



# PERI 2006 ANNUAL REPORT





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# Executive Overview

For PERI, 2006 could be characterized as the year that sparked ingenuity. The 21st century is not even a decade old and already there is so much to be studied and written about the many valuable lessons to be learned from recent years' experiences. Assessing what happened, why, and how is important in terms of defining the factors surrounding these events. But, a greater challenge is designing and implementing changes to past practices. PERI sees this challenge as an opportunity.

Early in 2006, PERI initiated new efforts aimed at stimulating development of new projects and services and added financial backing to attract the best and brightest to contribute innovative concepts for expanding and improving the practice of risk management. PERI's Enterprise Investment Program was relaunched and, in 2006, the program attracted 14 initial proposal responses. Encouraged by the promising nature of the first set of proposals, PERI will continue to seek proposals in 2007.

Taking a lessons learned approach to the recent challenges faced in disaster response and recovery, most prominently witnessed in the aftermath of Hurricane Katrina, PERI teamed with one of its long standing partners, the International City/County Management Association, to develop and launch the National Emergency Management Network. When the goal envisioned with its creation is realized, the nation's local governments will be joined in a centralized network ready to mobilize when disaster strikes. There is power in numbers both in terms of people and resources.

PERI focused much of its time and energy during 2006 on identifying and developing new publications, reports, and tools to expand its library of enterprise risk management resources. To make it easy to find these new documents and locate other offerings from its extensive library of resources, PERI completely overhauled its Website in 2006. The redesigned Website is organized by topic and audience for ready ac-

Gary Binger, Chair  
Board of Directors



Gerard J. Hoetmer  
Executive Director

cess to desired resources and complementary products and services. Updated regularly to highlight new risk management information and resources, each page also features direct links to PERI's core service offerings to simplify navigation and improve the online experience of returning customers and new visitors.

Also in 2006, PERI took advantage of some of the latest technological innovations to expand the capabilities of one of its core programs, the PERI Data Exchange. Performance improvements and the addition of new services, combined with the growing number of government organizations participating, will further strengthen this valuable benchmarking program. This progress continues into 2007 with more innovative enhancements planned.



During 2006, PERI continued to foster the development of innovative concepts to address enterprise risk management challenges. This entailed fortifying existing relationships with organizations of interest to PERI constituents as well as pursuing new partnerships. PERI looks to 2007 to build upon the successes of 2006 and to explore new opportunities for growth and innovation to advance the risk management needs of local governments, small business, and nonprofit entities.

# 2006 In Review

## Accomplishments

During 2006, major PERI initiatives were successfully launched or completed, which further strengthened the organization's position as a key resource for enterprise risk management information and training. Among the accomplishments were the successful call for proposals for the Enterprise Investment Program, launch of the National Emergency Management Network, and the strategic overhaul of the Website to better highlight key resources and provide a more user-friendly experience. Additional highlights for 2006 include:



- Completion of 12 grant projects.
- \$198,814 in grants awarded for seven projects.
- More than 300% increase in revenue from publication sales over the prior year.
- Increased educational opportunities through expansion of the E-Training Center and sponsorship of scholarship programs for officials and staff of small government agencies and nonprofit organizations to attend national and regional conferences.
- Expanded awareness of PERI through increased outreach including topical Virtual Symposium programs that introduced new audiences to the organization's products and services.
- Entered into a Cooperative Agreement with the U.S. Department of Homeland Security for the Citizen Corps Volunteer Liability Project.
- Published the *Day of Injury Manual*, a resource manual that helps public entities implement early intervention programs to curb the rising costs of workers' compensation benefits.

- Supported the academic pursuits of aspiring risk management professionals through the PERIShip Hazards Fellowship program and the InVEST educational program.
- Increased exposure to PERI and its extensive library of publications, tools, and resources through exhibits at national conferences, speaking engagements, articles, distribution of the *PERIScope* newsletter and Resource Catalog, and partnerships with organizations serving similar constituencies.

The pages that follow will provide more information about the major programs in 2006 and the significance of the various initiatives for public entities, small businesses, and nonprofit organizations.

## The PERI Data Exchange

The PERI Data Exchange expanded substantially in terms of the number of participating organizations and the quantity of data in 2006. As a result, the database was upgraded and enhanced so that PERI can continue to provide valuable and reliable services to the participating government entities. Participation in the PERI Data Exchange rose considerably with approximately 10% of local government organizations in the U.S. participating in the Data Exchange by the end of 2006. The major milestones achieved in 2006 include:



- Nearly 10,000 public entities in 23 states provided data to the Data Exchange either directly or through a risk pool or third party administrator (TPA).
- Introduced new value-added Data Exchange services: Data Marts, Mini Marts, Series Reports/Dashboards, and Special Reports/Dashboards.

- Simplified the submission procedures to ease the process of uploading data to the Data Exchange.
- Reduced the data certification process from three months to three days.
- Centralized the data submission process and data processing warehouse at PERI Headquarters in Fairfax, Virginia.
- Upgraded the Business Objects reporting software to provide more report capabilities and to increase the report generation speed.
- Added a non-production environment and bolstered the security protection.
- Pursued initiatives to expand the Data Exchange, add partners, and enhance the Data Exchange options.
- Created the States Liability Data Mart, a partnership with States Self-Insurers Risk Retention Group, Inc.
- Enhanced the features of the first exclusive Data Mart established through a partnership with the National League of Cities' Risk Information Sharing Consortium (NLC-RISC).
- Expanded the PERI-Qualified Third Party Administrators Program with the addition of four new firms providing workers' compensation data and three new firms providing liability data.

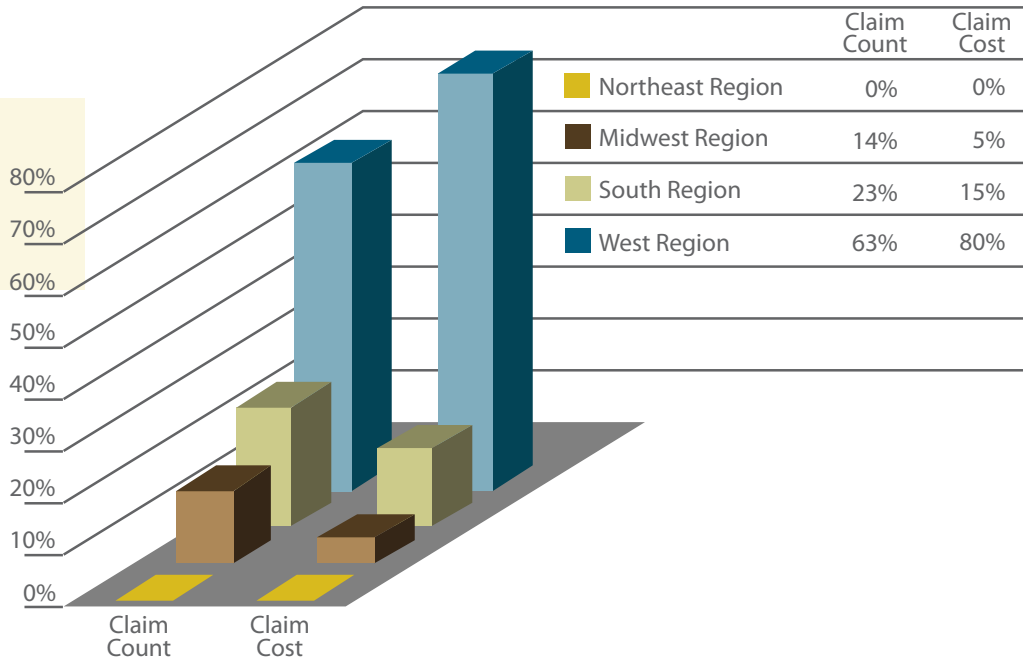
The PERI Data Exchange has some exciting new enhancements to unveil in 2007 that will further distinguish this benchmarking tool as a vital asset in strengthening risk management programs in the public sector.

A summary of the data located in the five data marts is shown below:

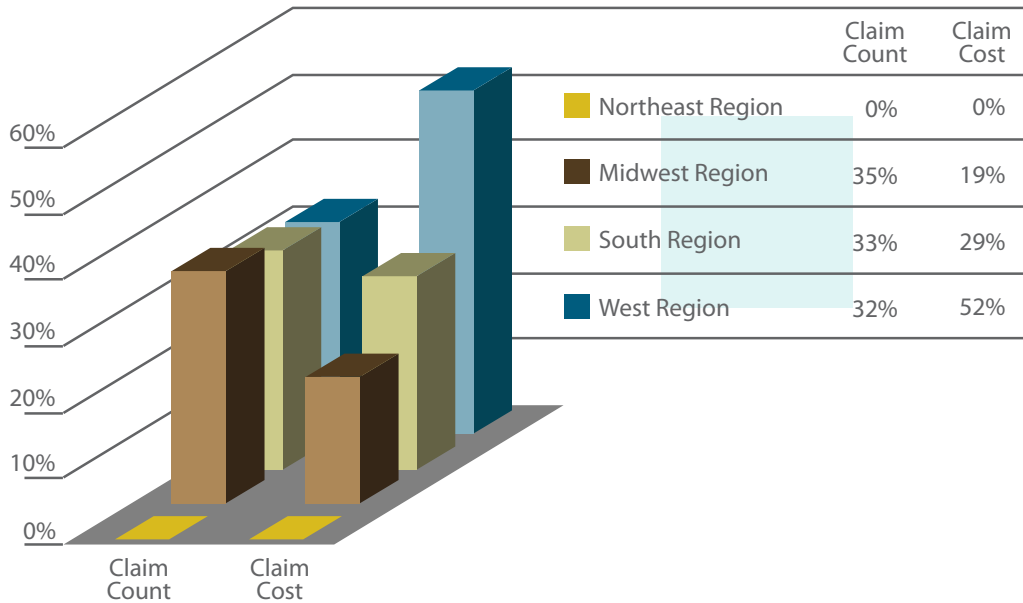
No. Entities	Claim Count	Claim Value
9,666	578,743	\$1,494,349,786



**WC Claim Count and Dollar Value**



**LB Claim Count and Dollar Value**



## Outreach

Broadening awareness of PERI and its expansive collection of risk management resources was a top priority during 2006. PERI worked aggressively to maintain a prominent presence at key conferences and to create opportunities for educating new audiences about the organization and its information resources and education and training

programs. PERI also promoted an innovative enterprise investment opportunity to stimulate entrepreneurship. In 2006, PERI's outreach included:

- Exhibitor at eight national conferences and trade shows:
  - Public Agency Risk Managers Association Conference
  - 100th Anniversary Earthquake Conference convened by the California Governor's Office of Emergency Services and Disaster Resistant California, Seismological Society of America, and Earthquake Engineering Research Institute
  - Restoration 2006 Conference hosted by International City/County Management Association, National League of Cities, and National Association of Counties
  - Public Risk Management Association Conference
  - International City/County Management Association Annual Conference
  - California Association of Joint Powers Authorities Conference
  - Florida Public Risk Management Association Conference
  - National Workers' Compensation Conference
- Sponsored/Co-Sponsored conferences and workshops:
  - 100th Annual Earthquake Conference
  - Restoration 2006 Conference
  - American Chamber of Commerce Executives Annual Conference
  - Palm Beach County Post Disaster Economic Redevelopment Planning Workshop
  - National Academies Disaster Roundtable series
  - Nonprofit Risk Management Center Regional Conference Series
- Speaking Engagements giving presentations on the threat of pandemic flu, climate change, risk management, disaster recovery, building safety, volunteer liability, and benchmarking.

- Produced and distributed a Resource Catalog highlighting recent PERI products and services.
- Developed and distributed four quarterly issues of *PERIScope* newsletter to more than 65,000 readers.
- Designed new brochures on PERI and the PERI Data Exchange.
- Issued eleven news releases plus a joint release with ICMA.
- Outreach via the news media through articles in publications including *National Underwriter*, *Continuity e-Guide*, *Insurance Networking News*, *Government Technology*, *American City & County*, *Potomac Tech Wire*, *The Weekly Homeland Security Newsletter*, *Washington Technology*, and *Insurance Journal*.
- Charter Sponsor of the *Journal of Homeland Security and Emergency Management*.

## Enterprise Investment Program

Announced in 2006, the goal of the PERI Enterprise Investment Program is to create partnership opportunities that support innovation in risk management products and services. The Enterprise Investment Program is designed to encourage innovators to create concepts that empower small governments, businesses, and nonprofits with the latest advances in risk management. The program attracted 14 proposals with creative new concepts for managing risk. PERI has issued a call for Enterprise Investment proposals in 2007 as well.



## Reference and Information

PERI is widely recognized as a premier source for enterprise risk management information, training, data, and data analysis. Continually focused on improving the user experience for its constituency of public entities, small businesses, and nonprofit organizations, PERI endeavored to expand the publications, tools, and resources that are offered and to make this information easier to identify and obtain.



## PERI Website

During 2006, PERI completely redesigned and reorganized its Website at [www.riskinstitute.org](http://www.riskinstitute.org). PERI's Website serves as the central repository for its extensive collection of reports and publications; e-training and symposium programs; grant projects; the Data Exchange; newsletters, news releases, and news articles; and bookstore. PERI's new Website, launched in mid-2006, simplifies the process of locating information for free download; helps users find related resources; eases the purchase of publications offered for sale; highlights the latest organization news and other current articles; and provides ready access to the E-Training and Symposium Centers to take advantage of valuable educational opportunities. PERI plans to make refinements during 2007 to enhance further the visitor experience.

## Risk Management Resource Guide

PERI's inaugural Risk Management Resource Guide was published in 2007, but most of the research was conducted during 2006. The Resource Guide is a 194 page directory of risk management information and training resources covering benchmarking and performance management; disaster management and hazard mitigation; workers' compensation and occupational therapy; environmental liability; human resources and employment practices; risk financing and insurance; risk management; and safety and health. Also included in the Resource Guide are listings of credentialing agencies and educational institutions offering degrees in emergency management, homeland security, and risk management; and relevant publications and publishers.

## 2006 Risk Management Yearbook

The 2006 edition of the yearbook examined major events of 2005 with a focus on lessons learned in the practice of risk management. The featured articles were written by leading experts in risk and disaster research who examined the impact of events in 2005, including Hurricane Katrina. These experts presented insights on planning for future uncertainties to assist government officials and others responsible for disaster planning and recovery in providing protection of lives and property in communities across the country. The yearbook also included a detailed resource guide.

## PERI Bylined Articles

PERI staff authored articles on a variety of risk-management issues during 2006.

- “Using Common Benchmarking Standards” in March 2006 *PERIScope*
- “Linking Performance Measurements to Customer Expectations” in June 2006 *PERIScope*
- “Finding Value in Your Measurement” in September 2006 *PERIScope*
- “The Need for Data Became a Political Victory” in December 2006 *PERIScope*
- Article for the NY State City/County Management Association on performance measurement
- Article for Montana Policy Review on performance measurement
- NLC-RISC Website article on benchmarking
- States Risk Retention Group Website article on benchmarking

## Education and Training Programs

A fundamental mission of PERI is to develop and deliver education and training that advances the understanding and practice of risk management in organizations and communities. In 2006, PERI built upon its foundation by introducing new e-training programs, hosting timely symposiums, providing scholarships, and sponsoring external initiatives in response to the needs of public, private, and nonprofit organizations.

### E-Training Center Expansion

New e-training courses were developed for PERI’s E-Training Center in 2006. *Limiting Small Town Liability* assists small community elected officials in establishing a risk management program. The online course goes step-by-step through the fundamentals necessary for implementing a basic risk management plan. Accompanying the course is a primer and a



trainer's manual. During 2006, four additional e-training courses were in development and were added to the E-Training Center in early 2007. These courses cover:

- *Volunteerism and the Disaster Resource Gap*, helping local governments minimize risk when using volunteers in disaster response;
- *Disaster Myths and Realities*, examining myths surrounding disasters;
- *Emergence and Convergence in the Post-Disaster Environment: Recent Research Perspectives*, assessing the relationship between emergence and convergence with a special emphasis on the 2001 World Trade Center attacks; and
- *Integrating Improvisation in Disaster Response: A Look at the World Trade Center Disaster*, discussing the importance of improvisation in disaster response.

## Virtual Symposium Series

In response to two pressing issues facing communities around the country, PERI hosted two free virtual symposium programs. In June 2006, PERI's Virtual Symposium on *Preparing for a Local Crisis within a Global Pandemic* followed issuance by the White House of an implementation plan for preparing for a possible pandemic that directed specific actions from state and local governments, communities, and the private sector. The online symposium attracted an audience of over one thousand and featured specially commissioned Issues and Ideas Papers from recognized experts on issues related to local community crisis response planning. The second symposium program focused on *Confronting Violence in Our Schools: Planning, Response, and Recovery*. The week-long program was originally planned for December 2006, but was postponed to allow a greater number of organizations to participate. The program was held in January 2007 and featured papers reflecting the expertise and personal experiences of school officials, law enforcement, counselors, and other professionals on strategies for addressing violence in schools. These papers can be downloaded for free in the Symposium Center on PERI's Website.



## National PERIShips Fellowship Program

PERI and the Natural Hazards Center at the University of Colorado-Boulder announced the second round of the PERIShips awards competition, which seeks to support Ph.D. candidates working on dissertations in the areas of natural and human-made hazards, risks, and disasters. For the 2006 competition, the National Science Foundation and Swiss Re, a leading reinsurer, provided grants to help fund the PERIShip program. PERIShip fellows from the inaugural PERIShip program completed dissertations in 2006 on *A Multi-Level Study of Vulnerability of Mongolian Pastoralists to Natural Hazards and its Consequences on Individual and Household Well-Being* and *A Crustal Seismicity in the Back-Arc Region of the Southern Central Andes from Historic to Modern Times*. These dissertations can be downloaded from PERI's Website. In addition, the Website will feature Executive Summaries of each dissertation which describe practical applications of the research findings.

## InVEST Educational Program

PERI continued its sponsorship of the InVEST program created to educate high school and community college students on insurance and risk management and promote career opportunities in the insurance industry. The education program has the dual goal of preparing InVEST graduates for careers in the insurance industry and making participants more informed insurance consumers. The program is supported by local agents, brokers, and industry-related organizations and administered by the Independent Insurance Agents & Brokers of America.

## Risk Management Performance Measurement Awards

PERI partnered with the International City/County Management Association (ICMA) to establish an awards program that encourages development of performance measurement programs or tools in support of specific risk management programs. The recipient of the first annual award was Prince William County, Virginia, for its proposal to establish a performance evaluation program of motor vehicle operations for municipal governments. PERI provides a \$5,000 award for implementation of the winner's proposal. A call for proposals for the 2nd Annual Risk Management Performance Measurement Awards was announced in April 2007.

## National Academies Disasters Roundtable

For the 2006 program year, PERI continued its sponsorship of the National Academies Disasters Roundtable Workshop series. PERI's Executive Director, Gerard Hoetmer, a member of the Disasters Roundtable Steering Committee, served as moderator on a panel of the workshop on "Community Disaster Resistance." The Disaster Roundtable also held workshops on "Rebuilding for Health, Sustainability, and Disaster Preparedness in the Gulf Coast Region" and "Citizen Engagement in Emergency Planning for a Flu Pandemic." PERI continued its support of the mission of the Disasters Roundtable program by signing on as a sponsor for the 2007 workshop series.



## Small Entity Scholarship Program and First-Timers Session

PERI awarded 40 scholarships to officials and staff of small local governments and school districts to attend the 2006 Public Risk Management Association (PRIMA) Conference in Las Vegas in June. PERI has been helping small jurisdictions with limited budgets to attend the PRIMA Conference for nine years. PERI also sponsored a *First Timers Orientation* to acquaint newcomers with tips on maximizing their Conference experience. In October 2006, PERI announced that it was accepting applications for the 2007 Small Entity Scholarship Program.

## Additional PERI Scholarship Programs

Education and training are high priorities for PERI. During 2006, PERI provided scholarships to enable public, private, and nonprofit organizations to take advantage of education and training opportunities:

- Scholarships to attend the 100th Anniversary Earthquake Conference Commemorating the 1906 San Francisco Earthquake
- Nonprofit Institute Scholarships for the Nonprofit Risk Management Center 2006 Conference
- Travel Scholarships for Local Government Management Fellows to attend International City/County Management Association Conference



- Small Entities Scholarships for the 2006 Florida Public Risk Management Association Conference
- A challenge grant of up to \$10,000 for the Mary Fran Myers Memorial Scholarship Fund to provide financial support for recipients to participate in the Hazards Research and Applications Workshop

## Risk Management Webinars for Nonprofit Organizations

The Nonprofit Risk Management Center received a grant from PERI in 2006 to host a monthly Web seminar series. These Webinars emphasize risk management issues of particular interest to nonprofit organizations.

## Education and Training Resources

### Risk Management

Supporting the needs of public, private, and nonprofit entities in understanding risk and establishing programs to manage effectively risk is a critical mandate of PERI. To this end, PERI continues to develop unique and insightful educational publications and training resources for its constituents.

#### *An Ounce of Prevention: Best Practices for Making Informed Land Use Decisions*

Published by the Institute for Local Government with PERI grant funding, *An Ounce of Prevention* examines typical land use decision making and provides guidance on minimizing the risk of litigation. It can be downloaded free from the PERI Website.

#### *Cost of Risk Survey Report*

PERI and the Public Risk Management Association partnered to conduct a survey to study property and casualty trends and the risk management practices of all types of government entities during fiscal year 2004. Respondents represented 48 states and various types of governments including municipalities, counties, school districts, states, and state agencies. The results of the survey were compiled and analyzed in a report issued in 2006.



### *Montana Mayors Academy: Final Report*

With the support of a PERI grant, Montana State University Local Government Center and the Montana Municipal Insurance Authority established a leadership training program to transition newly elected mayors into their role as elected officials. The core curriculum focused on preparing new mayors to assume their executive responsibilities. This report is available on the PERI Website.

### *Nonprofit Risk Management Center Supporter*

During 2006, PERI continued its support of projects undertaken by the Nonprofit Risk Management Center to improve risk management practices within the nonprofit community. Among the initiatives that received PERI grants were *Full Speed Ahead: Managing Technology Risk in the Nonprofit World*; *Taking the High Road*; *A Guide to Effective and Legal Employment Practices for Nonprofits*; and a book on managing financial risk.

### *Jail Risk Management Book Project*

Claire Reiss, PERI's Deputy Executive Director and General Counsel, was selected as a subcontractor to write a portion of a book on jail risk management for the National Institute of Corrections.

## **Safety and Health Protection, Workers' Compensation Management**

Of paramount concern to public, private, and nonprofit entities is protecting safety and health and improving management of workers' compensation programs. PERI pursued numerous initiatives in 2006 to address these issues.

### *PERI Day of Injury Study and Day of Injury Resource Manual*

With funding from PERI, the Schools Insurance Authority in Sacramento, California, conducted a study to assess the impact of an employer's actions on the first day of an employee injury on workers' compensation costs. The results reinforced the value of an injury reporting process that emphasizes an early intervention strategy. Following the release of the study, a resource manual was developed to assist organizations in establishing early intervention processes as an effective means of controlling the nature, duration,



cost, and eventual outcome of a workers' compensation claim. The manual also presents best practices for creating a structured return-to-work program.

### *Pathogenic Threats to Non-Community Water Systems Project*

PERI and The Groundwater Foundation partnered to study the pathogenic threat to non-community water systems (NCWS). These systems, nearly all of which use groundwater, are generally owned by small local governments, nonprofit organizations, and businesses and subject to less stringent monitoring and testing requirements than public water systems. Recent outbreaks demonstrate the pathogenic threat to NCWS. The purpose of this 18-month project was to develop, test, produce, and distribute materials to NCWS owners/operators. The primary product is a primer, issued in May 2007, which offers a simplified process for small communities to identify and assess contamination threats in groundwater source areas. This primer also provides strategies for preventing contamination along with tools and lessons learned.

### *Pollution Prevention Training in Industrial Facilities*

Funding from PERI assisted in the development of a model training program on pollution prevention in industrial facilities by COES, LLC of Bedford, New Hampshire. The testing phase of the project involved workshops with worker and management representatives of interested facilities in New Hampshire. The training will be shared and disseminated through a regional network in the northeast and by the Consultation Branch of the Occupational Safety and Health Administration.

### *Oklahoma State University Fire Safety Project*

A grant from PERI is supporting Oklahoma State University research on firefighter line of duty deaths and injuries and the relationship to fire department policy, leadership, management, and supervisory practices. Line of duty deaths and injuries differ significantly in the U.S. and the U.K. The research will serve as the foundation for development of best practices to mitigate deaths and injuries by reinforcing safer behaviors in the U.S.



## Disaster Management

Already a valued resource for information on disaster preparedness, response, and recovery, PERI created and sponsored the development of several new disaster management publications, tools, and training materials.

### *Are You Ready? DVD Earns Prestigious Recognition*

A joint project aimed at assisting local government attorneys in disaster preparedness and response received accolades in 2006 for its educational contributions. *Are You Ready?* DVD received the Meritorious Service Award from the American Bar Association (ABA) for its extraordinary benefit to the legal profession, the public, and/or the ABA. Earlier in 2006, *Are You Ready?* was recognized as the “Most Innovative CLE Program” from the ABA’s Standing Committee on Continuing Legal Education. The DVD, published in 2005, was a joint effort by PERI and the ABA’s Section of State and Local Government Law.

### *Emergency Management: The American Experience 1900-2005*

Capturing a century of historic major disasters, a new book funded by PERI delves into the impact each event played in shaping the practice of emergency management in the U.S. and specifically on the changing role of the federal government. *Emergency Management: The American Experience 1900-2005* was developed in 2006 by Claire B. Rubin and published in spring 2007.

### *Gender and Disaster Sourcebook*

Assessing the link between gender equality and disaster risk was the subject of an electronic guide developed with funding support from PERI. The Sourcebook presents lessons learned, planning tools, and training materials for application in risk management practices. Led by Dr. Elaine Enarson, the research team completed its work in 2005 and the project results were compiled onto a CD-ROM and made available over the Web and through the PERI Bookstore during 2006.

### *Holistic Disaster Recovery*

Incorporating the principles of sustainability into a long-term disaster recovery strategy was the theme of this revised publication updated by the Natural Hazards Center at the University of

Colorado–Boulder with a grant from PERI. *Holistic Disaster Recovery* encourages those managing recovery decisions to focus on sustainability in the long-term recovery process. The updated edition also features a special focus on the Hurricane Katrina recovery.

### *Major Terrorism Events and Their U.S. Outcomes (1988-2005)*

A 65-page report detailing terrorism events since 1988 and the resulting changes in laws, regulations, and organizational structures was funded through a grant from PERI. Created by Claire B. Rubin and Associates, this comprehensive narrative presents facts and dates covering an 18-year period and complements the Terrorism Time Line chart project described below.



### *National Emergency Management Network (NEMN)*

PERI and the International City/County Management Association (ICMA) have partnered to build this national network of local governments interested in establishing working relationships for disaster response and recovery. Launched in late 2006, the goal of this project is to enhance the ability

of local governments to provide one another mutual aid in disaster and emergency response and recovery. The NEMN is a unique combination of training, information resources, and technologies that prepare and link local governments to a nationwide network of resources to tap in support of emergency response and recovery needs.

### *PERI Presidential Disaster Declarations Website*

Funded through a PERI grant, the University of Delaware created the Presidential Disaster Declarations Website to provide community leaders with information on natural and man-made disasters dating back to 1981. Developed by Richard Sylves, Ph.D., a professor in the Department of Political Science and International Relations at the University of Delaware, this free online resource examines presidential declarations made in every state, county, and territory in the U.S. The Website is easily searchable by specific time period or type of disaster declaration to aid communities in understanding their exposure to various natural hazards.

### *Terrorism and Disaster Time Line Series*

PERI funded updates in 2006 for this ongoing series highlighting major terrorism and disaster events and the outcomes that followed in the U.S. The Terrorism Time Line, developed by Claire B. Rubin and Associates, covers major events during 2001-2005; the Disaster Time Line reflects 1979-2005. Each time line, presented as a 13" x 40" chart, describes how these major events influenced U.S. laws, federal programs, and organizational structures. PERI has supported selected time lines over the past few years and expanded its support for 2007.

### *The Water's Edge*

*The Water's Edge* is a documentary that portrays the devastation of major floods and presents a critical examination of the systemic failures behind this growing catastrophe in the U.S. The film, created with funding support from PERI, examines the actions and interactions of the public and private sectors during disaster recovery and implementation of strategies to mitigate future flood events. The program premiered in November 2006 on a Florida PBS station and continues to air on PBS stations across the country. Its precursor, *Flash Flood Alley*, which was produced in 2005 with funding from PERI, was recognized by the Association of State Floodplain Managers with the 2006 Media Award.

### *Volunteer Liability Research Project*

In 2006, PERI entered into a cooperative agreement with the U.S. Department of Homeland Security to assess approaches for minimizing liability when using volunteers. PERI is developing a toolkit that presents recommended strategies and best practices for addressing liability issues to enable volunteerism in disaster response. It is scheduled for completion at the end of January 2008.

# Board of Directors and Staff

## The PERI Board of Directors:

### **Gary Binger, Chair**

Former Director, Smart Growth Initiative, Urban Land Institute, Oakland, California

### **David Mora, Vice Chair**

City Manager, City of Salinas, California

### **Robert D. Fowler**

President and CEO, Small Business Association of Michigan

### **Yvonne Norton Leung**

Attorney and Consultant, Lincoln, Nebraska

### **Cal Wray**

Director of Risk Management and Employee Benefit Services, Georgia Municipal Association, Atlanta, Georgia



**Front row: Yvonne Leung; Gary Binger, Chair (seated)**

**Back row: Cal Wray; Rob Fowler; Dave Mora, Vice Chair; Gerry Hoetmer, Executive Director**



## PERI Staff Members:

**Gerard J. Hoetmer**

Executive Director

**Claire Lee Reiss, J.D., ARM, CPCU**

Deputy Executive Director and General Counsel

**Mary L. Stewart, ARM-P, CPCU**

Director, Research and Development

**Pamela Marino**

Marketing Manager

**Audre Hoffman**


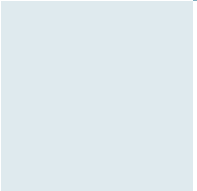

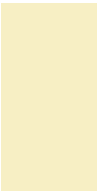
Business Office Manager

**Johnnie Winslow**

Claims Technician

**Wesley Slater**

Office Assistant





# Financial Report

## Statements of Financial Position

December 31,	2006	2005
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 231,425	\$ 98,678
Accounts Receivable	1,467	40,000
Prepaid Expenses	26,679	50,637
Investments	15,222,149	16,711,520
Total Current Assets	\$ 15,481,720	\$ 16,900,835
<b>Property and Equipment</b>		
Furniture, Fixtures, and Equipment	\$ 86,849	\$ 81,384
Computer Equipment	132,522	114,463
Leasehold Improvements	80,910	80,910
Software	438,115	971,606
Website Development	156,857	146,497
	<b>895,253</b>	<b>1,394,860</b>
Less Accumulated Depreciation	(489,642)	(680,917)
	<b>405,611</b>	<b>713,943</b>
<b>Other Assets</b>		
Deposits	8,917	8,917
	<b>\$ 15,896,248</b>	<b>\$ 17,623,695</b>

December 31,	2006	2005
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 72,360	\$ 107,471
Grants Payable	180,873	421,253
Deferred Income	97,086	31,579
<b>Total Liabilities</b>	<b>350,319</b>	<b>560,303</b>
<b>Net Assets</b>		
Unrestricted	15,545,929	17,063,392
<b>Total Net Assets</b>	<b>15,545,929</b>	<b>17,063,392</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 15,896,248</b>	<b>\$ 17,623,695</b>

See notes to Financial Statements.

## Statements of Activities

December 31,	2006	2005
<b>Revenues, Gains, and Other Support</b>		
Interest Income	\$ 395	\$ 247
Dividend Income	474,469	494,991
Net Realized Gain on Investments	683,749	298,681
Net Unrealized Gain (Loss) on Investments	877,401	(115,786)
Grant Income	65,738	83,485
Data Exchange	41,579	-
On-Line Bookstore	36,113	10,773
Net Assets Released from Restriction	-	433,344
Miscellaneous Income	1,000	40,923
Total Revenues, Gains, and Other Support	2,180,444	1,246,658
<b>Expenses</b>		
PERI Data Exchange	1,286,395	940,689
Website and Publications	590,814	399,179
Outreach	381,639	324,772
Grants	377,998	695,799
Training Projects and Sponsorships	278,648	259,460
PERI Enterprises	276,363	93,790
Small Entity Scholarships	61,693	83,124
Virtual Symposium	26,616	66,364
Total Program Expenses	3,280,166	2,863,177
General and Administrative	417,741	559,226
Total Expenses	3,697,907	3,422,403
Decrease in Unrestricted Net Assets	(1,517,463)	(2,175,745)
<b>Temporarily Restricted Net Assets</b>		
Net Assets Released from Restrictions	-	(433,344)
Change in Net Assets	(1,517,463)	(2,609,089)
<b>Net Assets - Beginning</b>	<b>17,063,392</b>	<b>19,672,481</b>
<b>Net Assets - Ending</b>	<b>\$ 15,545,929</b>	<b>\$ 17,063,392</b>

See notes to Financial Statements.

## Schedules of Functional Expenses

December 31,	Program Expenses	General and Administrative	2006 Total	2005 Total
Administrative Fees	\$ 10,167	\$ -	\$ 10,167	\$ 12,071
Advertising	20,301	-	20,301	10,220
Conferences and Trade Shows	76,704	9,838	86,542	99,997
Consultants - Information Systems	788	6,980	7,768	388,981
Consultants and Temporary Help	720,826	12,049	732,875	173,880
Content Development	57,479	-	57,479	85,440
Copying	-	4,858	4,858	4,924
Depreciation	-	196,931	196,931	373,185
Design and Editing	43,618	-	43,618	6,490
Employee Benefits	6,980	174,518	181,498	135,304
Executive Board	-	78,892	78,892	129,840
Facilities	-	110,374	110,374	93,889
Financial	-	83,610	83,610	57,066
General Meeting/Travel	16,302	5,536	21,838	15,369
Grants	142,627	-	142,627	436,855
Honoraria	6,218	-	6,218	47,661
Insurance	-	17,010	17,010	11,739
Legal	-	1,500	1,500	4,590
Loss on Disposal of Assets	412,184	-	412,184	-
Memberships/Sponsorships	45,000	1,785	46,785	26,437
Office Supplies	831	19,607	20,438	21,230
Participants Support Costs	1,039	-	1,039	-
Postage and Delivery	51,209	7,055	58,264	56,405
Printing	67,317	20,049	87,366	154,851
Professional Development	-	2,416	2,416	9,017
Publications	70,774	819	71,593	50,383
Research	-	-	-	25,000
Salaries	24,034	600,995	625,029	586,307
Scholarships	39,000	-	39,000	56,600
Subawards	26,498	-	26,498	85,023
Supplies	56,322	-	56,322	24,175
Telephone/Internet	-	15,976	15,976	17,512
Training and Education	160,771	-	160,771	163,603
Website Development and Maintenance	270,120	-	270,120	45,441
Website Fees	-	-	-	12,918
Allocation of G&A Expenses	953,057	(953,057)	-	-
	<b>\$ 3,280,166</b>	<b>\$ 417,741</b>	<b>\$ 3,697,907</b>	<b>\$ 3,422,403</b>

# Notes to Financial Report

## Nature of Activities and Significant Accounting Policies

### *Nature of Activities*

Public Entity Risk Institute (PERI) is a non-member, nonprofit corporation organized on January 16, 1997, under the laws of Virginia. Its mission is to provide high quality technical services, training, and education to policyholders, self-insured entities, and public entity pools as a permanent, but dynamic, forward thinking resource for the practical enhancement of risk management.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *Cash and Cash Equivalents*

The organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. At December 31, 2006, and 2005, there were no cash equivalents.

### *Functional and Allocation of Expenses*

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocations are made based on labor hours and salaries.

### *Investments*

Investments in mutual funds are carried at fair value as determined by quoted market prices. Changes in fair value are reflected in the statement of activities in the year of change.

### *Property and Equipment*

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of five to seven years for furniture, fixtures, and equipment and three years for software.

The depreciation expense was \$196,931 and \$373,185, respectively for the years ending December 31, 2006 and 2005.

### *Grants Expense*

All grants without contingencies are recognized as expense upon acceptance of the grant contracts. Unexpended funds for grants recognized are recorded as grants payable. Funds remaining at the completion of a grant are recognized as income.

### *Grants Payable*

In a prior year, PERI received \$6,000,000 in restricted funds to be administered in a program of demonstration grants to be distributed over the first ten years of PERI's existence. At December 31, 2006, PERI had grants payable of \$180,873. At December 31, 2005, PERI had grants payable of \$421,253.

### *Software Development Costs*

PERI has developed a software product, which will be accessed by various organizations to exchange risk experience data. Software that is used by an organization in the production of a product or in providing service that is not acquired by a client is considered internal use software. In accordance with ASCAP's Statement of Position 98-1, costs for internal use software are capitalized during the application development stage, which begins once the preliminary project stage is complete and management commits to funding the software product. Capitalized software development costs are to be amortized on a straight-line basis over the estimated useful life once the software project is substantially complete.

PERI capitalized \$822,085 in 2004 for software development. During 2006 PERI determined that the software as designed would not be a viable operation. Consequently, PERI scrapped the original \$822,085 investment, incurring a loss of \$412,184. PERI then recapitalized 5% of the NBV that was determined to be salvageable as part of a new Data Exchange Platform. Total costs capitalized for the new platform, placed in service as of December 31, 2006, amount to \$193,633.

Audited financial statements available: The financial statements presented here have been condensed from the audited financial statements for 2006. Readers interested in obtaining the complete audited financial statement with the auditor's report may request a copy from PERI at 11350 Random Hills Road, Suite 210, Fairfax, Virginia 22030; phone: 703.352.1846.





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