
| | | | | Beginning Balance | | | | | | |
| | | | Total 100.0000% | 48,450,838.44 | | | 0.00 | 2,100,000.00 | | 46,350,838.44 |

ABAG PLAN Corp.
Portfolio Management
Portfolio Details - Investments
December 31, 2014

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | S&P | YTM 360 | Days to Maturity | Maturity Date |
|---------------------------------------|--------------|------------------------------|----------------------|---------------|----------------------|----------------------|----------------------|-------------|-----|--------------|------------------|---------------|
| Local Agency Investment Funds | | | | | | | | | | | | |
| LAIF | LAIF | LOCAL AGENCY INVESTMENT FUND | 6,662,917.28 | | 7,146,788.25 | 7,146,788.25 | 7,146,788.25 | 0.267 | | 0.263 | 1 | |
| | | Subtotal and Average | 6,662,917.28 | | 7,146,788.25 | 7,146,788.25 | 7,146,788.25 | | | 0.263 | 1 | |
| Federal Agency Issues - Coupon | | | | | | | | | | | | |
| 3133ECDM3 | FAC141 | FEDERAL FARM CREDIT BANK | | 01/24/2013 | 2,000,000.00 | 1,952,900.00 | 2,000,000.00 | 1.550 | | 1.529 | 1,849 | 01/24/2020 |
| 3133ECK37 | FAC147 | FEDERAL FARM CREDIT BANK | | 03/26/2013 | 2,000,000.00 | 1,971,280.00 | 2,000,000.00 | 1.750 | | 1.726 | 1,911 | 03/26/2020 |
| 3133EDGY2 | FAC155 | FEDERAL FARM CREDIT BANK | | 08/19/2014 | 2,000,000.00 | 1,977,940.00 | 2,000,000.00 | 1.790 | | 1.765 | 1,531 | 03/12/2019 |
| 313381KX2 | FAC139 | FEDERAL HOME LOAN BANK | | 12/27/2012 | 2,000,000.00 | 1,955,080.00 | 2,000,000.00 | 1.490 | | 1.470 | 1,821 | 12/27/2019 |
| 313381QW8 | FAC140 | FEDERAL HOME LOAN BANK | | 01/30/2013 | 2,000,000.00 | 1,965,900.00 | 2,000,000.00 | 1.550 | | 1.529 | 1,855 | 01/30/2020 |
| 313380XC6 | FAC143 | FEDERAL HOME LOAN BANK | | 10/30/2012 | 3,000,000.00 | 2,931,900.00 | 2,998,964.88 | 1.500 | | 1.480 | 1,763 | 10/30/2019 |
| 3133816M2 | FAC145 | FEDERAL HOME LOAN BANK | | 11/21/2012 | 3,000,000.00 | 2,950,440.00 | 2,997,380.95 | 1.530 | | 1.529 | 1,785 | 11/21/2019 |
| 3130A03Y4 | FAC150 | FEDERAL HOME LOAN BANK | | 09/25/2013 | 2,000,000.00 | 2,012,580.00 | 2,000,000.00 | 1.580 | | 1.558 | 998 | 09/25/2017 |
| 313381UM5 | FAC153 | FEDERAL HOME LOAN BANK | | 12/27/2013 | 1,500,000.00 | 1,485,480.00 | 1,469,737.95 | 1.200 | | 1.728 | 1,398 | 10/30/2018 |
| 3134G3L99 | FAC134 | FED HOME LOAN MORTG CORP | | 09/17/2012 | 2,000,000.00 | 1,962,040.00 | 1,996,096.51 | 1.500 | | 1.479 | 1,720 | 09/17/2019 |
| 3134G3M49 | FAC137 | FED HOME LOAN MORTG CORP | | 09/26/2012 | 2,000,000.00 | 1,962,440.00 | 2,000,000.00 | 1.500 | | 1.479 | 1,729 | 09/26/2019 |
| 3134G4QQ4 | FAC154 | FED HOME LOAN MORTG CORP | | 12/27/2013 | 1,500,000.00 | 1,503,555.00 | 1,498,803.33 | 1.500 | | 1.883 | 1,456 | 12/27/2018 |
| 3136G0F63 | FAC135 | FEDERAL NATL MTG ASSN | | 10/11/2012 | 2,000,000.00 | 1,975,480.00 | 2,000,000.00 | 1.500 | | 1.479 | 1,561 | 04/11/2019 |
| 3136G1D48 | FAC138 | FEDERAL NATL MTG ASSN | | 02/21/2013 | 2,000,000.00 | 1,969,540.00 | 2,000,000.00 | 1.750 | | 1.726 | 1,877 | 02/21/2020 |
| 3136G0U25 | FAC142 | FEDERAL NATL MTG ASSN | | 10/29/2012 | 3,000,000.00 | 2,940,630.00 | 3,000,000.00 | 1.500 | | 1.479 | 1,762 | 10/29/2019 |
| 3136G17D5 | FAC144 | FEDERAL NATL MTG ASSN | | 12/27/2012 | 2,000,000.00 | 1,964,120.00 | 2,000,000.00 | 1.500 | | 1.479 | 1,821 | 12/27/2019 |
| 3136G04W8 | FAC146 | FEDERAL NATL MTG ASSN | | 11/21/2012 | 3,000,000.00 | 2,930,340.00 | 3,000,000.00 | 1.600 | | 1.578 | 1,785 | 11/21/2019 |
| 3135G0UJ5 | FAC148 | FEDERAL NATL MTG ASSN | | 06/03/2013 | 3,000,000.00 | 2,999,520.00 | 2,994,020.96 | 1.750 | | 1.726 | 1,891 | 03/06/2020 |
| 3136G1BT5 | FAC152 | FEDERAL NATL MTG ASSN | | 11/15/2013 | 2,000,000.00 | 1,985,260.00 | 2,000,000.00 | 0.850 | | 0.987 | 949 | 08/07/2017 |
| | | Subtotal and Average | 41,954,577.71 | | 42,000,000.00 | 41,396,425.00 | 41,955,004.58 | | | 1.552 | 1,678 | |
| | | Total and Average | 48,617,495.00 | | 49,146,788.25 | 48,543,213.25 | 49,101,792.83 | | | 1.365 | 1,434 | |

ABAG PLAN Corp.
Activity Report
Sorted By Issuer

December 1, 2014 - December 31, 2014

| CUSIP | Investment # | Issuer | Percent of Portfolio | Par Value | | Current Rate | Transaction Date | Purchases or Deposits | Redemptions or Withdrawals | Ending Balance |
|---|--------------|------------------------------|----------------------|-------------------|-------|--------------|------------------|-----------------------|----------------------------|----------------|
| | | | | Beginning Balance | | | | | | |
| Issuer: FEDERAL FARM CREDIT BANK | | | | | | | | | | |
| Federal Agency Issues - Coupon | | | | | | | | | | |
| | | Subtotal and Balance | | 6,000,000.00 | | | | | | 6,000,000.00 |
| | | Issuer Subtotal | 12.208% | 6,000,000.00 | | | | 0.00 | 0.00 | 6,000,000.00 |
| Issuer: FEDERAL HOME LOAN BANK | | | | | | | | | | |
| Federal Agency Issues - Coupon | | | | | | | | | | |
| | | Subtotal and Balance | | 13,500,000.00 | | | | | | 13,500,000.00 |
| | | Issuer Subtotal | 27.469% | 13,500,000.00 | | | | 0.00 | 0.00 | 13,500,000.00 |
| Issuer: FED HOME LOAN MORTG CORP | | | | | | | | | | |
| Federal Agency Issues - Coupon | | | | | | | | | | |
| | | Subtotal and Balance | | 5,500,000.00 | | | | | | 5,500,000.00 |
| | | Issuer Subtotal | 11.191% | 5,500,000.00 | | | | 0.00 | 0.00 | 5,500,000.00 |
| Issuer: FEDERAL NATL MTG ASSN | | | | | | | | | | |
| Federal Agency Issues - Coupon | | | | | | | | | | |
| | | Subtotal and Balance | | 17,000,000.00 | | | | | | 17,000,000.00 |
| | | Issuer Subtotal | 34.590% | 17,000,000.00 | | | | 0.00 | 0.00 | 17,000,000.00 |
| Issuer: LOCAL AGENCY INVESTMENT FUND | | | | | | | | | | |
| Local Agency Investment Funds | | | | | | | | | | |
| LAIF | LAIF | LOCAL AGENCY INVESTMENT FUND | | | 0.283 | | | 1,000,000.00 | 0.00 | |
| | | Subtotal and Balance | | 6,146,788.25 | | | | 1,000,000.00 | 0.00 | 7,146,788.25 |
| | | Issuer Subtotal | 14.542% | 6,146,788.25 | | | | 1,000,000.00 | 0.00 | 7,146,788.25 |

ABAG PLAN Corp.
 Activity Report
 December 1, 2014 - December 31, 2014

| CUSIP | Investment # | Issuer | Percent of Portfolio | Par Value | | Current Rate | Transaction Date | Purchases or Deposits | Redemptions or Withdrawals | Ending Balance |
|-------|--------------|--------|----------------------|-------------------|---------------|--------------|------------------|-----------------------|----------------------------|----------------|
| | | | | Beginning Balance | | | | | | |
| | | | Total | 100.0000% | 48,146,788.25 | | | 1,000,000.00 | 0.00 | 49,146,788.25 |

ABAG PLAN Corp.
Portfolio Management
Portfolio Details - Investments
September 30, 2014

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | S&P | YTM 360 | Days to Maturity | Maturity Date |
|---------------------------------------|--------------|------------------------------|----------------------|---------------|----------------------|----------------------|----------------------|-------------|-----|--------------|------------------|---------------|
| Local Agency Investment Funds | | | | | | | | | | | | |
| LAIF | LAIF | LOCAL AGENCY INVESTMENT FUND | 5,244,696.56 | | 6,144,696.56 | 6,144,696.56 | 6,144,696.56 | 0.246 | | 0.243 | 1 | |
| | | Subtotal and Average | 5,244,696.56 | | 6,144,696.56 | 6,144,696.56 | 6,144,696.56 | | | 0.243 | 1 | |
| Federal Agency Issues - Coupon | | | | | | | | | | | | |
| 3133ECDM3 | FAC141 | FEDERAL FARM CREDIT BANK | | 01/24/2013 | 2,000,000.00 | 1,960,540.00 | 2,000,000.00 | 1.550 | | 1.529 | 1,941 | 01/24/2020 |
| 3133ECK37 | FAC147 | FEDERAL FARM CREDIT BANK | | 03/26/2013 | 2,000,000.00 | 1,972,000.00 | 2,000,000.00 | 1.750 | | 1.726 | 2,003 | 03/26/2020 |
| 3133EDGY2 | FAC155 | FEDERAL FARM CREDIT BANK | | 08/19/2014 | 2,000,000.00 | 1,982,780.00 | 2,000,000.00 | 1.790 | | 1.765 | 1,623 | 03/12/2019 |
| 313381KX2 | FAC139 | FEDERAL HOME LOAN BANK | | 12/27/2012 | 2,000,000.00 | 1,934,240.00 | 2,000,000.00 | 1.490 | | 1.470 | 1,913 | 12/27/2019 |
| 313381QW8 | FAC140 | FEDERAL HOME LOAN BANK | | 01/30/2013 | 2,000,000.00 | 1,947,120.00 | 2,000,000.00 | 1.550 | | 1.529 | 1,947 | 01/30/2020 |
| 313380XC6 | FAC143 | FEDERAL HOME LOAN BANK | | 10/30/2012 | 3,000,000.00 | 2,895,630.00 | 2,998,911.31 | 1.500 | | 1.480 | 1,855 | 10/30/2019 |
| 3133816M2 | FAC145 | FEDERAL HOME LOAN BANK | | 11/21/2012 | 3,000,000.00 | 2,919,600.00 | 2,997,247.02 | 1.530 | | 1.529 | 1,877 | 11/21/2019 |
| 3130A03Y4 | FAC150 | FEDERAL HOME LOAN BANK | | 09/25/2013 | 2,000,000.00 | 2,016,220.00 | 2,000,000.00 | 1.580 | | 1.558 | 1,090 | 09/25/2017 |
| 313381UM5 | FAC153 | FEDERAL HOME LOAN BANK | | 12/27/2013 | 1,500,000.00 | 1,474,920.00 | 1,467,762.91 | 1.200 | | 1.728 | 1,490 | 10/30/2018 |
| 3134G3L99 | FAC134 | FED HOME LOAN MORTG CORP | | 09/17/2012 | 2,000,000.00 | 1,945,560.00 | 1,995,889.37 | 1.500 | | 1.479 | 1,812 | 09/17/2019 |
| 3134G3M49 | FAC137 | FED HOME LOAN MORTG CORP | | 09/26/2012 | 2,000,000.00 | 1,944,760.00 | 2,000,000.00 | 1.500 | | 1.479 | 1,821 | 09/26/2019 |
| 3134G4GS1 | FAC149 | FED HOME LOAN MORTG CORP | | 10/10/2013 | 3,000,000.00 | 3,001,440.00 | 3,000,000.00 | 2.125 | | 2.096 | 1,470 | 10/10/2018 |
| 3134G4QQ4 | FAC154 | FED HOME LOAN MORTG CORP | | 12/27/2013 | 1,500,000.00 | 1,503,450.00 | 1,498,728.33 | 1.500 | | 1.883 | 1,548 | 12/27/2018 |
| 3136G0F63 | FAC135 | FEDERAL NATL MTG ASSN | | 10/11/2012 | 2,000,000.00 | 1,972,920.00 | 2,000,000.00 | 1.500 | | 1.479 | 1,653 | 04/11/2019 |
| 3136G1D48 | FAC138 | FEDERAL NATL MTG ASSN | | 02/21/2013 | 2,000,000.00 | 1,958,200.00 | 2,000,000.00 | 1.750 | | 1.726 | 1,969 | 02/21/2020 |
| 3136G0U25 | FAC142 | FEDERAL NATL MTG ASSN | | 10/29/2012 | 3,000,000.00 | 2,897,460.00 | 3,000,000.00 | 1.500 | | 1.479 | 1,854 | 10/29/2019 |
| 3136G17D5 | FAC144 | FEDERAL NATL MTG ASSN | | 12/27/2012 | 2,000,000.00 | 1,940,060.00 | 2,000,000.00 | 1.500 | | 1.479 | 1,913 | 12/27/2019 |
| 3136G04W8 | FAC146 | FEDERAL NATL MTG ASSN | | 11/21/2012 | 3,000,000.00 | 2,887,920.00 | 3,000,000.00 | 1.600 | | 1.578 | 1,877 | 11/21/2019 |
| 3136G0UU5 | FAC148 | FEDERAL NATL MTG ASSN | | 06/03/2013 | 3,000,000.00 | 2,957,340.00 | 2,993,732.43 | 1.750 | | 1.726 | 1,983 | 03/06/2020 |
| 3136G1BT5 | FAC152 | FEDERAL NATL MTG ASSN | | 11/15/2013 | 2,000,000.00 | 1,981,920.00 | 2,000,000.00 | 0.850 | | 0.987 | 1,041 | 08/07/2017 |
| | | Subtotal and Average | 44,957,555.70 | | 45,000,000.00 | 44,094,080.00 | 44,952,271.37 | | | 1.589 | 1,750 | |
| | | Total and Average | 50,202,252.26 | | 51,144,696.56 | 50,238,776.56 | 51,096,967.93 | | | 1.427 | 1,540 | |

**ABAG PLAN Corp.
Activity Report
Sorted By Issuer**

September 1, 2014 - September 30, 2014

| CUSIP | Investment # | Issuer | Percent of Portfolio | Par Value | | Current Rate | Transaction Date | Purchases or Deposits | Redemptions or Withdrawals | Ending Balance |
|---|--------------|--------------------------------|----------------------|-------------------|--|--------------|------------------|-----------------------|----------------------------|----------------|
| | | | | Beginning Balance | | | | | | |
| Issuer: FEDERAL FARM CREDIT BANK | | | | | | | | | | |
| | | Federal Agency Issues - Coupon | | | | | | | | |
| | | Subtotal and Balance | | 6,000,000.00 | | | | | | 6,000,000.00 |
| | | Issuer Subtotal | 11.731% | 6,000,000.00 | | | 0.00 | 0.00 | | 6,000,000.00 |
| Issuer: FEDERAL HOME LOAN BANK | | | | | | | | | | |
| | | Federal Agency Issues - Coupon | | | | | | | | |
| | | Subtotal and Balance | | 13,500,000.00 | | | | | | 13,500,000.00 |
| | | Issuer Subtotal | 26.396% | 13,500,000.00 | | | 0.00 | 0.00 | | 13,500,000.00 |
| Issuer: FED HOME LOAN MORTG CORP | | | | | | | | | | |
| | | Federal Agency Issues - Coupon | | | | | | | | |
| | | Subtotal and Balance | | 8,500,000.00 | | | | | | 8,500,000.00 |
| | | Issuer Subtotal | 16.620% | 8,500,000.00 | | | 0.00 | 0.00 | | 8,500,000.00 |
| Issuer: FEDERAL NATL MTG ASSN | | | | | | | | | | |
| | | Federal Agency Issues - Coupon | | | | | | | | |
| | | Subtotal and Balance | | 17,000,000.00 | | | | | | 17,000,000.00 |
| | | Issuer Subtotal | 33.239% | 17,000,000.00 | | | 0.00 | 0.00 | | 17,000,000.00 |
| Issuer: LOCAL AGENCY INVESTMENT FUND | | | | | | | | | | |
| | | Local Agency Investment Funds | | | | | | | | |
| | LAIF | LAIF | | | | 0.283 | | | | |
| | | LOCAL AGENCY INVESTMENT FUND | | | | | | | | |
| | | Subtotal and Balance | | 4,644,696.56 | | | | | | 6,144,696.56 |
| | | Issuer Subtotal | 12.014% | 4,644,696.56 | | | 1,500,000.00 | 0.00 | | 6,144,696.56 |

ABAG PLAN Corp.
 Activity Report
 September 1, 2014 - September 30, 2014

| CUSIP | Investment # | Issuer | Percent of Portfolio | Par Value | | Transaction Date | Current Rate | Purchases or Deposits | Redemptions or Withdrawals | Ending Balance |
|-------|--------------|--------|----------------------|-------------------|--|------------------|--------------|-----------------------|----------------------------|----------------|
| | | | | Beginning Balance | | | | | | |
| | | | Total 100.000% | 49,644,696.56 | | | 1,500,000.00 | 0.00 | | 51,144,696.56 |

Agenda Item 4c
Quarterly Financial Highlights
All Funds
(QE March 2015)



To: Finance Committee
ABAG PLAN Corporation

Date: May 20, 2015

From: Charlie Adams
Interim, CFO

Re: Quarterly Financial
Report—thru March, 2015

Attached are the PLAN Balance Sheet as of March 31, 2015, and the Income Statements for the three PLAN Funds—Administration, General Liability and the Property Pool—through March 31, 2015

Review of the Balance Sheet shows total assets to have increased \$1.687 million, which is a 3.5 percent increase over the balance at March 31, 2014. Of this increase \$1.497 million occurred in the General Liability Fund. Cash increased \$2.4 million, Investments in Securities decreased \$500,000, and Receivables decreased \$300,000. The most significant events in reduction of the receivable balance were the collection of \$260,000 in previous tail assessments made to the City of San Mateo, and the clearing of \$50,000 in unreconciled amounts related to the conversion from Risk Master to iVOS claims software. The balance sheet also contains Long Term Receivable of \$10,000 from ABAG and \$96,000 from the City of Gilroy. The total balance remaining of the ABAG receivable is \$20,000 is being paid in instalments of \$10,000 per year. The Gilroy receivable is being paid in instalments of \$32,000 per year.

Comparison of the March 2015 and March 2014 balance sheets show an increase in total PLAN Net Equity of \$6.541 million. The General Liability Fund equity increased \$5.649 million, the Property Fund equity increased \$264,000 and the Administration Fund equity increased \$628,000.

The net result of operations, as recorded in the Administration Fund for nine months ending March 31, 2015, is a surplus of \$628,000. This compares to a surplus of \$34,000 for the same period of the prior year. The adopted budget for the Administration Fund provided for a breakeven of revenues and expenses. In comparison to the prior year, personnel cost are \$496,000 less, which is off partially offset by increased consultant fees of \$184,000. The full year's earned premium revenue of \$2,250,000 is recognized in the year-to-date statement. If this revenue was prorated, it would reduce the year-to-date surplus by \$562,000. The changes in operations, in which some claims review functions performed by employees have been transferred to consultants, have added complexity to

the projection of the full year results; however, if current trends hold through the end of the fiscal year, we expect the Administrative Fund to produce a surplus.

As previously discussed, the General Liability Fund has an operating surplus of \$5.6 million through March 31, 2015. This surplus reflects the full years earned premium revenue of \$6,249,000. If this revenue was prorated for the full year, it would reduce the year-to-date surplus by \$1.6 million.

The final surplus or deficit for the year is subject to significant claims that may occur at any time. The current actuarial report indicates a reduction of PLAN liabilities, which will result in a reduced reserve requirement. If no additional payment is made to the claims reserve this fiscal year, we project that the General Liability Fund will produce a surplus for the full fiscal year of \$3.0 to \$6.0 million.

For the Property Pool, the income statement through the first nine months indicates a surplus of \$264,000. This surplus reflects a full year of earned premium revenue and a full year of property insurance expense. The only item that would significantly alter the full year results would be an addition to the claims reserve.

Staff is available to respond to any questions the Committee may have.

BALANCE SHEET

ABAG PLAN Corporation
MAR-15 USD

| | Total | Admin Fund | Liability Fund | Property Fund |
|--|----------------------|---------------------|----------------------|---------------------|
| ASSETS | | | | |
| CASH IN BANK | 2,180,349.63 | 0.00 | 2,077,406.31 | 102,943.32 |
| LOCAL AGENCY INVEST. FUND | 3,850,838.44 | 1,767,930.69 | 1,005,613.97 | 1,077,293.78 |
| CASH DEPOSITED AT CLAIMS ADMINIS | 109,627.60 | 0.00 | (26,480.64) | 136,108.24 |
| INVESTMENTS IN SECURITIES | 42,500,000.00 | 0.00 | 42,500,000.00 | 0.00 |
| DISCOUNT ON SECURITIES | (42,871.16) | 0.00 | (42,871.16) | 0.00 |
| PREMIUM ON SECURITIES | 1,730.62 | 0.00 | 1,730.62 | 0.00 |
| NET INVESTMENTS IN SECURITIES | 42,458,859.46 | 0.00 | 42,458,859.46 | 0.00 |
| ACCOUNTS RECEIVABLE | 7,672.50 | 10,000.00 | (2,327.50) | 0.00 |
| ACCT. REC. CLAIMS REIMB. | 775,682.18 | 0.00 | 775,682.18 | 0.00 |
| ACCR. INT. REC. LAIF | 3,556.89 | 0.00 | 3,556.89 | 0.00 |
| ACCR. INT. REC. SECURITIES | 215,290.27 | 0.00 | 215,290.27 | 0.00 |
| CAPITALIZED SOFTWARE | 468,718.96 | 0.00 | 468,718.96 | 0.00 |
| ACCUM. DEPREC. SOFTWARE & COMP I | (221,673.15) | 0.00 | (221,673.15) | 0.00 |
| LONG-TERM RECEIVABLES | 106,000.00 | 10,000.00 | 96,000.00 | 0.00 |
| AUTOMOBILES | 52,714.56 | 52,714.56 | 0.00 | 0.00 |
| ACCUM. DEPREC. AUTOMOBILES | (52,714.56) | (52,714.56) | 0.00 | 0.00 |
| TOTAL ASSETS | 49,954,922.78 | 1,787,930.69 | 46,850,646.75 | 1,316,345.34 |
| LIABILITIES | | | | |
| ACCOUNTS PAYABLE | 419,250.21 | 416,750.21 | 2,500.00 | 0.00 |
| OTHER ACCRUED LIABILITIES | 842.77 | 0.00 | 842.77 | 0.00 |
| CLAIMS RESERVE | 30,375,000.00 | 0.00 | 30,025,000.00 | 350,000.00 |
| ABOVE-DEDUCTIBLE CLAIMS PAID | (2,694,417.88) | 0.00 | (2,572,106.39) | (122,311.49) |
| CLAIMS RESERVE AT MONTH-END | 27,680,582.12 | 0.00 | 27,452,893.61 | 227,688.51 |
| TOTAL LIABILITIES | 28,100,675.10 | 416,750.21 | 27,456,236.38 | 227,688.51 |
| FUND EQUITY | | | | |
| RESTRICTED EQUITY | | | | |
| CAPITAL RESERVE | 238,860.73 | 52,714.56 | 186,146.17 | 0.00 |
| CONTINGENCY RESERVE | 562,500.00 | 562,500.00 | 0.00 | 0.00 |
| TOTAL RESTRICTED EQUITY | 801,360.73 | 615,214.56 | 186,146.17 | 0.00 |
| GENERAL EQUITY | | | | |
| RETAINED EARNINGS | 14,511,241.67 | 128,110.30 | 13,558,827.86 | 824,303.51 |
| TOTAL GENERAL EQUITY | 14,511,241.67 | 128,110.30 | 13,558,827.86 | 824,303.51 |
| CURRENT YEAR SURPLUS/(DEFICIT) | 6,541,645.28 | 627,855.62 | 5,649,436.34 | 264,353.32 |
| TOTAL FUND EQUITY | 21,854,247.68 | 1,371,180.48 | 19,394,410.37 | 1,088,656.83 |
| TOTAL LIABILITIES AND FUND EQUITY | 49,954,922.78 | 1,787,930.69 | 46,850,646.75 | 1,316,345.34 |

INCOME STATEMENT

ABAG PLAN CORPORATION, ADMINISTRATION FUND MAR-15 USD

| | FY Budget | Actual Current Month | Actual Year-to-date | % of Budget | Budget Balance |
|-----------------------------------|--------------|-------------------------|------------------------|----------------|-------------------|
| REVENUES | | | | | |
| EARNED PREMIUM | 2,250,000.00 | 0.00 | 2,250,002.04 | (100.00)% | (2.04) |
| TOTAL REVENUES | 2,250,000.00 | 0.00 | 2,250,002.04 | (100.00)% | (2.04) |
| EXPENSES | | | | | |
| PERSONNEL COSTS | 1,539,228.00 | 138,462.36 | 1,263,290.76 | 82.07% | 275,937.24 |
| TOTAL PERSONNEL COSTS | 1,539,228.00 | 138,462.36 | 1,263,290.76 | 82.07% | 275,937.24 |
| TECHNICAL CONSULTANT FEES | 10,000.00 | 0.00 | 11,989.86 | 119.90% | (1,989.86) |
| LEGAL CONSULTANTS | 10,000.00 | 0.00 | 8,050.00 | 80.50% | 1,950.00 |
| CLAIMS CONSULTANTS | 603,034.00 | 0.00 | 295,603.50 | 49.02% | 307,430.50 |
| ACTUARIAL CONSULTANTS | 30,000.00 | 0.00 | 8,420.00 | 28.07% | 21,580.00 |
| AUDIT FEES CLAIMS ADMIN. | 0.00 | 0.00 | 350.00 | n/m | (350.00) |
| AUDIT FEES FINANCIAL | 12,000.00 | 0.00 | 8,000.00 | 66.67% | 4,000.00 |
| OTHER CONSULTANTS | 5,738.00 | 0.00 | 0.00 | 0.00% | 5,738.00 |
| TOTAL | 670,772.00 | 0.00 | 332,413.36 | 49.56% | 338,358.64 |
| OTHER DIRECT CHARGES | | | | | |
| TRAVEL | 7,500.00 | 250.00 | 7,812.99 | 104.17% | (312.99) |
| PRINTING IN-HOUSE | 1,500.00 | 254.30 | 2,546.40 | 169.76% | (1,046.40) |
| PRINTING OUTSIDE | 1,000.00 | 0.00 | 0.00 | 0.00% | 1,000.00 |
| CONFERENCES & SEMINARS | 7,500.00 | 0.00 | 4,935.66 | 65.81% | 2,564.34 |
| OFFICE SUPPLIES | 1,500.00 | 858.22 | 238.39 | 15.89% | 1,261.61 |
| SUBSCRIPTIONS & MEMBERSHIPS | 5,000.00 | 263.36 | 1,333.26 | 26.67% | 3,666.74 |
| POSTAGE | 2,000.00 | 98.72 | 1,150.29 | 57.51% | 849.71 |
| TELEPHONE | 1,500.00 | 56.18 | 853.00 | 56.87% | 647.00 |
| STAFF TRAINING & DEVELOPMENT | 2,500.00 | 0.00 | 974.31 | 38.97% | 1,525.69 |
| MISCELLANEOUS | 10,000.00 | 1,254.00 | 6,598.00 | 65.98% | 3,402.00 |
| TOTAL OTHER DIRECT CHARGES | 40,000.00 | 3,034.78 | 26,442.30 | 66.11% | 13,557.70 |
| TOTAL EXPENSES | 2,250,000.00 | 141,497.14 | 1,622,146.42 | 72.10% | 627,853.58 |
| SURPLUS/(DEFICIT) | 0.00 | (141,497.14) | 627,855.62 | n/m | (627,855.62) |

INCOME STATEMENT

ABAG PLAN CORPORATION, GENERAL LIABILITY MAR-15 USD

| | FY Budget | Actual Current Month | Actual Year-to-date | % of Budget | Budget Balance |
|-----------------------------------|---------------------|-------------------------|------------------------|------------------|-----------------------|
| REVENUES | | | | | |
| EARNED PREMIUM | 6,249,111.00 | 0.00 | 6,249,111.00 | (100.00)% | 0.00 |
| INVESTMENT INCOME (INCL. LAIF) | 1,300,000.00 | 56,614.90 | 578,729.81 | (44.52)% | 721,270.19 |
| CLAIMS TAIL ASSESSMENT | 0.00 | 0.00 | (261,717.00) | n/m | 261,717.00 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL REVENUES | 7,549,111.00 | 56,614.90 | 6,566,123.81 | (86.98)% | 982,987.19 |
| | ----- | ----- | ----- | ----- | ----- |
| EXPENSES | | | | | |
| ADJ. TO CLAIMS RESERVE | 3,000,000.00 | 0.00 | 0.00 | 0.00% | 3,000,000.00 |
| | | | | | |
| BEST PRACTICES SERVICES | 296,579.00 | 6,665.25 | 80,439.67 | 27.12% | 216,139.33 |
| SEWER LOSS PREVENTION | 85,000.00 | 0.00 | 32,233.95 | 37.92% | 52,766.05 |
| DEFENSIVE DRIVER TRAINING | 20,000.00 | 0.00 | 2,800.00 | 14.00% | 17,200.00 |
| RISK MANAGEMENT PROGRAMS | 350,000.00 | 3,144.79 | 108,816.38 | 31.09% | 241,183.62 |
| RISK MANAGEMENT TRAINING | 102,500.00 | 8,347.56 | 27,658.43 | 26.98% | 74,841.57 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL | 854,079.00 | 18,157.60 | 251,948.43 | 29.50% | 602,130.57 |
| | ----- | ----- | ----- | ----- | ----- |
| OTHER DIRECT CHARGES | | | | | |
| INSURANCE & BONDING | 629,179.00 | 0.00 | 629,179.00 | 100.00% | 0.00 |
| AMORTIZED SOFTWARE COSTS | 47,370.00 | 3,947.47 | 35,527.23 | 75.00% | 11,842.77 |
| MISCELLANEOUS | 0.00 | 0.00 | 32.81 | n/m | (32.81) |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL OTHER DIRECT CHARGES | 676,549.00 | 3,947.47 | 664,739.04 | 98.25% | 11,809.96 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL EXPENSES | 4,530,628.00 | 22,105.07 | 916,687.47 | 20.23% | 3,613,940.53 |
| | ----- | ----- | ----- | ----- | ----- |
| SURPLUS/(DEFICIT) | 3,018,483.00 | 34,509.83 | 5,649,436.34 | (187.16)% | (2,630,953.34) |
| | ----- | ----- | ----- | ----- | ----- |

INCOME STATEMENT

ABAG PLAN CORPORATION, PROPERTY POOL

MAR-15 USD

| | FY Budget | Actual Current Month | Actual Year-to-date | % of Budget | Budget Balance |
|---------------------------------------|--------------|-------------------------|------------------------|----------------|-------------------|
| REVENUES | | | | | |
| EARNED PREMIUM | 1,391,696.00 | 0.00 | 1,391,698.00 | (100.00)% | (2.00) |
| INVESTMENT INCOME (INCL. LAIF) | 27,000.00 | 2,250.00 | 20,250.00 | (75.00)% | 6,750.00 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL REVENUES | 1,418,696.00 | 2,250.00 | 1,411,948.00 | (99.52)% | 6,748.00 |
| | ----- | ----- | ----- | ----- | ----- |
| EXPENSES | | | | | |
| ADJ. TO CLAIMS RESERVE | 250,000.00 | 0.00 | 0.00 | 0.00% | 250,000.00 |
| PROPERTY INSURANCE | 1,147,595.00 | 0.00 | 1,147,594.68 | 100.00% | 0.32 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL EXPENSES | 1,397,595.00 | 0.00 | 1,147,594.68 | 82.11% | 250,000.32 |
| | ----- | ----- | ----- | ----- | ----- |
| SURPLUS/(DEFICIT) | 21,101.00 | 2,250.00 | 264,353.32 | (1,252.80)% | (243,252.32) |
| | ----- | ----- | ----- | ----- | ----- |