



Final Budget

For the Fiscal Year

July 1, 2024 to June 30, 2025

Table of Contents

Captive	3
Captive Overview	3
Captive Detailed Discussion	3

Captive

Captive Overview

Special District Risk Management Authority (SDRMA) formed a wholly owned captive insurance company, Special District Reinsurance Group (SDRG), on June 1, 2021. SDRG is domiciled in the State of Utah and is regulated by the Utah Department of Insurance. By operating its captive insurance company, SDRMA is able to enhance its investment program, which creates immediate and long-term savings, and overall, creates a superior risk transfer mechanism. There is a potential short-term immediate benefit to each program that transfers risk into the captive, in that the cost to fund each corridor can be discounted by a reasonable percent, depending on the duration of the payout period of the program, which would represent an upfront savings to the program members. There is a long-term benefit to the entire SDRMA membership across all programs. This is derived from an enhanced investment program that will return significant additional investment income to SDRMA (all programs) over the long-term.

Captive Detailed Discussion

Contributions

The contribution for retained risks represented the transferred risk from the Workers' Compensation program at a 90% confidence level. Additionally, investment income and change in market value represent both the interest earned from our fixed-income investments (e.g., bonds) and the total gain or loss on our investment portfolio as a result of our mark-to-market adjustments.

Expenses

Retained and transferred risk represents the transferred risk from our Workers' Compensation program recorded at the actuarial expected level. Additionally, our administrative expenses directly related to the Captive are included herein as an expense to the fund. The most significant expenses represent our investment management services and the SDRMA program administrative fee for administering the Captive program with SDRMA staff. Overall, Staff projects an 8% increase in expenses year over year, primarily related to the increase in expected retain and transfer risk agreement with SDRMA.

See Supporting Schedule - Captive Budget Summary below for additional information.

	Actual FY 21-22	Actual FY 22-23	Budget FY 23-24	Budget FY 24-25	Change from FY 23-24
REVENUE					
Contribution For Retained Risk	\$ 11,409,000	\$ 11,620,000	\$ 14,419,000	\$ 16,690,725	15.8%
Investment Income and Change in Market Value	(2,503,434)	2,028,694	1,907,020	2,807,372	47.2%
TOTAL REVENUES	\$ 8,905,566	\$ 13,648,694	\$ 16,326,020	\$ 19,498,097	19.4%
EXPENSES					
Retained and Transferred Risk	\$ 10,520,000	\$ 12,475,089	\$ 13,654,000	\$ 14,742,860	8.0%
Administrative	111,171	154,902	176,320	174,110	-1.3%
TOTAL EXPENSES	\$ 10,631,171	\$ 12,629,991	\$ 13,830,320	\$ 14,916,970	7.9%
CHANGE IN NET POSITION					
Change in Net Positions	\$ (1,725,605)	\$ 1,018,703	\$ 2,495,700	\$ 4,581,128	83.6%
TOTAL NET POSITION INCREASE (DECREASE)	\$ (1,725,605)	\$ 1,018,703	\$ 2,495,700	\$ 4,581,128	83.6%

CAPTIVE PROGRAM BUDGET - REVENUES

	Actual FY 21-22	Actual FY 22-23	Budget FY 23-24	Budget FY 24-25	Change from FY 23-24
REVENUE					
Contribution For Retained Risk	\$ 11,409,000	\$ 11,620,000	\$ 14,419,000	16,690,725	15.8%
Investment Income	486,154	824,332	640,000	1,191,999	86.2%
Change in Market Value	(2,989,588)	1,204,362	1,267,020	1,615,373	27.5%
TOTAL REVENUES	\$ 8,905,566	\$ 13,648,694	\$ 16,326,020	\$ 19,498,097	19.4%
EXPENSES					
Retained and Transferred Risk	\$ 10,520,000	\$ 12,475,089	\$ 13,654,000	\$ 14,742,860	8.0%
Administrative	111,171	154,902	176,320	174,110	-1.3%
TOTAL EXPENSES	\$ 10,631,171	\$ 12,629,991	\$ 13,830,320	\$ 14,916,970	7.9%
CHANGE IN NET POSITION					
Change in Net Positions	\$ (1,725,605)	\$ 1,018,703	\$ 2,495,700	\$ 4,581,128	83.6%
TOTAL NET POSITION INCREASE (DECREASE)	\$ (1,725,605)	\$ 1,018,703	\$ 2,495,700	\$ 4,581,128	83.6%

CAPTIVE PROGRAM BUDGET - EXPENSES

	Actual FY 21-22	Actual FY 22-23	Budget FY 23-24	Budget FY 24-25	Change from FY 23-24
EXPENSES					
Retained and Transferred Risk	\$ 10,520,000	\$ 12,475,089	\$ 13,654,000	\$ 14,742,860	8.0%
Claims Reserve Increase (Decrease)	-	-	-	-	0.0%
IBNR Reserve Prior Year Increase (Decrease)	-	-	-	-	0.0%
Retained and Transferred Risk - Subtotal	\$ 10,520,000	\$ 12,475,089	\$ 13,654,000	\$ 14,742,860	8.0%
Management and Program Administration	\$ 47,250	\$ 30,000	\$ 30,000	\$ 30,000	0.0%
Travel	-	-	7,500	1,500	-80.0%
Legal Counsel Fees	11,617	20	10,000	10,000	0.0%
Actuarial Services	-	5,000	5,000	5,250	5.0%
Audit - Financial	-	10,500	12,000	10,000	-16.7%
Investment Management Services (PFM + BNYM)	45,690	102,987	103,820	105,000	1.1%
Banking and Custody Fees	40	20	500	500	0.0%
Licensing Fees	6,575	6,375	7,500	7,500	0.0%
Board Expenses	-	-	-	4,360	0.0%
Office Supplies & Miscellaneous Fees	-	-	-	-	0.0%
Administrative - Subtotal	\$ 111,171	\$ 154,902	\$ 176,320	\$ 174,110	-1.3%
TOTAL EXPENSES	\$ 10,631,171	\$ 12,629,991	\$ 13,830,320	\$ 14,916,970	7.9%