



President
Mr. Dave Warren
City of Placerville

Vice President
Ms. Liz Ehrenstrom
City of Oroville

Treasurer
Mr. Tim Sailsbery
City of Willows

Secretary
Ms. Corey Shaver
City of Nevada City

NCCSIF BOARD OF DIRECTORS MEETING AGENDA

Date: Thursday, April 27, 2017
Time: 12:00 noon
Lunch available at 11:30 a.m.

Location: Rocklin Event Center - Garden Room
2650 Sunset Blvd.
Rocklin, CA 95677
(916) 625-5200

A – Action
I – Information

1 – Attached
2 – Hand Out
3 – Separate Cover
4 – Verbal
5 – Previously Mailed

MISSION STATEMENT

The Northern California Cities Self Insurance Fund, or NCCSIF, is an association of municipalities joined to protect member resources by stabilizing risk costs in a reliable, economical and beneficial manner while providing members with broad coverage and quality services in risk management and claims management.

- A. CALL TO ORDER - 12 noon**
- B. INTRODUCTIONS**
- C. APPROVAL OF AGENDA AS POSTED** **A 1**
- D. PUBLIC COMMENTS**
This time is reserved for members of the public to address the Board of Directors on matters pertaining to NCCSIF that are of interest to them.
- pg. 6 **E. CONSENT CALENDAR** **A 1**
All matters listed under the consent calendar are considered routine with no separate discussion necessary. Any member of the public or the Board of Directors may request any item to be considered separately.
 - pg. 7 1. Board Meeting Minutes - December 8, 2016
 - pg. 15 2. Check Register from November 1, 2016 to February 29, 2017
 - pg. 17 3. Investment Reports
 - a. Chandler Asset Management Short/Long Term - November 2016 to February 2017
 - b. Local Agency Investment Fund (LAIF) Report as of December 31, 2016
 - pg. 49 c. Treasurer’s Report as of December 31, 2016
 - pg. 50



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- pg. 51 4. 16-17 APIP Alliant-Commission Opt-Out Letter 02-09-17
- pg. 52 5. 2016-17 CSAC EIA Member Annual Report for NCCSIF
- pg. 62 6. CSAC EIA Workers' Compensation Claims Audit as of October 2016

F. ADMINISTRATION REPORTS

I

- 1. **President's Report** **4**
Dave Warren will address the Board on items pertaining to NCCSIF.

- 2. **Program Administrator's Report** **4**
Alliant will address the Board on items pertaining to NCCSIF.

- pg. 74 3. **Summary of the March 23, 2017 Executive Committee Meeting** **1**
The Board will receive an update of the actions taken at the March 23, 2017 Executive Committee meeting.

G. FINANCIAL REPORTS

- pg. 75 1. **Quarterly Financial Report for Period Ending December 31, 2016** **A 1**
James Marta & Company will present the quarterly financial report ending December 31, 2016 for the Board to Accept and File.

- pg. 104 2. **Budget to Actual as of December 31, 2016** **I 1**
The Board will receive an update on the Budget to Actual as of December 31, 2016.

H. JPA BUSINESS

- 1. **Actuarial Studies of the Self Insured Programs - Mike Harrington, Bickmore** **A 1**

- pg. 105 a. **FY 17/18 Workers' Compensation Program**
The Board will review and may approve the Actuarial Study for the Workers' Compensation Program.

- pg. 142 b. **FY 17/18 Liability Program**
The Board will review and may approve the Actuarial Study for the Liability Program.



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2. Workers' Compensation Program A 1

pg. 178 a. **Annual Banking Plan Adjustments - James Marta & Company**
The Board will review and may approve adjustments to the Banking Layer for the Workers' Compensation program.

pg. 180 b. **Annual Shared Risk Plan Adjustments - Alliant Insurance Services**
The Board will review and may approve adjustments to the Shared Risk Layer for the Workers' Compensation program.

pg. 182 c. **Preliminary FY 17/18 Deposit Premium Calculations**
The Board will review and may approve the Preliminary FY 17/18 Deposit Premium Calculations for the Workers' Compensation Program.

3. Liability Program A 1

pg. 185 a. **Annual Banking Plan Adjustments - James Marta & Company**
The Board will review and may approve adjustments to the Banking Layer for the Liability program.

pg. 187 b. **Annual Shared Risk Plan Adjustments - Alliant Insurance Services**
The Board will review and may approve adjustments to the Shared Risk Layer for the Liability program including applying the CJPRMA refund to the recommended assessment.

pg. 189 c. **Preliminary FY 17/18 Deposit Premium Calculations**
The Board will review and may approve the Preliminary FY 17/18 Deposit Premium Calculations for the Liability Program.

pg. 192 4. **Proposed Amendment to P&P #A-1, Banking Layer Adjustments A 1**
The Board will review and may approve a proposal to allow members with a net assessment for the year to use a portion of their Banking Layer to pay it.

pg. 196 5. **Accounting and Financial Services Agreement A 1**
The Board will review and may approve the proposed Agreement with James Marta and Company for Accounting and Financial Services.



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- pg. 202 6. **Independent Financial Audit Services Agreement** **A 1**
The Board will review and may approve the draft engagement letter with Crowe Horwath LLP for financial audit services.
- 7. **York Risk Services Workers’ Compensation Claims Administration** **A 1**
- pg. 217 a. **NCCSIF Workers’ Compensation Claims Audit as of March 2017**
Marcus Beverly will present the Workers’ Compensation Claims Audit conducted by Farley Consulting Services for the Board to review, accept and file.
- pg. 235 b. **York Quarterly Report**
Bettina Hooper from York Risk Services will provide an update on overall claims management and benchmarks.
- pg. 243 c. **Performance Plan Follow-up Survey Result**
The Board will receive an update on the results of the follow up survey for the Workers’ Compensation Claims Administration for discussion and to Accept and File.
- pg. 248 d. **Claims Admin Rate for FY 17/18**
The Board will discuss and determine if York’s progress is satisfactory for the anticipated fee increase of up to 3% as scheduled in their current agreement for FY 17/18.
- pg. 251 8. **Transit Coverage and Cal TIP Update** **A 1**
NCCSIF to continue transit coverage up to \$250,000 in FY 17/18 for City of Auburn, City of Dixon and City of Folsom.
- pg. 252 9. **Selection of the CJPRMA Board and Alternate Representatives** **A 1**
The Board to select Representative and Alternate to serve on the CJPRMA Board.
- pg. 254 10. **FY 17/18 Property Renewal Update** **I 1**
The Board will receive an update on the FY 17/18 Property Premiums.
- pg. 256 11. **FY 17/18 Crime Policy Renewal Update** **I 1**
The Board will receive an update on FY 16/17 Crime Program Renewal.



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pg. 258	12. Preliminary FY 17/18 NCCSIF Administration Budget	I	1
	<i>The Board will review and may provide direction to the preliminary FY 17/18 NCCSIF Budget.</i>		
pg. 262	I. ROUND TABLE DISCUSSION	I	4
	<i>The floor will be open to Board members for any topics or ideas that members would like to address.</i>		
pg. 263	J. INFORMATION ITEMS	I	1
pg. 264	1. Glossary of Terms		
pg. 273	2. NCCSIF Organizational Chart		
pg. 274	3. NCCSIF 2017 Meeting Calendar		
pg. 275	4. NCCSIF Vendor Services Matrix		
pg. 284	5. NCCSIF Resource Contact Guide		
pg. 286	6. NCCSIF Travel Reimbursement Form		

K. ADJOURNMENT

UPCOMING MEETINGS

- Claims Committee Meeting - May 18, 2017
- Executive Committee Meeting - May 18, 2017
- Risk Management Committee Meeting - June 15, 2017
- Board of Directors Meeting - June 15, 2017
- Police Risk Management Committee Meeting - August 3, 2017

Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Raychelle Maranan at Alliant Insurance Services at (916) 643-2712.

The Agenda packet will be posted on the NCCSIF website at www.nccsif.org. Documents and material relating to an open session agenda item that are provided to the NCCSIF Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 460, Sacramento, CA 95815.

Access to some buildings and offices may require routine provisions of identification to building security. However, NCCSIF does not require any member of the public to register his or her name or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3



CONSENT CALENDAR

ACTION ITEM

ISSUE: Items on the Consent Calendar should be reviewed by the Board and, if there is any item requiring clarification or amendment, such item(s) should be pulled from the agenda for separate discussion.

RECOMMENDATION: The Program Administrator recommends adoption of the Consent Calendar after review by the Board. *Items pulled from the Consent Calendar by a member will be placed back on the agenda in an order determined by the President.*

FISCAL IMPACT: None.

BACKGROUND: The Board places the following items on the Consent Calendar for adoption. The Board may accept the Consent Calendar as presented, or pull items for discussion and separate action while accepting the remaining items.

ATTACHMENT(S):

1. Board Meeting Minutes - December 8, 2016
2. Check Register from November 1, 2016 to February 28, 2017
3. Investment Reports
 - a. Chandler Asset Management Short/Long Term - November 2016 to February 2017
 - b. Local Agency Investment Fund (LAIF) Report as of December 31, 2016
 - c. Treasurer's Report as of December 31, 2016
4. 16-17 APIP Alliant-Commission Opt-Out Letter 02-09-17
5. 2016-17 CSAC EIA Member Annual Report for NCCSIF
6. CSAC EIA Workers' Compensation Claims Audit as of October 2016



**MINUTES OF THE
NCCSIF TRAINING AND BOARD OF DIRECTORS MEETING
ROCKLIN EVENT CENTER, ROCKLIN, CA
DECEMBER 8, 2016**

BOARD OF DIRECTORS PRESENT

Liz Cottrell, City of Anderson, (Alternate)
Nita Wracker, City of Auburn
Kristina Miller, City of Corning
Michelle Pellegrino, City of Dixon
Brad Koehn, City of Elk Grove
Kristine Haile, City of Folsom (Alternate)
Paula Islas, City of Galt
Matt Michaelis, City of Gridley

Ruthann Codina, City of Lincoln, (Alternate)
Corey Shaver, City of Nevada City
Liz Ehrenstrom, City of Oroville
Dave Warren, City of Placerville (**Chair**)
Donna Lee, City of Rio Vista
Kimberly Sarkovich, City of Rocklin
Tim Sailsbery, City of Willows
Natalie Springer, City of Yuba City

OTHER MEMBERS PRESENT

Jim Ramsey, City of Elk Grove
Julie Rucker, City of Elk Grove

Jason Johnson, City of Rocklin
Andrew Schiltz, City of Rocklin

BOARD OF DIRECTORS ABSENT

Jeff Kiser, City of Anderson
Toni Benson, City of Colusa
Jim Francis, City of Folsom
Jon Hanken, City of Ione
Michael Daly, City of Jackson

Astrida Trupovnieks, City of Lincoln
Satwant Takhar, City of Marysville
Gina Will, Town of Paradise
Sandy Ryan, City of Red Bluff

CONSULTANTS & GUESTS

Marcus Beverly, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Raychelle Maranan, Alliant Insurance Services
James Marta, James Marta & Company
Dori Zumwalt, York Risk Services
Henri Castro, Bickmore
Tom Klein, Bickmore

Ned Connolly, Chandler Asset Management
Jen Hamelin, CSAC EIA
David Clovis, CJPRMA
Bill Vogeler, Occu-Med
Amy Crowley, Occu-Med
Michael Colson, CHUBB Commercial Insurance

Pre-meeting: NCCSIF Orientation and Refresher Training at 9:30 a.m.

Mr. Marcus Beverly provided an orientation training to the Board covering all aspects of the NCCSIF JPA as an introduction to new members and a refresher course for returning Board members. The presentation included: history of NCCSIF, composition of its members, governance



of the pool, funding mechanism, layers of coverages available, various service providers and vendor services that are available to members through their participation in NCCSIF.

Andrew Schiltz left the meeting at 10:13 a.m.

A. CALL TO ORDER

Chair Dave Warren called the meeting to order at 10:14 a.m.

B. INTRODUCTIONS

The above-mentioned members were present constituting a quorum.

C. APPROVAL OF AGENDA AS POSTED

Chair Warren requested to change the order of the agenda switching items E.3. - Drone Liability and Coverage Presentation and E.5. - Resolving Workers' Compensation Claims Presentation.

A motion was made to approve the Agenda as amended.

Motion: Tim Sailsbery

Second: Liz Ehrenstrom

Motion Carried

Ayes: Cottrell, Wracker, Miller, Pellegrino, Koehn, Haile, Islas, Michaelis, Codina, Shaver, Ehrenstrom, Warren, Lee, Sarkovich, Sailsbery, Springer

Nays: None

D. PUBLIC COMMENTS

There were no public comments.

E. TRAINING PRESENTATIONS

1. Investment 101

Mr. Ned Connolly from Chandler Asset Management (Chandler) provided an Investment 101 training covering the basics of investing. Mr. Connolly incorporated the NCCSIF investment portfolio in his presentation providing Members with an understanding of how Chandler implements the basic and advanced concepts for investing in public funds.

Jen Hamelin arrived at 10:45 a.m.

Paula Islas arrived at 10:45 a.m.

David Clovis arrived at 10:46 a.m.

Presented as information only.

2. NCCSIF Investment Portfolio Review

This item was reviewed under item E.1.

The Board took a break at 11:10 a.m.

Ned Connolly left the meeting at 11:20 a.m.

The meeting resumed at 11:20 a.m.

3. Resolving Workers' Compensation Claims

Ms. Jen Hamelin, CSAC EIA WC Claims Manager, and Ms. Dori Zumwalt, York Senior Account Manager, provided a training presentation on Resolving Workers' Compensation Claims. Ms. Zumwalt handed out York's WC Settlement Authority Request and Survival Guide kit. Information presented includes: overview of claims process, different settlement types, in depth information on Compromise and Release (C&R) settlement and the misconceptions about C&Rs, other extra settlement types, settlement analysis and settlement authority request process.

Bill Vogeler and Amy Crowley arrived at the meeting at noon.

Presented as information only.

The Board recessed for lunch at 12:14 p.m.

Jen Hamelin left the meeting during lunch.

Michael Colson arrived at the meeting during lunch.

Lunch Presentation: Occu-Med

Mr. Bill Vogeler and Ms. Amy Crowley from Occu-Med presented an overview of their services to the Board during lunch. Occu-Med is a nationally recognized leader in providing an end-to-end solution encompassing medical, legal and job-demand aspects in medical evaluations for employment and applicant-job compatibility assessment assuring that candidates are authentically ready for placement. Other services available: facilitate return-to-work evaluations, periodic medical evaluations and job analysis.

Bill Vogeler and Amy Crowley left the meeting at 12:55 p.m.

The meeting resumed at 12:55 p.m.

4. CJPRMA Overview of Services

Mr. David Clovis, CJPRMA Program Manager, presented an overview of the California Joint Powers Risk Management Authority (CJPRMA) including history, membership structure, other coverages offering available within CJPRMA, and additional services available to members such as risk management program with wide variety of trainings throughout the year. The CJPRMA is the excess Liability carrier for NCCSIF up to \$40 million coverage in excess of the NCCSIF \$500,000 retained limit with \$10 million limit for Employment Practices Liability. NCCSIF represent 10% of the overall payroll of CJPRMA.

Presented as information only.

5. Drone Liability and Coverage

Mr. Michael Colson from CHUBB provided a presentation on Drone Liability and Coverage. The emerging technologies of unmanned aerial vehicles (UAV), also known as drones, is presenting new liability risks and evolving insurance coverage. Lack of claims data makes it difficult to underwrite for coverage. Mr. Colson stated as a general idea of cost, the \$1 million coverage limit is estimated between \$700 to \$1,200 premium per drone. Local municipal governments may operate under Part 107 of the Federal Aviation regulation with restrictive pilot requirements and a certificate of waiver authorization must be granted by Federal Aviation Administration (FAA) and is limited for certain uses. Part 107 aircraft must be less than 55 pounds and UAV must be registered with the FAA, and with restriction of at least five miles distance away from airports and operators have to maintain a visual line-of-sight. Mr. Colson indicated he will share the AMA community safety guidelines for drones.

Presented as information only.

The Board took a break at 2:21 p.m.

Michelle Pellegrino left the meeting at 2:23 p.m.

David Clovis left the meeting at 2:23 p.m.

Michael Colson left the meeting at 2:33 p.m.

The meeting resumed at 2:33 p.m.

F. CONSENT CALENDAR

1. Board of Directors Meeting Minutes - October 27, 2016
2. Check Register from July 1, 2016 to October 31, 2016
3. Investment Reports
 - a. Chandler Asset Management Short/Long Term - September 2016 to October 2016
 - b. Local Agency Investment Fund (LAIF) Report as of September 30, 2016
 - c. Treasurer's Report as of September 30, 2016



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

Motion: Liz Ehrenstrom **Second:** Tim Sailsbery **Motion Carried**
Ayes: Cottrell, Wracker, Miller, Pellegrino, Koehn, Haile, Islas, Michaelis, Codina, Shaver, Ehrenstrom, Warren, Lee, Sarkovich, Sailsbery, Springer
Nays: None

G. ADMINISTRATION REPORTS

G1. President's Report

Chair Warren congratulated the winners of the 2016 NCCSIF Walking Challenge: the individual winner is from the City of Dixon, and the group winner is from the Town of Paradise. Chair Warren thanked the City of Rocklin for hosting all the meetings this year, and that the City of Rocklin has once again offered to host all of the meetings for 2017.

G2. Program Administrator's Report - NCCSIF Annual Report

Mr. Beverly presented the Board with the Annual Report which summarizes NCCSIF's history, current coverage and available services through the NCCSIF membership. Members were encouraged to share this information with their City Council to help understand the value that the NCCSIF membership provides.

Presented as information only.

H. FINANCIAL REPORTS

H1. Quarterly Financial Report for Period Ending September 30, 2016

Mr. James Marta reviewed the quarterly financial report for period ending September 30, 2016. Mr. Marta presented the highlights of the report to the Board. The Liability Shared layer is still in deficit position of \$909,401.

Mr. Marta reviewed the Budget-to-Actual report. No questions from the Board.

A motion was made to receive and file the Quarterly Financial Report for the period ending September 30, 2016.

Motion: Tim Sailsbery **Second:** Brad Koehn **Motion Carried**
Ayes: Cottrell, Wracker, Miller, Pellegrino, Koehn, Haile, Islas, Michaelis, Codina, Shaver, Ehrenstrom, Warren, Lee, Sarkovich, Sailsbery, Springer
Nays: None



H2. Budget-to-Actual as of September 30, 2016

The Budget-to-Actual was reviewed under item H1.

Mr. Beverly indicated that he received the assessment bill from the Department of Industrial Relations, Office of Self Insurance Plans days prior to the meeting and noted that the bill is about \$205,000. The assessment due is higher than what was budgeted for this fiscal year at \$168,000. Mr. Beverly stated that the increase may be due to closing of more claims, but he will review further to identify exactly the cause of the increase.

H3. Review of Current Financial Condition and Funding Benchmarks

Mr. Beverly presented information about NCCSIF Target funding. The key benchmarks are: 1) large losses (net assets to SIR), 2) reserving errors (expected liabilities to net assets), and 3) pricing errors (net contributions to net assets). For the Liability Program, the net assets disappeared in 2013 due to reserve changes. Slight improvement in 2015 and 2016, but deficit doubled in first quarter of 2017. For the Workers' Compensation Program, net assets increased from \$5.6 million to \$12.8 million in 2016, continuing to maintain above benchmark since 2013.

Information only and no action were taken.

H4. Liability Shared Risk Layer Deficit Plan

Mr. James Marta and Mr. Beverly presented information on NCCSIF Liability Shared Risk Layer Deficit Plan. As the Liability Program is trading just below water for the last 3-4 years, with deficit more than doubled over the first quarter of FY 16/17, it is important for the members to re-evaluate the assessment plan. It is recommended updating the planned assessment from \$600,000 to \$800,000 less any CJPRMA dividends plus increasing the Liability Shared Layer funding to 80% Confidence Level.

The Board discussed in length the best way to combat the deficit without much impact to members' bottom line. The Board directed Program Administrators and Accountant to provide an exhibit to illustrate the actual impact per member at the \$600,000 planned assessment plus funding at 80% Confidence Level for Shared Risk Layer only and with and without the CJPRMA refund to understand the financial impact to individual members and to find a solution for adequate funding.

Paula Islas left the meeting at 3:14 p.m.



I. JPA BUSINESS

II. Risk Management Policy and Procedure Reviews

Mr. Beverly indicated the City of Oroville provided the Sample Harassment Policy in which it will be part of RM-5. The Sample Harassment Policy will be disseminated to all the members via e-mail.

Ms. Ehrenstrom confirmed that Liebert Cassidy Whitmore developed the Harassment Policy.

- a. RM-1 Risk Management Policy and Framework
- b. RM-5 Unlawful Harassment Policy - Employment Liability Best Practices
- c. RM-2 Driving Standards
- d. RM-15 Vehicle Use and Operations
- e. RM-11 Review of Member Risk Assessments & Compliance

A motion was made to approve all the proposed Risk Management Policies, a through e, as recommended by the Risk Management Committee.

Motion: Liz Ehrenstrom

Second: Kimberly Sarkovich

Motion Carried

Ayes: Cottrell, Wracker, Miller, Pellegrino, Koehn, Haile, Islas, Michaelis, Codina, Shaver, Ehrenstrom, Warren, Lee, Sarkovich, Sailsbery, Springer

Nays: None

I2. FPPC Form 700 Electronic Filing Roll Out

Ms. Raychelle Maranan indicated that all the NCCSIF Board of Directors, Alternates and Risk Management Committee members can now file their Form 700 electronically beginning January 1, 2017.

Presented as information only.

I3. Round Table Discussion

Ms. Henri Castro confirmed that Cal OSHA does not have a reporting requirement contained within the recordkeeping regulations and whereas the Federal OSHA does include reporting requirement.

J. INFORMATION ITEMS

- 1. 2016 NCCSIF Walking Challenge Results
- 2. PARMA 2017 Conference (February 12-15, 2017) in Anaheim, CA
- 3. Glossary of Terms
- 4. NCCSIF Organizational Chart



5. NCCSIF 2017 Meeting Calendar
6. NCCSIF Travel Reimbursement Form
7. NCCSIF Resource Contact Guide

Mr. Beverly encouraged members to consider attending the PARMA Conference in February 2017 as it is a great training event and noted it will be held at Disneyland.

These items were provided as information only.

K. ADJOURNMENT

The meeting was adjourned at 3:36 p.m.

Next Meeting Date: April 27, 2017

Respectfully Submitted,

Corey Shaver, Secretary

Date

DRAFT

NCCSIF
NCCSIF Check Register
November 1, 2016 - February 28, 2017

Check No.	Vendor Name	Allocation	Account title	Account	Payment Date	Payment Amount
11032	Aubergine Catering	WC/Liab-Admin Layer	Board Meetings	52503	11/8/2016	240.00
11033	Sandy Ryan	WC/Liab-Admin Layer	Seminars and PARMA	52207	11/8/2016	925.47
11034	Sheleen Edward	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	39.20
11035	Liz Ehrenstrom	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	64.80
11036	Satwant Takhar	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	48.60
11037	Natalie Springer	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	39.20
11038	VIEVU	WC/Liab-Admin Layer	Safety Contingency	52209	11/8/2016	1,655.63
11039	Dalacie Blankenship	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	54.54
11040	Kim Stalie	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	48.49
11041	City of Colusa	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	68.04
11042	City of Placerville	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	41.36
11043	Gina Will	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	89.64
11044	Jim Ramsey	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	34.56
11045	Kristine Haile	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	15.12
11046	Liz Cottrell	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	181.44
11047	Corey Shaver	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	74.52
11048	Spencer Morrison	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	39.20
11049	Tom Watson	WC/Liab-Admin Layer	Member Travel	52502	11/8/2016	89.64
11050	Chandler Asset Management, Inc.	WC/Liab-Admin Layer	Investment Income	44040	11/8/2016	4,630.77
11051	Gibbons and Conley	WC/Liab-Admin Layer	Legal Services	52103	11/8/2016	1,596.44
11052	York	WC - Member Layer	Claims Admin - Monthly WC Only	52300	11/8/2016	91,803.50
11053	York Risk Services Group, Inc.	Laib - Member Layer	Claims Admin - Liability	51135	11/8/2016	43,591.72
11054	Alliant Insurance Services	WC/Liab-Admin Layer	Program Admin Fee	52401	11/8/2016	24,796.33
11055	Bickmore Risk Services Inc.	WC/Liab-Admin Layer	On Site	52204	11/8/2016	14,726.67
11056	Aubergine Catering	WC/Liab-Admin Layer	Board Meetings	52503	11/30/2016	870.00
11057	Champion Awards Enterprises	WC/Liab-Admin Layer	Board Meetings	52503	11/30/2016	159.72
11058	Town of Paradise	WC/Liab-Admin Layer	Police Risk Mgmt Comm Svcs	52203	11/30/2016	2,239.42
11059	Astrida Trupovnick	WC/Liab-Admin Layer	Seminars and PARMA	52207	11/30/2016	1,059.60
11060	Bruce D Praet	WC/Liab-Admin Layer	Police Risk Mgmt Comm Svcs	52203	11/30/2016	2,168.74
11061	Gibbons and Conley	WC/Liab-Admin Layer	Legal Services	52103	11/30/2016	735.43
11062	James Marta and Company LLP	WC/Liab-Admin Layer	Accounting Services	52403	11/30/2016	5,790.17
11063	Liz Ehrenstrom	WC/Liab-Admin Layer	Member Travel	52502	12/8/2016	64.80
11064	Crowe Horwath	WC/Liab-Admin Layer	Financial Audit	52102	12/8/2016	7,830.00
11065	James Marta and Company LLP	WC/Liab-Admin Layer	Accounting Services/intacct/admin	52403	12/8/2016	5,796.62
11066	York Risk Services Group, Inc.	Laib - Member Layer	Claims Admin - Liability	51135	12/8/2016	39,712.26
11067	Bickmore Risk Services Inc.	WC/Liab-Admin Layer	On Site	52204	12/8/2016	14,726.66
11068	Alliant Insurance Services	WC/Liab-Admin Layer	Program Admin Fee	52401	12/8/2016	24,796.33
11069	City of Dixon	WC - Admin Layer	Wellness Optional	52217	12/8/2016	53.94
11070	Chandler Asset Management, Inc.		Investment Income	44040	12/8/2016	4,602.74
11071	Department of Industrial Relations	WC - Admin Layer	State Funding/Fraud Assessment	52304	12/19/2016	205,151.74
11072	City of Yuba City	WC/Liab-Admin Layer	Seminars and PARMA	52207	12/19/2016	3,300.00
11073	Crystal Peters	WC - Admin Layer	Wellness Optional	52217	12/19/2016	375.95
11074	Aubergine Catering	WC/Liab-Admin Layer	Board Meetings	52503	12/19/2016	560.00
11075	City of Placerville	WC/Liab-Admin Layer	Member Travel	52502	12/19/2016	41.36
11076	Jim Ramsey	WC/Liab-Admin Layer	Member Travel	52502	12/19/2016	35.64
11077	Liz Cottrell	WC/Liab-Admin Layer	Member Travel	52502	12/19/2016	152.28
11078	Liz Ehrenstrom	WC/Liab-Admin Layer	Member Travel	52502	12/19/2016	64.80
11079	Matt Michaelis	WC/Liab-Admin Layer	Member Travel	52502	12/19/2016	42.12
11080	PAULA ISLAS	WC/Liab-Admin Layer	Member Travel	52502	12/19/2016	103.68
11081	Corey Shaver	WC/Liab-Admin Layer	Member Travel	52502	12/19/2016	37.16
11082	Julie Rucker	WC/Liab-Admin Layer	Member Travel	52502	12/19/2016	70.64
11083	Liz Cottrell	WC/Liab-Admin Layer	Member Travel	52502	1/9/2017	162.15
11084	York	WC - Member Layer	Claims Admin - Monthly WC Only	52300	1/9/2017	45,901.75
11085	Liz Ehrenstrom	WC/Liab-Admin Layer	Seminars and PARMA	52207	1/9/2017	1,776.52
11086	Gibbons and Conley	WC/Liab-Admin Layer	Legal Services	52103	1/9/2017	1,417.06
11087	James Marta and Company LLP	WC/Liab-Admin Layer	Accounting Services/intacct	52403	1/9/2017	5,790.17
11088	York Risk Services Group, Inc.	Laib - Member Layer	Claims Admin - Liability	51135	1/9/2017	27,966.54
11089	Bickmore Risk Services Inc.	WC/Liab-Admin Layer	On Site	52204	1/9/2017	14,726.67
11090	Alliant Insurance Services	WC/Liab-Admin Layer	Program Admin Fee	52401	1/9/2017	24,796.33
11091	Chandler Asset Management, Inc.		Investment Income	44040	1/9/2017	4,580.16
11092	VIEVU	WC/Liab-Admin Layer	Safety Contingency	52209	1/26/2017	6,582.52
11093	City of Galt	WC/Liab-Admin Layer	Seminars and PARMA	52207	1/26/2017	3,300.00
11094	City of Red Bluff	WC/Liab-Admin Layer	Risk Mgmt Comm Services	52201	1/26/2017	142.75
11095	York	WC - Member Layer	Claims Admin - Monthly WC Only	52300	1/26/2017	45,901.75
11096	AGRIP	WC/Liab-Admin Layer	Associations Memberships	52504	1/26/2017	1,943.31

NCCSIF
NCCSIF Check Register
November 1, 2016 - February 28, 2017

Check No.	Vendor Name	Allocation	Account title	Account	Payment Date	Payment Amount
11097	Alliant Insurance Services	WC/Liab-Admin Layer	Wellness Optional	52217	1/26/2017	54.95
11098	Catrina Olson	WC/Liab-Admin Layer	Member Travel	52502	1/26/2017	48.59
11099	City of Folsom	Liab- Admin Layer	Other Income	44010	1/26/2017	100.00
11100	Gibbons and Conley	WC/Liab-Admin Layer	Legal Services	52103	2/8/2017	1,112.12
11101	Natalie Springer	WC/Liab-Admin Layer	Member Travel	52502	2/8/2017	38.95
11102	James Marta and Company LLP	WC/Liab-Admin Layer	Accounting Services/intacct/admin	52403	2/8/2017	5,828.56
11103	York Risk Services Group, Inc.	WC - Member Layer	Claims Admin - Liability	51135	2/8/2017	41,102.63
11104	Alliant Insurance Services	WC/Liab-Admin Layer	Program Admin Fee	52401	2/8/2017	24,796.33
11105	Bickmore Risk Services Inc.	WC/Liab-Admin Layer	On Site	52204	2/8/2017	14,726.67
11106	York	WC - Member Layer	Claims Admin - Monthly WC Only	52300	2/8/2017	45,901.75
11107	Chandler Asset Management, Inc.		Investment Income	44040	2/8/2017	4,585.16
11108	Kristine Haile	WC/Liab-Admin Layer	Member Travel	52502	2/8/2017	14.98
11109	City of Dixon	WC - Member Layer	Administration Deposit	41010	2/8/2017	132,122.00
11110	Aubergine Catering	WC/Liab-Admin Layer	Police Risk Mgmt Comm Svcs	52203	2/24/2017	375.00
11111	City of Oroville	WC/Liab-Admin Layer	Risk Mgmt Comm Services	52201	2/24/2017	142.76
11112	City of Red Bluff	WC/Liab-Admin Layer	Safety Contingency	52209	2/24/2017	1,473.74
Voided - 8731	Liz Cottrell	WC/Liab-Admin Layer	Member Travel	52502	1/5/2017	-162.15

Monthly Account Statement

Northern CA Cities Self Ins. Fund Short Term

November 1, 2016 through November 30, 2016

Chandler Team

For questions about your account,
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Email operations@chandlerasset.com

Custodian

Bank of New York Mellon
Lauren Dehner
(904)645-1918

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PORTFOLIO CHARACTERISTICS

Average Duration	2.43
Average Coupon	1.37 %
Average Purchase YTM	1.44 %
Average Market YTM	1.47 %
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	2.64 yrs
Average Life	2.49 yrs

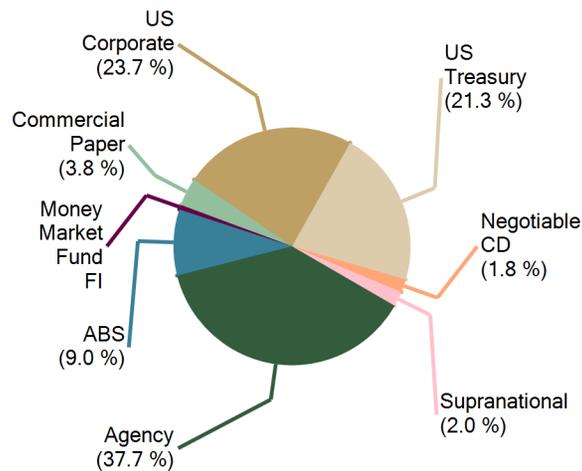
ACCOUNT SUMMARY

	Beg. Values as of 10/31/16	End Values as of 11/30/16
Market Value	26,861,504	26,646,796
Accrued Interest	79,524	73,574
Total Market Value	26,941,028	26,720,370
Income Earned	31,609	31,872
Cont/WD		0
Par	26,737,783	26,786,716
Book Value	26,688,766	26,730,498
Cost Value	26,649,780	26,691,712

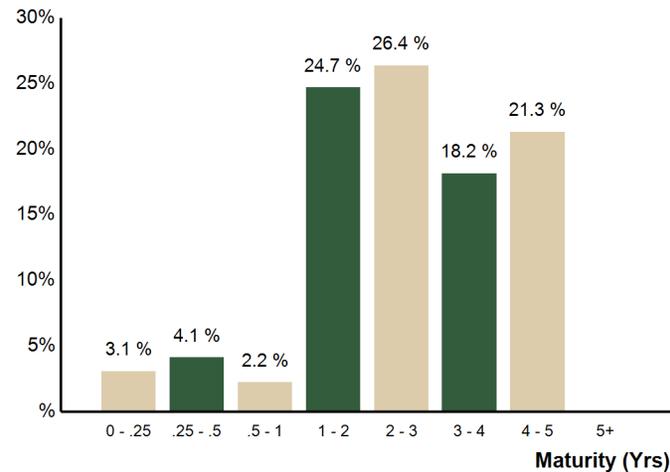
TOP ISSUERS

Issuer	% Portfolio
Government of United States	21.3 %
Federal National Mortgage Assoc	18.5 %
Federal Home Loan Mortgage Corp	10.2 %
Federal Home Loan Bank	6.9 %
Honda ABS	3.1 %
John Deere ABS	2.2 %
Intl Bank Recon and Development	2.0 %
Rabobank Nederland NV NY	2.0 %
Total	66.4 %

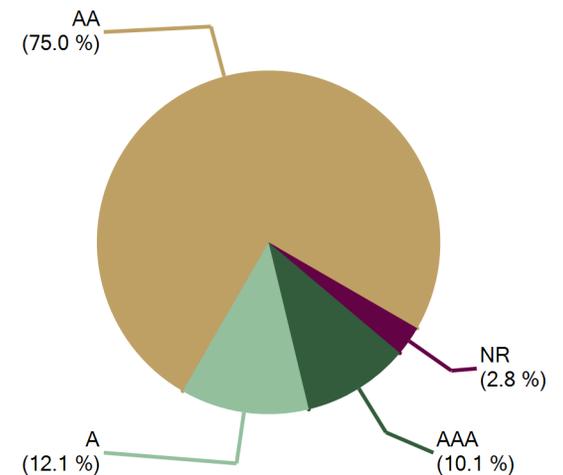
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 11/30/2016	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 12/31/1997	12/31/1997
					3 Yrs	5 Yrs	10 Yrs		
Northern CA Cities Self Ins. Fund Short Term	-0.82 %	-0.86 %	1.26 %	1.15 %	1.15 %	1.22 %	3.03 %	4.08 %	113.00 %
BAML 1-5 Yr US Treasury/Agency Index	-0.90 %	-0.92 %	1.06 %	0.92 %	0.94 %	0.85 %	2.74 %	3.75 %	100.72 %
BAML 1-5 Yr US Issuers Corp/Govt Rated AAA-A Index	-0.90 %	-0.93 %	1.19 %	1.03 %	1.05 %	1.07 %	2.80 %	3.86 %	104.73 %



Northern California Cities Self-Insurance Fund - Short Term

November 30, 2016

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or better by S&P or Moody's; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed/MBS/CMOs	20% maximum; AA by S&P or Moody; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody's ; 25% maximum; 270 days max maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody's	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAIF	\$50 million	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies



Reconciliation Summary

As of 11/30/2016

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$26,688,766.31
Acquisition	
+ Security Purchases	\$535,783.66
+ Money Market Fund Purchases	\$148,600.95
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$684,384.61
Dispositions	
- Security Sales	\$543,309.91
- Money Market Fund Sales	\$0.00
- MMF Withdrawals	\$0.00
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$104,667.82
Total Dispositions	\$647,977.73
Amortization/Accretion	
+/- Net Accretion	\$1,414.81
	\$1,414.81
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$3,909.71
	\$3,909.71
Ending Book Value	\$26,730,497.71

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$23,467.48
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$543,309.91
Accrued Interest Received	\$1,642.73
Interest Received	\$35,454.00
Dividend Received	\$0.76
Principal on Maturities	\$0.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$104,667.82
Total Acquisitions	\$685,075.22
Disposition	
Withdrawals	\$0.00
Security Purchase	\$535,783.66
Accrued Interest Paid	\$690.61
Total Dispositions	\$536,474.27
Ending Book Value	\$172,068.43

Monthly Account Statement

Northern Cal. Cities Self Ins. Fund Long Term

November 1, 2016 through November 30, 2016

Chandler Team

For questions about your account,
please call (800) 317-4747 or
Email operations@chandlerasset.com

Custodian

Bank of New York Mellon
Lauren Dehner
(904)645-1918

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PORTFOLIO CHARACTERISTICS

Average Duration	3.42
Average Coupon	1.94 %
Average Purchase YTM	1.84 %
Average Market YTM	1.76 %
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	3.75 yrs
Average Life	3.61 yrs

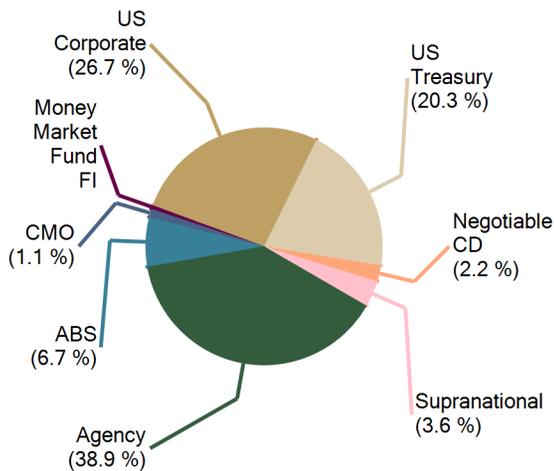
ACCOUNT SUMMARY

	Beg. Values as of 10/31/16	End Values as of 11/30/16
Market Value	27,933,230	27,549,476
Accrued Interest	140,584	121,735
Total Market Value	28,073,815	27,671,211
Income Earned	42,007	42,152
Cont/WD		0
Par	27,436,875	27,500,580
Book Value	27,473,860	27,540,972
Cost Value	27,604,290	27,672,793

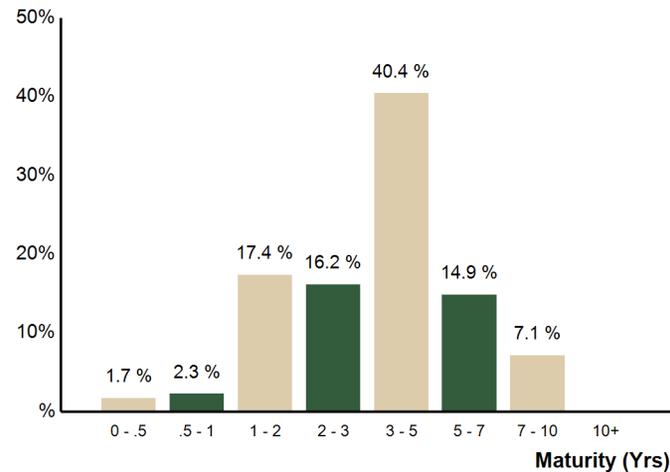
TOP ISSUERS

Issuer	% Portfolio
Government of United States	20.3 %
Federal National Mortgage Assoc	12.7 %
Federal Home Loan Mortgage Corp	11.3 %
Federal Home Loan Bank	10.1 %
Tennessee Valley Authority	6.0 %
Bank of Nova Scotia	2.2 %
JP Morgan ABS	2.2 %
Intl Bank Recon and Development	2.0 %
Total	66.7 %

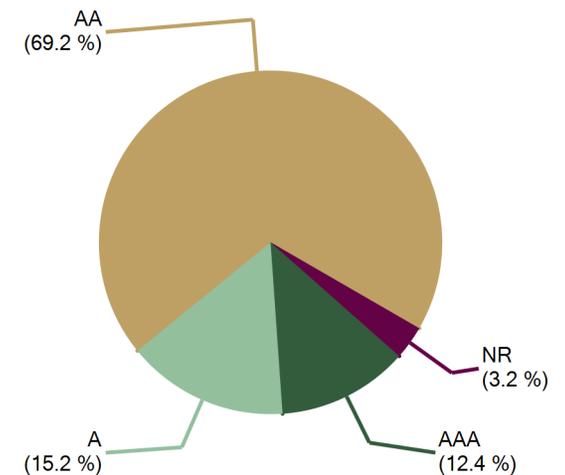
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 11/30/2016	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 5/31/2006	Since 5/31/2006
					3 Yrs	5 Yrs	10 Yrs		
Northern Cal. Cities Self Ins. Fund Long Term	-1.43 %	-1.63 %	1.63 %	1.47 %	1.88 %	1.72 %	3.79 %	4.07 %	52.06 %
BAML 1-10 Yr US Treasury/Agency Index	-1.60 %	-1.87 %	1.16 %	0.96 %	1.43 %	1.19 %	3.43 %	3.68 %	46.20 %
BAML 1-10 Yr US Corporate/Govt Rated AAA-A Index	-1.62 %	-1.93 %	1.50 %	1.28 %	1.71 %	1.73 %	3.53 %	3.81 %	48.05 %



Northern California Cities Self-Insurance Fund - Long Term
October 31, 2016

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or better by S&P or Moody; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed/MBS/CMOs	20% maximum; AA by S&P or Moody; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody ; 25% maximum; 270 days max maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAIF	\$50 million	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies



Reconciliation Summary

As of 11/30/2016

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$27,473,860.17
Acquisition	
+ Security Purchases	\$451,242.01
+ Money Market Fund Purchases	\$136,436.45
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$587,678.46
Dispositions	
- Security Sales	\$381,813.00
- Money Market Fund Sales	\$68,516.81
- MMF Withdrawals	\$0.00
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$74,214.97
Total Dispositions	\$524,544.78
Amortization/Accretion	
+/- Net Accretion	(\$2,131.91)
	(\$2,131.91)
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$6,110.26
	\$6,110.26
Ending Book Value	\$27,540,972.20

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$78,998.42
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$381,813.00
Accrued Interest Received	\$2,332.73
Interest Received	\$62,219.77
Dividend Received	\$1.71
Principal on Maturities	\$0.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$74,214.97
Total Acquisitions	\$520,582.18
Disposition	
Withdrawals	\$0.00
Security Purchase	\$451,242.01
Accrued Interest Paid	\$1,420.53
Total Dispositions	\$452,662.54
Ending Book Value	\$146,918.06

Monthly Account Statement

Northern CA Cities Self Ins. Fund Short Term

December 1, 2016 through December 31, 2016

Chandler Team

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please call (800) 317-4747 or
Email operations@chandlerasset.com

Custodian

Bank of New York Mellon
Lauren Dehner
(904)645-1918

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PORTFOLIO CHARACTERISTICS

Average Duration	2.47
Average Coupon	1.39 %
Average Purchase YTM	1.47 %
Average Market YTM	1.54 %
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	2.69 yrs
Average Life	2.55 yrs

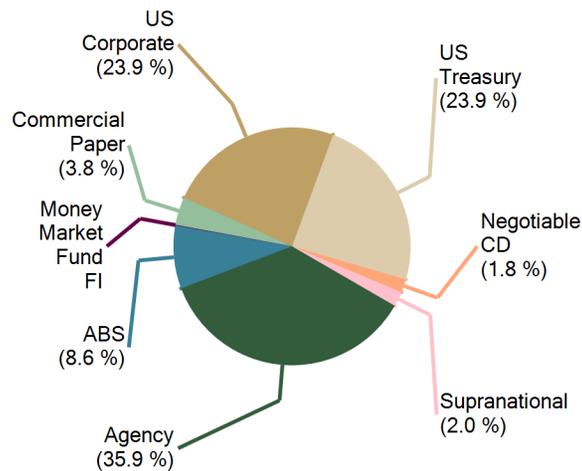
ACCOUNT SUMMARY

	Beg. Values as of 11/30/16	End Values as of 12/31/16
Market Value	26,646,796	26,641,963
Accrued Interest	73,574	92,809
Total Market Value	26,720,370	26,734,772
Income Earned	31,872	32,679
Cont/WD		0
Par	26,786,716	26,817,300
Book Value	26,730,498	26,745,685
Cost Value	26,691,712	26,713,269

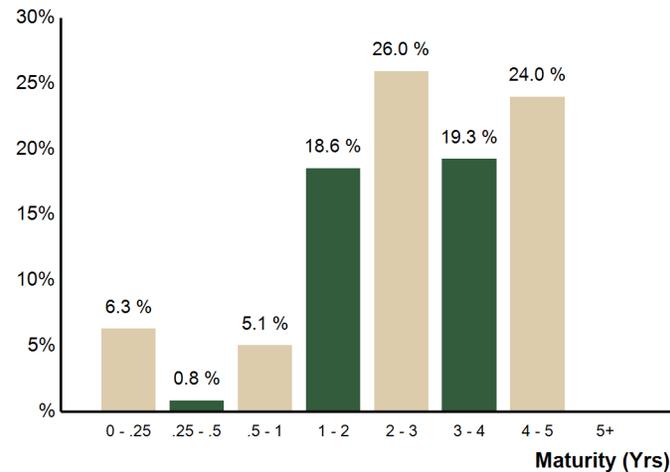
TOP ISSUERS

Issuer	% Portfolio
Government of United States	23.9 %
Federal National Mortgage Assoc	18.5 %
Federal Home Loan Mortgage Corp	8.4 %
Federal Home Loan Bank	6.9 %
Honda ABS	3.0 %
John Deere ABS	2.2 %
Intl Bank Recon and Development	2.0 %
Rabobank Nederland NV NY	2.0 %
Total	66.9 %

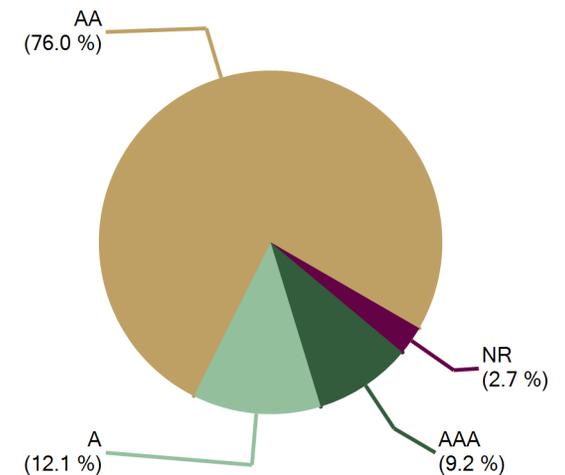
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 12/31/2016	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 12/31/1997	Since 12/31/1997
					3 Yrs	5 Yrs	10 Yrs		
Northern CA Cities Self Ins. Fund Short Term	0.05 %	-0.90 %	1.31 %	1.31 %	1.31 %	1.17 %	3.05 %	4.06 %	113.12 %
BAML 1-5 Yr US Treasury/Agency Index	0.02 %	-1.07 %	1.09 %	1.09 %	1.10 %	0.82 %	2.76 %	3.74 %	100.76 %
BAML 1-5 Yr US Issuers Corp/Govt Rated AAA-A Index	0.04 %	-1.04 %	1.24 %	1.24 %	1.22 %	1.03 %	2.81 %	3.85 %	104.82 %



Northern California Cities Self-Insurance Fund - Short Term

December 31, 2016

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or better by S&P or Moody's; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed/MBS/CMOs	20% maximum; AA by S&P or Moody; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody's ; 25% maximum; 270 days max maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody's	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAIF	\$50 million	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies



Reconciliation Summary

As of 12/31/2016

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$26,730,497.71
Acquisition	
+ Security Purchases	\$1,010,240.10
+ Money Market Fund Purchases	\$117,288.11
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$1,127,528.21
Dispositions	
- Security Sales	\$744,008.20
- Money Market Fund Sales	\$269,639.64
- MMF Withdrawals	\$0.00
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$102,064.54
Total Dispositions	\$1,115,712.38
Amortization/Accretion	
+/- Net Accretion	\$1,628.06
	\$1,628.06
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$1,743.69
	\$1,743.69
Ending Book Value	\$26,745,685.29

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$172,068.43
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$744,008.20
Accrued Interest Received	\$1,538.92
Interest Received	\$15,222.81
Dividend Received	\$0.76
Principal on Maturities	\$0.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$102,064.54
Total Acquisitions	\$862,835.23
Disposition	
Withdrawals	\$0.00
Security Purchase	\$1,010,240.10
Accrued Interest Paid	\$4,946.66
Total Dispositions	\$1,015,186.76
Ending Book Value	\$19,716.90

Monthly Account Statement

Northern Cal. Cities Self Ins. Fund Long Term

December 1, 2016 through December 31, 2016

Chandler Team

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PORTFOLIO CHARACTERISTICS

Average Duration	3.42
Average Coupon	1.95 %
Average Purchase YTM	1.86 %
Average Market YTM	1.81 %
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	3.75 yrs
Average Life	3.62 yrs

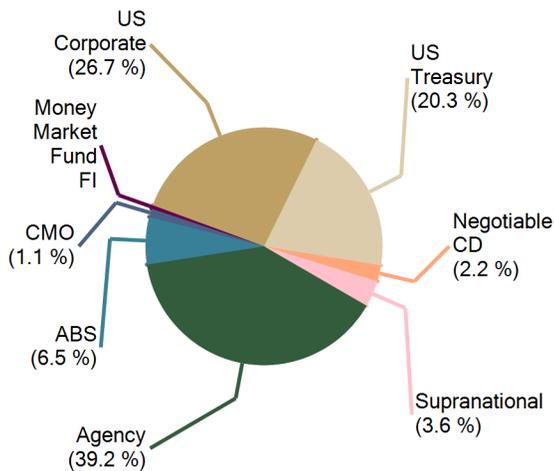
ACCOUNT SUMMARY

	Beg. Values as of 11/30/16	End Values as of 12/31/16
Market Value	27,549,476	27,544,012
Accrued Interest	121,735	133,985
Total Market Value	27,671,211	27,677,998
Income Earned	42,152	42,734
Cont/WD		0
Par	27,500,580	27,568,740
Book Value	27,540,972	27,572,943
Cost Value	27,672,793	27,707,192

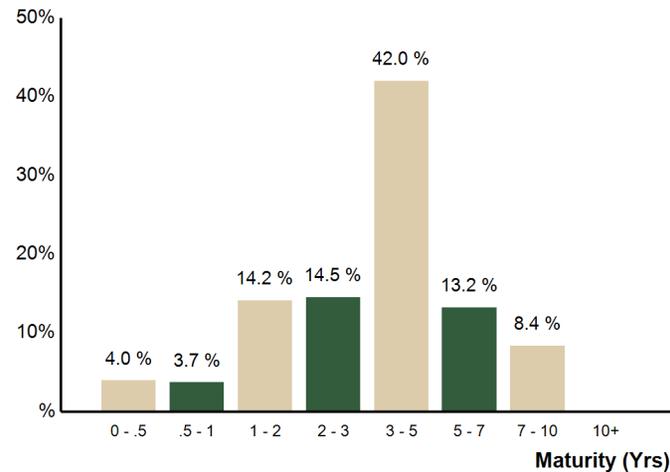
TOP ISSUERS

Issuer	% Portfolio
Government of United States	20.3 %
Federal National Mortgage Assoc	13.0 %
Federal Home Loan Mortgage Corp	11.3 %
Federal Home Loan Bank	10.1 %
Tennessee Valley Authority	6.0 %
Bank of Nova Scotia	2.2 %
JP Morgan ABS	2.1 %
Intl Bank Recon and Development	2.0 %
Total	67.0 %

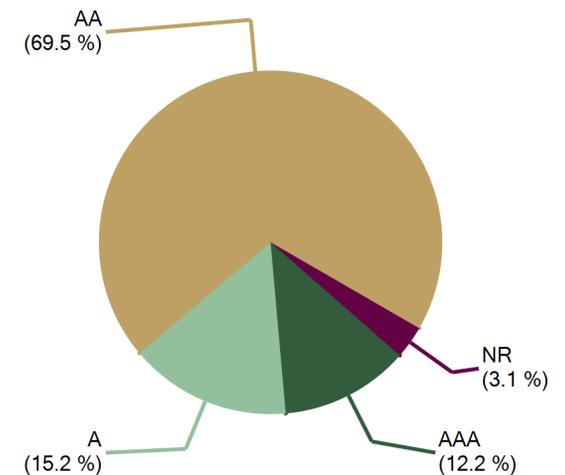
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 12/31/2016	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 5/31/2006	Since 5/31/2006
					3 Yrs	5 Yrs	10 Yrs		
Northern Cal. Cities Self Ins. Fund Long Term	0.02 %	-1.72 %	1.66 %	1.66 %	2.15 %	1.58 %	3.83 %	4.04 %	52.09 %
BAML 1-10 Yr US Treasury/Agency Index	-0.02 %	-2.06 %	1.14 %	1.14 %	1.72 %	1.08 %	3.47 %	3.65 %	46.17 %
BAML 1-10 Yr US Corporate/Govt Rated AAA-A Index	0.01 %	-2.04 %	1.51 %	1.51 %	1.97 %	1.59 %	3.57 %	3.78 %	48.07 %



Northern California Cities Self-Insurance Fund - Long Term
December 31, 2016

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or better by S&P or Moody; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed/MBS/CMOs	20% maximum; AA by S&P or Moody; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody ; 25% maximum; 270 days max maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAIF	\$50 million	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies



Reconciliation Summary

As of 12/31/2016

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$27,540,972.20
Acquisition	
+ Security Purchases	\$340,350.00
+ Money Market Fund Purchases	\$332,265.52
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$672,615.52
Dispositions	
- Security Sales	\$225,954.00
- Money Market Fund Sales	\$341,892.97
- MMF Withdrawals	\$0.00
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$72,212.69
Total Dispositions	\$640,059.66
Amortization/Accretion	
+/- Net Accretion	(\$2,072.08)
	(\$2,072.08)
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$1,486.61
	\$1,486.61
Ending Book Value	\$27,572,942.59

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$146,918.06
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$225,954.00
Accrued Interest Received	\$207.81
Interest Received	\$33,890.22
Dividend Received	\$0.80
Principal on Maturities	\$0.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$72,212.69
Total Acquisitions	\$332,265.52
Disposition	
Withdrawals	\$0.00
Security Purchase	\$340,350.00
Accrued Interest Paid	\$1,542.97
Total Dispositions	\$341,892.97
Ending Book Value	\$137,290.61

Monthly Account Statement

Northern CA Cities Self Ins. Fund Short Term

January 1, 2017 through January 31, 2017

Chandler Team

For questions about your account,
please call (800) 317-4747 or
Email operations@chandlerasset.com

Custodian

Bank of New York Mellon
Lauren Dehner
(904)645-1918

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PORTFOLIO CHARACTERISTICS

Average Duration	2.49
Average Coupon	1.42 %
Average Purchase YTM	1.50 %
Average Market YTM	1.55 %
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	2.70 yrs
Average Life	2.57 yrs

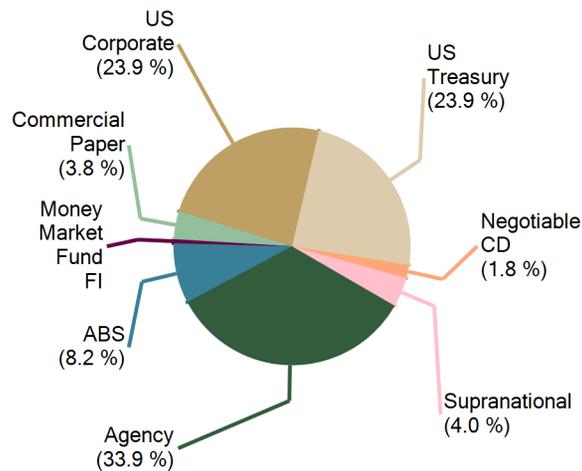
ACCOUNT SUMMARY

	Beg. Values as of 12/31/16	End Values as of 1/31/17
Market Value	26,641,963	26,683,793
Accrued Interest	92,809	99,353
Total Market Value	26,734,772	26,783,146
Income Earned	32,679	33,093
Cont/WD		0
Par	26,817,300	26,842,154
Book Value	26,745,685	26,772,421
Cost Value	26,713,269	26,731,933

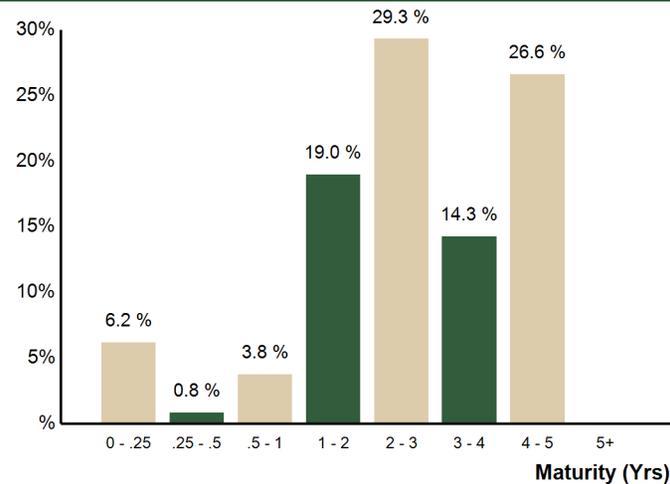
TOP ISSUERS

Issuer	% Portfolio
Government of United States	23.9 %
Federal National Mortgage Assoc	16.5 %
Federal Home Loan Mortgage Corp	8.4 %
Federal Home Loan Bank	6.9 %
Honda ABS	2.8 %
John Deere ABS	2.1 %
Intl Bank Recon and Development	2.0 %
Rabobank Nederland NV NY	2.0 %
Total	64.6 %

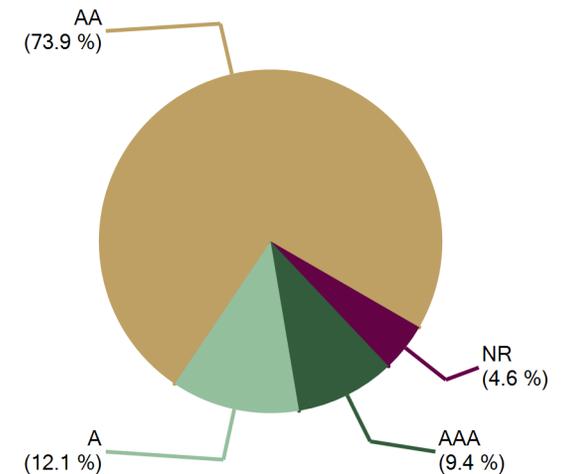
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 1/31/2017	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 12/31/1997	
					3 Yrs	5 Yrs	10 Yrs		
Northern CA Cities Self Ins. Fund Short Term	0.18 %	-0.59 %	0.18 %	0.53 %	1.20 %	1.09 %	3.05 %	4.05 %	113.50 %
BAML 1-5 Yr US Treasury/Agency Index	0.17 %	-0.71 %	0.17 %	0.19 %	1.02 %	0.79 %	2.76 %	3.73 %	101.10 %
BAML 1-5 Yr US Issuers Corp/Govt Rated AAA-A Index	0.18 %	-0.68 %	0.18 %	0.41 %	1.12 %	0.97 %	2.81 %	3.84 %	105.19 %



Northern California Cities Self-Insurance Fund - Short Term
January 31, 2017

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or better by S&P or Moody's; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed/MBS/CMOs	20% maximum; AA by S&P or Moody; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody's ; 25% maximum; 270 days max maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody's	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAIF	\$50 million	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies



Reconciliation Summary

As of 1/31/2017

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$26,745,685.29
Acquisition	
+ Security Purchases	\$699,058.15
+ Money Market Fund Purchases	\$829,434.22
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$1,528,492.37
Dispositions	
- Security Sales	\$534,098.10
- Money Market Fund Sales	\$699,058.15
- MMF Withdrawals	\$0.00
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$165,000.00
- Calls	\$0.00
- Principal Paydowns	\$105,522.34
Total Dispositions	\$1,503,678.59
Amortization/Accretion	
+/- Net Accretion	\$1,734.86
	\$1,734.86
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$187.44
	\$187.44
Ending Book Value	\$26,772,421.37

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$19,716.90
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$534,098.10
Accrued Interest Received	\$377.22
Interest Received	\$24,426.35
Dividend Received	\$10.20
Principal on Maturities	\$165,000.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$105,522.34
Total Acquisitions	\$829,434.21
Disposition	
Withdrawals	\$0.00
Security Purchase	\$699,058.15
Accrued Interest Paid	\$0.00
Total Dispositions	\$699,058.15
Ending Book Value	\$150,092.97

Monthly Account Statement

Northern Cal. Cities Self Ins. Fund Long Term

January 1, 2017 through January 31, 2017

Chandler Team

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please call (800) 317-4747 or
Email operations@chandlerasset.com

Custodian

Bank of New York Mellon
Lauren Dehner
(904)645-1918

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PORTFOLIO CHARACTERISTICS

Average Duration	3.43
Average Coupon	1.93 %
Average Purchase YTM	1.87 %
Average Market YTM	1.81 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	3.75 yrs
Average Life	3.63 yrs

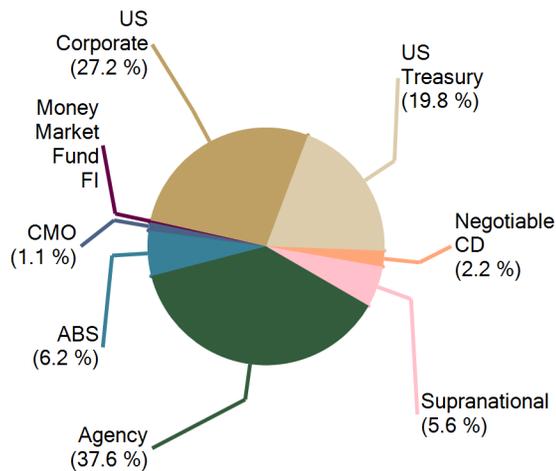
ACCOUNT SUMMARY

	Beg. Values as of 12/31/16	End Values as of 1/31/17
Market Value	27,544,012	27,599,250
Accrued Interest	133,985	142,292
Total Market Value	27,677,998	27,741,542
Income Earned	42,734	42,904
Cont/WD		0
Par	27,568,740	27,625,057
Book Value	27,572,943	27,615,351
Cost Value	27,707,192	27,703,230

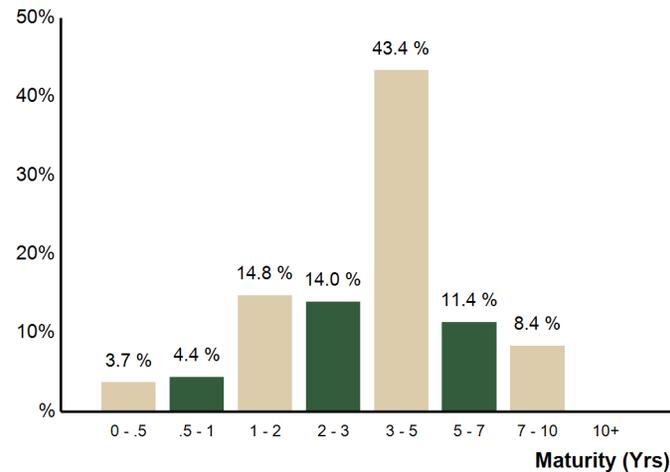
TOP ISSUERS

Issuer	% Portfolio
Government of United States	19.8 %
Federal National Mortgage Assoc	13.1 %
Federal Home Loan Mortgage Corp	10.9 %
Federal Home Loan Bank	8.9 %
Tennessee Valley Authority	6.0 %
Inter-American Dev Bank	3.5 %
Bank of Nova Scotia	2.2 %
JP Morgan ABS	2.1 %
Total	66.5 %

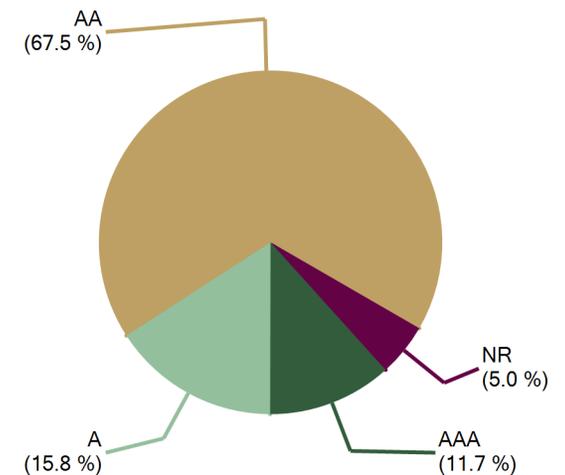
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 1/31/2017	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 5/31/2006	
					3 Yrs	5 Yrs	10 Yrs		
Northern Cal. Cities Self Ins. Fund Long Term	0.23 %	-1.18 %	0.23 %	0.34 %	1.88 %	1.47 %	3.85 %	4.03 %	52.44 %
BAML 1-10 Yr US Treasury/Agency Index	0.19 %	-1.43 %	0.19 %	-0.24 %	1.46 %	1.01 %	3.48 %	3.64 %	46.44 %
BAML 1-10 Yr US Corporate/Govt Rated AAA-A Index	0.21 %	-1.40 %	0.21 %	0.32 %	1.72 %	1.46 %	3.59 %	3.77 %	48.38 %



Northern California Cities Self-Insurance Fund - Long Term
January 31, 2017

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or better by S&P or Moody; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed/MBS/CMOs	20% maximum; AA by S&P or Moody; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody ; 25% maximum; 270 days max maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAIF	\$50 million	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies



Reconciliation Summary

As of 1/31/2017

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$27,572,942.59
Acquisition	
+ Security Purchases	\$724,024.95
+ Money Market Fund Purchases	\$657,558.93
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$1,381,583.88
Dispositions	
- Security Sales	\$544,256.49
- Money Market Fund Sales	\$724,024.95
- MMF Withdrawals	\$0.00
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$77,216.38
Total Dispositions	\$1,345,497.82
Amortization/Accretion	
+/- Net Accretion	(\$1,488.12)
	(\$1,488.12)
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$7,810.46
	\$7,810.46
Ending Book Value	\$27,615,350.99

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$137,290.61
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$544,256.49
Accrued Interest Received	\$7,261.98
Interest Received	\$28,811.22
Dividend Received	\$12.87
Principal on Maturities	\$0.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$77,216.38
Total Acquisitions	\$657,558.94
Disposition	
Withdrawals	\$0.00
Security Purchase	\$724,024.95
Accrued Interest Paid	\$0.00
Total Dispositions	\$724,024.95
Ending Book Value	\$70,824.59

Monthly Account Statement

Northern CA Cities Self Ins. Fund Short Term

February 1, 2017 through February 28, 2017

Chandler Team

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please call (800) 317-4747 or
Email operations@chandlerasset.com

Custodian

Bank of New York Mellon
Lauren Dehner
(904)645-1918

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PORTFOLIO CHARACTERISTICS

Average Duration	2.45
Average Coupon	1.43 %
Average Purchase YTM	1.51 %
Average Market YTM	1.54 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.65 yrs
Average Life	2.53 yrs

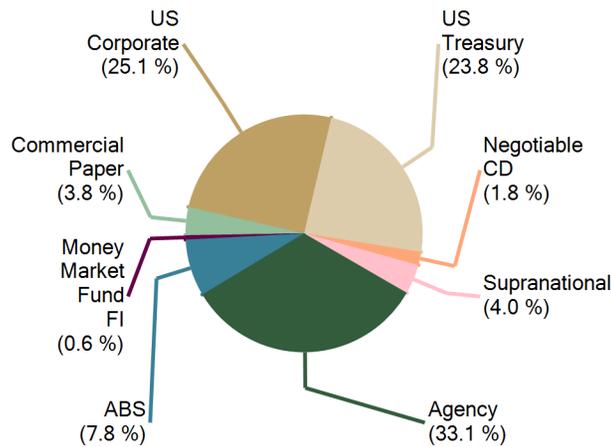
ACCOUNT SUMMARY

	Beg. Values as of 1/31/17	End Values as of 2/28/17
Market Value	26,683,793	26,744,902
Accrued Interest	99,353	92,469
Total Market Value	26,783,146	26,837,371
Income Earned	33,093	32,871
Cont/WD		0
Par	26,842,154	26,878,557
Book Value	26,772,421	26,813,433
Cost Value	26,731,933	26,775,619

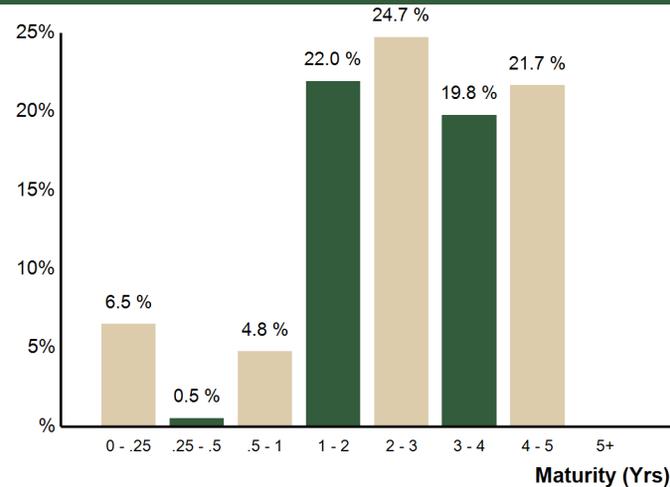
TOP ISSUERS

Issuer	% Portfolio
Government of United States	23.8 %
Federal National Mortgage Assoc	15.7 %
Federal Home Loan Mortgage Corp	8.4 %
Federal Home Loan Bank	6.9 %
Honda ABS	2.6 %
Intl Bank Recon and Development	2.0 %
Rabobank Nederland NV NY	2.0 %
Inter-American Dev Bank	2.0 %
Total	63.5 %

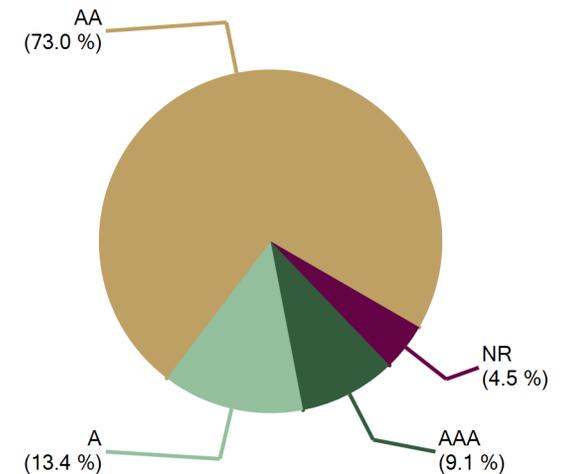
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 2/28/2017	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized				Since 12/31/1997
					3 Yrs	5 Yrs	10 Yrs	12/31/1997	
Northern CA Cities Self Ins. Fund Short Term	0.20 %	0.44 %	0.38 %	0.51 %	1.21 %	1.14 %	2.97 %	4.05 %	113.93 %
BAML 1-5 Yr US Treasury/Agency Index	0.15 %	0.34 %	0.32 %	0.10 %	1.02 %	0.87 %	2.67 %	3.72 %	101.41 %
BAML 1-5 Yr US Issuers Corp/Govt Rated AAA-A Index	0.19 %	0.41 %	0.37 %	0.38 %	1.13 %	1.04 %	2.73 %	3.83 %	105.58 %



Northern California Cities Self-Insurance Fund - Short Term

February 28, 2017

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or better by S&P or Moody's; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed/MBS/CMOs	20% maximum; AA by S&P or Moody; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody's ; 25% maximum; 270 days max maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody's	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAIF	\$50 million	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies



Reconciliation Summary

As of 2/28/2017

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$26,772,421.37
Acquisition	
+ Security Purchases	\$336,577.85
+ Money Market Fund Purchases	\$349,508.69
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$686,086.54
Dispositions	
- Security Sales	\$199,746.00
- Money Market Fund Sales	\$338,632.51
- MMF Withdrawals	\$0.00
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$109,472.93
Total Dispositions	\$647,851.44
Amortization/Accretion	
+/- Net Accretion	\$1,518.63
	\$1,518.63
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$1,258.37
	\$1,258.37
Ending Book Value	\$26,813,433.47

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$150,092.97
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$199,746.00
Accrued Interest Received	\$369.44
Interest Received	\$39,899.39
Dividend Received	\$20.93
Principal on Maturities	\$0.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$109,472.93
Total Acquisitions	\$349,508.69
Disposition	
Withdrawals	\$0.00
Security Purchase	\$336,577.85
Accrued Interest Paid	\$2,054.66
Total Dispositions	\$338,632.51
Ending Book Value	\$160,969.15

Monthly Account Statement

Northern Cal. Cities Self Ins. Fund Long Term

February 1, 2017 through February 28, 2017

Chandler Team

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Custodian

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PORTFOLIO CHARACTERISTICS

Average Duration	3.38
Average Coupon	1.93 %
Average Purchase YTM	1.87 %
Average Market YTM	1.77 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	3.69 yrs
Average Life	3.57 yrs

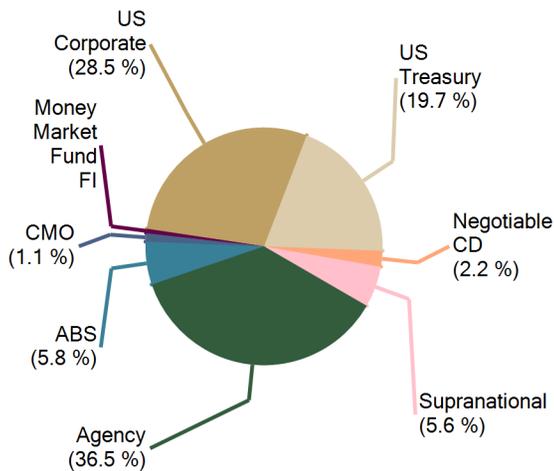
ACCOUNT SUMMARY

	Beg. Values as of 1/31/17	End Values as of 2/28/17
Market Value	27,599,250	27,707,274
Accrued Interest	142,292	123,721
Total Market Value	27,741,542	27,830,995
Income Earned	42,904	42,626
Cont/WD		0
Par	27,625,057	27,688,741
Book Value	27,615,351	27,678,912
Cost Value	27,703,230	27,766,772

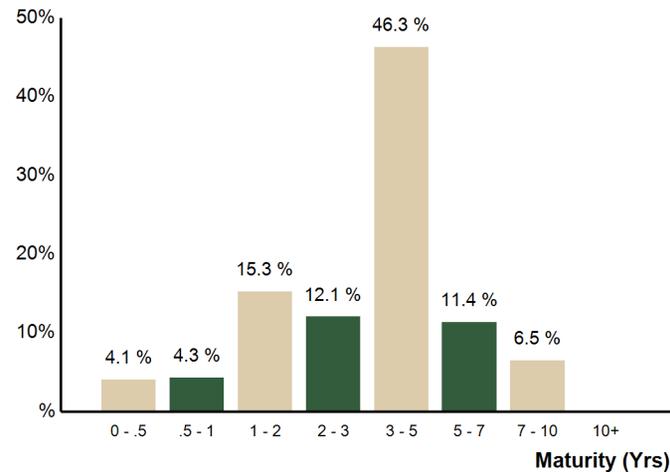
TOP ISSUERS

Issuer	% Portfolio
Government of United States	19.7 %
Federal National Mortgage Assoc	13.1 %
Federal Home Loan Mortgage Corp	9.8 %
Federal Home Loan Bank	8.9 %
Tennessee Valley Authority	5.9 %
Inter-American Dev Bank	3.6 %
Bank of Nova Scotia	2.2 %
JP Morgan ABS	2.1 %
Total	65.2 %

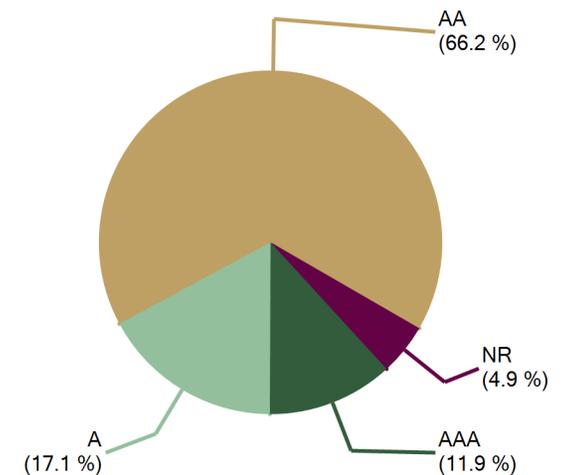
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 2/28/2017	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			5/31/2006	Since 5/31/2006
					3 Yrs	5 Yrs	10 Yrs		
Northern Cal. Cities Self Ins. Fund Long Term	0.32 %	0.58 %	0.55 %	0.24 %	1.90 %	1.56 %	3.76 %	4.03 %	52.93 %
BAML 1-10 Yr US Treasury/Agency Index	0.28 %	0.45 %	0.47 %	-0.45 %	1.48 %	1.15 %	3.38 %	3.64 %	46.85 %
BAML 1-10 Yr US Corporate/Govt Rated AAA-A Index	0.37 %	0.60 %	0.58 %	0.21 %	1.74 %	1.57 %	3.49 %	3.77 %	48.93 %



Northern California Cities Self-Insurance Fund - Long Term

February 28, 2017

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or better by S&P or Moody; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed/MBS/CMOs	20% maximum; AA by S&P or Moody; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody ; 25% maximum; 270 days max maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAIF	\$50 million	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies



Reconciliation Summary

As of 2/28/2017

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$27,615,350.99
Acquisition	
+ Security Purchases	\$346,624.95
+ Money Market Fund Purchases	\$448,537.39
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$795,162.34
Dispositions	
- Security Sales	\$302,937.00
- Money Market Fund Sales	\$348,740.95
- MMF Withdrawals	\$0.00
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$81,112.71
Total Dispositions	\$732,790.66
Amortization/Accretion	
+/- Net Accretion	(\$1,174.48)
	(\$1,174.48)
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$2,363.81
	\$2,363.81
Ending Book Value	\$27,678,912.00

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$70,824.59
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$302,937.00
Accrued Interest Received	\$977.08
Interest Received	\$63,484.18
Dividend Received	\$26.42
Principal on Maturities	\$0.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$81,112.71
Total Acquisitions	\$448,537.39
Disposition	
Withdrawals	\$0.00
Security Purchase	\$346,624.95
Accrued Interest Paid	\$2,116.00
Total Dispositions	\$348,740.95
Ending Book Value	\$170,621.03



BETTY T. YEE
California State Controller

**LOCAL AGENCY INVESTMENT FUND
 REMITTANCE ADVICE**

Agency Name NO CAL CITIES SELF INSUR FUND
 Account Number 35-11-001

As of 01/13/2017, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 12/31/2016.

Earnings Ratio		.00001851848158529
Interest Rate		0.68%
Dollar Day Total	\$	105,615,788.60
Quarter End Principal Balance	\$	274,892.94
Quarterly Interest Earned	\$	1,955.84

NCCSIF

Northern California Cities Self Insurance Fund

*c. o Alliant Insurance Services, Inc.
Corporate Insurance License No. 0C36861*

*Main Location: 2180 Harvard Street, Suite 460, Sacramento, CA 95815 * (916) 643-2700 * Facsimile: (916) 643-2750
Accounting Location: Mr. James Marta, James Marta & Company, 701 Howe Avenue, Suite E3, Sacramento, CA 95825 * (916) 993-9494*

NCCSIF INVESTMENT REPORT FOR THE QUARTER ENDING DECEMBER 31, 2016

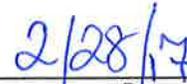
	<u>MARKET VALUE</u>
CASH:	
(1) Tri Counties Checking	\$ 308,097.61
(2) Local Agency Inv Fund (LAIF)	274,892.94
Total Cash	<u>582,990.55</u>
INVESTMENTS (Unrestricted):	
(3) Chandler Investments	
Account no. 170	26,641,963.00
Account no. 171	<u>27,544,012.00</u>
Total Unrestricted Investments	<u>54,185,975.00</u>
TOTAL CASH AND INVESTMENTS	<u><u>\$ 54,768,965.55</u></u>

- (1) This consists of one checking account and two pass-thru accounts (liability and workers comp claims).
- (2) The LAIF rate of return as of quarter ended December 31, 2016 0.68%
- (3) See attached Investment Activity Reports.

THIS PORTFOLIO IS IN COMPLIANCE WITH NCCSIF'S INVESTMENT POLICY AND IS LIQUID ENOUGH TO MEET EXPECTED CASH FLOW NEEDS OVER THE NEXT SIX MONTHS.



Tim Sailsbery, Treasurer



Date

A Joint Powers Authority

Members: Cities of Anderson, Auburn, Colusa, Corning, Dixon, Elk Grove, Folsom, Galt, Gridley, Ione, Jackson, Lincoln, Marysville, Nevada City, Oroville, Town of Paradise, Placerville, Red Bluff, Rio Vista, Rocklin, Willows and Yuba City.



ADDITIONAL COMMISSION “OPT OUT”

Attn: General Counsel
Alliant Insurance Services, Inc.
701 B Street, 6th Floor
San Diego, CA 92101

RE: Additional Commission “Opt Out”

Please be advised that Northern California Cities Self Insurance Fund (NCCSIF) has elected to have the premium associated with the following policy(s) specified below for the indicated policy period(s) excluded from consideration in any and all:

- X Contingent income agreements
- X Supplemental income agreements

<u>Policy #</u>	<u>Policy Period</u>
017471589/03 (Dec 04) (APIP)	July 1, 2016 to July 1, 2017
01-330-98-08 (ACIP)	July 1, 2016 to July 1, 2017

Sincerely,

Company Name: Northern California Cities Self Insurance Fund

By: David Warren

Title: President

Dated: 02/09/17



Hello **Value**



CSAC
EXCESS
INSURANCE
AUTHORITY

2016/17
Northern CA Cities Self
Insurance Fund (NCCSIF)
Annual Report

Greetings,

This year marks the EIA's 37th year providing exceptional risk coverage programs and risk management services to California's counties and public entities. This report is intended to quantify the value of participation and highlight the benefits realized as a direct result of your membership in the EIA.

Benefits of Membership

- Flexible & Responsive to Your Needs
- Shield You from Insurance Market Swings
- Minimize Risk & Uncertainty
- Legislative Advocacy

Savings

- We're proud of the \$438 million saved by our membership in the last 5 years!
- Monies Saved Through Volume Discounts
- Savings from Claims, Loss Prevention, and Risk Management Services

Success Attributable to Stability and Longevity

- 80% of county members have been participants for more than 30 years
- Additional membership volume has reduced costs and increased stability for all
- Creation of the EIO (Excess Insurance Organization), a single parent Captive Insurance Company

Organization Strength

- The EIA is truly member driven
- Stability is achieved through long-term member involvement
- Most California public entities obtain coverage through the EIA
- One of the largest insurance pools in the U.S.

We encourage you to share this information with your governing bodies or others interested in your participation in the EIA.

Regards,
EIA

By choosing EIA, you saved...

\$362,897

2016/17

Your Coverages

2016/17

Excess Workers' Compensation
Member Since 2003

\$362,897

As an EIA member, you're eligible to take advantage of any of our Member Services!

(non-program specific)

Are you looking for training resources for your employees? Do you need to administer DOT testing or EPN management, learn how we can help!

You may benefit from these additional coverages

Property

Benefit from the economies of scale with one of the largest group purchased property placements in the world, the EIA Property Program provides the protection you need from physical damage to property. The coverages range from "All Risk" perils to Boiler & Machinery, and from Flood (included automatically) to Earthquake and Auto Physical Damage for vehicles (which are both optional).

EIAHealth

Consistently outperforms the marketplace, with lower average annual rate increases than standalone plans and CalPERS since 2003. Largest PPO Networks in CA, Anthem, Blue Shield and now Kaiser Permanents are available.

General Liability 1

Our General Liability 1 Program provides excess insurance with low net cost and a broad manuscript form, and is tailored to meet your own self-insured retention, which you can set from \$100k to \$1M. Members also benefit from a host of loss prevention, claims and risk management services.

About EIA

Who we are and what we do.



- 37**
Years

 We've been partnering with you and hundreds of other entities in California for 36 years.
- 55**

 of California's Counties
- 323**

 Total Members
- 1.9K**

 Organizations within Membership

We deliver an array of coverage programs to meet your needs

- 10**

 Major Coverage Programs
- 20**

 Miscellaneous/Ancillary Group- Purchase Offerings

We are one of the largest Pools in the Nation, our major programs represent...

 Premium 716 Million	 Payroll 51.3 Billion	 Avg Daily Attendance 481,980	 Total Insured Values 61.6 Billion	 Employee Lives 170,107
---	--	--	---	--

Awards and Certifications

 Financial Reporting & Budgeting Awards, CAFR 2004-2014, PAFR 1994-2015, Budget 2011-2017	 Compliance with AGRiP Advisory Standards 2013-2016	 Accredited with Excellence 1989-2019
---	---	---

Can our Member Services help you?

Our Member Services are constantly evolving to respond to and meet your needs. Some of our more popular offerings are highlighted here, but there's more. Visit our website for full details. Don't see what you need? Give us a call and we'll see what we can do! We're here to find solutions!



Risk Management

- Actuarial Analyses
- Subsidies for Loss Prevention & Risk Management needs
- Real & Personal Property Appraisals
- Certificate of Insurance Management
- Pre-Employment Background Checks
- Legal Advice



Loss Prevention

- Online Services
- Risk Management Platform
- Employer Pull Notice Program
- Drug & Alcohol Monitoring Consortium
- Personal Consultation
- Risk Control Toolbox Training
- EIA TV
- Soft Tissue Injury Prevention



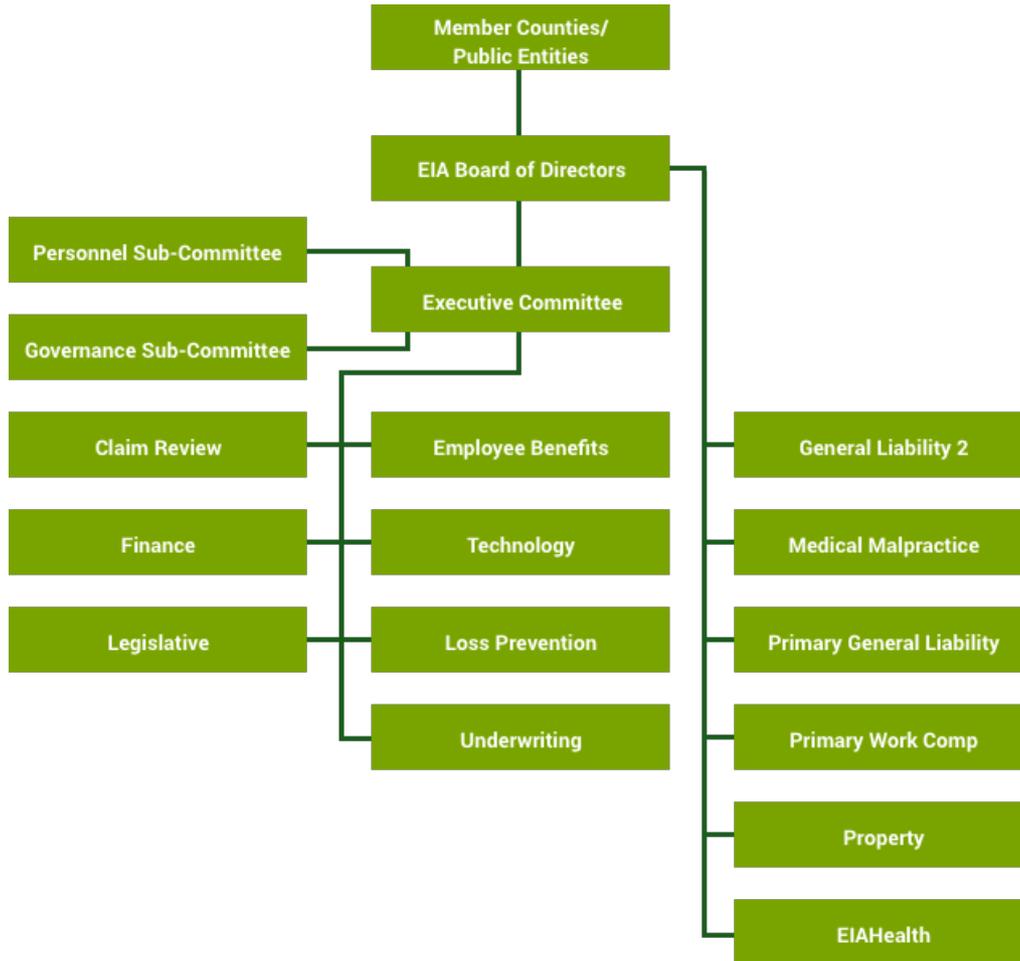
Claims

- 24/7 Nurse Triage Services
- Return to Work Program
- Claims Audits
- Claim System Utilization
- ISO Claims Search
- Medicare Reporting Services
- Medical Provider Network
- Express Scripts Pharmacy Benefit Management

Your Participation is Key

Our Board and Committee Members Make a Difference

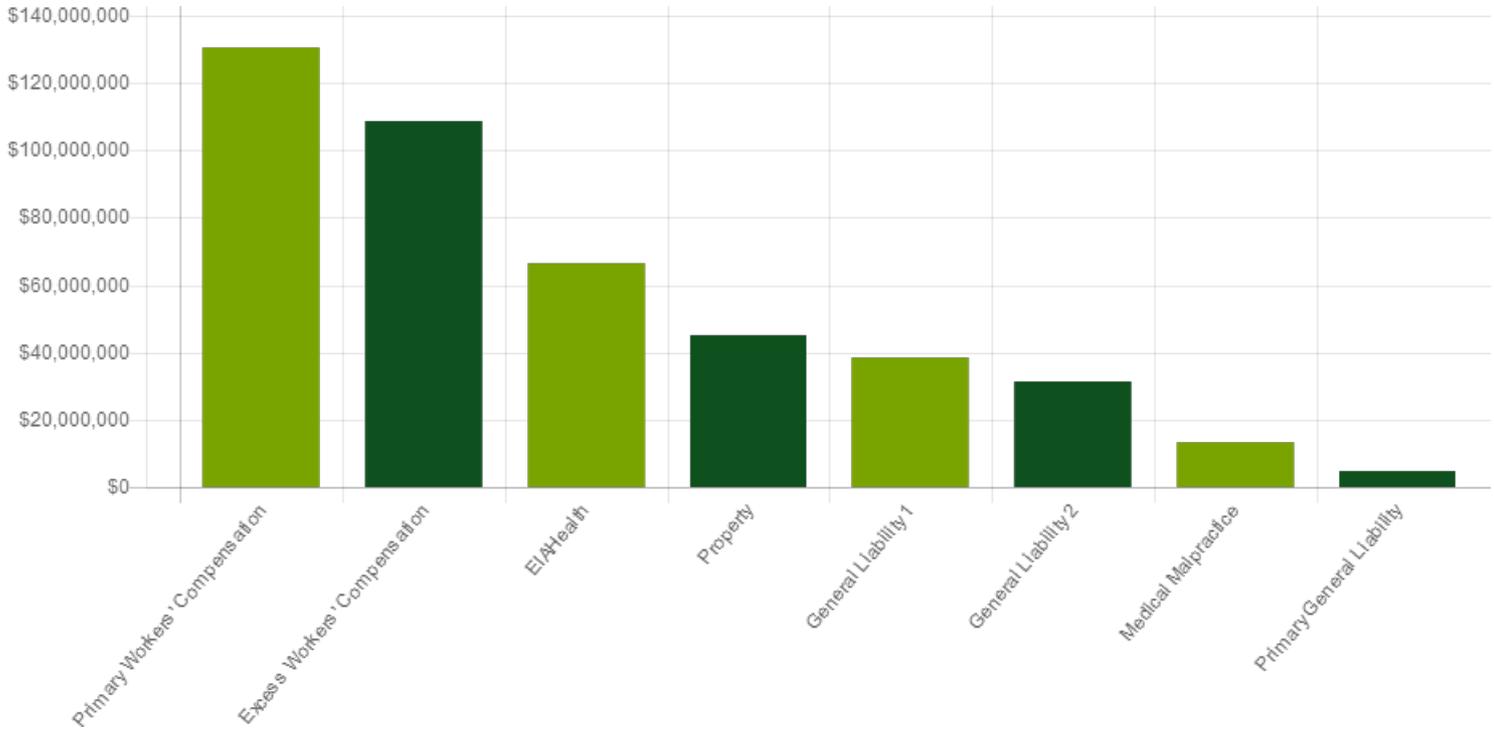
The success of the EIA is dependent on participation by our members. We thank them for their continued support of the EIA's mission. These participants are part of the decision making process and have their voice heard. They drive the development, governance, and future direction of all programs and services.



The organizational chart depicts the governance structure of the EIA and the relationship between the members, the Board of Directors and the committees.

All Member Savings

2012/13 - 2016/17



COVERAGE	EIA PREMIUM	EST. STAND-ALONE PREMIUM	SAVINGS
Primary Workers' Compensation	\$287,465,635	\$417,883,838	\$130,418,203
Excess Workers' Compensation	\$468,902,325	\$577,675,057	\$108,772,732
EIA/Health	\$1,153,996,859	\$1,220,445,320	\$66,448,461
Property	\$289,251,913	\$334,341,090	\$45,089,177
General Liability 1	\$178,494,787	\$217,113,385	\$38,618,598
General Liability 2	\$158,182,705	\$189,330,185	\$31,147,480
Medical Malpractice	\$66,593,508	\$80,087,893	\$13,494,385
Primary General Liability	\$9,379,460	\$14,333,342	\$4,953,882
Total Savings	\$2,612,267,192	\$3,051,210,110	\$438,942,918

We're proud of the savings realized by our membership in the last 5 years!

\$438,942,918

2012/13 - 2016/17

Calculating Savings

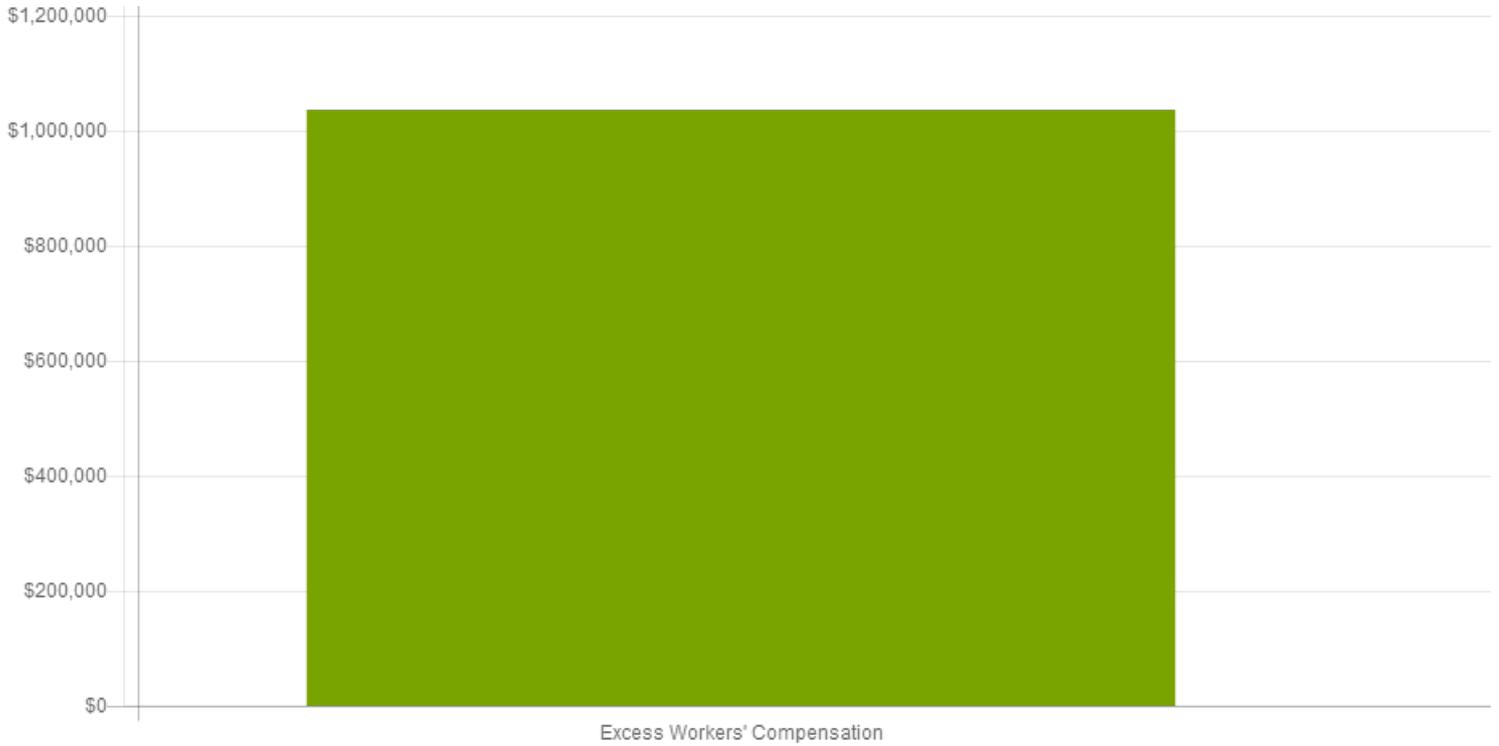
How are the premium comparisons computed?

In the report, we compare the premiums your agency paid to the EIA to what it would likely cost to purchase similar coverage and services on your own, or what is referred to as the “stand-alone” premium. Except for the Primary Workers’ Compensation and Primary General Liability Programs, the stand alone premium estimates are market based projections. Factors such as the entity’s size, retention, type of exposures, location, and/or the coverage being purchased has an impact on the estimated stand-alone projection. Below is a summary of the analysis that was done to derive the stand-alone projections as well as the various factors that influence the estimated projections:

Excess Workers' Compensation	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, ranging from 5-30% below market pricing pending on the type of exposure (county, city, school or other) and SIR levels.
Primary General Liability	Actuarial projection to fund a self-insured layer at the 80% confidence level, discounted at 1%.
Property	Insurance market projection based on actual All Risk and Earthquake quotes received by Alliant for similar public entity risks, ranging from 11 - 25% on an individual member basis below market pricing depending on size of the entity. Size of the entity is measured by total insured values, type of exposure (county, city, school or other), and if earthquake coverage is purchased, and the earthquake zone of the covered location.
EIAHealth	Insurance market projection based on actual member experience including insurance company margins for contingencies and profit.
General Liability 2	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, at approximately 15 - 25% below market pricing depending on the entity’s size and type of exposure (county or city).
General Liability 1	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, ranging from 10 - 15% below market pricing depending on the type of exposure (county, school or other).
Medical Malpractice	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, ranging from 15 - 20% below market pricing depending on the size of the county and whether the member has a low deductible or higher SIR.
Primary Workers' Compensation	Actuarial projection to fund a self-insured layer at the 90% confidence level.

Your Savings

2012/13 - 2016/17



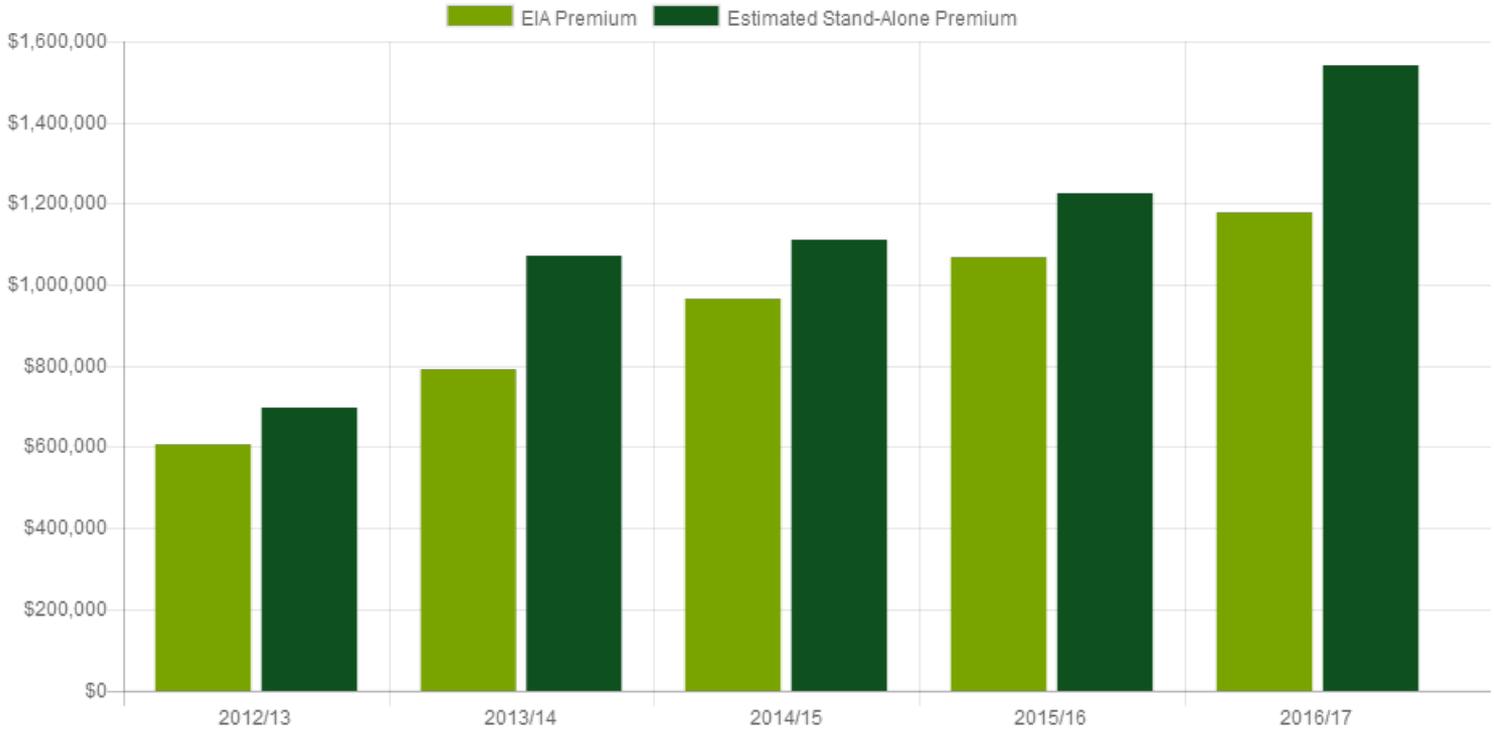
COVERAGE	EIA PREMIUM	EST. STAND-ALONE PREMIUM	SAVINGS
Excess Workers' Compensation	\$4,607,520	\$5,643,415	\$1,035,895
Total Savings	\$4,607,520	\$5,643,415	\$1,035,895

By choosing EIA, you saved a total of

\$1,035,895

2012/13 - 2016/17

Excess Workers' Compensation



YEAR	EIA PREMIUM	EST. STAND-ALONE PREMIUM	SAVINGS
2012/13	\$606,685	\$697,688	\$91,003
2013/14	\$792,213	\$1,069,488	\$277,275
2014/15	\$964,512	\$1,109,189	\$144,677
2015/16	\$1,066,955	\$1,226,998	\$160,043
2016/17	\$1,177,155	\$1,540,052	\$362,897
Total Savings	\$4,607,520	\$5,643,415	\$1,035,895

With Excess Workers' Compensation coverage, you saved:

\$1,035,895

2012/13 - 2016/17



NORTH BAY ASSOCIATES

WORKERS' COMPENSATION

AUDITORS • CONSULTANTS

October 2016

Workers' Compensation Claims Audit

EIA, COUNTY OF NAPA AND NORTHERN
CALIFORNIA CITIES SELF INSURANCE
FUND/ALLIANT INSURANCE

ADMINISTERED BY

YORK INSURANCE SERVICES

PO Box 994 Pioneer, CA 95666 • **PHONE (209) 295-3953** • **MOBILE (209) 256-5201**

e-mail northbayassociates@comcast.net



Workers Compensation Claims Audit

October 2016

EIA, COUNTY OF NAPA AND NORTHERN
CALIFORNIA CITIES SELF INSURANCE
FUND/ALLIANT INSURANCE

ADMINISTERED BY

YORK INSURANCE SERVICES

CONFIDENTIAL

NORTH BAY ASSOCIATES

PO Box 994 Pioneer, CA 95666 • (209) 295-3953



NORTH BAY ASSOCIATES

WORKERS' COMPENSATION

AUDITORS • CONSULTANTS

November 11, 2016

CSAC Excess Insurance Authority
Ms. Kathy McLean
Workers Compensation Claims Manager

County of Napa
Mr. Kerry John Whitney
Risk Manager

Northern California Cities Self Insurance Fund/Alliant Insurance Services
Mr. Marcus Beverly

The Workers' Compensation Claims Audit report for October 2016 for these EIA members: County of Napa and Northern California Cities Self Insurance Fund/Alliant Insurance administered by York Insurance Services is presented herewith.

We wish to acknowledge the cooperation of the administrator, York Insurance Services, and for providing us with remote access to the claims data.

This report has been simultaneously provided to the administrator. Although all the data had not yet been tabulated in the form seen here, the general findings and preliminary recommendations of this audit were discussed with TPA management during an exit interview.

Since this report deals with employees' injuries, reserves on the claim files, tactics for further handling, and so on, we suggest it be kept confidential.

We hope that this report is self-explanatory; any comments or questions the reader may have are welcome. It has been a pleasure once again to serve County of Napa and Northern California Cities Self Insurance Fund/Alliant Insurance and the Excess Insurance Authority.

Respectfully submitted,

NORTH BAY ASSOCIATES

Robert N. Hoyle
Director of Auditing Services

<p>Quick Overview</p> <ul style="list-style-type: none"> • <i>Executive Summary & Audit Profile (page 4)</i> • <i>Summary of Recommendations (page 6)</i>
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This Report may only be reproduced in its entirety and only by County of Napa and Northern California Cities Self Insurance Fund/Alliant Insurance or the EIA. No Third Party Administrator may reproduce it or any part of it or quote from it with or without the permission of County of Napa and Northern California Cities Self Insurance Fund/Alliant Insurance.

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A. INTRODUCTION

THIS is the Workers' Compensation Claims Audit report for October 2016 for these EIA members: County of Napa and Northern California Cities Self Insurance Fund/Alliant Insurance.

1. Goals of the Claims Audit.

- ❖ Gather and present statistical data relating to the administration of the members' workers' compensation claims from November 2014, to date.
- ❖ Focus on those claims constituting the bulk of the outstanding reserves, and claims involving key issues and a representative sample of each entity's files.
- ❖ Present and explain industry standards, Division of Workers' Compensation Audit Unit standards, and CSAC/EIA standards and goals.
- ❖ Compare audit findings to the standards, and to prior audits, noting strengths and weaknesses.
- ❖ Recommend ways to meet standards and to reach goals.

2. Report Organization.

This report contains twelve audit areas beginning at Section E, page 9. Each has an introduction, point-by-point discussion, and summary and recommendations. Data is presented in as many as four different ways for clarity and for different depths of detail.

First, for an overview, are the Executive Summary and Audit Profile on pages 4 and following. These summarize strengths and weaknesses in the major audit areas. The overall Audit Score is provided along with a comparison of results to the prior audit.

Second, for detailed data and explanation, each numbered paragraph delves into a particular audit item. Each point is explained and audit findings are compared to standards. Comments about any particular claim file are often amplified by "Summary Memos." These can be found in the *Addendum* at Tab Three in order by NBA number.

Third, the Audit Data numerically restates the same data shown in the text. The

Audit Data is the engine that drives this audit. It is located in the *Addendum* at Tab Four.

Fourth, the Audit Profile augments key audit areas with a graphical view of the data. The audit points are explained in the audit area to which each refers and the Audit Profile can be found in Tab Four of the *Addendum* along with the Audit Score.

The *Addendum* contains statistical and other essential data. In brief, the *Addendum* includes the following:

Tab One: Full list of claims audited, sorted by NBA#. These lists may be used to identify claimants; to maintain confidentiality, the body of this report refers only to NBA#'s. If a particular claimant is not on your list, it means that is not your employee.

Tab Two: The Reserve Summary reports on the dollar amounts of reserve changes recommended. Reserve Work Sheets provide the detail behind the Reserve Summary report and are located here. The Excess Report shows all excess cases in the sample.

Tab Three: Individual Summary Memos. These are left on certain files for the benefit of the examiner where some issue was pending or where guidance was appropriate. Some explain a definite shortcoming in a file and offer recommendations for further handling. Others offer suggestions on files that are being correctly handled. Not every file audited has a Memo. Since many Memos detail specific recommendations for further file handling, we recommend the client follow up to be certain the administrator acts on these Memos and recommendations. We always encourage the examiners to discuss these Memos with us. In this case, the manager chose to discuss some of the Memos and the points raised therein.

Tab Four: The Audit Profile and Audit Data with the Audit Score are here.

3. Audit Sample.

The sample used to develop the data for this audit was taken from a loss run of open indemnity cases provided to us by York Insurance Services. The sample consisted of 96 files, or 15.1% of the total open inventory of indemnity files. The sample is a carefully selected and structured sample rather than a random sample. It is weighted in favor of claims with significant potential and claims containing certain key issues. This is called the "dollar value" sampling technique. But we also spread the sample to include the work of all the entities and examiners, to look at files newly opened since the last audit.

Not all audit queries apply to each case in the sample. Some points apply to the beginning stages of a file, while others pertain only to the end. Claims activity during this audit period is the determining factor. Except for historical comparisons, we read but do not consider for audit purposes activity prior to the last audit.

B. EXECUTIVE SUMMARY

The October 2016 workers' compensation audit for these EIA members: County of Napa and Northern California Cities Self Insurance Fund/Alliant Insurance was begun on 10/10/2016. It covers file activity from 11/01/2014, the date of the last audit.

The Audit Data shows an overall composite score of 83.4%. The prior audit showed a composite score of 84.3%. Most audit areas did not show a significant change one way or the other from the previous audit. Notable areas showing improvement include **Initial Employee Contact** from 68.5% to 84.4%, and **File Balancing** from 78.3% to 90.0%. An area scoring lower than the previous audit is **Permanent Disability Payments** from 91.4% down to 82.4%. Areas that remain well below standard include **Timeliness of Benefit Notices, Excess Reporting, and Claim Diaries**. Areas of strength include **Investigation of Questionable Claims, Litigation Management, Finalization, and Reserving**.

The graph below entitled "Audit Profile," lists many of the most important audit points; this graph is printed full size at Tab Four, as is a version with more data showing a performance percentage for each.

Line	Audit Point	Files	Yes %	Percent Bar
1.1	Investigated if Necessary	16	100%	
1.2	Correct Compensability Decision	16	100%	
1.4	Decision Timely	16	100%	
2.1	Prompt Contact with Employee	45	84%	
3.1	Timeliness of First Payment	40	100%	
3.4	Permanent Disability Payments	34	82%	
3.7	File Balancing	70	90%	
4.1	Case Plan Appropriate	96	94%	
4.2	Apportionment Pursuit	21	100%	
6.2	Use of Defense Atty. Appropriate	33	100%	
7.1	Continuous Finalization Efforts	89	94%	
7.2	Correct Settlement Valuation	36	97%	
8.3	Reserves Revised Appropriately	88	94%	
9.1	Prompt Excess Reporting	23	78%	
10.1	Prompt & Effective Subrogation	9	89%	

In summary, the most important strong points are:

Investigating and deciding on claim compensability. This is an examiner's prime function. This threshold series of points shows recognition of questionable claims with timely and appropriate investigation.

Finalizing the cases. Disposing of each case fairly and with all due speed is in the interest of everyone. Most claims were kept moving toward timely resolution.

Reserving sufficient funds to pay each case. This ensures the self-insured's financial viability and in general reserving was timely and adequate.

A notably weak point is:

Claim Diary Reviews. Targeted time frames for examiner and supervisor diaries are not being met.

Some important points that need improvement are:

Paying permanent disability benefits accurately and timely. Several claims showed untimely initiation of permanent disability advances.

Communication with the injured employees. This helps ensure a large degree of control over the claims process. The frequency of such employee contact remains below standard.

Claim Diary Reviews. Timely diary reviews help keep issues that need to be addressed updated and acted upon. Diary reviews are not occurring on a consistent basis within the EIA standards.

Summarized recommendations for further improvement begin on the next page.

C. SUMMARY OF RECOMMENDATIONS

Recommendations are compiled here to provide a summary and to provide convenient reference. To be fully understood, the recommendations should be considered in the context of the audit detail.

- We recommend that the EIA employee contact standards be reviewed and more vigorously enforced. Please see page 12.
- We recommend review of and ensuring that permanent disability advances are timely commenced when required. Please see pages 14 and following.
- We recommend reviewing the reasons for late issuance of required benefit notices and implementing necessary steps to effect improvement in this area. Please see pages 18 and following.
- We recommend review of the EIA reporting requirements and ensuring that reporting meets those requirements. Please see pages 32 and 33.
- We recommend timely claim diary reviews consistent with the EIA established standards. Please see page 37.

We suggest that the employers, the EIA and York Insurance Services set priorities and adopt a timetable for implementing these recommendations.



Agenda Item F.3.

SUMMARY OF THE MARCH 23, 2017 EXECUTIVE COMMITTEE MEETING

ACTIONS TAKEN:

➤ **Actuarial Studies**

1. FY 17/18 Workers' Compensation Program - reviewed and approved the Draft study to be finalized.
2. FY 17/18 Liability Program - reviewed and approved the Draft study to be finalized.

➤ **Workers' Compensation Program**

1. Annual Banking Plan Adjustments - recommended a 35% return of available equity or 20% assessment for members above or below the target benchmark (90% CL and 10 x SIR or \$100k), respectively.
2. Shared Risk Plan Adjustment - recommended a 50% return of equity for members above the target benchmark (90% CL and 5 x SIR or \$400k).
3. 17/18 Deposit Premium - recommended increasing funding from the 70% Confidence Level (CL) to the 75% CL.

➤ **Liability Program**

1. Annual Banking Plan Adjustments - recommended a 35% return of available equity or 20% assessment for members above or below the target benchmark (90% CL and 10 x SIR or \$100k), respectively.
2. Annual Shared Risk Plan Adjustments - recommended to continue the scheduled assessment of \$600,000 and apply the full CJPRMA refund this year, \$231,952 to meet target funding goals of 90% CL and 5 x SIR or \$450k.
3. 17/18 Deposit Premium - recommended increasing funding from the 70% CL to the 75% CL. The Committee requested to add "Changes in Payroll" in the calculation exhibit.

- **Accounting and Financial Services Agreement - James Marta & Company** - recommended an increase to \$70,000 for FY 17/18 FY \$70,000 and increases for subsequent years to be based on the Bay Area CPI with minimum 1% to 4% maximum along with at least 4-5 year renewal term.

➤ **Financial Audit Services Agreement - Crowe Horwath LLP**

The Committee approved the 3-year contract with one proposed addition to include "establish work schedule" in scope of work and to go through a Request for Proposal in 3 years for next renewal.

➤ **Claims Committee Membership Appointment**

Appointed the following Executive Committee members to serve as the Claims Committee:

1. Liz Cottrell, City of Anderson
2. Liz Ehrenstrom, City of Oroville
3. Dave Warren, City of Placerville
4. Tim Sailsbery, City of Willows
5. Natalie Springer, City of Yuba City



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Board of Directors Meeting
April 27, 2017

Agenda Item G.1.

**QUARTERLY FINANCIAL REPORT
FOR PERIOD ENDING DECEMBER 31, 2016**

ACTION ITEM

ISSUE: The Board receives quarterly a report on the financial status of NCCSIF. James Marta & Company will present NCCSIF's Financials for the Quarter ending December 31, 2016 to the Board.

The report also provides individual member Banking Layer financial reports, including a Combining Statement of Net Position and a Combined Statement of Revenues, Expenses, and Changes in Net Position for both the Workers' Compensation and Liability Programs.

RECOMMENDATION: Receive and file the Quarterly Financials as presented.

FISCAL IMPACT: None

BACKGROUND: Each quarter the Board reviews the quarterly financials for accuracy and refers questions for follow-up, or receives and files the report as presented.

ATTACHMENT(S): Quarterly Financial Report for Period Ending December 31, 2016

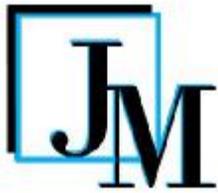
FINANCIAL REPORT

**DECEMBER 31, 2016
AND FOR THE
SIX MONTHS THEN ENDED**

Northern California Cities Self Insurance Fund

Northern California Cities Self Insurance Fund
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December 31, 2016

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Tax, and Consulting

ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Northern California Cities Self Insurance Fund
701 Howe Avenue, Suite E3
Sacramento, CA 95825

Management is responsible for the accompanying statement of financial position of Northern California Cities Self Insurance Fund as of December 31, 2016, and the related statement of revenues, expenses and changes in net position for the six months then ended and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has omitted substantially all of the disclosures that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations, comprehensive income and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The supplementary information on pages 4 through 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

A statement of cash flows for the six months ended December 31, 2016 has not been presented. Accounting principles generally accepted in the United States of America require that such a statement of cash flows be presented when financial statements purport to present financial position and results of operations.

Management has elected to present designations of net position on the Statement of Net Position as of December 31, 2016, contrary to accounting principles generally accepted in the United States of America which bar the presentation of designations of net position on the Statement of Net Position.

We are not independent with respect to Northern California Cities Self Insurance Fund.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
January 27, 2017

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Statement of Net Position
December 31, 2016**

Assets

Current Assets	
Cash and Cash Equivalents	\$ 582,987
Interest Receivable	226,796
Excess Accounts Receivable	1,164,487
Prepaid Expense	<u>1,603,149</u>
Total Current Assets	<u>3,577,419</u>
Non-Current Assets	
Investments*	<u>54,185,973</u>
Total Assets	<u>\$ 57,763,392</u>

Liabilities & Net Position

Current Liabilities	
Accounts Payable	\$ 97,457
Unearned Revenue	<u>3,173,213</u>
Total Current Liabilities	<u>3,270,670</u>
Non-Current Liabilities	
Outstanding Liabilities*	39,839,548
ULAE*	<u>1,669,993</u>
Total Non-Current Liabilities	<u>41,509,541</u>
Total Liabilities	<u>\$ 44,780,211</u>
Net Position	
Designated for Contingency	200,000
Designated for Safety Grants	225,737
Undesignated	<u>12,557,444</u>
Total Net Position	<u>12,983,181</u>
Liability & Net Position	<u>\$ 57,763,392</u>

*For internal reporting purposes, investments and claim liabilities are classified as non-current.

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Statement of Revenues, Expenses and Changes in Net Position
For the Six Months Ended December 31, 2016**

Operating Income	
Administration Deposit	\$ 574,533
Banking Layer Deposit	3,856,010
Shared Risk Layer	2,419,000
Excess Deposit/Premium	1,132,303
Property/Crime Insurance Income	338,541
Other Income	108,425
Excess Insurance Refund	93,420
Total Operating Income	8,522,232
Operating Expenses	
Claims Paid	4,432,755
O/S Liability adj.	1,701,600
ULAE	62,912
Consultants	48,439
Administration-Other	7,016
Safety Service	221,157
Claims Administration	534,463
Program Administration	182,259
Board Expenses	8,566
Excess Insurance	1,118,560
Property/Crime Insurance Expense	422,761
Member Identity Theft Protection	11,477
Total Operating Expenses	8,751,965
Operating Income (Loss)	(229,733)
Non-Operating Income	
Change in Fair Market Value	(1,232,726)
Investment Income	446,083
Total Non-Operating Income	(786,643)
Change in Net Position	(1,016,376)
Beginning Net Position	13,999,557
Ending Net Position	\$ 12,983,181

SUPPLEMENTARY INFORMATION

Selected Information
Substantially All Disclosures Required by Generally Accepted
Accounting Principles Are Not Included

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Net Position - Liability
December 31, 2016**

	Total All Layers	Admin Layer	Shared Layer	Total Banking Layer
Current Assets				
Cash and Cash Equivalents	\$ 262,034	\$ 7,932	\$ 13,775	\$ 240,327
Interest Receivable	59,194	1,498	30,957	26,739
Excess Accounts Receivable	653,321	-	653,321	-
Prepaid Expense	1,003,566	54,545	949,021	-
Total Current Assets	1,978,115	63,975	1,647,074	267,066
Non-Current Assets				
Investments*	13,344,421	304,558	6,935,552	6,104,311
Total Assets	\$ 15,322,536	\$ 368,533	\$ 8,582,626	\$ 6,371,377
Current Liabilities				
Accounts Payable	\$ 38,562	\$ 9,556	\$ 149	\$ 28,857
Unearned Revenue	3,035,008	263,659	1,836,844	934,505
Total Current Liabilities	3,073,570	273,215	1,836,993	963,362
Non-Current Liabilities				
Outstanding Liabilities*	10,544,581	-	7,740,368	2,804,213
Total Non-Current Liabilities	10,544,581	-	7,740,368	2,804,213
Total Liabilities	\$ 13,618,151	\$ 273,215	\$ 9,577,361	\$ 3,767,575
Net Position				
Designated for Contingency	100,000	100,000	-	-
Undesignated	1,604,385	(4,682)	(994,735)	2,603,802
Total Net Position	1,704,385	95,318	(994,735)	2,603,802
Liability & Net Position	\$ 15,322,536	\$ 368,533	\$ 8,582,626	\$ 6,371,377

*For internal reporting purposes, investments and claim liabilities are classified as non-current.

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Net Position - Liability
December 31, 2016**

	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Folsom	City of Galt	City of Gridley	City of Ione
Current Assets									
Cash and Cash Equivalents	\$ 13,292	\$ 13,984	\$ 2,259	\$ 13,767	\$ 13,487	\$ 13,556	\$ 13,961	\$ 13,787	\$ 7,393
Interest Receivable	601	991	39	471	791	8,682	1,678	610	88
Excess Accounts Receivable	-	-	-	-	-	-	-	-	-
Prepaid Expense	-	-	-	-	-	-	-	-	-
Total Current Assets	13,893	14,975	2,298	14,238	14,278	22,238	15,639	14,397	7,481
Non-Current Assets									
Investments*	132,196	210,631	4,852	94,794	177,218	2,036,125	372,663	130,995	12,763
Total Assets	\$ 146,089	\$ 225,606	\$ 7,150	\$ 109,032	\$ 191,496	\$ 2,058,363	\$ 388,302	\$ 145,392	\$ 20,244
Current Liabilities									
Accounts Payable	\$ 207	\$ 2,272	\$ 485	\$ 211	\$ 2,889	\$ 4,781	\$ 2,351	\$ 1,397	\$ 407
Deferred Revenue	15,434	54,690	5,528	19,170	15,348	270,383	61,612	18,630	6,732
Total Current Liabilities	15,641	56,962	6,013	19,381	18,237	275,164	63,963	20,027	7,139
Non-Current Liabilities									
Outstanding Liabilities*	22,731	168,560	19,413	81,036	43,247	912,879	133,441	35,977	16,895
Total Non-Current Liabilities	22,731	168,560	19,413	81,036	43,247	912,879	133,441	35,977	16,895
Total Liabilities	\$ 38,372	\$ 225,522	\$ 25,426	\$ 100,417	\$ 61,484	\$ 1,188,043	\$ 197,404	\$ 56,004	\$ 24,034
Net Position									
Designated for Contingency	-	-	-	-	-	-	-	-	-
Undesignated	107,717	84	(18,276)	8,615	130,012	870,320	190,898	89,388	(3,790)
Total Net Position	107,717	84	(18,276)	8,615	130,012	870,320	190,898	89,388	(3,790)
Liability & Net Position	\$ 146,089	\$ 225,606	\$ 7,150	\$ 109,032	\$ 191,496	\$ 2,058,363	\$ 388,302	\$ 145,392	\$ 20,244

*For internal reporting purposes, investments and claim liabilities are classified as non-current.

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Net Position - Liability
December 31, 2016**

	City of Jackson	City of Lincoln	City of Marysville	City of Orville	City of Paradise	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City
Current Assets										
Cash and Cash Equivalents	\$ 13,653	\$ 13,444	\$ 13,314	\$ 13,279	\$ 13,649	\$ 13,229	\$ 13,358	\$ 13,707	\$ 13,708	\$ 13,500
Interest Receivable	287	1,991	1,326	869	1,335	1,643	304	1,969	313	2,751
Excess Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Prepaid Expense	-	-	-	-	-	-	-	-	-	-
Total Current Assets	13,940	15,435	14,640	14,148	14,984	14,872	13,662	15,676	14,021	16,251
Non-Current Assets										
Investments*	55,666	458,443	304,169	195,738	310,233	381,382	57,151	462,845	62,302	644,145
Total Assets	\$ 69,606	\$ 473,878	\$ 318,809	\$ 209,886	\$ 325,217	\$ 396,254	\$ 70,813	\$ 478,521	\$ 76,323	\$ 660,396
Current Liabilities										
Accounts Payable	\$ 603	\$ 1,493	\$ 2,123	\$ 497	\$ 2,409	\$ 1,370	\$ 258	\$ 2,393	\$ 513	\$ 2,198
Deferred Revenue	22,765	74,076	54,056	29,279	28,301	55,652	11,676	100,579	6,825	83,769
Total Current Liabilities	23,368	75,569	56,179	29,776	30,710	57,022	11,934	102,972	7,338	85,967
Non-Current Liabilities										
Outstanding Liabilities*	50,945	142,988	177,929	139,782	211,151	56,622	31,925	265,582	47,570	245,540
Total Non-Current Liabilities	50,945	142,988	177,929	139,782	211,151	56,622	31,925	265,582	47,570	245,540
Total Liabilities	\$ 74,313	\$ 218,557	\$ 234,108	\$ 169,558	\$ 241,861	\$ 113,644	\$ 43,859	\$ 368,554	\$ 54,908	\$ 331,507
Net Position										
Designated for Contingency	-	-	-	-	-	-	-	-	-	-
Undesignated	(4,707)	255,321	84,701	40,328	83,356	282,610	26,954	109,967	21,415	328,889
Total Net Position	(4,707)	255,321	84,701	40,328	83,356	282,610	26,954	109,967	21,415	328,889
Liability & Net Position	\$ 69,606	\$ 473,878	\$ 318,809	\$ 209,886	\$ 325,217	\$ 396,254	\$ 70,813	\$ 478,521	\$ 76,323	\$ 660,396

*For internal reporting purposes, investments and claim liabilities are classified as non-current.

Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Net Position - Liability
For the Six Months Ended December 31, 2016

	Total All Layers	Admin Layer	Shared Layer	Total Banking Layer
Operating Income				
Administration Deposit	\$ 263,659	\$ 263,659	\$ -	\$ -
Banking Layer Deposit	934,505	-	-	934,505
Shared Risk Layer	977,000	-	977,000	-
Excess Deposit/Premium	521,303	-	521,303	-
Property/Crime Insurance Income	338,541	-	338,541	-
Excess Insurance Refund	93,420	-	93,420	-
Total Operating Income	3,128,428	263,659	1,930,264	934,505
Operating Expenses				
Claims Paid	1,615,841	-	872,352	743,489
O/S Liability adj.	598,007	-	566,125	31,882
Consultants	27,727	27,727	-	-
Administration-Other	3,508	3,508	-	-
Safety Service	124,456	124,456	-	-
Claims Administration	24,200	24,200	-	-
Program Administration	98,568	98,568	-	-
Board Expenses	4,283	4,283	-	-
Excess Insurance	526,214	-	526,214	-
Property/Crime Insurance Expense	422,761	-	422,761	-
Member Identity Theft Protection	11,477	11,477	-	-
Total Operating Expense	3,457,042	294,219	2,387,452	775,371
Operating Income (Loss)	(328,614)	(30,560)	(457,188)	159,134
Non-Operating Income				
Change in Fair Market Value	(319,139)	(7,511)	(168,030)	(143,598)
Investment Income	118,440	3,171	61,597	53,672
Total Non-Operating Income	(200,699)	(4,340)	(106,433)	(89,926)
Change in Net Position	(529,313)	(34,900)	(563,621)	69,208
Beginning Net Position	2,233,698	130,218	(431,114)	2,534,594
Ending Net Position	\$ 1,704,385	\$ 95,318	\$ (994,735)	\$ 2,603,802

See Accompanying Accountant's Report

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Net Position - Liability
For the Six Months Ended December 31, 2016**

	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Folsom	City of Galt	City of Gridley	City of Ione
Operating Income									
Administration Deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Banking Layer Deposit	15,434	54,690	5,528	19,170	15,348	270,383	61,612	18,630	6,732
Shared Risk Layer	-	-	-	-	-	-	-	-	-
Excess Deposit/Premium	-	-	-	-	-	-	-	-	-
Property/Crime Insurance Income	-	-	-	-	-	-	-	-	-
Excess Insurance Refund	-	-	-	-	-	-	-	-	-
Total Operating Income	15,434	54,690	5,528	19,170	15,348	270,383	61,612	18,630	6,732
Operating Expenses									
Claims Paid	17,883	62,289	5,505	11,912	5,692	250,980	61,402	42,471	10,671
O/S Liability adj.	(10,205)	(53,050)	7,071	5,911	2,624	134,719	(59,700)	(21,722)	(7,871)
Consultants	-	-	-	-	-	-	-	-	-
Administration-Other	-	-	-	-	-	-	-	-	-
Safety Service	-	-	-	-	-	-	-	-	-
Claims Administration	-	-	-	-	-	-	-	-	-
Program Administration	-	-	-	-	-	-	-	-	-
Board Expenses	-	-	-	-	-	-	-	-	-
Excess Insurance	-	-	-	-	-	-	-	-	-
Property/Crime Insurance Expense	-	-	-	-	-	-	-	-	-
Member Identity Theft Protection	-	-	-	-	-	-	-	-	-
Total Operating Expense	7,678	9,239	12,576	17,823	8,316	385,699	1,702	20,749	2,800
Operating Income (Loss)	7,756	45,451	(7,048)	1,347	7,032	(115,316)	59,910	(2,119)	3,932
Non-Operating Income									
Change in Fair Market Value	(3,252)	(5,268)	(196)	(2,511)	(4,256)	(46,763)	(9,022)	(3,365)	(474)
Investment Income	1,143	2,080	105	1,005	1,519	17,219	3,400	1,173	158
Total Non-Operating Income	(2,109)	(3,188)	(91)	(1,506)	(2,737)	(29,544)	(5,622)	(2,192)	(316)
Change in Net Position	5,647	42,263	(7,139)	(159)	4,295	(144,860)	54,288	(4,311)	3,616
Beginning Net Position	102,070	(42,179)	(11,137)	8,774	125,717	1,015,180	136,610	93,699	(7,406)
Ending Net Position	\$ 107,717	\$ 84	\$ (18,276)	\$ 8,615	\$ 130,012	\$ 870,320	\$ 190,898	\$ 89,388	\$ (3,790)

See Accompanying Accountant's Report

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Net Position - Liability
For the Six Months Ended December 31, 2016**

	City of Jackson	City of Lincoln	City of Marysville	City of Oroville	City of Paradise	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City
Operating Income										
Administration Deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Banking Layer Deposit	22,765	74,076	54,056	29,279	28,301	55,652	11,676	100,579	6,825	83,769
Shared Risk Layer	-	-	-	-	-	-	-	-	-	-
Excess Deposit/Premium	-	-	-	-	-	-	-	-	-	-
Property/Crime Insurance Income	-	-	-	-	-	-	-	-	-	-
Excess Insurance Refund	-	-	-	-	-	-	-	-	-	-
Total Operating Income	22,765	74,076	54,056	29,279	28,301	55,652	11,676	100,579	6,825	83,769
Operating Expenses										
Claims Paid	1,086	51,265	28,718	18,543	8,815	10,181	9,902	91,259	503	54,412
O/S Liability adj.	37,146	(35,258)	(36,428)	35,458	(6,772)	(7,337)	12,940	(46,630)	25,203	55,783
Consultants	-	-	-	-	-	-	-	-	-	-
Administration-Other	-	-	-	-	-	-	-	-	-	-
Safety Service	-	-	-	-	-	-	-	-	-	-
Claims Administration	-	-	-	-	-	-	-	-	-	-
Program Administration	-	-	-	-	-	-	-	-	-	-
Board Expenses	-	-	-	-	-	-	-	-	-	-
Excess Insurance	-	-	-	-	-	-	-	-	-	-
Property/Crime Insurance Expense	-	-	-	-	-	-	-	-	-	-
Member Identity Theft Protection	-	-	-	-	-	-	-	-	-	-
Total Operating Expense	38,232	16,007	(7,710)	54,001	2,043	2,844	22,842	44,629	25,706	110,195
Operating Income (Loss)	(15,467)	58,069	61,766	(24,722)	26,258	52,808	(11,166)	55,950	(18,881)	(26,426)
Non-Operating Income										
Change in Fair Market Value	(1,457)	(10,835)	(7,013)	(4,634)	(7,150)	(8,726)	(1,635)	(10,508)	(1,685)	(14,848)
Investment Income	648	4,027	2,729	1,744	2,688	3,371	611	3,975	624	5,453
Total Non-Operating Income	(809)	(6,808)	(4,284)	(2,890)	(4,462)	(5,355)	(1,024)	(6,533)	(1,061)	(9,395)
Change in Net Position	(16,276)	51,261	57,482	(27,612)	21,796	47,453	(12,190)	49,417	(19,942)	(35,821)
Beginning Net Position	11,569	204,060	27,219	67,940	61,560	235,157	39,144	60,550	41,357	364,710
Ending Net Position	\$ (4,707)	\$ 255,321	\$ 84,701	\$ 40,328	\$ 83,356	\$ 282,610	\$ 26,954	\$ 109,967	\$ 21,415	\$ 328,889

Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Net Position – Workers’ Compensation
December 31, 2016

	Total All Layers	Admin Layer	Shared Layer	Total Banking Layer
Current Assets				
Cash and Cash Equivalents	\$ 320,953	\$ 8,367	\$ 13,550	\$ 299,036
Interest Receivable	167,602	1,557	78,844	87,201
Excess Accounts Receivable	511,166	-	511,166	-
Prepaid Expense	599,583	7,237	592,346	-
Total Current Assets	1,599,304	17,161	1,195,906	386,237
Non-Current Assets				
Investments*	40,841,552	298,335	19,376,130	21,167,087
Total Assets	\$ 42,440,856	\$ 315,496	\$ 20,572,036	\$ 21,553,324
Current Liabilities				
Accounts Payable	\$ 58,895	\$ 9,523	\$ 1,787	\$ 47,585
Unearned Revenue	138,205	-	5,094	133,111
Total Current Liabilities	197,100	9,523	6,881	180,696
Non-Current Liabilities				
Outstanding Liabilities*	29,294,967	-	14,915,359	14,379,608
ULAE*	1,669,993	-	850,267	819,726
Total Non-Current Liabilities	30,964,960	-	15,765,626	15,199,334
Total Liabilities	\$ 31,162,060	\$ 9,523	\$ 15,772,507	\$ 15,380,030
Net Position				
Designated for Contingency	100,000	100,000	-	-
Designated for Safety Grants	225,737	225,737	-	-
Undesignated	10,953,059	(19,764)	4,799,529	6,173,294
Total Net Position	11,278,796	305,973	4,799,529	6,173,294
Liability & Net Position	\$ 42,440,856	\$ 315,496	\$ 20,572,036	\$ 21,553,324

*For internal reporting purposes, investments and claim liabilities are classified as non-current.

See Accompanying Accountant’s Report

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Net Position – Workers’ Compensation
December 31, 2016**

	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Elk Grove	City of Folsom	City of Galt	City of Gridley	City of Ione	City of Jackson
Current Assets											
Cash and Cash Equivalents	\$ 13,694	\$ 13,435	\$ 13,874	\$ 13,524	\$ 13,584	\$ 13,115	\$ 13,644	\$ 13,920	\$ 13,460	\$ 13,610	\$ 13,171
Interest Receivable	1,482	3,151	1,008	1,242	3,666	6,441	25,126	3,975	2,079	450	986
Excess Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	15,176	16,586	14,882	14,766	17,250	19,556	38,770	17,895	15,539	14,060	14,157
Non-Current Assets											
Investments*	358,215	771,683	202,294	294,430	905,876	1,611,799	6,159,027	939,665	515,449	96,702	231,159
Total Assets	\$ 373,391	\$ 788,269	\$ 217,176	\$ 309,196	\$ 923,126	\$ 1,631,355	\$ 6,197,797	\$ 957,560	\$ 530,988	\$ 110,762	\$ 245,316
Current Liabilities											
Accounts Payable	\$ 1,761	\$ 1,423	\$ 467	\$ 842	\$ 1,537	\$ 3,686	\$ 9,499	\$ 2,915	\$ 679	\$ 99	\$ 568
Deferred Revenue	-	-	69,891	542	-	-	-	7,063	37,583	-	362
Total Current Liabilities	1,761	1,423	70,358	1,384	1,537	3,686	9,499	9,978	38,262	99	930
Non-Current Liabilities											
Outstanding Liabilities*	482,302	499,942	85,846	133,420	585,329	1,292,780	3,255,912	680,911	124,943	27,979	140,905
ULAE*	27,494	28,500	4,894	7,606	33,367	73,696	185,607	38,816	7,123	1,595	8,032
Total Non-Current Liabilities	509,796	528,442	90,740	141,026	618,696	1,366,476	3,441,519	719,727	132,066	29,574	148,937
Total Liabilities	\$ 511,557	\$ 529,865	\$ 161,098	\$ 142,410	\$ 620,233	\$ 1,370,162	\$ 3,451,018	\$ 729,705	\$ 170,328	\$ 29,673	\$ 149,867
Net Position											
Designated for Contingency	-	-	-	-	-	-	-	-	-	-	-
Designated for Safety Grants	-	-	-	-	-	-	-	-	-	-	-
Undesignated	(138,166)	258,404	56,078	166,786	302,893	261,193	2,746,779	227,855	360,660	81,089	95,449
Total Net Position	(138,166)	258,404	56,078	166,786	302,893	261,193	2,746,779	227,855	360,660	81,089	95,449
Liability & Net Position	\$ 373,391	\$ 788,269	\$ 217,176	\$ 309,196	\$ 923,126	\$ 1,631,355	\$ 6,197,797	\$ 957,560	\$ 530,988	\$ 110,762	\$ 245,316

*For internal reporting purposes, investments and claim liabilities are classified as non-current.

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Net Position – Workers’ Compensation
December 31, 2016**

	City of Lincoln	City of Marysville	City of Nevada City	City of Oroville	City of Paradise	City of Placerville	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City
Current Assets											
Cash and Cash Equivalents	\$ 13,114	\$ 13,105	\$ 13,906	\$ 13,951	\$ 13,804	\$ 13,410	\$ 13,594	\$ 13,935	\$ 13,403	\$ 13,964	\$ 13,819
Interest Receivable	4,371	3,170	1,215	2,290	2,479	3,144	3,174	1,056	7,534	1,246	7,916
Excess Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	17,485	16,275	15,121	16,241	16,283	16,554	16,768	14,991	20,937	15,210	21,735
Non-Current Assets											
Investments*	1,062,401	747,911	280,836	533,286	578,626	757,011	835,120	240,220	1,819,231	298,523	1,927,623
Total Assets	\$ 1,079,886	\$ 764,186	\$ 295,957	\$ 549,527	\$ 594,909	\$ 773,565	\$ 851,888	\$ 255,211	\$ 1,840,168	\$ 313,733	\$ 1,949,358
Current Liabilities											
Accounts Payable	\$ 1,351	\$ 1,895	\$ 657	\$ 2,787	\$ 2,533	\$ 1,500	\$ 2,897	\$ 564	\$ 4,355	\$ 485	\$ 5,085
Deferred Revenue	-	-	-	-	-	-	-	8,966	-	8,704	-
Total Current Liabilities	1,351	1,895	657	2,787	2,533	1,500	2,897	9,530	4,355	9,189	5,085
Non-Current Liabilities											
Outstanding Liabilities*	445,181	548,039	224,206	703,013	639,082	406,392	987,078	117,271	1,367,485	103,996	1,527,596
ULAE*	25,378	31,242	12,781	40,076	36,432	23,167	56,270	6,685	77,955	5,928	87,082
Total Non-Current Liabilities	470,559	579,281	236,987	743,089	675,514	429,559	1,043,348	123,956	1,445,440	109,924	1,614,678
Total Liabilities	\$ 471,910	\$ 581,176	\$ 237,644	\$ 745,876	\$ 678,047	\$ 431,059	\$ 1,046,245	\$ 133,486	\$ 1,449,795	\$ 119,113	\$ 1,619,763
Net Position											
Designated for Contingency	-	-	-	-	-	-	-	-	-	-	-
Designated for Safety Grants	-	-	-	-	-	-	-	-	-	-	-
Undesignated	607,976	183,010	58,313	(196,349)	(83,138)	342,506	(194,357)	121,725	390,373	194,620	329,595
Total Net Position	607,976	183,010	58,313	(196,349)	(83,138)	342,506	(194,357)	121,725	390,373	194,620	329,595
Liability & Net Position	\$ 1,079,886	\$ 764,186	\$ 295,957	\$ 549,527	\$ 594,909	\$ 773,565	\$ 851,888	\$ 255,211	\$ 1,840,168	\$ 313,733	\$ 1,949,358

*For internal reporting purposes, investments and claim liabilities are classified as non-current.

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Net Position – Workers’ Compensation
For the Six Months Ended December 31, 2016**

	Total All Layers	Admin Layer	Shared Layer	Total Banking Layer
Operating Income				
Administration Deposit	\$ 310,874	\$ 310,874	\$ -	\$ -
Banking Layer Deposit	2,921,505	-	-	2,921,505
Shared Risk Layer	1,442,000	-	1,442,000	-
Excess Deposit/Premium	611,000	-	611,000	-
Other Income	108,425	-	-	108,425
Total Operating Income	5,393,804	310,874	2,053,000	3,029,930
Operating Expenses				
Claims Paid	2,816,914	-	1,064,093	1,752,821
O/S Liability adj.	1,103,593	-	411,626	691,967
ULAE	62,912	-	23,465	39,447
Consultants	20,712	20,712	-	-
Administration-Other	3,508	3,508	-	-
Safety Service	96,701	96,701	-	-
Claims Administration	510,263	234,852	-	275,411
Program Administration	83,691	83,691	-	-
Board Expenses	4,283	4,283	-	-
Excess Insurance	592,346	-	592,346	-
Total Operating Expenses	5,294,923	443,747	2,091,530	2,759,646
Operating Income (Loss)	98,881	(132,873)	(38,530)	270,284
Non-Operating Income				
Change in Fair Market Value	(913,587)	(8,704)	(431,503)	(473,380)
Investment Income	327,643	2,879	153,421	171,343
Total Non-Operating Income	(585,944)	(5,825)	(278,082)	(302,037)
Change in Net Position	(487,063)	(138,698)	(316,612)	(31,753)
Beginning Net Position	11,765,859	444,671	5,116,141	6,205,047
Ending Net Position	\$ 11,278,796	\$ 305,973	\$ 4,799,529	\$ 6,173,294

See Accompanying Accountant’s Report

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Net Position – Workers’ Compensation
For the Six Months Ended December 31, 2016**

	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Elk Grove	City of Folsom	City of Galt	City of Gridley	City of Ione	City of Jackson
Operating Income											
Administration Deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Banking Layer Deposit	86,793	100,166	38,036	37,356	156,844	293,440	536,660	127,420	31,897	4,975	33,883
Shared Risk Layer	-	-	-	-	-	-	-	-	-	-	-
Excess Deposit/Premium	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	108,425	-	-	-	-	-
Total Operating Income	86,793	100,166	38,036	37,356	156,844	401,865	536,660	127,420	31,897	4,975	33,883
Operating Expenses											
Claims Paid	63,309	26,937	44,462	15,072	44,651	43,728	221,485	173,460	10,746	919	12,634
O/S Liability adj.	17,264	69,639	(278)	(51,236)	(133,059)	176,278	207,291	(28,559)	(12,114)	5,185	(2,805)
ULAE	984	3,970	(16)	(2,921)	(7,585)	10,049	11,817	(1,628)	(691)	296	(160)
Consultants	-	-	-	-	-	-	-	-	-	-	-
Administration-Other	-	-	-	-	-	-	-	-	-	-	-
Safety Service	-	-	-	-	-	-	-	-	-	-	-
Claims Administration	10,844	7,505	3,074	6,607	8,862	19,632	53,713	16,278	3,889	359	3,348
Program Administration	-	-	-	-	-	-	-	-	-	-	-
Board Expenses	-	-	-	-	-	-	-	-	-	-	-
Excess Insurance	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	92,401	108,051	47,242	(32,478)	(87,131)	249,687	494,306	159,551	1,830	6,759	13,017
Operating Income (Loss)	(5,608)	(7,885)	(9,206)	69,834	243,975	152,178	42,354	(32,131)	30,067	(1,784)	20,866
Non-Operating Income											
Change in Fair Market Value	(8,010)	(17,058)	(5,361)	(6,748)	(19,784)	(34,180)	(136,692)	(21,898)	(11,226)	(2,451)	(5,348)
Investment Income	2,980	6,219	2,155	2,402	7,230	13,277	49,133	7,645	4,055	890	1,893
Total Non-Operating Income	(5,030)	(10,839)	(3,206)	(4,346)	(12,554)	(20,903)	(87,559)	(14,253)	(7,171)	(1,561)	(3,455)
Change in Net Position	(10,638)	(18,724)	(12,412)	65,488	231,421	131,275	(45,205)	(46,384)	22,896	(3,345)	17,411
Beginning Net Position	(127,528)	277,128	68,490	101,298	71,472	129,918	2,791,984	274,239	337,764	84,434	78,038
Ending Net Position	\$ (138,166)	\$ 258,404	\$ 56,078	\$ 166,786	\$ 302,893	\$ 261,193	\$ 2,746,779	\$ 227,855	\$ 360,660	\$ 81,089	\$ 95,449

Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Net Position – Workers’ Compensation
For the Six Months Ended December 31, 2016

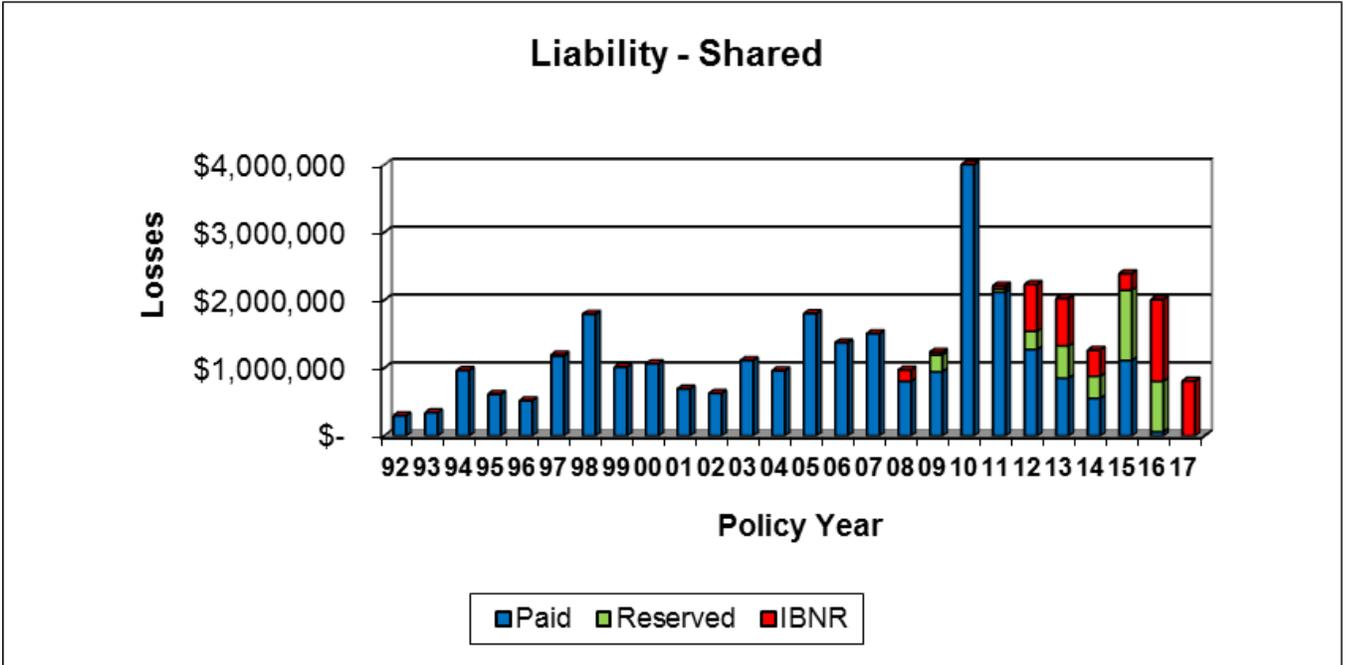
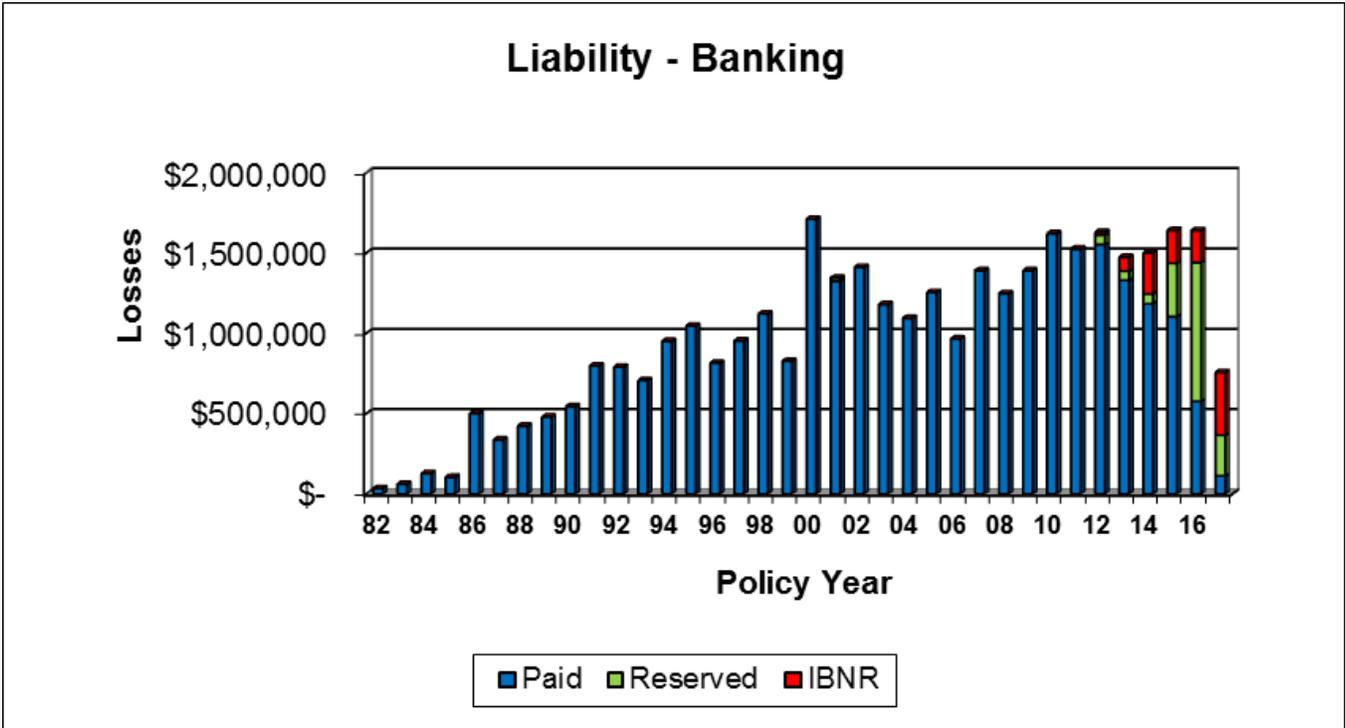
	City of Lincoln	City of Marysville	City of Nevada City	City of Oroville	City of Paradise	City of Placerville	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City
Operating Income											
Administration Deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Banking Layer Deposit	172,691	80,310	33,761	83,859	83,833	74,858	193,145	34,883	243,665	59,234	413,796
Shared Risk Layer	-	-	-	-	-	-	-	-	-	-	-
Excess Deposit/Premium	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-
Total Operating Income	172,691	80,310	33,761	83,859	83,833	74,858	193,145	34,883	243,665	59,234	413,796
Operating Expenses											
Claims Paid	64,435	89,847	22,348	90,597	178,568	31,246	110,302	20,483	209,870	9,408	268,314
O/S Liability adj.	5,919	(5,974)	58,411	315,877	11,871	44,925	56,262	20,505	(20,128)	(8,548)	(34,759)
ULAE	337	(341)	3,330	18,007	677	2,561	3,207	1,169	(1,147)	(487)	(1,981)
Consultants	-	-	-	-	-	-	-	-	-	-	-
Administration-Other	-	-	-	-	-	-	-	-	-	-	-
Safety Service	-	-	-	-	-	-	-	-	-	-	-
Claims Administration	8,771	10,316	3,615	12,730	13,648	9,491	18,261	4,152	25,583	3,361	31,372
Program Administration	-	-	-	-	-	-	-	-	-	-	-
Board Expenses	-	-	-	-	-	-	-	-	-	-	-
Excess Insurance	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	79,462	93,848	87,704	437,211	204,764	88,223	188,032	46,309	214,178	3,734	262,946
Operating Income (Loss)	93,229	(13,538)	(53,943)	(353,352)	(120,931)	(13,365)	5,113	(11,426)	29,487	55,500	150,850
Non-Operating Income											
Change in Fair Market Value	(23,644)	(17,373)	(6,620)	(12,559)	(13,794)	(17,102)	(16,902)	(5,771)	(41,160)	(6,718)	(42,981)
Investment Income	8,666	6,131	2,392	4,499	4,621	6,198	6,232	2,067	14,758	2,368	15,532
Total Non-Operating Income	(14,978)	(11,242)	(4,228)	(8,060)	(9,173)	(10,904)	(10,670)	(3,704)	(26,402)	(4,350)	(27,449)
Change in Net Position	78,251	(24,780)	(58,171)	(361,412)	(130,104)	(24,269)	(5,557)	(15,130)	3,085	51,150	123,401
Beginning Net Position	529,725	207,790	116,484	165,063	46,966	366,775	(188,800)	136,855	387,288	143,470	206,194
Ending Net Position	\$ 607,976	\$ 183,010	\$ 58,313	\$ (196,349)	\$ (83,138)	\$ 342,506	\$ (194,357)	\$ 121,725	\$ 390,373	\$ 194,620	\$ 329,595

See Accompanying Accountant’s Report

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Reconciliation of Claims Liability by Program
As of December 31, 2016 and June 30, 2016**

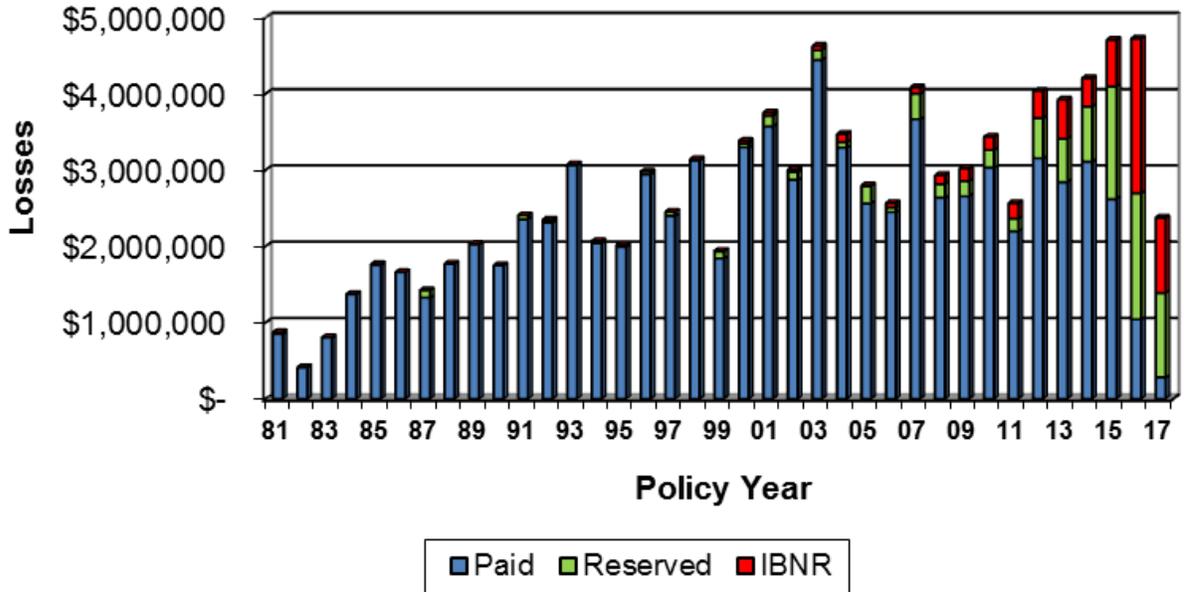
	Liability Banking 2017	Liability Shared Risk 2017	Total Liability Program		WC Banking 2017	WC Shared Risk 2017	Total WC Program		Totals	
			2017	2016			2017	2016	2017	2016
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 2,772,332	\$ 7,174,243	\$ 9,946,575	\$ 10,258,970	\$ 14,467,914	\$ 15,330,535	\$ 29,798,449	\$ 30,487,191	\$ 39,745,024	\$ 40,746,161
Incurred claims and claim adjustment expenses:										
Provision for insured events of the current fiscal year	756,159	808,146	1,564,305	3,636,601	2,372,753	1,254,272	3,627,025	6,961,050	5,191,330	10,597,651
Increases (Decreases) in provision for insured events of prior fiscal years	19,211	632,068	651,279	(425,868)	72,041	201,145	273,186	(1,958,991)	924,465	(2,384,860)
Change in provision for ULAE in current year	-	-	-	-	39,447	23,465	62,912	(60,654)	62,912	(60,654)
Total incurred claims and claim adjustment expenses	775,370	1,440,214	2,215,584	3,210,733	2,484,241	1,478,882	3,963,123	4,941,405	6,178,707	8,152,137
Payments:										
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	112,779	-	112,779	358,490	281,494	-	281,494	617,872	394,273	976,362
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	630,710	874,089	1,504,799	3,164,638	1,471,327	1,043,791	2,515,118	5,012,275	4,019,917	8,176,913
Total Payments	743,489	874,089	1,617,578	3,523,128	1,752,821	1,043,791	2,796,612	5,630,147	4,414,190	9,153,275
Total unpaid claims and claim adjustment expenses at end of the fiscal year	\$ 2,804,213	\$ 7,740,368	\$ 10,544,581	\$ 9,946,575	\$ 15,199,334	\$ 15,765,626	\$ 30,964,960	\$ 29,798,449	\$ 41,509,541	\$ 39,745,024
Claims Liability	\$ 2,804,213	\$ 7,740,368	\$ 10,544,581	\$ 9,946,575	\$ 14,379,608	\$ 14,915,359	\$ 29,294,967	\$ 28,191,365	\$ 39,839,548	\$ 38,137,940
Claims ULAE	-	-	-	-	819,726	850,267	1,669,993	1,607,084	1,669,993	1,607,084
Total Claim Liabilities	\$ 2,804,213	\$ 7,740,368	\$ 10,544,581	\$ 9,946,575	\$ 15,199,334	\$ 15,765,626	\$ 30,964,960	\$ 29,798,449	\$ 41,509,541	\$ 39,745,024

Northern California Cities Self Insurance Fund
Graphical Summary of Claims
As of December 31, 2016

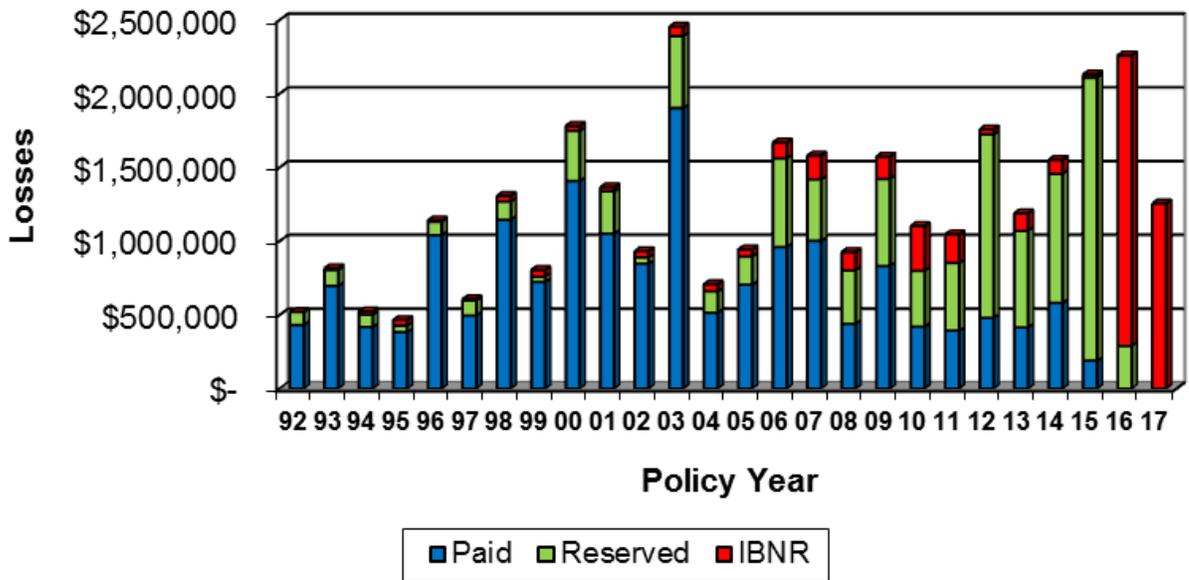


Northern California Cities Self Insurance Fund
Graphical Summary of Claims
As of December 31, 2016

Workers Compensation - Banking



Workers Compensation - Shared



Northern California Cities Self Insurance Fund
Budget to Actual
As of December 31, 2016

	Budget 2016-2017			YTD Expended 2016-2017			Remaining 2016-2017			
	Total	WC	Liab	Total	WC	Liab	Total \$	Total %	WC	Liab
ADMIN BUDGET										
Administrative Revenue										
41010 Administrative Deposit - See Note 1	\$ 1,149,064	\$ 621,747	\$ 527,317	\$ 574,533	\$ 310,874	\$ 263,659	\$ 574,531	50%	\$ 310,873	\$ 263,658
44030 Change in Fair Value - See Note 2	-	-	-	(16,215)	(8,704)	(7,511)	16,215		8,704	7,511
44040 Interest Income - See Note 2	-	-	-	6,052	2,879	3,173	(6,052)		(2,879)	(3,173)
Total Admin Revenue	\$ 1,149,064	\$ 621,747	\$ 527,317	\$ 564,370	\$ 305,049	\$ 259,321	\$ 584,694	51%	\$ 316,698	\$ 267,996
Administrative Expenses										
52101 Claims Audit	\$ 8,000	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ 8,000	100%	\$ 8,000	\$ -
52102 Financial Audit	27,000	13,500	13,500	26,100	13,050	13,050	900	3%	450	450
52103 Legal Services	10,000	3,000	7,000	18,941	5,712	13,229	(8,941)	-89%	(2,712)	(6,229)
52104 Actuarial Services	11,800	5,000	6,800	2,500	1,500	1,000	9,300	79%	3,500	5,800
52105 Computer Services	8,400	4,200	4,200	7,010	3,505	3,505	1,390	17%	695	695
52107 Fidelity Bonds	1,100	550	550	898	449	449	202	18%	101	101
52109 Miscellaneous Consultants	5,000	2,500	2,500	-	-	-	5,000	100%	2,500	2,500
Total Admin Expenses	\$ 71,300	\$ 36,750	\$ 34,550	\$ 55,449	\$ 24,216	\$ 31,233	\$ 15,851	22%	\$ 12,534	\$ 3,317
Safety Services										
52201 Outside Training	\$ 30,000	\$ 15,000	\$ 15,000	\$ 3,202	\$ 1,601	\$ 1,601	\$ 26,798	89%	\$ 13,399	\$ 13,399
52202 Risk Mgmt Comm Mtg Expense	1,500	750	750	-	-	-	1,500	100%	750	750
52203 Police Risk Mgmt Comm Svcs	7,900	3,950	3,950	7,204	3,602	3,602	696	9%	348	348
52204 On Site Monthly Fee	168,820	94,910	73,910	88,360	45,947	42,413	80,460	48%	48,963	31,497
52207 Seminars and PARMA	72,600	40,000	32,600	10,362	5,535	4,827	62,238	86%	34,465	27,773
52208 Police Risk Mgmt Manual	132,546	15,903	116,643	61,782	7,237	54,545	70,764	53%	8,666	62,098
52209 Safety Contingency	50,000	25,000	25,000	34,938	17,469	17,469	15,062	30%	7,531	7,531
52217 Wellness Optional	15,072	15,072	-	15,310	15,310	-	(238)	-2%	(238)	-
Total Safety Services Expenses	\$ 478,438	\$ 210,585	\$ 267,853	\$ 221,158	\$ 96,701	\$ 124,457	\$ 257,280	54%	\$ 113,884	\$ 143,396

Northern California Cities Self Insurance Fund
Budget to Actual
As of December 31, 2016

	Budget 2016-2017			YTD Expended 2016-2017			Remaining 2016-2017			
	Total	WC	Liab	Total	WC	Liab	Total	Total %	WC	Liab
ADMIN BUDGET CONTINUED										
Claims Administration										
52302 Claims Administration Fee	\$ 48,150	\$ 28,350	\$ 19,800	\$ 53,900	\$ 29,700	\$ 24,200	\$ (5,750)	-12%	\$ (1,350)	\$ (4,400)
52304 State Funding/Fraud Assessment	168,000	168,000	-	205,152	205,152	-	(37,152)	-22%	(37,152)	-
Total Claims Admin Expenses	\$ 216,150	\$ 196,350	\$ 19,800	\$ 259,052	\$ 234,852	\$ 24,200	\$ (42,902)	-20%	\$ (38,502)	\$ (4,400)
Program Administration										
52401 Program Administration Fee	\$ 297,556	\$ 135,252	\$ 162,304	\$ 148,778	\$ 66,950	\$ 81,828	\$ 148,778	50%	\$ 68,302	\$ 80,476
52403 Accounting Services	67,620	33,810	33,810	33,481	16,740	16,741	34,139	50%	17,070	17,069
Total Program Admin Expenses	\$ 365,176	\$ 169,062	\$ 196,114	\$ 182,259	\$ 83,690	\$ 98,569	\$ 182,917	50%	\$ 85,372	\$ 97,545
Board Expenses										
52501 Executive Committee	\$ 3,000	\$ 1,500	\$ 1,500	\$ -	\$ -	\$ -	\$ 3,000	100%	\$ 1,500	\$ 1,500
52502 Executive Committee Member Travel	3,000	1,500	1,500	6,676	3,338	3,338	(3,676)	-123%	(1,838)	(1,838)
52503 Board of Directors Meetings (includes Travel)	6,000	3,000	3,000	1,440	720	720	4,560	76%	2,280	2,280
XXXX Board of Directors Long Range Planning Session	2,000	1,000	1,000	-	-	-	2,000	100%	1,000	1,000
52504 Association Memberships	4,000	2,000	2,000	450	225	225	3,550	89%	1,775	1,775
Total Board Expenses	\$ 18,000	\$ 9,000	\$ 9,000	\$ 8,566	\$ 4,283	\$ 4,283	\$ 9,434	52%	\$ 4,717	\$ 4,717
Other Administration Expenses - Not identified with above budget line items										
52001 Administration Expense - Other	\$ -	\$ -	\$ -	\$ 6	\$ 3	\$ 3	\$ (6)		\$ (3)	\$ (3)
52900 Member Identity Theft Protection	11,500	11,500	-	11,477	-	11,477	23	0%	11,500	(11,477)
Total Other Admin	\$ 11,500	\$ 11,500	\$ -	\$ 11,483	\$ 3	\$ 11,480	\$ 17	0%	\$ 11,497	\$ (11,480)
Total Admin Expenses	\$ 1,160,564	\$ 633,247	\$ 527,317	\$ 737,967	\$ 443,745	\$ 294,222	\$ 422,597	36%	\$ 189,502	\$ 233,095
TOTAL ADMIN REVENUE OVER EXPENSES	\$ (11,500)	\$ (11,500)	\$ -	\$ (173,597)	\$ (138,696)	\$ (34,901)	\$ 162,097		\$ 127,196	\$ 34,901

Northern California Cities Self Insurance Fund
Budget to Actual
As of December 31, 2016

	Budget 2016-2017			YTD Expended 2016-2017			Remaining 2016-2017			
	Total	WC	Liab	Total	WC	Liab	Total	Total %	WC	Liab
BANKING LAYER BUDGET										
Banking Layer Revenue										
41020 Banking Layer Deposit - See Note 1	\$ 7,712,000	\$ 5,843,000	\$ 1,869,000	\$ 3,856,002	\$ 2,921,501	\$ 934,501	\$ 3,855,998	50%	\$ 2,921,499	\$ 934,499
44030 Change in Fair Value - See Note 2	-	-	-	(616,979)	(473,379)	(143,600)	616,979		473,379	143,600
44040 Interest Income - See Note 2	-	-	-	225,036	171,353	53,683	(225,036)		(171,353)	(53,683)
44010 Other Income	-	-	-	108,425	108,425	-	(108,425)		(108,425)	-
Total Banking Layer Revenue	\$ 7,712,000	\$ 5,843,000	\$ 1,869,000	\$ 3,572,484	\$ 2,727,900	\$ 844,584	\$ 4,139,516	54%	\$ 3,115,100	\$ 1,024,416
Banking Layer Expenses										
51100 Claims Expense - See Note 4	\$ 6,868,018	\$ 5,058,157	\$ 1,809,861	\$ 2,280,862	\$ 1,752,821	\$ 528,041	\$ 4,587,156	67%	\$ 3,305,336	\$ 1,281,820
51135 Claims Admin - Liability - See Note 4	-	-	-	215,447	-	215,447	(215,447)		-	(215,447)
51400 OS Liability Adjustment - See Note 4	-	-	-	723,851	691,970	31,881	(723,851)		(691,970)	(31,881)
51800 ULAE Adjustment - See Note 4	-	-	-	39,445	39,445	-	(39,445)		(39,445)	-
52300 Claims Admin - Monthly WC Only - See Note 4	550,815	550,815	-	275,414	275,414	-	275,401	50%	275,401	-
Total Banking Layer Expenses	\$ 7,418,833	\$ 5,608,972	\$ 1,809,861	\$ 3,535,019	\$ 2,759,650	\$ 775,369	\$ 3,883,814	52%	\$ 2,849,322	\$ 1,034,492
TOTAL BANKING REVENUE OVER EXPENSES	\$ 293,167	\$ 234,028	\$ 59,139	\$ 37,465	\$ (31,750)	\$ 69,215	\$ 255,702		\$ 265,778	\$ (10,076)

Northern California Cities Self Insurance Fund
Budget to Actual
As of December 31, 2016

	Budget 2016-2017			YTD Expended 2016-2017			Remaining 2016-2017			
	Total	WC	Liab	Total	WC	Liab	Total	Total %	WC	Liab
SHARED RISK LAYER BUDGET										
Shared Layer Revenue										
41030 Shared Risk Layer Deposit - See Note 1	\$ 4,838,000	\$ 2,884,000	\$ 1,954,000	\$ 2,419,000	\$ 1,442,000	\$ 977,000	\$ 2,419,000	50%	\$ 1,442,000	\$ 977,000
41040 Excess Deposit/Premium - See Note 1	2,264,606	1,222,000	1,042,606	1,132,303	611,000	521,303	1,132,303	50%	611,000	521,303
44020 Excess Insurance Refund - See Note 3	-	-	-	93,420	-	93,420	(93,420)		-	(93,420)
44030 Change in Fair Value	-	-	-	(599,533)	(431,503)	(168,030)	599,533		431,503	168,030
44040 Interest Income	-	-	-	215,016	153,420	61,596	(215,016)		(153,420)	(61,596)
44060 Property Premium - See Note 1	626,496	-	626,496	313,248	-	313,248	313,248	50%	-	313,248
44070 Crime Premium - See Note 1	50,585	-	50,585	25,293	-	25,293	25,292	50%	-	25,292
Total Shared Layer Revenue	<u>\$ 7,779,687</u>	<u>\$ 4,106,000</u>	<u>\$ 3,673,687</u>	<u>\$ 3,598,747</u>	<u>\$ 1,774,917</u>	<u>\$ 1,823,830</u>	<u>\$ 4,180,940</u>	<u>54%</u>	<u>\$ 2,331,083</u>	<u>\$ 1,849,857</u>
Shared Layer Expenses										
51100 Claims Expense	\$ 5,208,750	\$ 2,492,617	\$ 2,716,133	\$ 2,937,661	\$ 1,499,184	\$ 1,438,477	\$ 2,271,089	44%	\$ 993,433	\$ 1,277,656
54100 Excess Deposit/Premium Exp - See Note 5	2,264,606	1,222,000	1,042,606	1,118,560	592,346	526,214	1,146,046	51%	629,654	516,392
54150 Member Property Coverage - See Note 5	794,982	-	794,982	397,468	-	397,468	397,514	50%	-	397,514
54150 Member Crime Coverage - See Note 5	50,585	-	50,585	25,293	-	25,293	25,292	50%	-	25,292
Total Shared Layer Expenses	<u>\$ 8,318,923</u>	<u>\$ 3,714,617</u>	<u>\$ 4,604,306</u>	<u>\$ 4,478,982</u>	<u>\$ 2,091,530</u>	<u>\$ 2,387,452</u>	<u>\$ 3,839,941</u>	<u>46%</u>	<u>\$ 1,623,087</u>	<u>\$ 2,216,854</u>
TOTAL SHARED REVENUE OVER EXPENSES	\$ (539,236)	\$ 391,383	\$ (930,619)	\$ (880,235)	\$ (316,613)	\$ (563,622)	\$ 340,999		\$ 707,996	\$ (366,997)
OTHER INCOME/(EXPENSE)										
Rounding	-	-	-	(9)	(4)	(5)	9		4	5
Total Other Income/(Expense)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9)</u>	<u>\$ (4)</u>	<u>\$ (5)</u>	<u>\$ 9</u>		<u>\$ 4</u>	<u>\$ 5</u>
TOTAL INCOME/(EXPENSE)	\$ (257,569)	\$ 613,911	\$ (871,480)	\$ (1,016,376)	\$ (487,063)	\$ (529,313)	\$ 758,807		\$ 1,100,974	\$ (342,167)

Northern California Cities Self Insurance Fund
Notes to Budget to Actual
As of December 31, 2016

1. Revenue Recognition

The budget presents revenue to be earned during the entire fiscal year. In accordance with the accrual basis of accounting, the YTD Expended columns show only the amount earned by the organization, year-to-date.

2. Investment Income

No budget is developed for the Change in Fair Value and Interest Income amounts, as it is difficult to predict the yield on the organization's portfolio.

3. CJPRMA Refund

For budgeting purposes, the CJPRMA refund is recorded in the year following its approval. In accordance with the accrual basis of accounting, the refund to the organization is recorded on the books in the period it was declared.

4. Claims Expenses

Claims related expenses are budgeted based on the estimated claims expense for the year. Claims related expenses are recorded on the books in several additional categories. Review of the budget to actual performance of claims related items should take this into consideration.

5. Insurance Expense Recognition

The budget presents excess and other insurance expense based on the policy fee paid for entire fiscal year. In accordance with the accrual basis of accounting, the YTD Expended columns show only the portion of the policy used by the organization, year-to-date. The remainder of the policy fee paid, but not used to date is recorded in Prepaid Expenses on the Statement of Net Position, as applicable.

**Northern California Cities Self Insurance Fund
Safety Grant Historic Usage Report
As of December 31, 2016**

Member	ADA Grants	Risk Management Grants elected to be retained in WC admin by members from their WC shared refund						Total funds available	Total	Funds Available
	Declared in FY 2009 Board Meeting 4/24/2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2009 - FY 2014 for ADA grants and Risk Management Grants	Disbursements Paid through Last Update	
Anderson	\$ 6,496.00	\$ 8,039.00	\$ 7,650.00	\$ 7,540.00	\$ 7,451.00	\$ 3,860.00	\$ -	\$ 41,036.00	\$ 31,355.00	\$ 9,681.00
Auburn	6,397.00	-	-	8,098.00	-	-	-	\$ 14,495.00	6,397.00	8,098.00
Colusa	6,258.00	-	-	5,817.00	5,662.00	-	-	\$ 17,737.00	17,737.00	-
Corning	6,157.00	6,149.00	5,788.00	5,678.00	-	-	-	\$ 23,772.00	23,772.00	-
Dixon	6,592.00	-	-	-	10,379.00	-	10,602.00	\$ 27,573.00	11,762.47	15,810.53
Elk Grove	-	-	-	-	-	-	-	\$ -	-	-
Folsom	16,732.00	62,977.00	-	61,737.00	61,566.00	32,328.00	57,693.00	\$ 293,033.00	245,721.00	47,312.00
Galt	7,613.00	14,375.00	14,135.00	14,171.00	14,153.00	11,310.00	16,586.00	\$ 92,343.00	84,412.00	7,931.00
Gridley	6,144.00	6,391.00	-	6,507.00	6,476.00	5,152.00	6,614.00	\$ 37,284.00	6,144.00	31,140.00
Ione	-	-	-	-	-	514.00	-	\$ 514.00	-	514.00
Jackson	5,627.00	3,510.00	3,487.00	-	-	-	4,285.00	\$ 16,909.00	5,500.00	11,409.00
Lincoln	6,303.00	8,638.00	10,028.00	-	10,854.00	-	10,078.00	\$ 45,901.00	24,969.00	20,932.00
Marysville	6,758.00	-	-	-	-	-	-	\$ 6,758.00	731.00	6,027.00
Nevada City	5,665.00	-	-	-	3,618.00	1,896.00	4,275.00	\$ 15,454.00	5,665.00	9,789.00
Oroville	7,633.00	-	-	-	-	-	12,309.00	\$ 19,942.00	17,412.50	2,529.50
Placerville	6,883.00	-	-	-	-	9,048.00	-	\$ 15,931.00	6,883.00	9,048.00
Paradise	7,182.00	-	-	-	-	-	-	\$ 7,182.00	7,182.00	-
Red Bluff	7,339.00	12,860.00	12,493.00	12,290.00	-	-	-	\$ 44,982.00	44,982.00	-
Rio Vista	5,818.00	-	4,770.00	4,766.00	-	3,759.00	-	\$ 19,113.00	15,602.50	3,510.50
Rocklin	9,178.00	24,019.00	25,254.00	25,419.00	25,476.00	20,260.00	22,851.00	\$ 152,457.00	110,451.00	42,006.00
Willows	5,856.00	4,618.00	4,412.00	-	-	3,405.00	7,156.00	\$ 25,447.00	25,448.00	(1.00)
Yuba City	8,607.00	-	-	22,184.00	-	-	-	\$ 30,791.00	30,791.00	-
	\$ 145,238.00	\$ 151,576.00	\$ 88,017.00	\$ 174,207.00	\$ 145,635.00	\$ 91,532.00	\$ 152,449.00	\$ 948,654.00	\$ 722,917.47	\$ 225,736.53



Agenda Item G.2.

BUDGET TO ACTUAL AS OF DECEMBER 31, 2016

INFORMATION ITEM

ISSUE: Members have asked for this item to be reviewed at each meeting to ensure that NCCSIF is on track. They have requested that the Program Administrators discuss any items pertaining to the budget, updating members on the status of the current budget-to-actual.

NCCSIF administrative expenses year-to-date are currently on track with the FY 16/17 Budget. Exceptions include Legal Services (\$8,941 over budget), Executive Committee member travel (\$3,676 over budget), Claims Administration Fees (\$5,750), and the annual State assessment of the Workers' Compensation Program. The assessment was \$168,000 versus the budgeted amount of \$205,152 due to higher than expected Indemnity payments upon which the assessment is based. The Program Administrators are reviewing the over budget categories and will provide an update at the meeting.

Overall admin expenses are at 36% of budget and are expected to remain under budget at year end.

RECOMMENDATION: None.

FISCAL IMPACT: None.

BACKGROUND: None.

ATTACHMENT(S): Please refer to pages 19-23 of the Quarterly Financial Report for Period Ending December 31, 2016 - Budget to Actual as of December 31, 2016.



ACTUARIAL STUDIES - FY 17/18 WORKERS' COMPENSATION PROGRAM

ACTION ITEM

ISSUE: NCCSIF's actuary provides an annual report to assist Members in making funding, dividend and assessment decisions. A summary of this year's report is provided below and will be discussed in more detail at the meeting.

FY 17/18 Funding

Total recommended funding for the banking and shared risk layers is \$9,058,000 at the current 70% Confidence Level (CL). *Overall the rates have decreased 3.6%, from \$4.434 to \$4.275, with a 5% decrease in the Banking Layer and a 1.5% decrease for the Shared Layer.*

Outstanding Liabilities at June 30th

The actuary estimates that NCCSIF will have total assets of approximately \$42,896,000 on June 30, 2017, compared to \$39,612,000 last year. The estimated total Outstanding Liability at June 30 is \$36,711,000 at the 90% Confidence Level (CL), compared to \$37,266,000 last year. This results in an estimated \$6,185,000 in net position above the 90% CL, compared to \$2,346,000 last year.

Assets for the Banking Layer are estimated at \$22,081,000 as of June 30, 2017, almost \$3,800,000 above the estimate of \$19,824,000 in 2016. Banking Layer liabilities are \$16,892,000 at the 90% CL, compared to \$18,352,000 last year. This means the Banking Layer net position above the 90% CL *is estimated at \$5,189,000 compared to \$1,472,000 last year.*

Assets for the Shared Risk Layer are estimated at \$20,815,000 at June 30, 2017, compared to \$19,788,000 in 2016. Liabilities are at \$19,819,000 at the 90% CL, compared to \$18,914,000 last year. The Shared Risk Layer net position in excess of the 90% CL *is estimated to be \$996,000, compared to \$874,000 last year.*

RECOMMENDATION: Accept and file the report.

FISCAL IMPACT: T.B.D.; while rates are decreasing the overall funding is increasing due to an increase in payroll of 7.7%, from \$196 to \$211 million. *Note the FY 17/18 rate at the 75% CL, \$4.434, is the same as the current 70% CL rate, so this represents a good opportunity to increase the funding confidence level.*

BACKGROUND: NCCSIF annually receives an actuary report to determine the estimated Outstanding Liabilities (OL) for the Workers' Compensation program as of June 30 and to estimate the amount of funding required for the upcoming fiscal year. These figures are used for financial reporting purposes and to prepare the budget for member deposits. The funding CL was increased from 67.5% to 70% for FY 16/17.

ATTACHMENT(S): FY 17/18 Workers' Compensation Actuarial Study - Summary (*without Exhibits or Appendices*)



Actuarial Review of the Self-Insured Workers' Compensation Program

*Outstanding Liabilities as of June 30, 2017
Forecast for Program Year 2017-18*

Presented to
Northern California Cities Self-Insurance Fund

March 9, 2017



Thursday, March 9, 2017

Mr. Marcus Beverly
Vice President
Northern California Cities Self Insurance Fund
c/o Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815

Re: Actuarial Review of the Self-Insured Workers' Compensation Program

Dear Mr. Beverly:

As you requested, we have completed our review of Northern California Cities Self Insurance Fund's self-insured workers' compensation program. Assuming an SIR of \$500,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2017-18 program year to be \$8,205,000. This amount includes allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income, but excludes 4850 TD (Temporary Disability) and 4850 SC (Salary Continuation). Of this amount, \$5,546,000 is for the banking layer (\$0 – \$100,000 per occurrence) and \$2,659,000 is for the shared layer (\$100,000 – \$500,000 per occurrence). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of NCCSIF's claims, assuming a 1.5% return on investments per year. For budgeting purposes, the expected cost of 2017-18 claims translates to a rate of \$3.872 per \$100 of payroll, \$2.617 for the banking layer and \$1.255 for the shared layer (assuming \$211,900,000 in rated payroll).

In addition, we estimate the program's liability for outstanding claims to be \$29,205,000 as of June 30, 2017 again including ALAE and ULAE, and discounted for anticipated investment income, but excluding 4850 TD and 4850 SC benefits. Given estimated program assets of \$42,896,000 as of June 30, 2017, the program will be funded above the 90% confidence level on a combined basis and for both the banking layer and shared layer separately (see Graphs 1a, 1b and 1c on pages 11, 12, and 13).

The \$29,205,000 estimate is the minimum liability to be booked by NCCSIF at June 30, 2017 for its workers' compensation program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires NCCSIF to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding NCCSIF's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2017 are summarized in the table below.

Northern California Cities Self Insurance Fund
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
Banking and Shared Layer Combined
at June 30, 2017
Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$29,203,000					
ULAE	1,702,000					
Investment Income Offset	(1,700,000)					
Discounted Loss and LAE	\$29,205,000	\$31,600,000	\$32,534,000	\$33,615,000	\$34,958,000	\$36,711,000
Assets	42,896,000					
Surplus or (Deficit)	\$13,691,000	\$11,296,000	\$10,362,000	\$9,281,000	\$7,938,000	\$6,185,000

Northern California Cities Self Insurance Fund
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
Banking Layer
at June 30, 2017
Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$13,395,000					
ULAE	1,702,000					
Investment Income Offset	(830,000)					
Discounted Loss and LAE	\$14,267,000	\$15,180,000	\$15,508,000	\$15,879,000	\$16,321,000	\$16,892,000
Assets	22,081,000					
Surplus or (Deficit)	\$7,814,000	\$6,901,000	\$6,573,000	\$6,202,000	\$5,760,000	\$5,189,000

Northern California Cities Self Insurance Fund
 Self-Insured Workers' Compensation Program
 Estimated Liability for Unpaid Loss and LAE
 Shared Layer
 at June 30, 2017
 Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$15,808,000					
ULAE	0					
Investment Income Offset	(870,000)					
Discounted Loss and LAE	\$14,938,000	\$16,420,000	\$17,026,000	\$17,736,000	\$18,637,000	\$19,819,000
Assets	20,815,000					
Surplus or (Deficit)	\$5,877,000	\$4,395,000	\$3,789,000	\$3,079,000	\$2,178,000	\$996,000

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on NCCSIF's financial statements. Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

Furthermore, the CSAC Excess Insurance Authority standard states that based upon the actuarial recommendations, the member should maintain assets and make funding contributions equal to or exceeding the present value of expected losses and a reasonable margin for contingencies.

The table below shows our funding recommendations for Northern California Cities Self Insurance Fund for the 2017-18 fiscal year.

Northern California Cities Self Insurance Fund
 Self-Insured Workers' Compensation Program
 Loss and LAE Funding Guidelines for 2017-18
 Banking and Shared Layers Combined
 Banking Layer: \$0 to \$100,000
 Shared Layer: \$100,000 to \$500,000
 Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$7,830,000					
ULAE	706,000					
Investment Income Offset	(331,000)					
Discounted Loss and LAE	\$8,205,000	\$9,058,000	\$9,395,000	\$9,780,000	\$10,256,000	\$10,888,000
Rate per \$100 of 2017-18 Payroll	\$3.872	\$4.275	\$4.434	\$4.615	\$4.840	\$5.138

Northern California Cities Self Insurance Fund
 Self-Insured Workers' Compensation Program
 Loss and LAE Funding Guidelines for 2017-18
 Banking Layer: \$0 to \$100,000
 Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$5,064,000					
ULAE	706,000					
Investment Income Offset	(224,000)					
Discounted Loss and LAE	\$5,546,000	\$6,001,000	\$6,162,000	\$6,345,000	\$6,566,000	\$6,860,000
Rate per \$100 of 2017-18 Payroll	\$2.617	\$2.832	\$2.908	\$2.994	\$3.099	\$3.237

Northern California Cities Self Insurance Fund
 Self-Insured Workers' Compensation Program
 Loss and LAE Funding Guidelines for 2017-18
 Shared Layer: \$100,000 to \$500,000
 Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,766,000					
ULAE	0					
Investment Income Offset	(107,000)					
Discounted Loss and LAE	\$2,659,000	\$3,057,000	\$3,233,000	\$3,435,000	\$3,690,000	\$4,028,000
Rate per \$100 of 2017-18 Payroll	\$1.255	\$1.443	\$1.526	\$1.621	\$1.741	\$1.901

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2017. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program. They do not include 4850 TD and 4850 SC benefits.

The loss projections in this report reflect the estimated impact of benefit legislation contained in AB749, AB227, SB228, SB899, SB863, and recent WCAB court decisions based upon information provided by the WCIRB.

The ultimate impact on loss costs of legislated benefit adjustments are generally difficult to forecast in advance because the changes typically take place over a period of several years following enactment. Furthermore, actuarially derived benefit level evaluations often underestimate actual future cost levels. The shortfalls result from a variety of circumstances, including: increases in utilization levels, unanticipated changes in administrative procedures, and cost shifting among benefit categories. Thus, actual cost increases could differ, perhaps substantially, from the WCIRB's estimates.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for NCCSIF's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to Northern California Cities Self Insurance Fund in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162, James Kim at (916) 290-4644 or Eric Small at (916) 244-1165 with any questions you may have concerning this report.

Sincerely,

Bickmore

DRAFT

Mike Harrington, FCAS, MAAA
President, Actuarial Consulting Practice, Bickmore
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

James Kim, ACAS, MAAA
Senior Analyst, Property and Casualty Actuarial Services, Bickmore
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Eric Small
Senior Analyst, Property and Casualty Actuarial Services, Bickmore

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I. BACKGROUND

Northern California Cities Self Insurance Fund began its self-insured workers' compensation program on July 1, 1979. Its purpose was to provide excess workers' compensation coverage to its members which consist of Northern California municipalities. The original NCCSIF program was comprised of eight members. Currently, the program includes the twenty two members shown below.

ANDERSON	ELK GROVE	JACKSON	PARADISE	WILLOWS
AUBURN	FOLSOM	LINCOLN	PLACERVILLE	YUBA CITY
COLUSA	GALT	MARYSVILLE	RED BLUFF	
CORNING	GRIDLEY	NEVADA CITY	RIO VISTA	
DIXON	IONE	OROVILLE	ROCKLIN	

The Program's current self-insured retention is \$500,000, and excess coverage is provided by the CSAC Excess Insurance Authority. Claims administration services are provided by York Insurance Services. Additional background on the program is given in Appendix K. Please note that the estimates contained in this report exclude costs for 4850 TD (temporary disability) and 4850 SC (salary continuation).

Although NCCSIF carries a self-insured retention of \$500,000, the program is actually split into two parts, a banking layer and a shared risk layer. The banking layer applies to the first \$100,000 of each loss and each member is directly responsible for its actual losses in this layer. The shared risk layer applies to the portion of each loss between \$100,000 and \$500,000. The shared risk layer losses are pooled among members. The table below shows the confidence levels to which each layer was funded by year.

Accident Year	Shared Layer	Banking Layer
1996-97	70%	70%
1997-01	80%	70%
1998-99	80%	70%
1999-00	80%	70%
2000-01	80%	70%
2001-02	80%	Expected
2002-03	60%	70%
2003-04	70%	70%
2004-05	70%	Expected
2005-06	70%	70%
2006-07	70%	70%
2007-08	70%	70%
2008-09	60%	60%
2009-10	60%	60%
2010-11	60%	60%
2011-12	60%	60%
2012-13	60%	60%
2013-14	60%	60%
2014-15	65%	65%
2015-16	67.5%	67.5%
2016-17	67.5%	67.5%

The purpose of this review is to provide a guide to NCCSIF to determine reasonable funding levels for its self-insurance program according to the funding policy NCCSIF has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate NCCSIF's liability for outstanding claims as of June 30, 2017, project ultimate loss costs for 2017-18, and provide funding guidelines to meet these liabilities and future costs.

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II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS

Graphs 1a, 1b and 1c on the following pages summarize our assessment of NCCSIF's funding position as of June 30, 2017. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due. The horizontal line across each graph indicates NCCSIF's available assets at June 30, 2017.

Our best estimate of the full value of NCCSIF's liability for outstanding claims within its pool limit is \$30,905,000, \$15,097,000 is for the banking layer and \$15,808,000 is for the shared layer as of June 30, 2017. These amounts include losses, allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE), but exclude 4850 TD and 4850 SC benefits. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

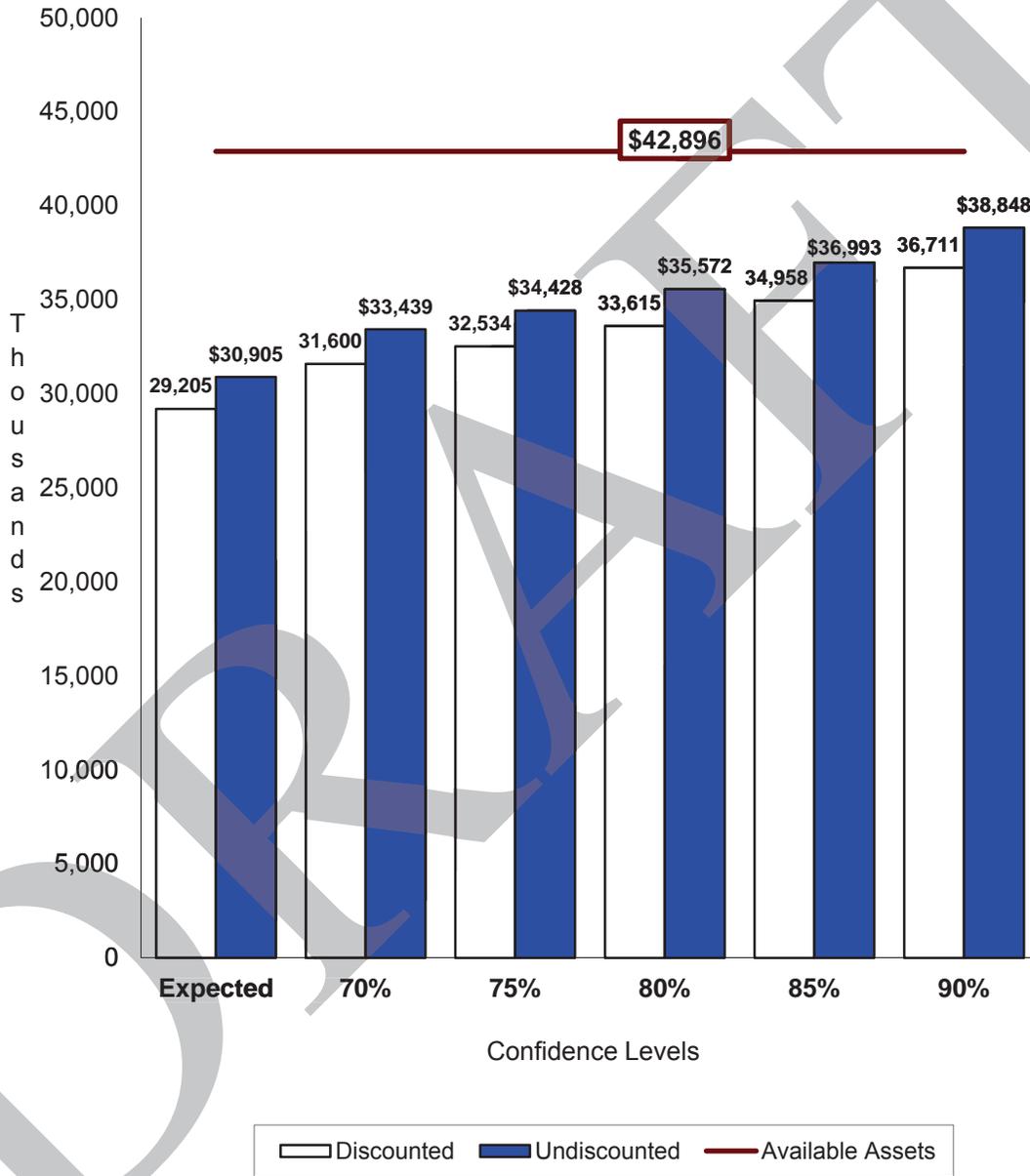
There is some measure of uncertainty associated with our best estimate because of the random nature of much of the process that determines ultimate claims costs. For this reason, we generally recommend that a program such as this include some funding margin for the possibility that actual loss costs will be greater than the best estimate. We generally measure the amount of this margin by thinking in terms of the probability distribution of actual possible results around our best estimate. As the margin grows, the probability that the corresponding funding amount will be sufficient to meet actual claim liabilities increases. We typically refer to this probability as the "confidence level" of funding. Graphs 1a, 1b and 1c show the liabilities for outstanding claims at several confidence levels that are typically of interest to risk managers in formulating funding policies for self-insurance programs.

NCCSIF can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.5%, we estimate the impact of investment income earnings to be about 5.5% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$29,205,000, \$14,267,000 for the banking layer and \$14,938,000 for the shared layer as of June 30, 2017.

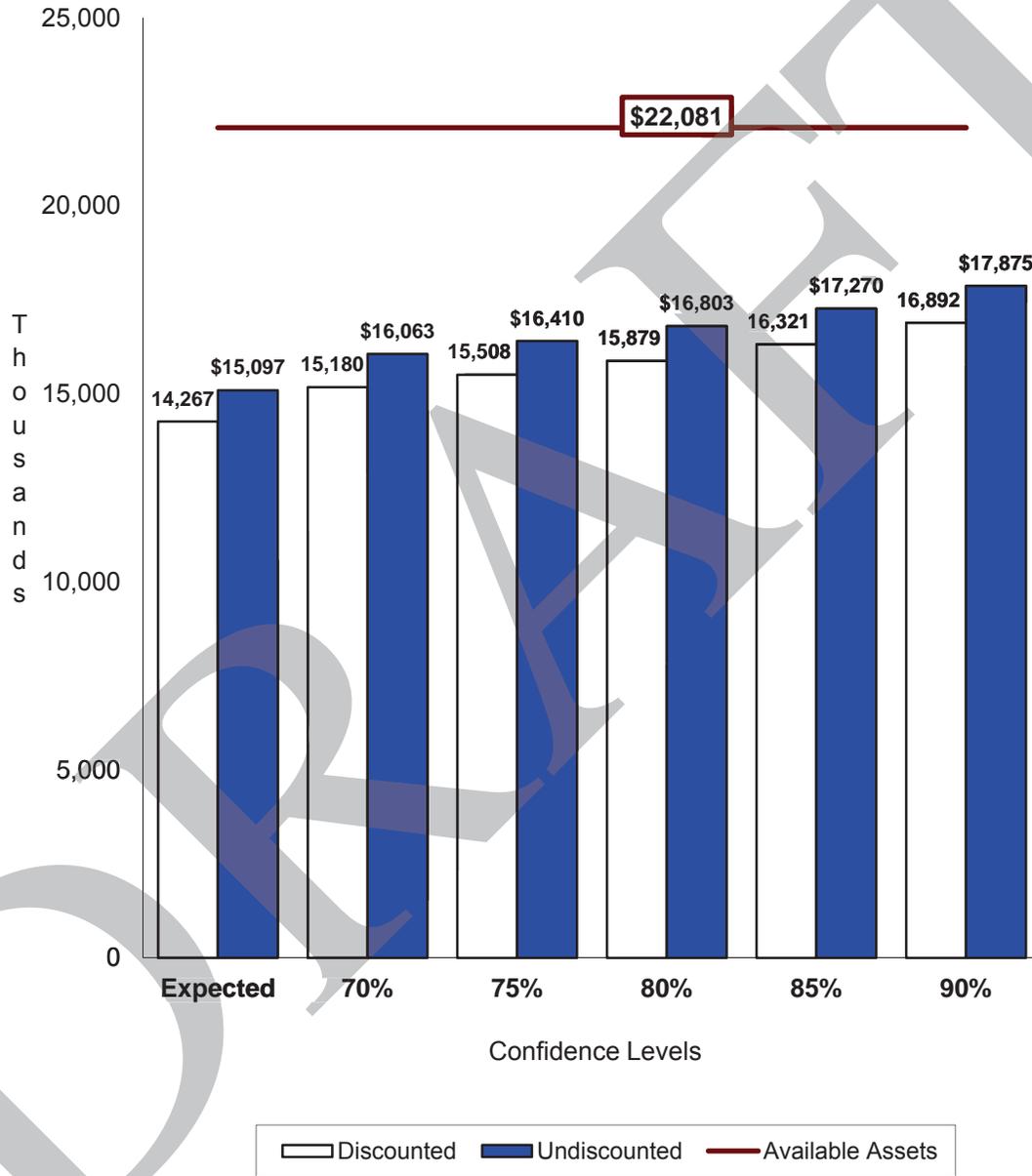
Investment income earnings will be less than this when the program does not maintain sufficient funding, and more when there is excess funding. Thus, thinking in terms of liabilities discounted for investment income can actually mask funding deficiencies and redundancies that might otherwise be obvious. However, the discounted liabilities do represent legitimate funding targets. The light-colored bars on Graphs 1a, 1b and 1c show our estimates of NCCSIF's discounted liability for outstanding claims.

Graph 1a

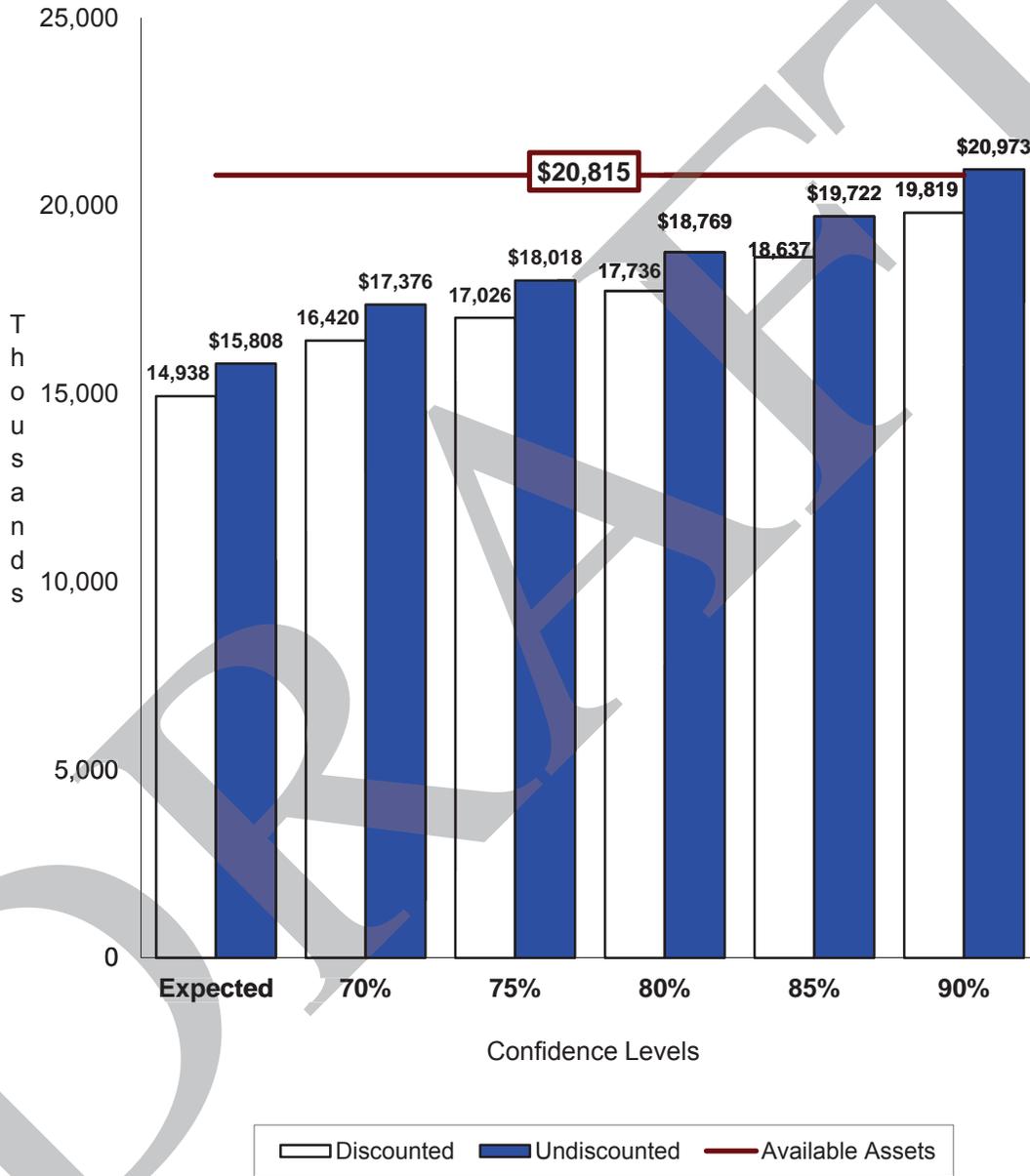
NCCSIF - Workers' Compensation
Available Assets vs Outstanding Liability (\$000's)
at June 30, 2017
Banking and Shared Layers Combined
Net of 4850 TD and 4850 SC



NCCSIF - Workers' Compensation
 Available Assets vs Outstanding Liability (\$000's)
 at June 30, 2017
 Banking Layer
 Net of 4850 TD and 4850 SC



NCCSIF - Workers' Compensation
 Available Assets vs Outstanding Liability (\$000's)
 at June 30, 2017
 Shared Layer
 Net of 4850 TD and 4850 SC



The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2017, before recognition of investment income.

Northern California Cities Self Insurance Fund
 Self-Insured Workers' Compensation Program
 Estimated Liability for Unpaid Loss and LAE at June 30, 2017
 Banking and Shared Layers Combined
 Net of 4850 TD and 4850 SC

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$772,814	\$32,239	\$805,053
1996-97	150,383	8,972	159,355
1997-98	133,589	20,670	154,259
1998-99	124,527	20,880	145,407
1999-00	385,924	51,006	436,930
2000-01	432,308	67,603	499,911
2001-02	152,632	64,686	217,318
2002-03	638,192	133,301	771,493
2003-04	224,202	98,154	322,356
2004-05	433,601	98,023	531,624
2005-06	676,217	114,223	790,440
2006-07	756,103	190,608	946,711
2007-08	534,249	161,902	696,151
2008-09	777,098	220,744	997,842
2009-10	606,525	286,228	892,753
2010-11	626,294	322,320	948,614
2011-12	1,745,481	410,679	2,156,160
2012-13	1,156,277	319,957	1,476,234
2013-14	1,480,262	497,931	1,978,193
2014-15	3,064,348	651,994	3,716,342
2015-16	1,901,809	2,355,913	4,257,722
2016-17	1,802,748	4,499,047	6,301,795
Loss and ALAE	\$18,575,583	\$10,627,080	\$29,202,663
ULAE		1,702,439	1,702,439
Total	\$18,575,583	\$12,329,519	\$30,905,102

B. PROGRAM FUNDING: GOALS AND OBJECTIVES

As self-insurance programs have proliferated among public entities, it has become apparent that there is a large measure of inconsistency in the way in which these programs recognize and account for their claims costs. This is the result of the fact that there have been several different sources of guidance available, none of which has been completely relevant to public entity self-insurance programs.

According to the Governmental Accounting Standards Board (GASB), the most relevant source of guidance on the subject is Financial Accounting Standards Board Statement #60. A liability for unpaid claim costs, including all loss adjustment expenses, should be accrued at the time the self-insured events occur. This liability should include an allowance for incurred but not reported claims. It may be discounted for investment income at an appropriate rate of return, provided the discounting is disclosed. The regulations detailing the way in which this must be done are outlined in GASB's statements #10 and #30. These regulations are required to be applied by NCCSIF.

GASB #10 and #30 do not address asset requirements. They do, however, allow a range of amounts to be recognized for accounting purposes; specifically, GASB #10 and #30 allow recognition of a risk margin for unexpectedly adverse loss experience. Thus, for accounting purposes, it is possible to formulate a funding policy from a range of alternatives. The uncertainty in any estimate of the program's liability for outstanding claims should be taken into consideration in determining funding policy, but it may be offset by recognizing anticipated investment income earnings. This usually means developing a funding program based on discounted claims costs with some risk margin for unexpected adverse loss experience.

The amount of the risk margin should be a question of long-term funding policy. We recommend that the risk margin be determined by thinking in terms of the probability that a given level of assets will prove to be adequate. For example, a reasonable goal might be to maintain assets at the 85% confidence level.

A key factor to consider in determining funding policy is the degree to which stability is required in the level of contributions to the program from year to year. If you elect to maintain assets at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for old claims. The additional contributions for old claims may be required at the same time that costs are increasing dramatically on new claims. The burden of funding for increases on past years as well as on current years, may well be prohibitive.

We generally recommend maintaining program assets at the 80% confidence level, after recognition of investment income, with a recommended range of the 75% to 85% confidence levels. We tend to think of the 70% confidence level as marginally acceptable and of the 90% confidence level as conservative. We recommend the 75% to 85% confidence level range because the probabilities are reasonably high that resulting assets will be sufficient to meet claim liabilities, yet the required risk margins are not so large that they will cause most self-insured entities to experience undue financial hardship. In addition, within this range, anticipated investment income generally offsets the required risk margin for the most part, which means that assets are likely sufficient on an undiscounted basis.

We also strongly believe, however, that the confidence level to which any future year is funded should be evaluated in light of the relative certainty of the assumptions underlying the actuarial analysis, NCCSIF's other budgetary constraints, and the relative level of risk it is believed appropriate to assume. This means formulating both short and long-term funding goals, which may be the same in some years, but different in others.

In general, we recommend funding each year's claims costs in that year. When surpluses or deficits have developed on outstanding liabilities and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained. We also recommend that you reduce a surplus more slowly than you would accumulate funding to reduce a deficit.

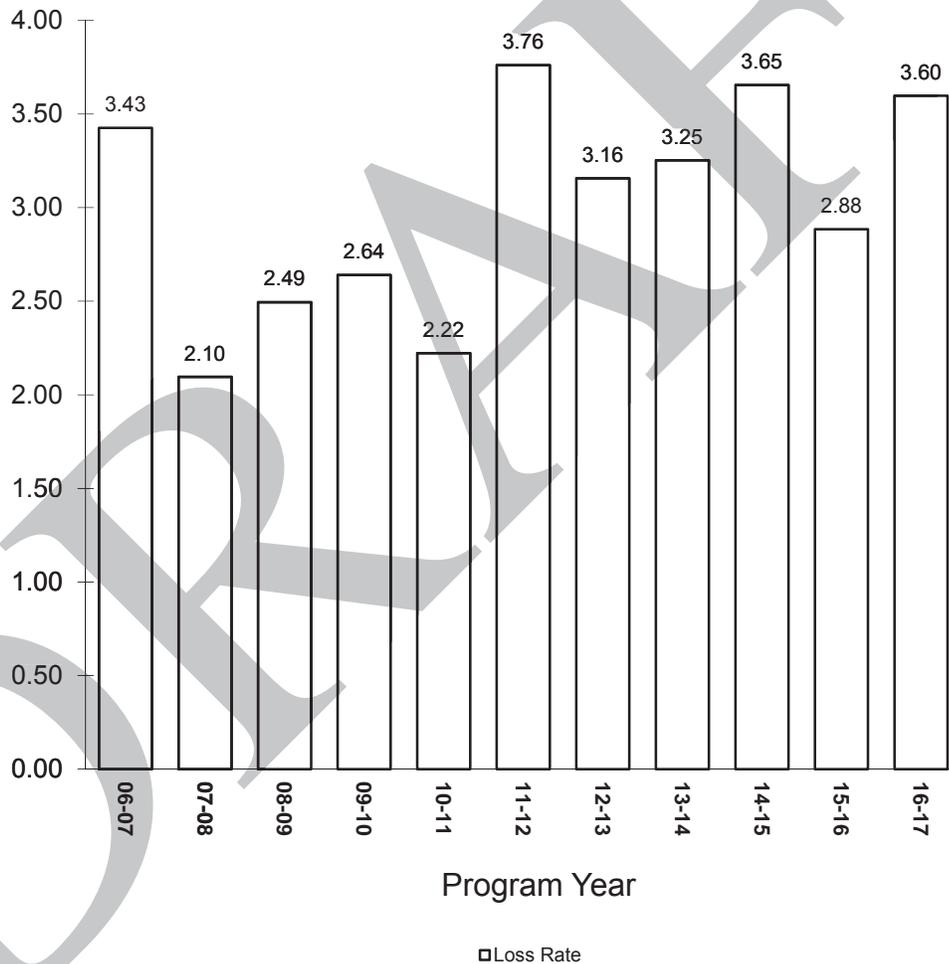
It is estimated that program assets will be \$42,896,000 at June 30, 2017, \$22,081,000 for the banking layer and \$20,815,000 for the shared layer, resulting in the program being funded above the 90% confidence level on a combined basis and for both the banking layer and shared layer separately

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The program's loss rate per \$100 payroll has varied substantially from year to year, but followed a generally increasing trend. We selected a loss rate of \$3.60 per \$100 of payroll for the 2016-17 program year based on the assumption that this trend will continue. See Graph 2a below.

Graph 2a

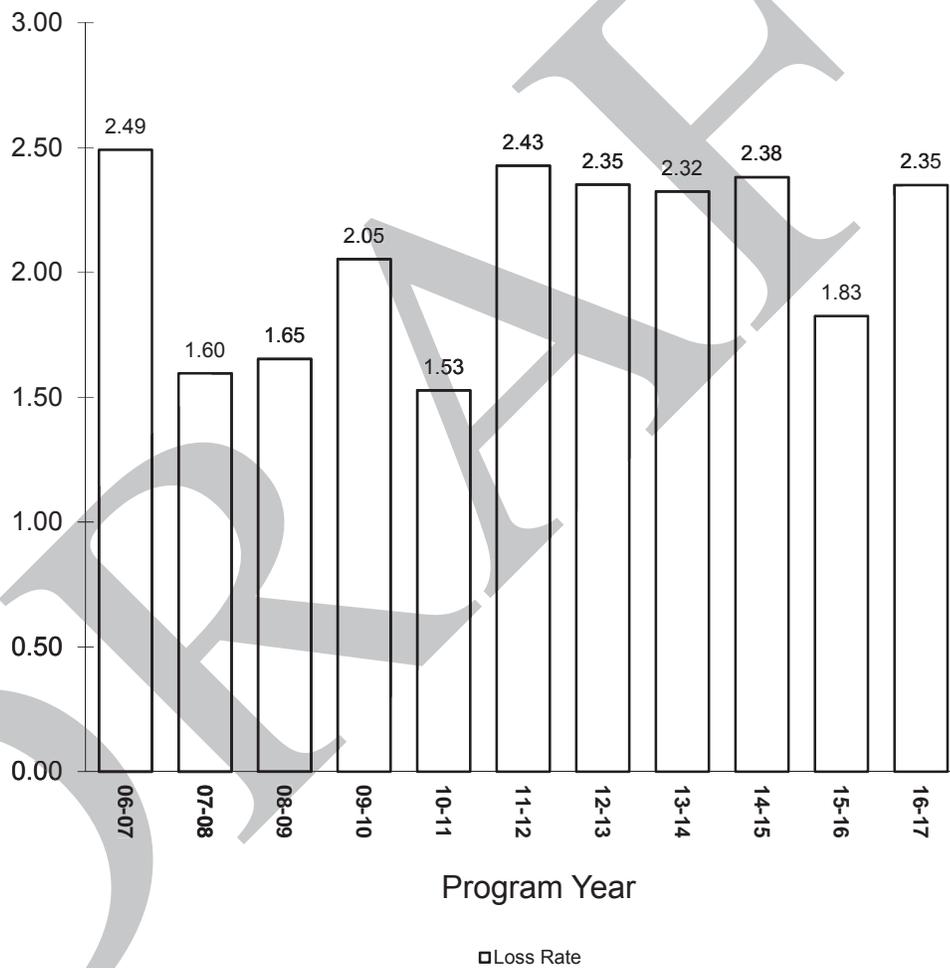
NCCSIF - Workers' Compensation
Banking and Shared Layers Combined
Dollars of Loss per
\$100 of Payroll
Net of 4850 TD and 4850 SC



The banking layer loss rate per \$100 payroll has also been trending upward during most recent nine years but has been relatively stable since 2011-12. Our projected 2016-17 loss rate of \$2.35 per \$100 of payroll reflects this trend. See Graph 2b below.

Graph 2b

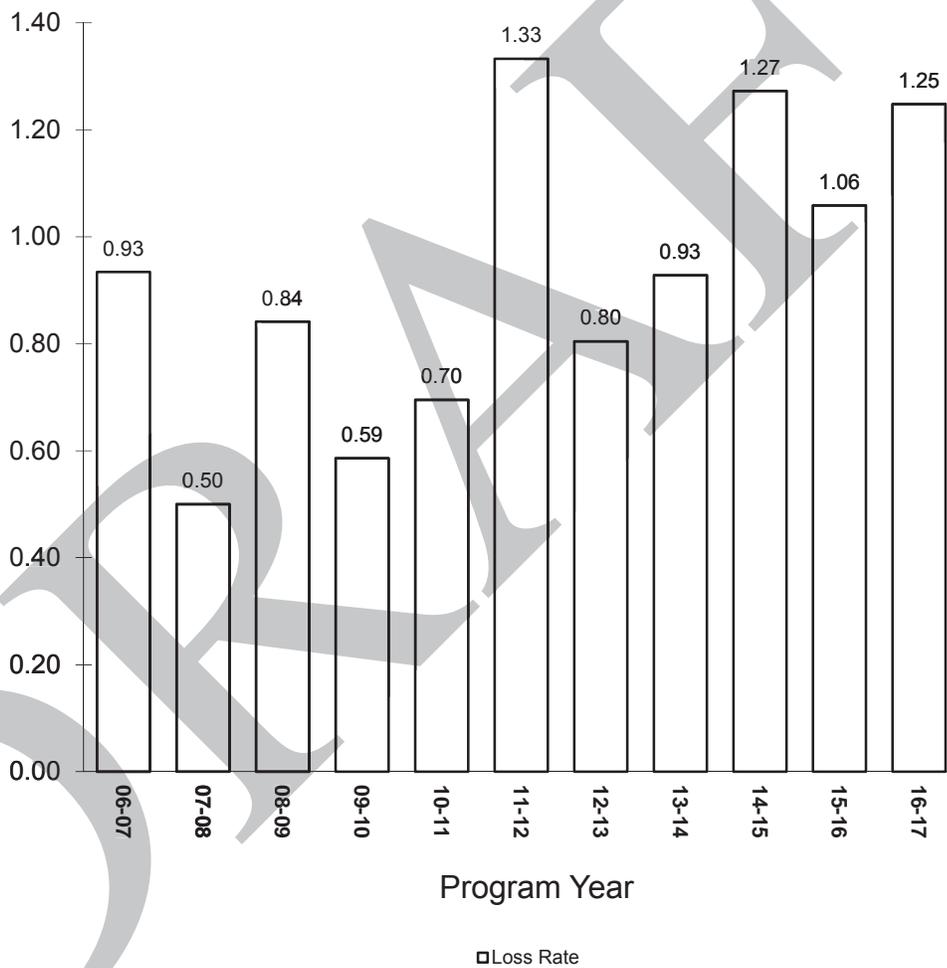
NCCSIF - Workers' Compensation
 Banking Layer
 Dollars of Loss per
 \$100 of Payroll
 Net of 4850 TD and 4850 SC



The shared layer loss rate has varied a great deal over the last ten years, typical for excess layers losses. Overall rates appear to follow an increasing trend in the most recent nine years. We projected 2016-17 loss rate of \$1.25 based on this recent trend. See Graph 2c below.

Graph 2c

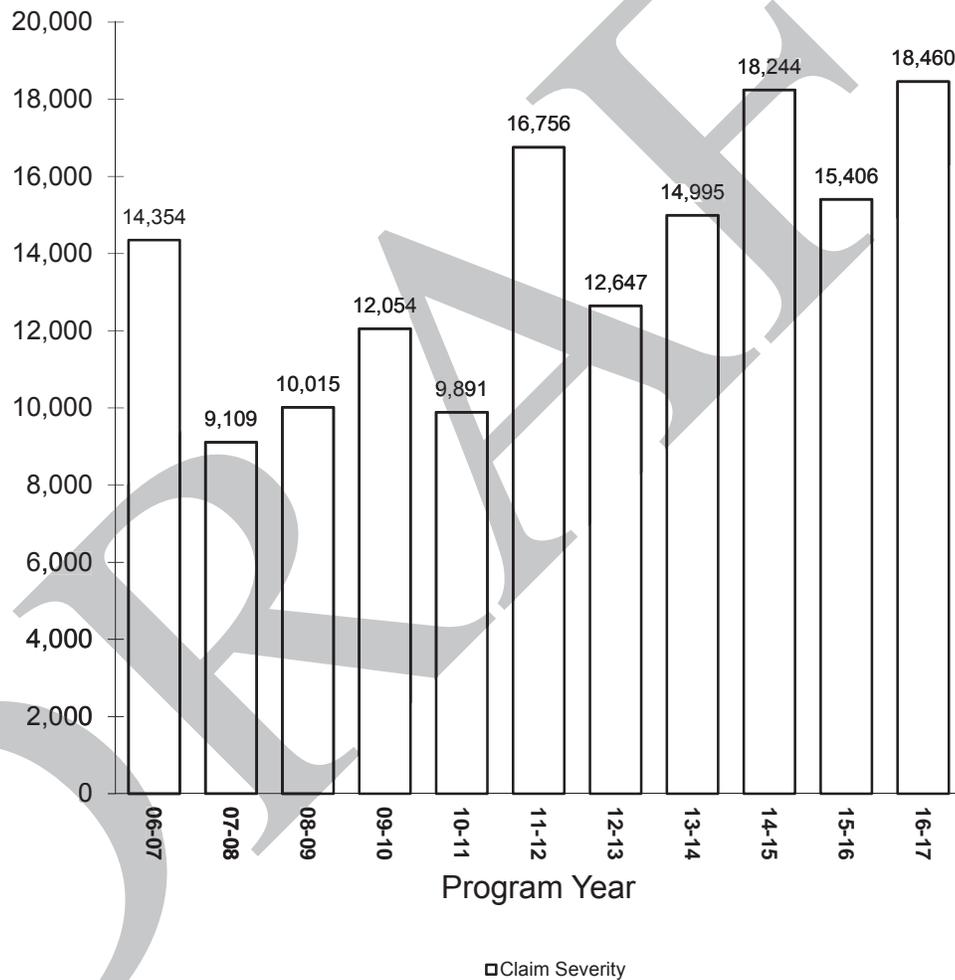
NCCSIF - Workers' Compensation
Shared Layer
Dollars of Loss per
\$100 of Payroll
Net of 4850 TD and 4850 SC



The program's average cost per claim has been following a generally increasing trend over the past ten years. The program's average cost per claim has ranged from a low of \$9,109 to a high of \$18,244. Our projected 2016-17 average cost of \$18,460 per claim reflects this trend. See Graph 3a below.

Graph 3a

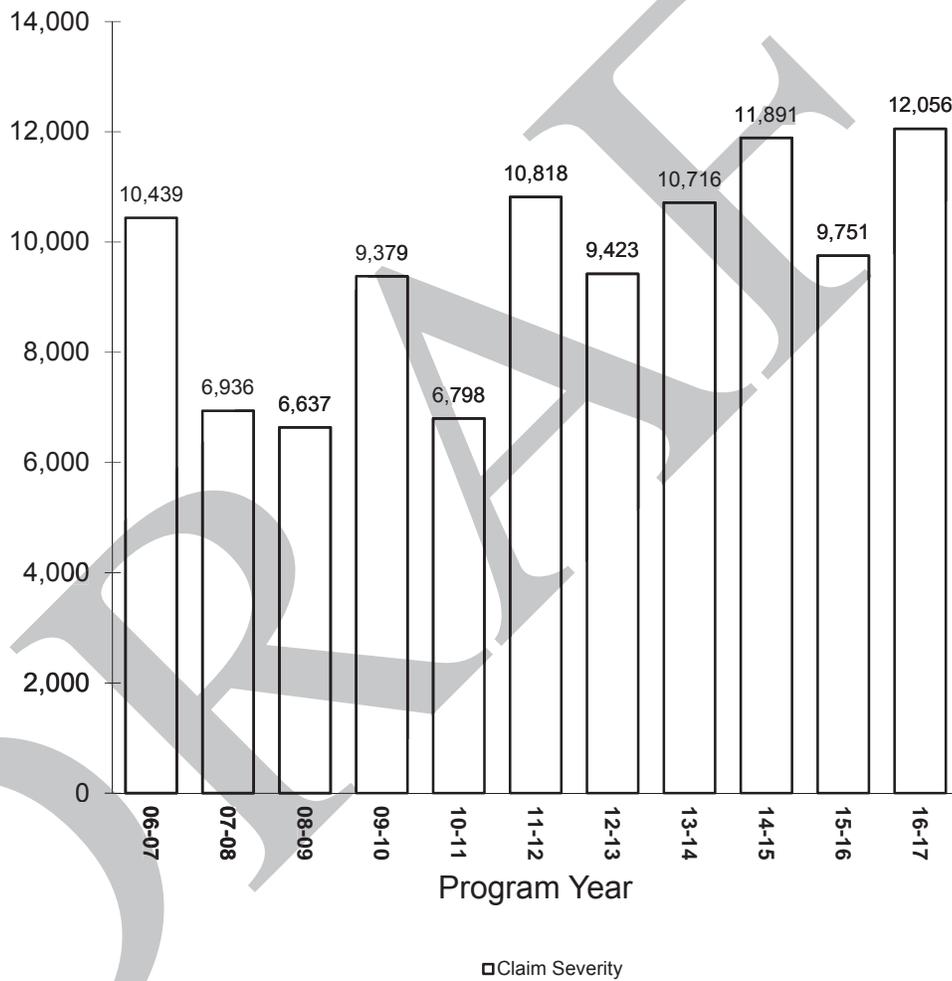
NCCSIF - Workers' Compensation
Banking and Shared Layers Combined
Dollars of Loss per Claim
Net of 4850 TD and 4850 SC



The banking layer's average cost per claim has varied considerably, ranging from a low of \$6,637 to a high of \$11,891. Our projected 2016-17 average cost is \$12,056. See Graph 3b below.

Graph 3b

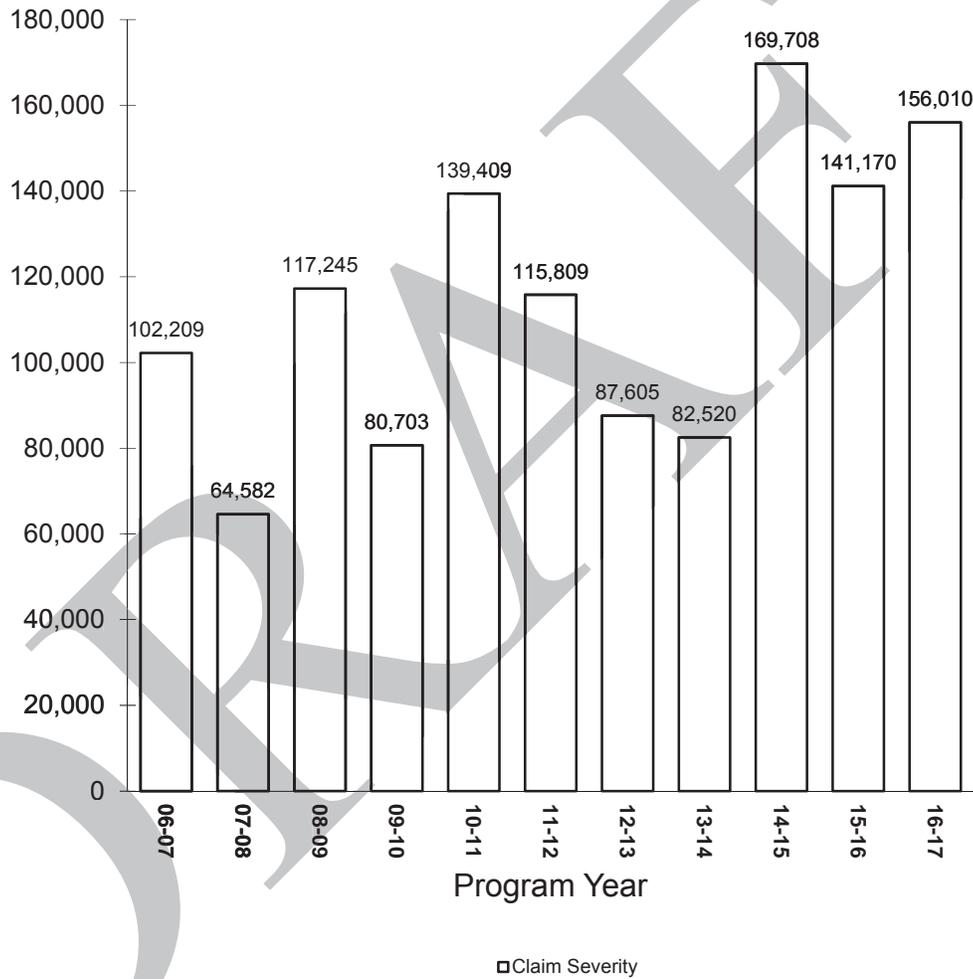
NCCSIF - Workers' Compensation
Banking Layer
Dollars of Loss per Claim
Net of 4850 TD and 4850 SC



The shared layer average cost per claim has been volatile over the period shown below but has been generally increasing. We project the 2016-17 shared layer severity to be \$156,010 per claim. See Graph 3c Below.

Graph 3c

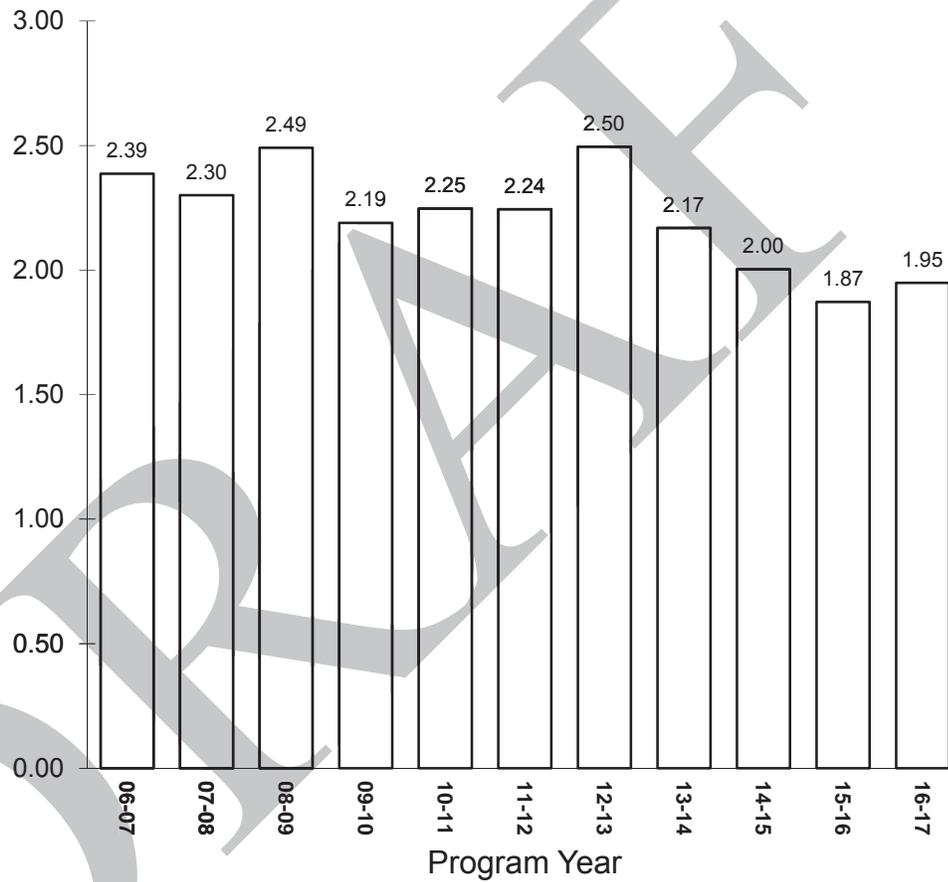
NCCSIF - Workers' Compensation
Shared Layer
Dollars of Loss per Claim
Net of 4850 TD and 4850 SC



The program's frequency of claims per \$1 million payroll has been generally trending downward. The projected 2016-17 frequency of 1.95 is based on that decreasing trend. See Graph 4a below. (Note that banking layer frequency is the same as shown below for the program.)

Graph 4a

NCCSIF - Workers' Compensation
Number of Claims per
\$1 Million of Payroll

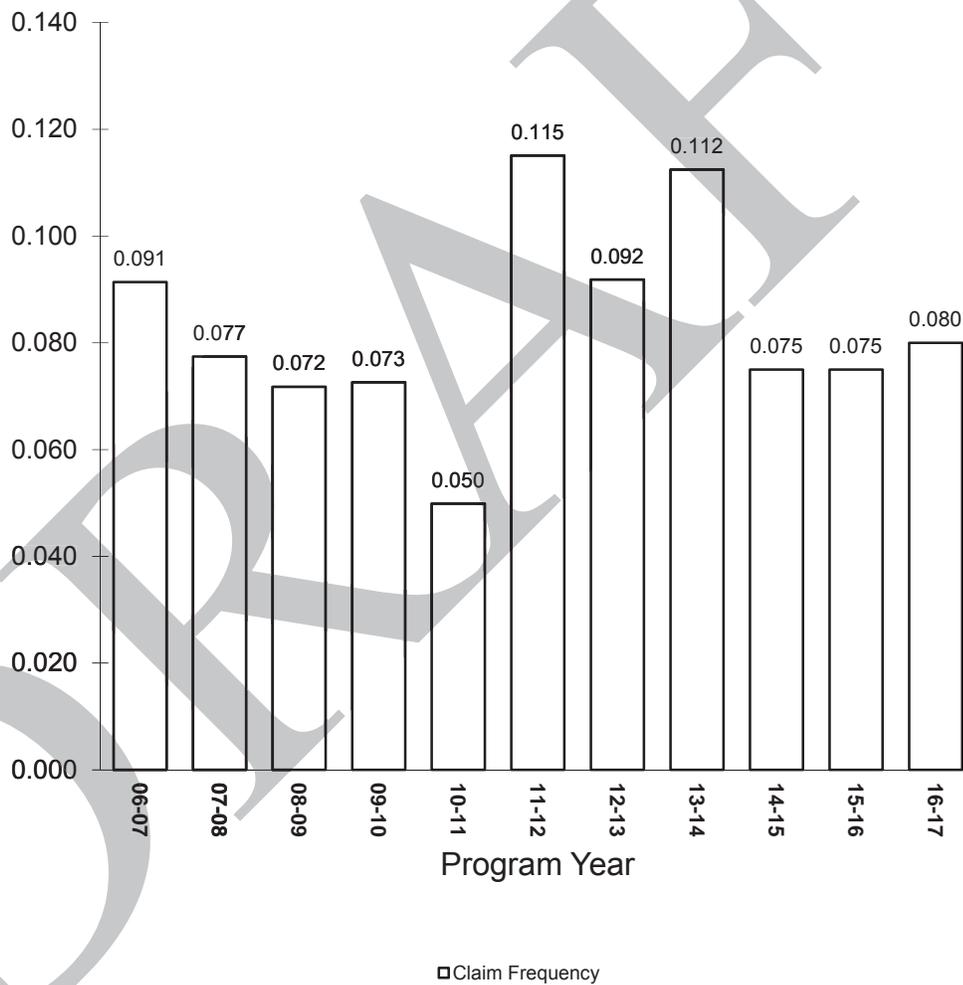


□ Claim Frequency

The shared layer frequency of claims per \$1 million payroll has been quite volatile, following no discernable pattern. Such volatility is not unexpected since the program receives very few claims per year. Thus even one additional claim can have a significant impact. We project the 2016-17 shared layer frequency to be 0.080 claims per \$1M payroll. See Graph 4b below.

Graph 4b

NCCSIF - Workers' Compensation
Shared Layer
Number of Claims per
\$1 Million of Payroll



D. COMPARISON WITH PREVIOUS RESULTS

The prior report for Northern California Cities Self Insurance Fund was dated March 9, 2016. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 12/31/2015 evaluation date of the prior report and the 12/31/2016 evaluation date of the current report.

Actual Versus Expected Incurred Loss and ALAE Development

Net of 4850 TD and 4850 SC

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$36,000	(\$143,000)	(\$179,000)
1996-97	9,000	(47,000)	(56,000)
1997-98	12,000	(10,000)	(22,000)
1998-99	8,000	(24,000)	(32,000)
1999-00	14,000	11,000	(3,000)
2000-01	15,000	(43,000)	(58,000)
2001-02	11,000	0	(11,000)
2002-03	19,000	57,000	38,000
2003-04	13,000	(62,000)	(75,000)
2004-05	15,000	74,000	59,000
2005-06	19,000	(59,000)	(78,000)
2006-07	54,000	(66,000)	(120,000)
2007-08	37,000	(89,000)	(126,000)
2008-09	65,000	(117,000)	(182,000)
2009-10	87,000	(120,000)	(207,000)
2010-11	101,000	99,000	(2,000)
2011-12	117,000	255,000	138,000
2012-13	68,000	(358,000)	(426,000)
2013-14	220,000	102,000	(118,000)
2014-15	515,000	968,000	453,000
2015-16	3,394,000	2,221,000	(1,173,000)
Total	\$4,829,000	\$2,649,000	(\$2,180,000)

As shown, actual incurred development was lower than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$4,829,000 between the two evaluation dates. However, actual development was approximately \$2,649,000; or about \$2,180,000 less than expected. With the exception of 2002-03, 2004-05, 2011-12, and 2014-15, most accident years have developed lower than expected.

In the table below we display actual versus expected development of paid losses and ALAE by accident year between the 12/31/2015 evaluation date of the prior report and the 12/31/2016 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development

Net of 4850 TD and 4850 SC

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$143,000	\$77,000	(\$66,000)
1996-97	33,000	6,000	(27,000)
1997-98	30,000	49,000	19,000
1998-99	22,000	13,000	(9,000)
1999-00	51,000	53,000	2,000
2000-01	55,000	38,000	(17,000)
2001-02	20,000	10,000	(10,000)
2002-03	72,000	61,000	(11,000)
2003-04	42,000	46,000	4,000
2004-05	59,000	67,000	8,000
2005-06	151,000	188,000	37,000
2006-07	206,000	62,000	(144,000)
2007-08	164,000	53,000	(111,000)
2008-09	248,000	214,000	(34,000)
2009-10	228,000	253,000	25,000
2010-11	202,000	166,000	(36,000)
2011-12	539,000	313,000	(226,000)
2012-13	569,000	501,000	(68,000)
2013-14	1,010,000	1,127,000	117,000
2014-15	1,450,000	1,205,000	(245,000)
2015-16	1,929,000	876,000	(1,053,000)
Total	\$7,223,000	\$5,378,000	(\$1,845,000)

As shown, actual paid development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$7,223,000 between the two evaluation dates. However, actual development was approximately \$5,378,000; or about \$1,845,000 less than expected.

In the table below we display the change in our estimates of the program's ultimate losses and ALAE by accident year since our prior report.

Change in Ultimate Loss and ALAE

Net of 4850 TD and 4850 SC

Accident Year	Prior Report	Current Report	Change In Ultimate
Prior	\$32,252,000	\$32,101,000	(\$151,000)
1995-96	3,122,000	3,066,000	(56,000)
1996-97	4,462,000	4,439,000	(23,000)
1997-98	2,752,000	2,721,000	(31,000)
1998-99	5,175,000	5,172,000	(3,000)
1999-00	5,211,000	5,151,000	(60,000)
2000-01	3,958,000	3,946,000	(12,000)
2001-02	7,112,000	7,152,000	40,000
2002-03	4,223,000	4,144,000	(79,000)
2003-04	3,762,000	3,822,000	60,000
2004-05	4,327,000	4,246,000	(81,000)
2005-06	5,805,000	5,684,000	(121,000)
2006-07	3,967,000	3,835,000	(132,000)
2007-08	4,768,000	4,577,000	(191,000)
2008-09	4,644,000	4,424,000	(220,000)
2009-10	3,656,000	3,620,000	(36,000)
2010-11	5,864,000	5,982,000	118,000
2011-12	5,252,000	4,907,000	(345,000)
2012-13	5,976,000	5,923,000	(53,000)
2013-14	6,782,000	7,170,000	388,000
2014-15	7,391,000	5,993,000	(1,398,000)
Total	\$130,461,000	\$128,075,000	(\$2,386,000)

As shown, overall we have decreased our estimated ultimates by \$2,386,000 since our prior report. These changes track well with actual versus expected incurred and paid development mentioned above.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2016 to be \$29,647,000 at the discounted, expected level. Our current estimate as of June 30, 2017, is \$29,205,000, a decrease in our assessment of NCCSIF's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE
Banking and Shared Layers Combined
Net of 4850 TD and 4850 SC

	Prior Report at June 30, 2016	Current Report at June 30, 2017	Change
(A) Case Reserves:	\$19,912,000	\$18,576,000	(\$1,336,000)
(B) IBNR Reserves:	9,769,000	10,627,000	858,000
(C) Claims Administration Reserves:	1,692,000	1,702,000	10,000
(D) Total Reserves:	\$31,373,000	\$30,905,000	(\$468,000)
(E) Offset for Investment Income:	(1,726,000)	(1,700,000)	26,000
(F) Total Outstanding Claim Liabilities:	\$29,647,000	\$29,205,000	(\$442,000)

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has decreased between June 30, 2016 and June 30, 2017 as reflected in our prior and current reports respectively.

At the time of the prior report, available assets were estimated to be \$39,612,000 as of June 30, 2016, which corresponded to the then-estimated discounted liability for outstanding claims above the 90% confidence level. Available assets are currently estimated to be \$42,896,000 as of June 30, 2017, which corresponds to the currently estimated liability for outstanding claims above the 90% confidence level. It can be summarized as follows:

Funding Margin
 Banking and Shared Layers Combined
 Net of 4850 TD and 4850 SC

	Prior Report at June 30, 2016	Current Report at June 30, 2017	Change
(A) Outstanding Liability at the Discounted Expected Level:	\$29,647,000	\$29,205,000	(\$442,000)
(B) Estimated Assets At June 30:	39,612,000	42,896,000	3,284,000
(C) Surplus/(Deficit):	\$9,965,000	\$13,691,000	\$3,726,000

At the time of the prior report, our funding estimate for the 2016-17 year was \$7,912,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. Our current estimate for the 2017-18 year is \$8,205,000 at the discounted, expected level, an increase in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and LAE
Banking and Shared Layers Combined
Net of 4850 TD and 4850 SC

	Prior Report 2016-17 Pool Limit = \$500,000	Current Report 2017-18 Pool Limit = \$500,000	Change
(A) Ultimate Loss and ALAE:	\$7,562,000	\$7,830,000	\$268,000
(B) Ultimate Claims Administration (ULAE):	670,000	706,000	36,000
(C) Total Claim Costs:	\$8,232,000	\$8,536,000	\$304,000
(D) Offset for Investment Income:	(320,000)	(331,000)	(11,000)
(E) Total Recommended Funding:	\$7,912,000	\$8,205,000	\$293,000
(F) Funding per \$100 of Payroll:	\$4.02	\$3.87	(\$0.15)

As you can see, our funding recommendations at the discounted, expected level have increased between 2016-17 and 2017-18, as shown in our prior and current reports respectively. This increase is largely due to an increase in payroll. It should be noted that our estimated rate per \$100 of payroll has decreased when compared to the estimated rate in our prior report.

E. DATA PROVIDED FOR THE ANALYSIS

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$500,000 per occurrence for 2016-17 and 2017-18 (See Appendix K).
- We estimated the 6/30/2017 asset balance by beginning with the 12/31/2016 asset balance, and adjusting for anticipated revenue and expense for the second half of 2016-17 (see Appendix L).
- We received loss data evaluated as of 12/31/2016 (See Appendix M). We also utilized the data from NCCSIF's most recent actuarial study for our assessment of loss development.
- We have assumed that NCCSIF's payroll for 2017-18 will be \$211,897,739 based upon information provided by NCCSIF (See Appendix N).
- Please note that the estimates contained in this report do not include costs for 4850 TD (Temporary Disability) and 4850 SC (salary continuation). The loss run provided separated losses into various layers, including Banking and Shared. However, additional fields were developed which removed voucher amounts which are not paid from the insurance fund. These vouchers are the responsibility of the individual member.

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

III. ASSUMPTIONS AND LIMITATIONS

Any quantitative analysis is developed within a very specific framework of assumptions about conditions in the outside world, and actuarial analysis is no exception. We believe that it is important to review the assumptions we have made in developing the estimates presented in this report. By doing so, we hope you will gain additional perspective on the nature of the uncertainties involved in maintaining a self-insurance program. Our assumptions, and some observations about them, are as follows:

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by NCCSIF. We have accepted all of this information without audit.
- We have also made use of loss statistics that have been developed from the information gathered and compiled from other California counties participating in the CSAC Excess Insurance Authority's workers' compensation program.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have also assumed that the historical development patterns for the participants of the CSAC Excess Insurance Authority's workers' compensation program in the aggregate form a reasonable basis of comparison to the patterns from Northern California Cities Self Insurance Fund's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial review of the CSAC Excess Insurance Authority's workers' compensation program.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the costs of workers' compensation claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- The changes in cost levels associated with benefit increases and administrative changes typically take place over a period of several years following their enactment, and these changes are very difficult to forecast in advance. We have based our benefit level factors on those produced by the Workers' Compensation Insurance Rating Bureau of California (WCIRB). See Appendix E for a display of the benefit level cost indices by fiscal year.

- We have assumed that the loss rate trend associated with claim costs increases at 1.5% per year. We have assumed that claim severity increases at 1.5% per year, and that claim frequency will remain flat.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.
- We have assumed that assets held for investment will generate an average annual return of 1.5% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have not included estimates for excess insurance contributions to the CSAC-EIA and other expenses associated with the program based upon information provided by NCCSIF.
- Our funding recommendations do not include provisions for catastrophic events not in NCCSIF's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than NCCSIF's excess coverage.
- NCCSIF's assets available for the program are estimated to be \$42,896,000 as of June 30, 2017 for use in this report. This is shown in further detail in Appendix L.

IV. GLOSSARY OF ACTUARIAL TERMS

Accident Year - Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

Allocated Loss Adjustment Expenses (ALAE) - Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, etc.)

Benefit Level Factor - Factor used to adjust historical losses to the current level of workers' compensation benefits.

Case Reserve - The amount left to be paid on a claim, as estimated by the claims administrator.

Claim Count Development Factor - A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

Claim Frequency - Number of claims per \$1 million of payroll.

Confidence Level - An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

Discount Factor - A factor to adjust estimated loss costs to reflect anticipated investment income from assets held prior to actual claim payout.

Expected Losses - The best estimate of the full, ultimate value of loss costs.

Incurred but not Reported (IBNR) Losses - Losses for which the accident has occurred but the claim has not yet been reported. This is the ultimate value of losses, less any amount that has been set up as reported losses by the claims adjuster. It includes both amounts for claims incurred but not yet received by the administrator and loss development on already reported claims.

Loss Development Factor - A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled (see Section IV).

Loss Rate - Ultimate losses per \$100 of payroll.

Non-Claims Related Expenses – Program expenses not directly associated with claims settlement and administration, such as excess insurance, safety program expenses, and general overhead. These exclude expenses associated with loss settlements (Indemnity/Medical, BI/PD), legal expenses associated with individual claims (ALAE), and claims administration (ULAE).

Outstanding Losses - Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

Paid Losses - Losses actually paid on all reported claims.

Program Losses - Losses, including ALAE, limited to the SIR for each occurrence.

Reported Losses - The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

Self-Insured Retention (SIR) - The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

Severity - Average claim cost.

Ultimate Losses - The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

Unallocated Loss Adjustment Expenses (ULAE) – Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims adjusters' salaries, taxes, etc.)



ACTUARIAL STUDIES - FY 17/18 LIABILITY PROGRAM

ACTION ITEM

ISSUE: NCCSIF's actuary provides an annual report to assist members in making funding, dividend and assessment decisions. A summary of this year's report is provided below and will be discussed in more detail at the meeting.

FY 17/18 Funding

Total recommended funding for banking and shared risk layer is \$3,625,000 at the current 70% Confidence Level (CL), almost \$200,000 below the funding of \$3,823,000 for FY 16/17. *The rate at the 70% CL is \$2.225 per \$100 of payroll, compared to \$2.370 last year, a decrease of 5.7%.*

Outstanding Liabilities at June 30th

The Actuary estimates the Liability Program will have total assets of approximately \$11,811,000 on June 30, 2017, compared to \$11,489,000 last year. The estimated total Outstanding Liability at June 30 is \$11,048,000 at the 90% Confidence Level (CL), compared to 13,345,000 last year. This results in an estimated net position of *\$763,000 above the 90% C.L., compared to a deficit of \$1,856,000 last year.*

Assets for the Banking Layer are estimated at \$5,277,000 as of June 30, 2017, compared to \$5,109,000 in 2016. Banking Layer liabilities are \$3,176,000 at the 90% confidence level, compared to \$3,474,000 last year. This means the Banking Layer net position above the 90% CL is estimated at *\$2,101,000, compared to \$1,635,000 in 2016.*

Assets for the Shared Risk Layer are estimated to be \$6,534,000 at June 30, 2017, compared to \$6,380,000 in 2016. Liabilities are estimated at \$7,872,000 at the 90% CL, compared to \$9,871,000 last year. *This results in an estimated deficit of \$1,338,000 in net position above the 90% CL, compared to a deficit of \$3,491,000 last year; a significant improvement.*

RECOMMENDATION: Accept and file the report.

FISCAL IMPACT: T.B.D.; depending on chosen Confidence Level. Note the FY 17/18 rate at the 75% CL is \$2.38, just \$0.01 above the current rate at the 70% CL. Although much improved, due to the continued deficit at the 90% CL the Shared Layer assessment will also continue.

BACKGROUND: NCCSIF annually receives an actuary report to determine the estimated Outstanding Liabilities (OL) for the Liability program as of June 30 and to estimate the amount of funding required for the upcoming fiscal year. These figures are used for financial reporting purposes and to prepare the budget for member deposits. The funding CL was increased from 67.5% to 70% for FY 16/17.

ATTACHMENT(S): FY 17/18 Liability Actuarial Study – Summary (*without Exhibits or Appendices*)



Actuarial Review of the Self-Insured Liability Program

*Outstanding Liabilities as of June 30, 2017
Forecast for Program Year 2017-18*

Presented to
Northern California Cities Self-Insurance Fund

March 9, 2017



Thursday, March 9, 2017

Mr. Marcus Beverly
Vice President
Northern California Cities Self Insurance Fund
C/o Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815

Re: Actuarial Review of the Self-Insured Liability Program

Dear Mr. Beverly:

As you requested, we have completed our review of Northern California Cities Self Insurance Fund's self-insured liability program. Assuming a pool limit of \$500,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2017-18 program years to be \$3,104,000. Of this amount, \$1,542,000 is for the banking layer (\$0 – \$50,000 per occurrence) and \$1,562,000 is for the shared layer (\$50,000 – \$500,000 per occurrence). These amounts include allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of NCCSIF's claims, assuming a 1.5% return on investments per year. For budgeting purposes, the expected cost of 2017-18 claims translates to rates of \$1.906 per \$100 payroll, \$0.947 for the banking layer and \$0.959 for the shared layer (assuming \$162,895,212 in rated payroll).

In addition, we estimate the program's liability for outstanding claims to be \$7,948,000 as of June 30, 2017, again including ALAE and ULAE, and discounted for anticipated investment income. Of this amount, \$2,377,000 is for the banking layer and \$5,571,000 is for the shared layer. Given estimated program assets of \$11,811,000 as of June 30, 2017, the program is expected to be funded above the 90% confidence levels on a combined basis. The banking layer is expected to be funded above the 90% confidence level. The shared layer is expected to be funded at the 75% confidence level. (See Graphs 1a, 1b and 1c on pages 10, 11, and 12.)

The \$7,948,000 estimate is the minimum liability to be booked by NCCSIF at June 30, 2017 for Northern California Cities Self Insurance Fund's liability program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires NCCSIF to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding NCCSIF's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2017 are summarized in the table below.

Northern California Cities Self Insurance Fund
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and LAE
Banking and Shared Layers Combined
at June 30, 2017

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$8,169,000					
ULAE*	0					
Investment Income Offset	(221,000)					
Discounted Loss and LAE	\$7,948,000	\$8,846,000	\$9,244,000	\$9,705,000	\$10,285,000	\$11,048,000
Assets	11,811,000					
Surplus or (Deficit)	\$3,863,000	\$2,965,000	\$2,567,000	\$2,106,000	\$1,526,000	\$763,000

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and LAE
Banking Layer
at June 30, 2017

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,443,000					
ULAE*	0					
Investment Income Offset	(66,000)					
Discounted Loss and LAE	\$2,377,000	\$2,610,000	\$2,712,000	\$2,831,000	\$2,978,000	\$3,176,000
Assets	5,277,000					
Surplus or (Deficit)	\$2,900,000	\$2,667,000	\$2,565,000	\$2,446,000	\$2,299,000	\$2,101,000

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Estimated Liability for Unpaid Loss and LAE
 Shared Layer
 at June 30, 2017

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$5,726,000					
ULAE*	0					
Investment Income Offset	(155,000)					
Discounted Loss and LAE	\$5,571,000	\$6,236,000	\$6,532,000	\$6,874,000	\$7,307,000	\$7,872,000
Assets	6,534,000					
Surplus or (Deficit)	\$963,000	\$298,000	\$2,000	(\$340,000)	(\$773,000)	(\$1,338,000)

* ULAE is included with Loss and ALAE

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on NCCSIF's financial statements. Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

The table below shows our funding recommendations for Northern California Cities Self Insurance Fund for the 2017-18 fiscal year.

Northern California Cities Self Insurance Fund
Self-Insured Liability Program
Loss and LAE Funding Guidelines for 2017-18
Banking and Shared Layers Combined
Banking Layer: \$0 to \$50,000
Shared Layer: \$50,000 to \$500,000

	Expected	Marginally Acceptable		Recommended Range		
		60% CL	65% CL	Low 70% CL	Target 75% CL	High 80% CL
Loss and ALAE	\$3,206,000					
ULAE	0					
Investment Income Offset	(102,000)					
Discounted Loss and LAE	\$3,104,000	\$3,206,000	\$3,408,000	\$3,625,000	\$3,877,000	\$4,169,000
Rate per \$100 of 2017-18 Payroll	\$1.906	\$1.968	\$2.092	\$2.225	\$2.380	\$2.559

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
Self-Insured Liability Program
Loss and LAE Funding Guidelines for 2017-18
Banking Layers
Banking Layer: \$0 to \$50,000

	Expected	Marginally Acceptable		Recommended Range		
		60% CL	65% CL	Low 70% CL	Target 75% CL	High 80% CL
Loss and ALAE	\$1,573,000					
ULAE	0					
Investment Income Offset	(31,000)					
Discounted Loss and LAE	\$1,542,000	\$1,595,000	\$1,693,000	\$1,800,000	\$1,923,000	\$2,067,000
Rate per \$100 of 2017-18 Payroll	\$0.947	\$0.979	\$1.039	\$1.105	\$1.181	\$1.269

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2017-18
 Shared Layers
 Shared Layer: \$50,000 to \$500,000

	Expected	Marginally Acceptable		Recommended Range		
		60% CL	65% CL	Low 70% CL	Target 75% CL	High 80% CL
Loss and ALAE	\$1,633,000					
ULAE	0					
Investment Income Offset	(71,000)					
Discounted Loss and LAE	\$1,562,000	\$1,611,000	\$1,715,000	\$1,825,000	\$1,954,000	\$2,102,000
Rate per \$100 of 2017-18 Payroll	\$0.959	\$0.989	\$1.053	\$1.120	\$1.200	\$1.290

* ULAE is included with Loss and ALAE

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2017. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for NCCSIF's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to Northern California Cities Self Insurance Fund in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162, James Kim at (916) 290-4644 or Eric Small at (916) 244-1165 with any questions you may have concerning this report.

Sincerely,

Bickmore

DRAFT

Mike Harrington, FCAS, MAAA
President, Actuarial Consulting Practice, Bickmore
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

James Kim, ACAS, MAAA
Senior Analyst, Property and Casualty Actuarial Services, Bickmore
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Eric Small
Senior Analyst, Property and Casualty Actuarial Services, Bickmore

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I. BACKGROUND

Northern California Cities Self Insurance Fund began its self-insured liability program on July 1, 1981. The program began with eight members and now includes nineteen Northern California municipalities delineated below.

ANDERSON	FOLSOM	LINCOLN	RIO VISTA
AUBURN	GALT	MARYSVILLE	ROCKLIN
COLUSA	GRIDLEY	OROVILLE	WILLOWS
CORNING	IONE	PARADISE	YUBA CITY
DIXON	JACKSON	RED BLUFF	

Its current self-insured retention is \$500,000, and excess coverage is provided by CJPRMA. Claims administration services are provided by York Insurance Services. Additional background on the program is shown in Appendix K.

As of June 30, 2017, NCCSIF is expected to have assets of \$11,811,000 for the program. Additional background on program funding is given in Appendix L.

Although NCCSIF carries a self-insured retention of \$500,000, the program is actually split into two parts, a banking layer and a shared layer. Each member is directly responsible for its actual losses in the banking layer. The shared layer losses are pooled among members.

For program years 2006-07 and prior, the banking layer applies to the first \$25,000 of each loss (\$100,000 for the City of Folsom). The shared layer applies to the portion of each loss between \$25,000 and \$500,000.

Starting with the 2007-08 program year, the banking layer applies to the first \$50,000 of each loss (\$100,000 for the City of Folsom). The shared layer applies to the portion of each loss between \$50,000 and \$1,000,000. Effective 7/1/2013, NCCSIF decreased the shared layer retention to \$500,000.

The City of Ione joined NCCSIF on 7/1/2010 and carried a banking layer of \$25,000. Effective 7/1/2013, the City increased the banking layer retention to \$50,000.

The purpose of this review is to provide a guide to NCCSIF to determine reasonable funding levels for its self-insurance program according to the funding policy NCCSIF has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate NCCSIF's liability for outstanding claims as of June 30, 2017, project ultimate loss costs for 2017-18, and provide funding guidelines to meet these liabilities and future costs.

II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS

Graphs 1a, 1b and 1c on the following pages summarize our assessment of NCCSIF's funding position as of June 30, 2017. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due. The horizontal line across each graph indicates NCCSIF's available assets at June 30, 2017.

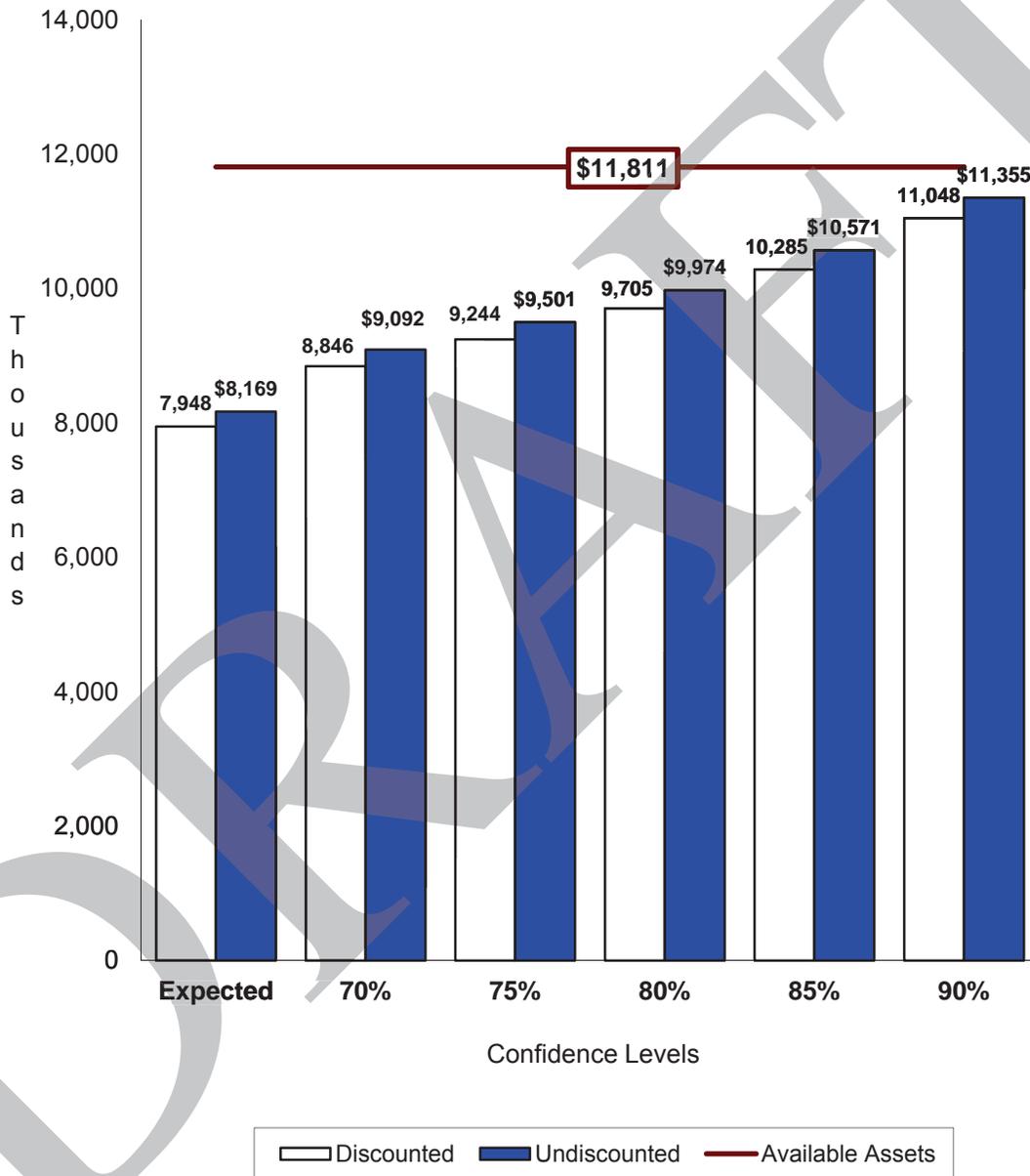
Our best estimate of the full value of NCCSIF's liability for outstanding claims within its pool limit is \$8,169,000, \$2,443,000 for the banking layer and \$5,726,000 for the shared layer as of June 30, 2017. These amounts include losses, allocated loss adjustment expenses (ALAE), and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

There is some measure of uncertainty associated with our best estimate because of the random nature of much of the process that determines ultimate claims costs. For this reason, we generally recommend that a program such as this include some funding margin for the possibility that actual loss costs will be greater than the best estimate. We generally measure the amount of this margin by thinking in terms of the probability distribution of actual possible results around our best estimate. As the margin grows, the probability that the corresponding funding amount will be sufficient to meet actual claim liabilities increases. We typically refer to this probability as the "confidence level" of funding. Graphs 1a, 1b and 1c show the liabilities for outstanding claims at several confidence levels that are typically of interest to risk managers in formulating funding policies for self-insurance programs.

NCCSIF can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.5%, we estimate the impact of investment income earnings to be about 2.7% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$7,948,000, \$2,377,000 for the banking layer, and \$5,571,000 for the shared layer as of June 30, 2017.

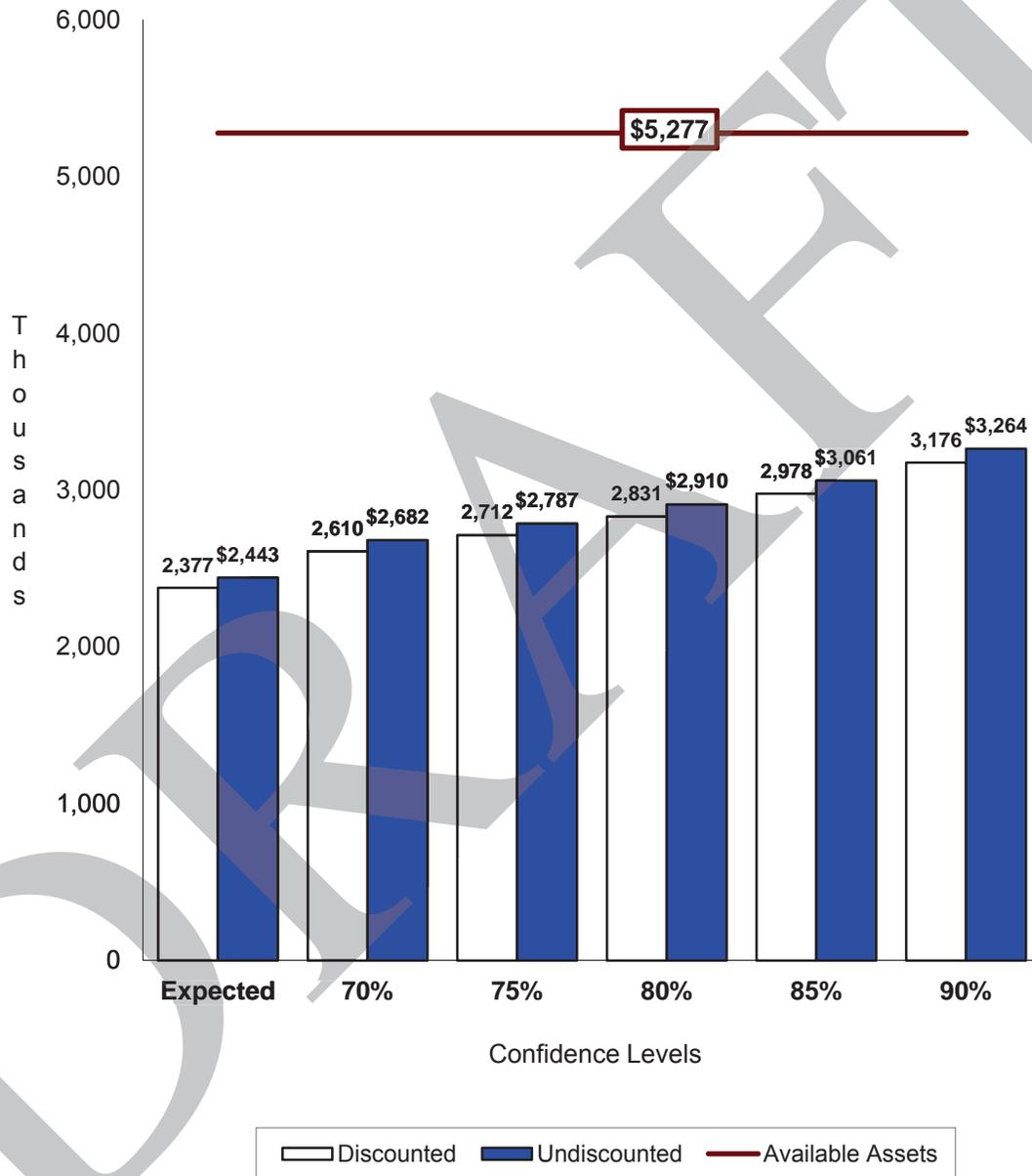
Investment income earnings will be less than this when the program does not maintain sufficient funding, and more when there is excess funding. Thus, thinking in terms of liabilities discounted for investment income can actually mask funding deficiencies and redundancies that might otherwise be obvious. However, the discounted liabilities do represent legitimate funding targets. The light-colored bars on Graphs 1a, 1b and 1c show our estimates of NCCSIF's discounted liability for outstanding claims.

NCCSIF - Liability
 Available Assets vs Outstanding Liability (\$000's)
 at June 30, 2017
 Banking and Shared Layers Combined



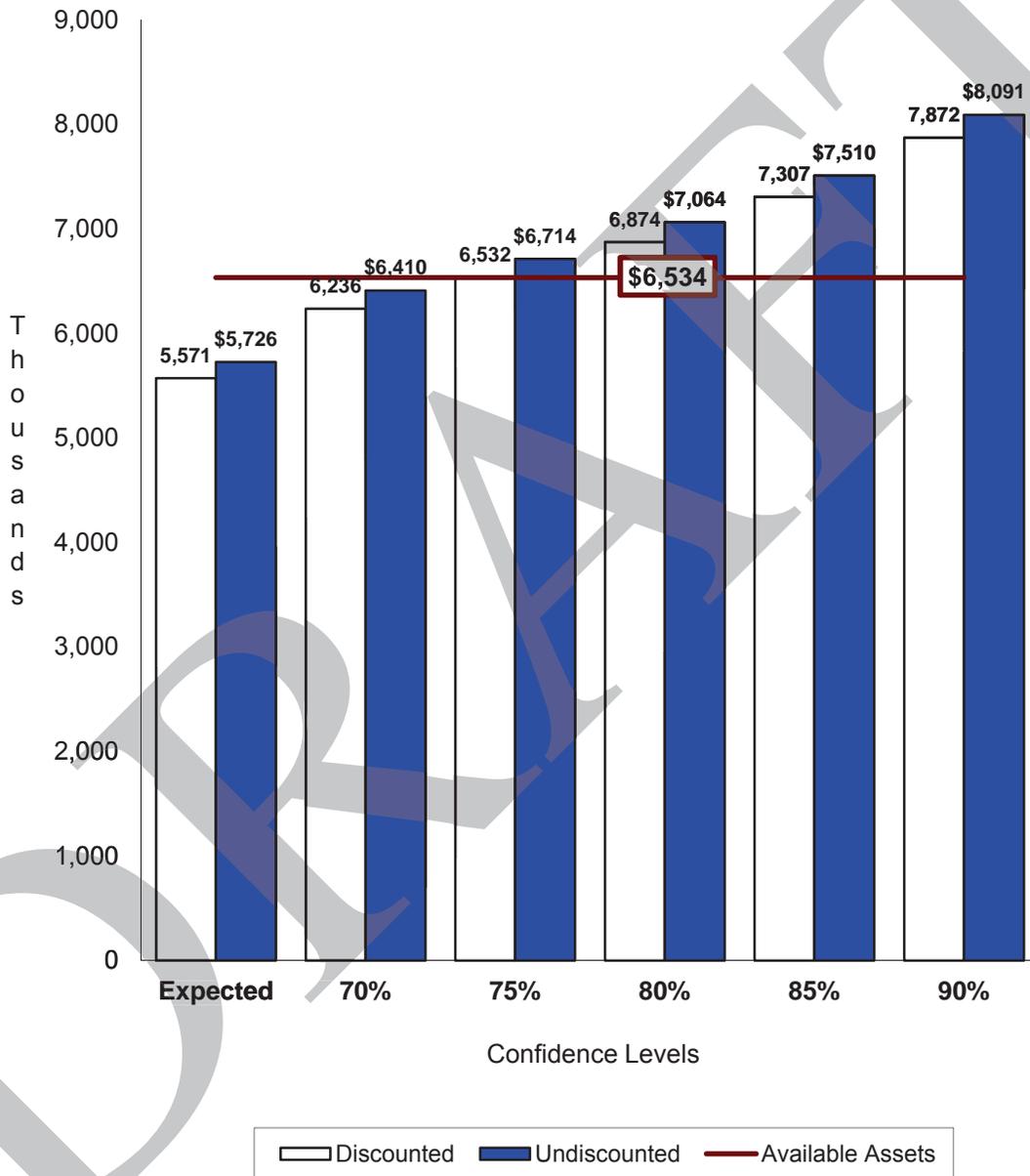
Graph 1b

NCCSIF - Liability
Available Assets vs Outstanding Liability (\$000's)
at June 30, 2017
Banking Layer



Graph 1c

NCCSIF - Liability
Available Assets vs Outstanding Liability (\$000's)
at June 30, 2017
Shared Layer



The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2017, before recognition of investment income.

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Estimated Liability for Unpaid Loss and LAE at June 30, 2017

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$0	\$0	\$0
2008-09	190,221	12,296	202,517
2009-10	192,520	31,363	223,883
2010-11	38,638	36,933	75,571
2011-12	259,615	65,321	324,936
2012-13	435,280	113,499	548,779
2013-14	267,549	152,691	420,240
2014-15	1,064,790	257,304	1,322,094
2015-16	1,558,522	832,710	2,391,232
2016-17	696,870	1,962,786	2,659,656
Loss and ALAE	\$4,704,005	\$3,464,903	\$8,168,908
ULAE		0	0
Total	\$4,704,005	\$3,464,903	\$8,168,908

B. PROGRAM FUNDING: GOALS AND OBJECTIVES

As self-insurance programs have proliferated among public entities, it has become apparent that there is a large measure of inconsistency in the way in which these programs recognize and account for their claims costs. This is the result of the fact that there have been several different sources of guidance available, none of which has been completely relevant to public entity self-insurance programs.

According to the Governmental Accounting Standards Board (GASB), the most relevant source of guidance on the subject is Financial Accounting Standards Board Statement #60. A liability for unpaid claim costs, including all loss adjustment expenses, should be accrued at the time the self-insured events occur. This liability should include an allowance for incurred but not reported claims. It may be discounted for investment income at an appropriate rate of return, provided the discounting is disclosed. The regulations detailing the way in which this must be done are outlined in GASB's statements #10 and #30. These regulations are required to be applied by NCCSIF.

GASB #10 and #30 do not address asset requirements. They do, however, allow a range of amounts to be recognized for accounting purposes; specifically, GASB #10 and #30 allow recognition of a risk margin for unexpectedly adverse loss experience. Thus, for accounting purposes, it is possible to formulate a funding policy from a range of alternatives. The uncertainty in any estimate of the program's liability for outstanding claims should be taken into consideration in determining funding policy, but it may be offset by recognizing anticipated investment income earnings. This usually means developing a funding program based on discounted claims costs with some risk margin for unexpected adverse loss experience.

The amount of the risk margin should be a question of long-term funding policy. We recommend that the risk margin be determined by thinking in terms of the probability that a given level of assets will prove to be adequate. For example, a reasonable goal might be to maintain assets at the 85% confidence level.

A key factor to consider in determining funding policy is the degree to which stability is required in the level of contributions to the program from year to year. If you elect to maintain assets at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for old claims. The additional contributions for old claims may be required at the same time that costs are increasing dramatically on new claims. The burden of funding for increases on past years as well as on current years, may well be prohibitive.

We generally recommend maintaining program assets at the 80% confidence level, after recognition of investment income, with a recommended range of the 75% to 85% confidence levels. We tend to think of the 70% confidence level as marginally acceptable and of the 90% confidence level as conservative. We recommend the 75% to 85% confidence level range because the probabilities are reasonably high that resulting assets will be sufficient to meet claim liabilities, yet the required risk margins are not so large that they will cause most self-insured entities to experience undue financial hardship. In addition, within this range, anticipated investment income generally offsets the required risk margin for the most part, which means that assets are likely sufficient on an undiscounted basis.

We also strongly believe, however, that the confidence level to which any future year is funded should be evaluated in light of the relative certainty of the assumptions underlying the actuarial analysis, NCCSIF's other budgetary constraints, and the relative level of risk it is believed appropriate to assume. This means formulating both short and long-term funding goals, which may be the same in some years, but different in others.

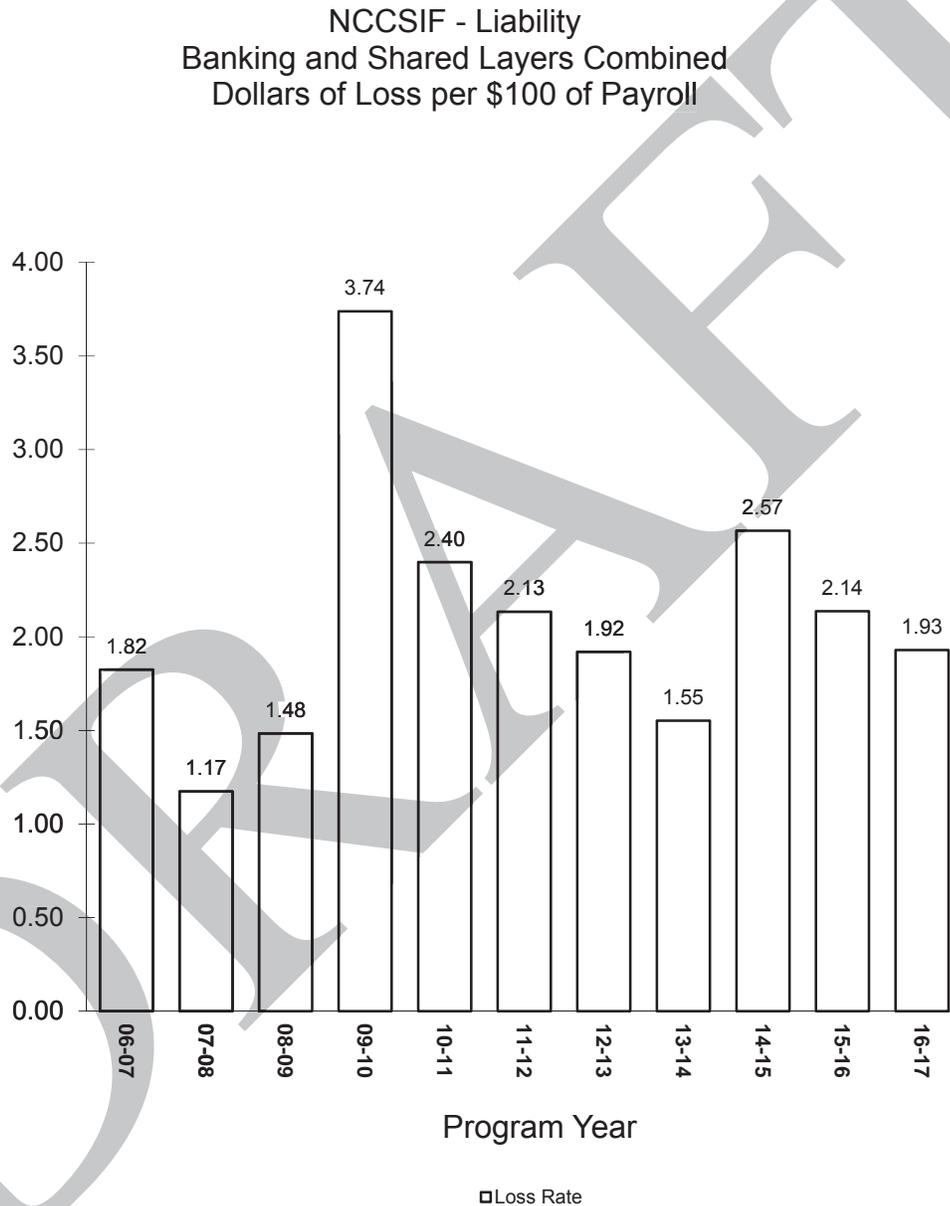
In general, we recommend funding each year's claims costs in that year. When surpluses or deficits have developed on outstanding liabilities and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained. We also recommend that you reduce a surplus more slowly than you would accumulate funding to reduce a deficit.

It is estimated that program assets will be \$11,811,000 at June 30, 2017, \$5,277,000 for the banking layer and \$6,534,000 for the shared layer, resulting in the banking layer being funded above the 90% confidence levels on a combined basis. The banking layer is expected to be funded above the 90% confidence level. The shared layer is expected to be funded at the 75% confidence level.

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The program's loss rate per \$100 payroll has varied during the past ten years, but has followed a generally increasing trend. Losses during the 2007-08 to 2012-13 years reflect the higher pool limit of \$1,000,000. Effective 7/1/2013, NCCSIF decreased the pool limit to \$500,000. See Graph 2a below.

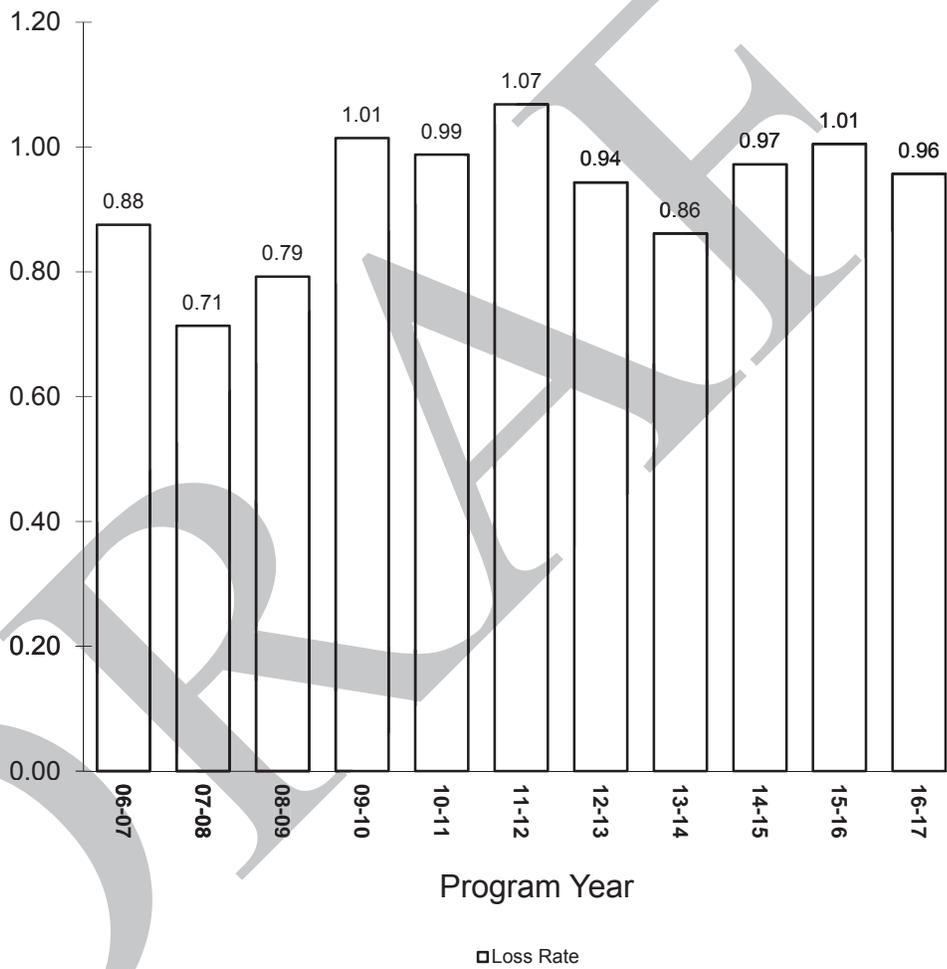
Graph 2a



The banking loss rate per \$100 payroll has followed a generally increasing trend over the past ten years. Losses for 2007-08 and after reflect the new higher banking limit of \$50,000. See Graph 2b below.

Graph 2b

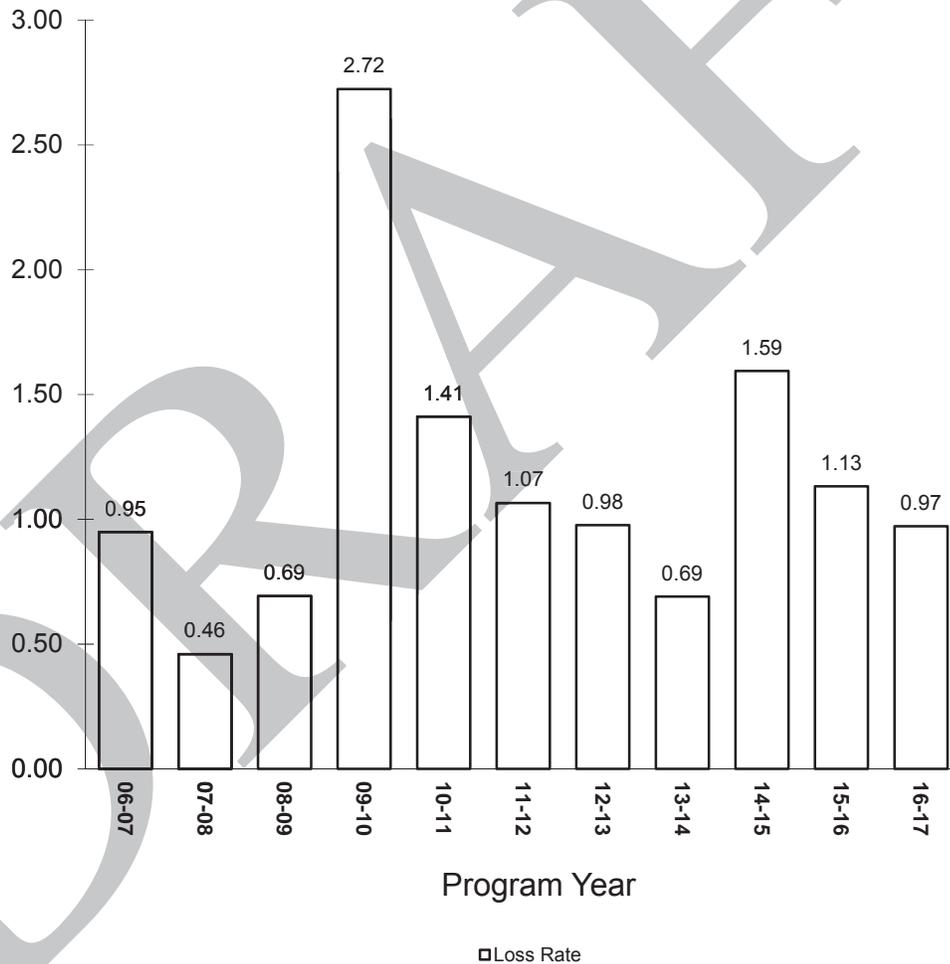
NCCSIF - Liability
Banking Layer
Dollars of Loss per \$100 of Payroll



The shared layer loss rate per \$100 payroll has varied over the past ten years, typical for excess layers, with no apparent trend. The 2006-07 year reflects the shared layer from \$25,000 to \$500,000 per occurrence, while the 2007-08 to 2012-13 years reflect the shared layer from \$50,000 to \$1,000,000 per occurrence. The 2013-14 to 2016-17 years reflect the shared layer from \$50,000 to \$500,000 per occurrence. See Graph 2c below.

Graph 2c

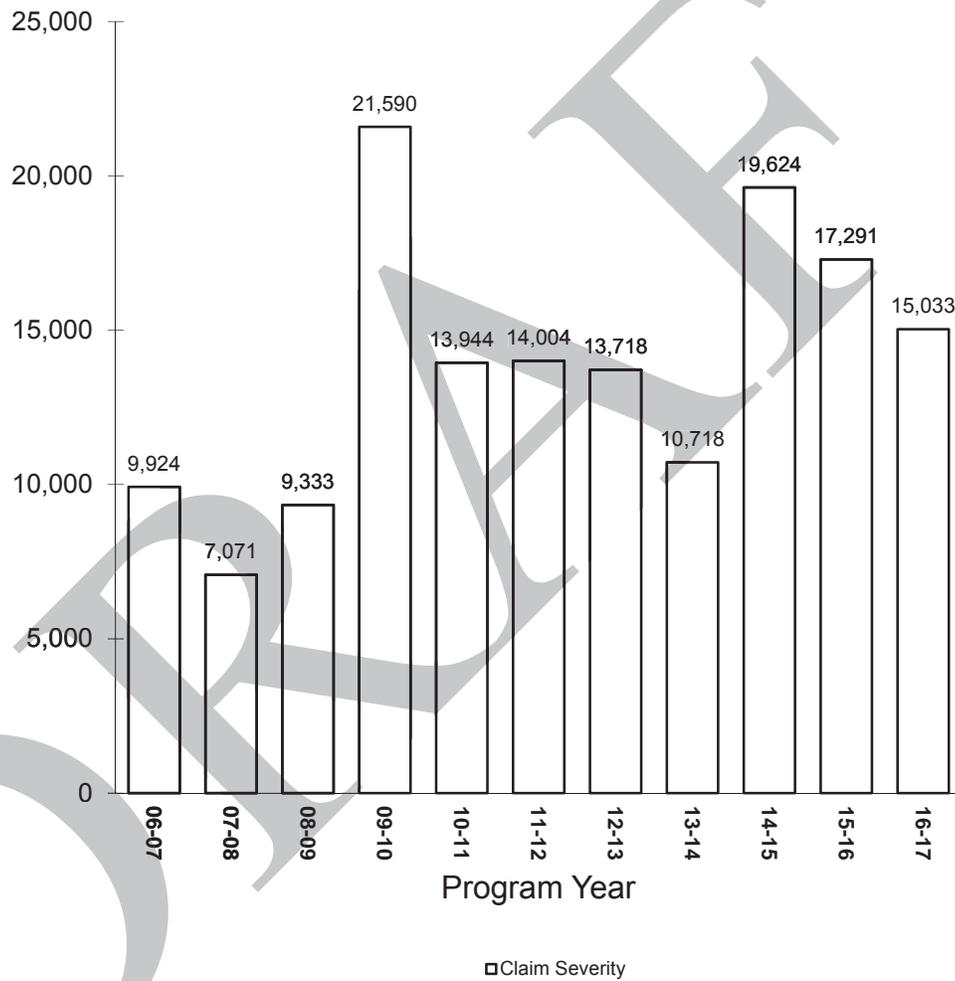
NCCSIF - Liability
Shared Layer
Dollars of Loss per \$100 of Payroll



The program's average cost per claim, or severity, has followed a generally increasing trend over the past ten years, with recent years coming in particularly high. See Graph 3a below.

Graph 3a

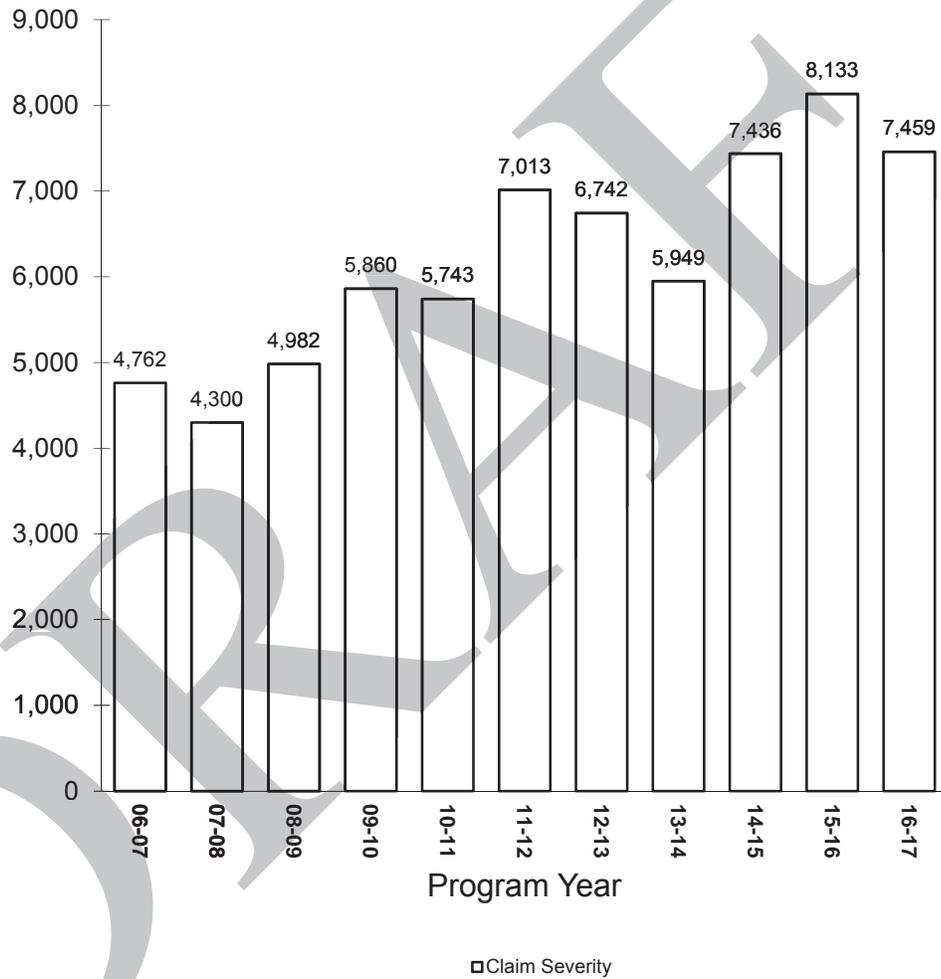
NCCSIF - Liability
Banking and Shared Layers Combined
Dollars of Loss per Claim



The banking layer average cost per claim, or severity, has followed a generally increasing trend over the past ten years. The projected 2016-17 severity reflects that increasing trend. See Graph 3b below.

Graph 3b

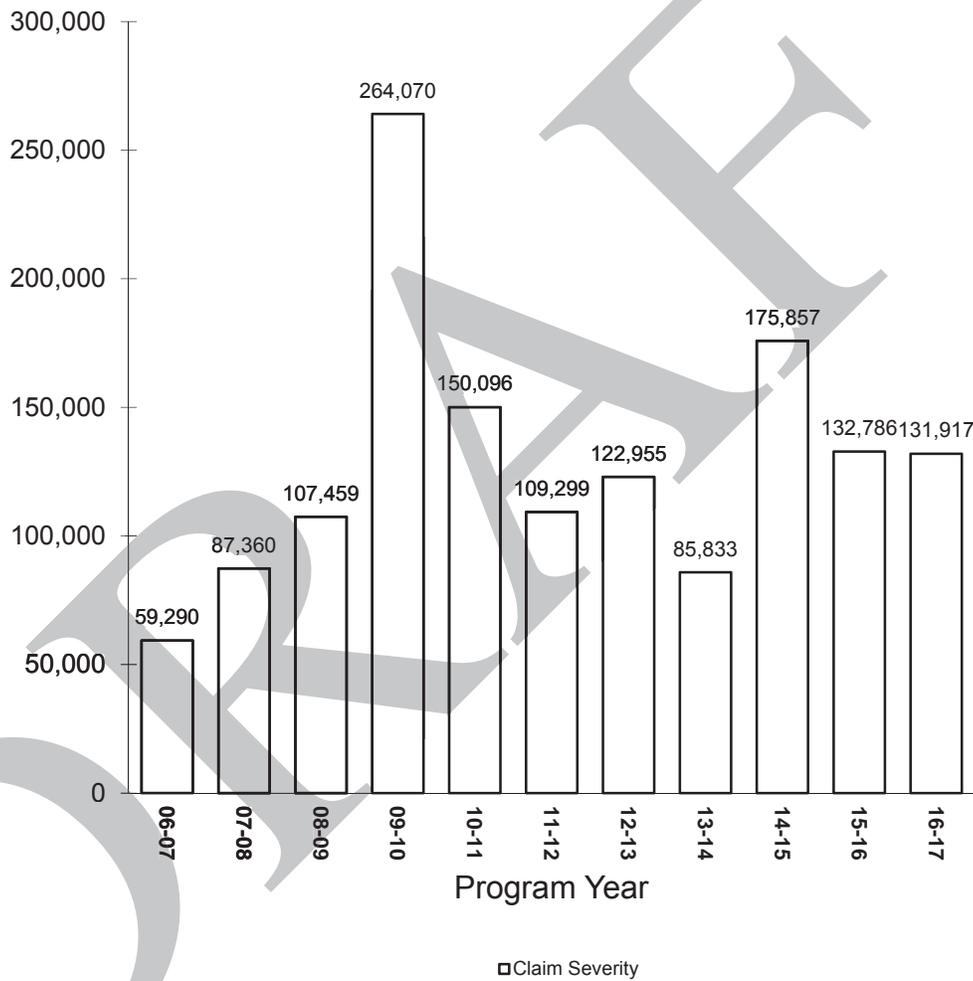
NCCSIF - Liability
Banking Layer
Dollars of Loss per Claim



The shared layer average cost per claim has seen dramatic variation over the past ten years. This is not unexpected since there are few claims in that layer each year; even one claim can have a significant impact. See Graph 3c below.

Graph 3c

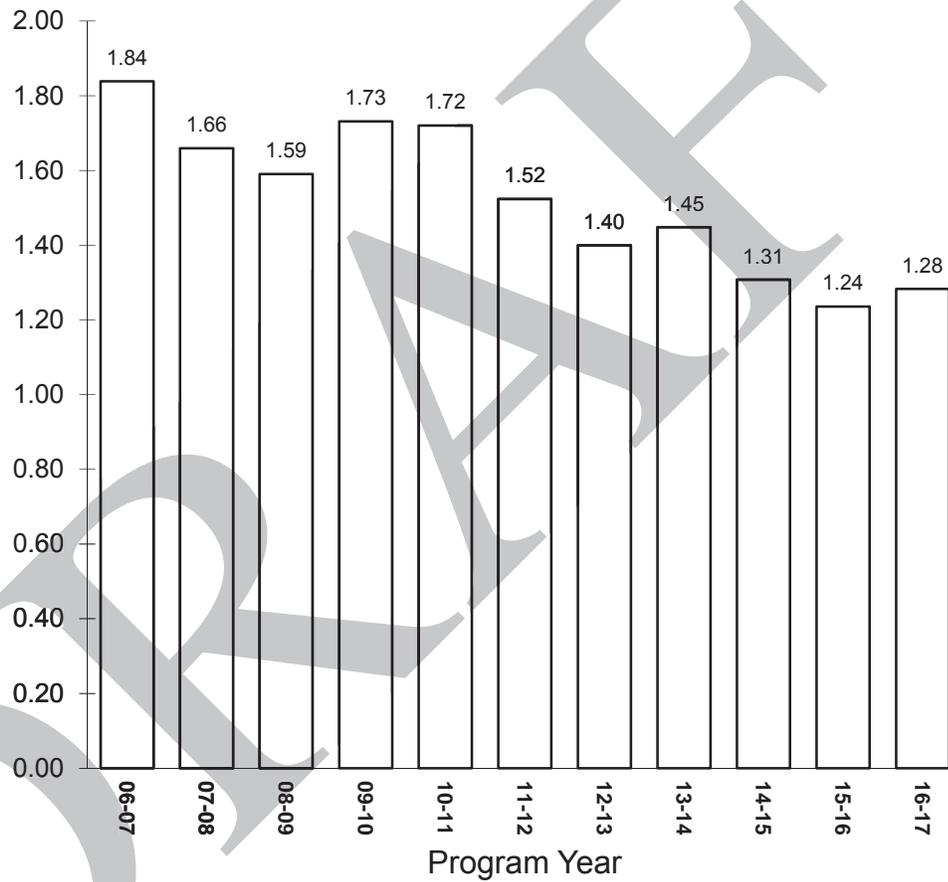
NCCSIF - Liability
Shared Layer
Dollars of Loss per Claim



The program's frequency of claims per \$1 million payroll has been generally decreasing over the past ten years. The projected 2016-17 frequency reflects that decreasing trend. See Graph 4a below. (Note that banking layer frequency is the same as shown below for the program.)

Graph 4a

NCCSIF - Liability
Banking and Shared Layers Combined
Number of Claims per \$1 Million of Payroll

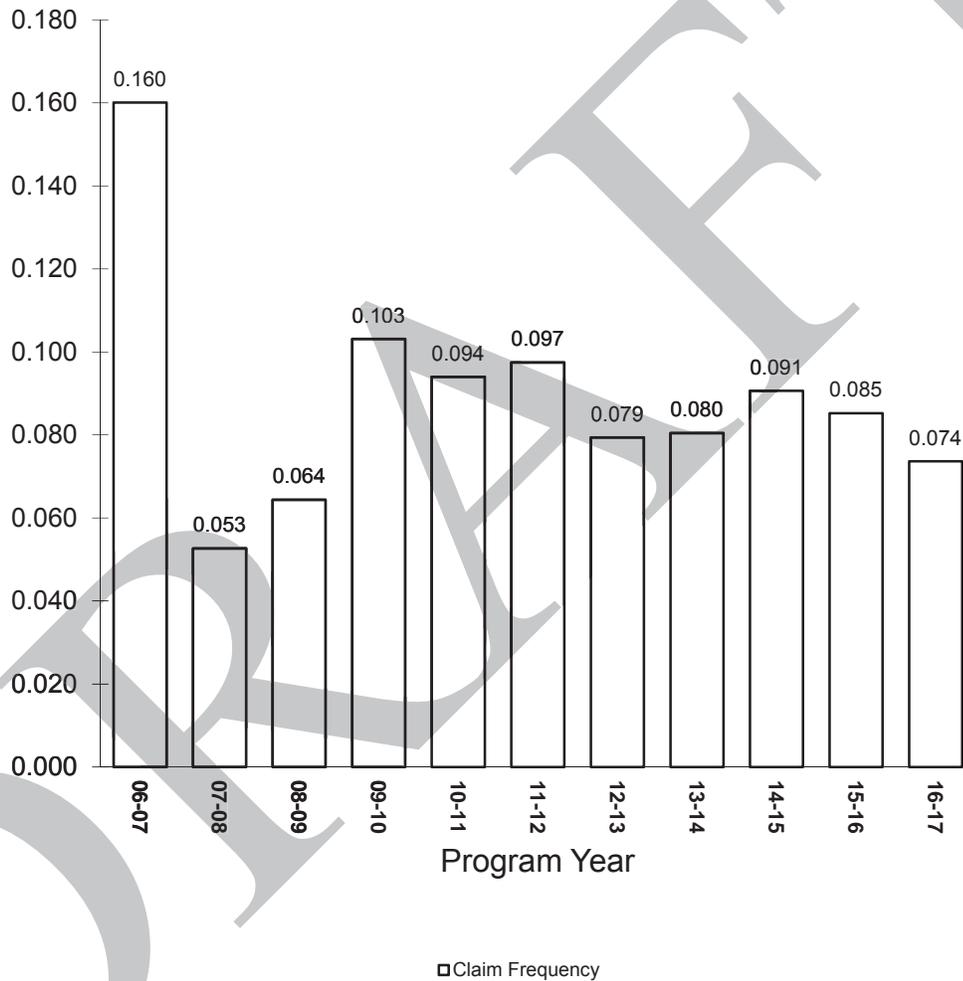


□ Claim Frequency

The shared program's frequency of claims per \$1 million payroll has been generally decreasing over the past ten years. See Graph 4b below.

Graph 4b

NCCSIF - Liability
Shared Layer
Number of Claims per \$1 Million of Payroll



D. COMPARISON WITH PREVIOUS RESULTS

The prior report for Northern California Cities Self Insurance Fund was dated March 23, 2016. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 12/31/2015 evaluation date of the prior report and the 12/31/2016 evaluation date of the current report.

Actual Versus Expected Incurred Loss and ALAE Development

Banking and Shared Layers Combined

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$0	\$0	\$0
1996-97	1,000	0	(1,000)
1997-98	0	0	0
1998-99	0	0	0
1999-00	0	0	0
2000-01	0	25,000	25,000
2001-02	0	0	0
2002-03	0	0	0
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	4,000	(168,000)	(172,000)
2008-09	8,000	(152,000)	(160,000)
2009-10	23,000	(49,000)	(72,000)
2010-11	50,000	0	(50,000)
2011-12	67,000	(588,000)	(655,000)
2012-13	59,000	168,000	109,000
2013-14	226,000	(573,000)	(799,000)
2014-15	574,000	563,000	(11,000)
2015-16	1,531,000	1,921,000	390,000
Total	\$2,543,000	\$1,147,000	(\$1,396,000)

* ULAE is included with Loss and ALAE

As shown, actual incurred development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$2,543,000 between the two evaluation dates. However, actual development was approximately \$1,147,000; or about \$1,396,000 less than expected.

In the table below we display actual versus expected development of paid losses and ALAE by accident year between the 12/31/2015 evaluation date of the prior report and the 12/31/2016 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development

Banking and Shared Layers Combined

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$0	\$0	\$0
1996-97	18,000	0	(18,000)
1997-98	0	0	0
1998-99	0	0	0
1999-00	0	0	0
2000-01	0	5,000	5,000
2001-02	0	0	0
2002-03	0	0	0
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	74,000	(4,000)	(78,000)
2008-09	197,000	9,000	(188,000)
2009-10	417,000	688,000	271,000
2010-11	71,000	2,000	(69,000)
2011-12	470,000	102,000	(368,000)
2012-13	696,000	701,000	5,000
2013-14	1,000,000	685,000	(315,000)
2014-15	952,000	1,080,000	128,000
2015-16	781,000	548,000	(233,000)
Total	\$4,676,000	\$3,816,000	(\$860,000)

* ULAE is included with Loss and ALAE

As shown, actual paid development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$4,676,000 between the two evaluation dates. However, actual development was approximately \$3,816,000; or about \$860,000 less than expected.

In the table below we display the change in our estimates of the program's ultimate losses and ALAE by accident year since our prior report.

Change in Ultimate Loss and ALAE*
Banking and Shared Layers Combined

Accident Year	Prior Report	Current Report	Change In Ultimate
Prior	\$10,458,000	\$10,458,000	\$0
1996-97	2,148,000	2,148,000	0
1997-98	2,915,000	2,915,000	0
1998-99	1,842,000	1,842,000	0
1999-00	2,774,000	2,774,000	0
2000-01	2,011,000	2,038,000	27,000
2001-02	2,038,000	2,038,000	0
2002-03	2,291,000	2,291,000	0
2003-04	2,054,000	2,054,000	0
2004-05	3,058,000	3,058,000	0
2005-06	2,338,000	2,338,000	0
2006-07	2,898,000	2,898,000	0
2007-08	2,232,000	2,051,000	(181,000)
2008-09	2,765,000	2,604,000	(161,000)
2009-10	6,075,000	6,002,000	(73,000)
2010-11	3,789,000	3,737,000	(52,000)
2011-12	3,911,000	3,249,000	(662,000)
2012-13	2,753,000	2,867,000	114,000
2013-14	3,115,000	2,315,000	(800,000)
2014-15	3,970,000	3,964,000	(6,000)
2015-16	3,300,000	3,510,000	210,000
Total	\$68,735,000	\$67,151,000	(\$1,584,000)

* ULAE is included with Loss and ALAE

As shown, overall we have decreased our estimated ultimates by \$1,584,000 since our prior report. The less than anticipated incurred loss development mentioned above translates to a decrease in our estimates of ultimate losses. The changes by accident year generally track well with the actual versus expected incurred loss development.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2016 to be \$9,770,000 at the discounted, expected level. Our current estimate as of June 30, 2017, is \$7,948,000, a decrease in our assessment of NCCSIF's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE
Banking and Shared Layers Combined

	Prior Report at June 30, 2016	Current Report at June 30, 2017	Change
(A) Case Reserves:	\$6,511,000	\$4,704,000	(\$1,807,000)
(B) IBNR Reserves:	3,520,000	3,465,000	(55,000)
(C) Claims Administration (ULAE*):	0	0	0
(D) Total Reserves:	\$10,031,000	\$8,169,000	(\$1,862,000)
(E) Offset for Investment Income:	(261,000)	(221,000)	40,000
(F) Total Outstanding Claim Liabilities:	\$9,770,000	\$7,948,000	(\$1,822,000)

* ULAE is included with Loss and ALAE

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has decreased between June 30, 2016 and June 30, 2017 as reflected in our prior and current reports respectively.

The decrease in claim reserves (case and IBNR) is driven primarily by a large decrease in case reserves. Reserves for future claims administration expenses are included with Loss and ALAE, resulting in a \$1,862,000 decrease in total claim reserves. This decrease in reserves leads to a smaller offset for investment income. The net change due to the above factors is an overall decrease of \$1,822,000 in our estimate of outstanding claim liabilities for loss and LAE.

At the time of the prior report, available assets were estimated to be \$11,476,000 as of June 30, 2016, which corresponded to the then-estimated discounted liability for outstanding claims between the 75% and 80% confidence levels. Available assets are currently estimated to be \$11,811,000 as of June 30, 2017, which corresponds to the currently estimated liability for outstanding claims above the 90% confidence level. It can be summarized as follows:

Funding Margin
Banking and Shared Layers Combined

	Prior Report at June 30, 2016	Current Report at June 30, 2017	Change
(A) Outstanding Liability at the Discounted Expected Level:	\$9,770,000	\$7,948,000	(\$1,822,000)
(B) Estimated Assets At June 30:	11,476,000	11,811,000	335,000
(C) Surplus/(Deficit):	\$1,706,000	\$3,863,000	\$2,157,000

As you can see, our estimate of the program's funding margin at the discounted, expected level has decreased by \$1,822,000 between June 30, 2016 (as previously estimated) and June 30, 2017 (as currently estimated). This is driven by an increase in the estimated fund assets between the two points, coupled with a decrease in the estimated outstanding liability.

At the time of the prior report, our funding estimate for the 2016-17 year was \$3,273,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. Our current estimate for the 2017-18 year is \$3,104,000 at the discounted, expected level, a decrease in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and LAE
Banking and Shared Layers Combined

	Prior Report 2016-17 Pool Limit = \$500,000	Current Report 2017-18 Pool Limit = \$500,000	Change
(A) Ultimate Loss and ALAE:	\$3,380,000	\$3,206,000	(\$174,000)
(B) Ultimate Claims Administration (ULAE):	0	0	0
(C) Total Claim Costs:	\$3,380,000	\$3,206,000	(\$174,000)
(D) Offset for Investment Income:	(107,000)	(102,000)	5,000
(E) Total Recommended Funding:	\$3,273,000	\$3,104,000	(\$169,000)
(F) Funding per \$100 of Payroll:	\$2.029	\$1.906	(\$0.124)

* ULAE is included with Loss and ALAE

As you can see, our funding recommendations at the discounted, expected level have decreased between 2016-17 and 2017-18, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have decreased by \$174,000, driven primarily by favorable loss development. Investment income is expected to be lower. The net change due to the above factors is an overall decrease of \$169,000 in our annual funding estimate for loss and LAE. The average funding rate has decreased by 6.1%.

E. DATA PROVIDED FOR THE ANALYSIS

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$500,000 per occurrence for 2016-17 and 2017-18 (See Appendix K).
- We estimated the 6/30/2017 asset balance by beginning with the 12/31/2016 asset balance, and adjusting for anticipated revenue and expense for the last six months of 2016-17 (see Appendix L).
- We received loss data evaluated as of 12/31/2016 (See Appendix M). We also utilized the data from NCCSIF's most recent actuarial study for our assessment of loss development.
- We have assumed that NCCSIF's payroll for 2017-18 will be \$162,895,212, based upon information provided by NCCSIF (See Appendix N).

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

III. ASSUMPTIONS AND LIMITATIONS

Any quantitative analysis is developed within a very specific framework of assumptions about conditions in the outside world, and actuarial analysis is no exception. We believe that it is important to review the assumptions we have made in developing the estimates presented in this report. By doing so, we hope you will gain additional perspective on the nature of the uncertainties involved in maintaining a self-insurance program. Our assumptions, and some observations about them, are as follows:

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by NCCSIF. We have accepted all of this information without audit.
- We have also made use of loss statistics that have been developed from the information gathered and compiled from other California public entities with self-insured liability programs.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have also assumed that the historical development patterns for other California public entities with self-insured liability programs in the aggregate form a reasonable basis of comparison to the patterns from Northern California Cities Self Insurance Fund's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial review of other California public entities with self-insured liability programs in the aggregate.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the costs of liability claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- We have assumed that the loss rate trend associated with claim costs increases at 0.9% per year. We have assumed that claim severity increases at 3.5% per year, and that claim frequency decreases at 2.5% per year.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.

- We have assumed that assets held for investment will generate an average annual return of 1.5% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have not included estimates for excess insurance contributions and other expenses associated with the program based upon information provided by NCCSIF.
- Our funding recommendations do not include provisions for catastrophic events not in NCCSIF's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than NCCSIF's excess coverage.
- NCCSIF's assets available for the program are estimated to be \$11,811,000 as of June 30, 2017 for use in this report. This is shown in further detail in Appendix L.

IV. GLOSSARY OF ACTUARIAL TERMS

Accident Year - Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

Allocated Loss Adjustment Expenses (ALAE) - Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, etc.)

Benefit Level Factor - Factor used to adjust historical losses to the current level of liability benefits.

Case Reserve - The amount left to be paid on a claim, as estimated by the claims administrator.

Claim Count Development Factor - A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

Claim Frequency - Number of claims per \$1 million of payroll.

Confidence Level - An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

Discount Factor - A factor to adjust estimated loss costs to reflect anticipated investment income from assets held prior to actual claim payout.

Expected Losses - The best estimate of the full, ultimate value of loss costs.

Incurred but not Reported (IBNR) Losses - Losses for which the accident has occurred but the claim has not yet been reported. This is the ultimate value of losses, less any amount that has been set up as reported losses by the claims adjuster. It includes both amounts for claims incurred but not yet received by the administrator and loss development on already reported claims.

Loss Development Factor - A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled (see Section IV).

Loss Rate - Ultimate losses per \$100 of payroll.

Non-Claims Related Expenses – Program expenses not directly associated with claims settlement and administration, such as excess insurance, safety program expenses, and general overhead. These exclude expenses associated with loss settlements (Indemnity/Medical, BI/PD), legal expenses associated with individual claims (ALAE), and claims administration (ULAE).

Outstanding Losses - Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

Paid Losses - Losses actually paid on all reported claims.

Program Losses - Losses, including ALAE, limited to the SIR for each occurrence.

Reported Losses - The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

Self-Insured Retention (SIR) - The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

Severity - Average claim cost.

Ultimate Losses - The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

Unallocated Loss Adjustment Expenses (ULAE) – Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims adjusters' salaries, taxes, etc.)



**WORKERS' COMPENSATION PROGRAM
ANNUAL BANKING PLAN ADJUSTMENTS**

ACTION ITEM

ISSUE: Each year NCCSIF adjusts Members' Banking Layer Fund balances by refunding amounts in excess of required funding or assessing members whose balances fall below the required funding. James Marta & Company has prepared the attached recommended dividend and assessment calculations for the Workers' Compensation Program.

RECOMMENDATION: The Executive Committee recommended a dividend of 35% of the available Net Position. The assessment at 20% of the amount below the target benchmark is per the NCCSIF Policy and Procedure A-1.

FISCAL IMPACT: Total recommended dividend is \$1,684,823 with assessments of \$215,275. (*For comparison, last year's dividend was \$524,914 with assessments of \$357,373.*)

BACKGROUND: On an annual basis, in accordance with Policy and Procedure A-1, Banking Plan Fund Adjustments, the NCCSIF Board of Directors reviews and determines whether to approve distribution of excess funds to members. This plan allows for redistribution to the members of funds in excess of the outstanding liabilities at a 90% Confidence Level plus a Buffer Layer of \$1,000,000 (*ten times the Self Insured Retention (SIR) of \$100,000*).

At the Board meeting, on January 8, 2015, members agreed to make a change to the adjustment formula by allocating the Buffer Layer contingency funds to all members rather than allocating the funds only to members whose balances are above the required funding levels. The formula spreadsheet was also revised to include more annotations explaining the calculations.

ATTACHMENT(S): Workers' Compensation Banking Layer Adjustments

NCCSIF

Banking Layer Targeted Equity and Dividend and Assessment Worksheet

Workers Compensation Banking Layer as of 12/31/16

EQUITY		LIABILITIES		
Adjusted Net Position at 12/31/16 A	Adjusted O/S Claims Liability at 12/31/16 B	O/S @ Expt x 90% Factor C (B x 1.184)	Margin to 90% claims liability D (C - B)	
		1.184		
ANDERSON	(120,750)	492,381	582,979	
AUBURN	283,323	503,523	596,171	
COLUSA	68,400	78,418	92,847	
CORNING	198,604	109,207	129,301	
DIXON	458,103	463,487	548,769	
ELK GROVE	444,868	1,182,801	1,400,436	
FOLSOM	3,216,837	2,971,461	3,518,210	
GALT	351,379	596,203	705,904	
GRIDLEY	401,753	90,972	107,711	
IONE	100,916	9,747	11,540	
JACKSON	115,600	128,786	152,483	
LINCOLN	672,030	406,504	481,301	
MARYSVILLE	259,975	502,315	594,741	
NEVADA CITY	87,476	207,823	246,062	
OROVILLE	(231,311)	778,052	921,214	
PARADISE	19,474	572,901	678,315	
PLACERVILLE	399,084	372,982	441,611	
RED BLUFF	(34,541)	883,531	1,046,101	
RIO VISTA	139,749	105,932	125,423	
ROCKLIN	651,487	1,184,326	1,402,242	
WILLOWS	233,336	71,208	84,310	
YUBA CITY	515,915	1,428,359	1,691,177	

Evaluation of Equity by member above 90% confidence level					Assessment
10 X SIR Allocated E (C MEMBER / C TOTAL) X \$1M	Net Margin above (below) 90% and 10XSIR F (A - D - E)	Members above target amount available G (Positive Col F only)	Limited amount available above target H (G MEMBER / G TOTAL X AMT ABOVE MARGIN)	35% Net Equity above pool 10xsir and 90% conf. level I (H X 35%)	\$10,000 or less assess 100%, else 20% Expected Assessment J (Negative Col F only x 20% or 100% under \$10K)
37,469	(248,817)	-	-	-	(49,763)
38,317	152,358	152,358	124,516	43,581	-
5,967	48,004	48,004	39,232	13,731	-
8,310	170,200	170,200	139,097	48,684	-
35,271	337,550	337,550	275,865	96,553	-
90,009	137,224	137,224	112,147	39,251	-
226,123	2,443,965	2,443,965	1,997,349	699,072	-
45,370	196,308	196,308	160,434	56,152	-
6,923	378,091	378,091	308,998	108,149	-
742	98,381	98,381	80,403	28,141	-
9,800	82,103	82,103	67,099	23,485	-
30,934	566,299	566,299	462,812	161,984	-
38,225	129,324	129,324	105,691	36,992	-
15,815	33,422	33,422	27,314	9,560	-
59,208	(433,681)	-	-	-	(86,736)
43,597	(129,537)	-	-	-	(25,907)
28,383	302,072	302,072	246,871	86,405	-
67,235	(264,346)	-	-	-	(52,869)
8,061	112,197	112,197	91,694	32,093	-
90,125	343,446	343,446	280,684	98,239	-
5,419	214,815	214,815	175,559	61,446	-
108,696	144,401	144,401	118,013	41,305	-
8,231,707	13,140,919	15,558,848	2,417,929	999,999	4,813,779
				5,890,160	4,813,778
					1,684,823
					(215,275)

TARGET EQUITY CONSIDERATIONS----->	Total	2,417,929
	Margin to 90%	1,000,000
	Plus 10x SIR	3,417,929
	Total Target Margin	4,813,779
	Amount above (below) Margin	-



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Board of Directors Meeting
April 27, 2017

Agenda Item H.2.b.

**WORKERS' COMPENSATION PROGRAM
ANNUAL SHARED RISK PLAN ADJUSTMENTS**

ACTION ITEM

ISSUE: Each year NCCSIF reviews the financial status of the Shared Risk Layer Fund to determine if refunds or assessments may be declared. The total adjustment is allocated to members based on their pro-rata share of the total Shared contributions.

Based on the review as of 12/31/16, the Fund has \$707,000 in excess of the minimum required assets, defined as outstanding liabilities at the 90% Confidence Level or five times the SIR of \$400,000 (\$2,000,000). Please refer to the attached for details and discussion points, including how much of the available funds to disburse to each member.

RECOMMENDATION: The Executive Committee recommended a refund of no more than 50% of the available amount, or \$498,000, per the attached breakdown by member.

FISCAL IMPACT: T.B.D., reduction of Net Position by amount of dividend approved.

BACKGROUND: On an annual basis in accordance with Policy and Procedure A-12, Shared Risk Layer Plan Fund Adjustments, the NCCSIF Board of Directors reviews and determines whether to approve distributions of excess Shared Risk Layer Funds to the members or if assessments need to be declared.

ATTACHMENT(S): Workers' Compensation Shared Risk Layer Plan Fund Adjustments



**WORKERS' COMPENSATION PROGRAM
PRELIMINARY FY 17/18 DEPOSIT PREMIUM CALCULATIONS**

ACTION ITEM

ISSUE: Each year the Executive Committee reviews the actuary's recommended funding levels for the upcoming fiscal year and recommends a Deposit Premium to the Board.

- Total funding at the current 70% Confidence Level (CL) for FY 17/18 is estimated at \$11,215,255, compared to \$10,570,747 for FY 16/17, an increase of 6.1%. Given the rate has decreased, the overall increase is due to increased payroll of 7.7% and an increase of 23% in excess coverage. For comparison, funding increased 18.4% last year with no change in payroll.
- Total funding at a 75% CL is estimated at \$11,552,255, an increase of 9.3% over current funding and \$337,000, or 3%, more than total FY 17/18 funding at the 70% CL. The individual member increase cap of 40% is not applicable this year, with the largest member increase at almost 30% at the 70% CL and 34% at the 75% CL.

RECOMMENDATION: The Executive Committee recommends increasing funding from the 70% CL to 75% CL to achieve funding goal for FY 17/18.

FISCAL IMPACT: TBD, based on chosen funding Confidence Level.

BACKGROUND: Members have steadily increased the Confidence Level of annual funding from 60% to 67.5% to the current 70% CL. Over the same period the Discount Factor has decreased from 3% to 1.5%. Both of these changes have contributed to an increase in total funding, in addition to increases in payroll in prior years.

ATTACHMENTS: *Preliminary FY 17/18 Workers' Compensation Deposit Calculations at the 70% and 75% CLs*

NCCSIF FY 2017/18 Workers' Compensation Allocation DRAFT

70% & 75% Confidence Levels			Total Admin =		\$686,214					
A	B	C	D	E	F	G	H	I	J	K
Formula/Allocation		Member Share of: Last 5 Years Average Losses, Weighted 75%; FY17-18 WCIRB Loss Rate Premium, Weighted 25%	Member Share of EX MOD Adjusted Payroll	Member Share of: Last 5 Years Average Losses, Weighted 25%; FY17-18 WCIRB Loss Rate Premium, Weighted 75%	Member Share of Banking, Shared & Excess Premium	22 Equal Shares	C+D+E+F+G			Member % of Total Payroll Without Capped Members x Capped Amount
Member Entity	2017/18 Estimated PAYROLL (P)	BANKING LAYER \$0 to \$100K	SHARED LAYER \$100K to \$500K	CSAC-EIA EXCESS LAYER \$500K TO STATUTORY	Variable ADMIN EXPENSE 65%	Fixed ADMIN EXPENSE 35%	FY 17-18 DEPOSIT	FY 16-17 DEPOSIT	% Change DEPOSIT	Cap 40% Increase
Rate/Amount	Exposure Base	\$ 6,001,000	\$ 3,057,000	\$ 1,471,041	\$ 446,039	\$ 240,175	70% CL	70% CL		Not Applic.
Anderson	\$ 3,354,498	\$ 178,060	\$ 69,211	\$ 29,553	\$ 11,727	\$ 10,917	\$ 299,469	\$ 282,379	6.1%	
Auburn	\$ 7,916,837	\$ 215,260	\$ 102,166	\$ 59,817	\$ 15,981	\$ 10,917	\$ 404,141	\$ 353,841	14.2%	
Colusa	\$ 1,966,977	\$ 63,389	\$ 33,278	\$ 18,294	\$ 4,870	\$ 10,917	\$ 130,748	\$ 139,781	-6.5%	
Corning	\$ 2,388,300	\$ 50,322	\$ 48,172	\$ 14,264	\$ 4,777	\$ 10,917	\$ 128,452	\$ 149,217	-13.9%	
Dixon	\$ 8,982,975	\$ 304,809	\$ 153,233	\$ 75,203	\$ 22,590	\$ 10,917	\$ 566,752	\$ 528,488	7.2%	
Elk Grove	\$ 36,710,148	\$ 654,083	\$ 406,197	\$ 175,479	\$ 52,350	\$ 10,917	\$ 1,299,027	\$ 1,330,045	-2.3%	
Folsom	\$ 40,270,106	\$ 1,013,836	\$ 490,892	\$ 285,679	\$ 75,847	\$ 10,917	\$ 1,877,171	\$ 1,868,779	0.4%	
Galt	\$ 11,314,378	\$ 289,613	\$ 156,864	\$ 67,801	\$ 21,786	\$ 10,917	\$ 546,981	\$ 467,040	17.1%	
Gridley	\$ 3,801,769	\$ 67,426	\$ 56,130	\$ 22,060	\$ 6,169	\$ 10,917	\$ 162,702	\$ 150,330	8.2%	
Ione	\$ 1,130,943	\$ 9,287	\$ 18,050	\$ 5,963	\$ 1,411	\$ 10,917	\$ 45,629	\$ 44,058	3.6%	
Jackson	\$ 2,101,191	\$ 70,065	\$ 32,043	\$ 16,727	\$ 5,034	\$ 10,917	\$ 134,786	\$ 128,017	5.3%	
Lincoln	\$ 12,464,564	\$ 302,732	\$ 173,689	\$ 83,495	\$ 23,720	\$ 10,917	\$ 594,552	\$ 631,798	-5.9%	
Marysville	\$ 3,244,568	\$ 146,703	\$ 55,753	\$ 26,751	\$ 9,710	\$ 10,917	\$ 249,834	\$ 257,463	-3.0%	
Nevada City	\$ 2,522,165	\$ 83,009	\$ 35,078	\$ 19,228	\$ 5,817	\$ 10,917	\$ 154,050	\$ 128,132	20.2%	
Oroville	\$ 7,060,401	\$ 184,518	\$ 107,175	\$ 49,040	\$ 14,434	\$ 10,917	\$ 366,085	\$ 325,820	12.4%	
Paradise	\$ 3,917,312	\$ 235,630	\$ 92,502	\$ 36,568	\$ 15,450	\$ 10,917	\$ 391,067	\$ 300,992	29.9%	
Placerville	\$ 6,321,107	\$ 135,040	\$ 79,958	\$ 41,224	\$ 10,854	\$ 10,917	\$ 277,993	\$ 281,616	-1.3%	
Red Bluff	\$ 6,066,197	\$ 394,222	\$ 136,548	\$ 62,914	\$ 25,150	\$ 10,917	\$ 629,751	\$ 584,340	7.8%	
Rio Vista	\$ 3,833,651	\$ 78,350	\$ 48,164	\$ 27,349	\$ 6,518	\$ 10,917	\$ 171,298	\$ 146,968	16.6%	
Rocklin	\$ 22,258,058	\$ 515,418	\$ 254,279	\$ 139,807	\$ 38,529	\$ 10,917	\$ 958,950	\$ 874,990	9.6%	
Willows	\$ 1,804,372	\$ 115,488	\$ 38,238	\$ 17,508	\$ 7,254	\$ 10,917	\$ 189,405	\$ 186,713	1.4%	
Yuba City	\$ 22,467,222	\$ 893,738	\$ 469,379	\$ 196,316	\$ 66,062	\$ 10,917	\$ 1,636,412	\$ 1,409,941	16.1%	
Total:	\$ 211,897,739	\$ 6,001,000	\$ 3,057,000	\$ 1,471,041	\$ 446,039	\$ 240,175	\$ 11,215,255	\$ 10,570,747	6.1%	
Actuary/Verification		\$ 6,001,000	\$ 3,057,000							

**NCCSIF FY 2017/18 Workers' Compensation Allocation
DRAFT**

70% & 75% Confidence Levels

A	O	P	Q		
Formula/Allocation					
Member Entity	FY 17-18 FINAL DEPOSIT 75% CL	\$ Increase from 70% to 75% CL	% Increase from 70% to 75% CL	Total % Increase from 16/17	Payroll Increase From 16/17
Rate/Amount					
Anderson	\$ 308,231	\$ 8,762	2.9%	9.2%	-2.0%
Auburn	\$ 415,798	\$ 11,657	2.9%	17.5%	48.0%
Colusa	\$ 134,365	\$ 3,617	2.8%	-3.9%	-1.4%
Corning	\$ 132,575	\$ 4,123	3.2%	-11.2%	-10.3%
Dixon	\$ 583,752	\$ 17,000	3.0%	10.5%	39.2%
Elk Grove	\$ 1,339,961	\$ 40,934	3.2%	0.7%	7.0%
Folsom	\$ 1,932,633	\$ 55,462	3.0%	3.4%	7.7%
Galt	\$ 563,782	\$ 16,801	3.1%	20.7%	13.1%
Gridley	\$ 167,742	\$ 5,041	3.1%	11.6%	10.2%
Ione	\$ 46,917	\$ 1,288	2.8%	6.5%	-8.8%
Jackson	\$ 138,511	\$ 3,725	2.8%	8.2%	8.1%
Lincoln	\$ 612,674	\$ 18,122	3.0%	-3.0%	-8.6%
Marysville	\$ 256,979	\$ 7,146	2.9%	-0.2%	5.8%
Nevada City	\$ 158,296	\$ 4,247	2.8%	23.5%	11.7%
Oroville	\$ 377,206	\$ 11,121	3.0%	15.8%	-3.7%
Paradise	\$ 402,714	\$ 11,647	3.0%	33.8%	-0.7%
Placerville	\$ 286,220	\$ 8,226	3.0%	1.6%	1.0%
Red Bluff	\$ 648,189	\$ 18,438	2.9%	10.9%	5.8%
Rio Vista	\$ 176,173	\$ 4,875	2.8%	19.9%	1.4%
Rocklin	\$ 987,418	\$ 28,468	3.0%	12.8%	13.3%
Willows	\$ 194,704	\$ 5,300	2.8%	4.3%	-6.1%
Yuba City	\$ 1,687,414	\$ 51,001	3.1%	19.7%	7.1%
Total:	\$ 11,552,255	\$ 337,000	3.0%	9.3%	7.7%

Actuary/Verification



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Board of Directors Meeting
April 27, 2017

Agenda Item H.3.a

LIABILITY PROGRAM ANNUAL BANKING PLAN ADJUSTMENTS

ACTION ITEM

ISSUE: Each year NCCSIF adjusts member Banking Layer Fund balances by refunding amounts in excess of required funding or assessing members whose balances fall below the required funding. James Marta & Company has prepared the attached recommended dividend and assessment calculations for the Liability Program.

RECOMMENDATION: The Executive Committee recommended a dividend of 35% of the available Net Position. The assessment at 20% of the amount below the target benchmark is per the NCCSIF Policy and Procedure A-1.

FISCAL IMPACT: Total recommended dividend is \$607,526 with assessments of \$34,369. (*For comparison, last year's dividend was \$392,021 with assessments of \$110,145.*)

BACKGROUND: On an annual basis, in accordance with Policy and Procedure A-1, Banking Plan Fund Adjustments, the NCCSIF Board of Directors reviews and determines whether to approve distribution of excess funds to members. This plan allows for redistribution to the members of funds in excess of the outstanding liabilities at a 90% Confidence Level plus a Buffer Layer of \$500,000 (*ten times the Self Insured Retention (SIR) of \$50,000*).

At the Board meeting, on January 8, 2015, members agreed to make a change to the adjustment formula by allocating the Buffer Layer contingency funds to all members rather than allocating the funds only to members whose balances are above the required funding levels. The formula spreadsheet was also revised to include more annotations explaining the calculations.

ATTACHMENT(S): Liability Banking Layer Adjustments

NCCSIF Banking Layer Targeted Equity and Dividend and Assessment Worksheet Liability Banking Layer as of 12/31/2016				Evaluation of Equity by member above 90% confidence level					Assessment	
EQUITY		LIABILITIES		Net margin above (below) 90% & 10 x SIR	Net margin above (below) 90% & 10xSIR	Members above target amount available	Limited amount available above target	35% Net Equity above pool 10xsir and 90% conf. level	\$10K OR LESS 100%, ELSE 20% Expected Assessment	
Adjusted Net Position at 12/31/16	Adjusted O/S Claims Liability at 12/31/16	O/S @ Exp times 90% Factor	margin to 90% claims	E (C MEMBER / C TOTAL X \$500k)	F (A-D-E)	G (Positive Col F only)	H (G MEMBER / G TOTAL X AMT ABOVE MARGIN)	I (H X 35%)	J (NEG COL F ONLY X 20% OR 100% UNDER \$10K)	
A	B	C (B x 1.336)	D (C - B)							
ANDERSON	125,116	5,332	7,124	1,792	1,123	122,201	122,201	113,283	39,649	-
AUBURN	31,044	137,600	183,834	46,234	28,976	(44,166)	-	-	-	(8,833)
COLUSA	(16,869)	18,007	24,057	6,050	3,792	(26,711)	-	-	-	(5,342)
CORNING	25,166	64,485	86,152	21,667	13,579	(10,080)	-	-	-	(2,016)
DIXON	128,968	44,291	59,173	14,882	9,327	104,759	104,759	97,114	33,990	-
FOLSOM	950,881	832,318	1,111,977	279,659	175,267	495,955	495,955	459,760	160,916	-
GALT	228,421	95,918	128,146	32,228	20,198	175,995	175,995	163,151	57,103	-
GRIDLEY	94,786	30,579	40,854	10,275	6,439	78,072	78,072	72,374	25,331	-
IONE	(1,058)	14,164	18,923	4,759	2,983	(8,800)	-	-	-	(8,800)
JACKSON	(13,979)	60,217	80,450	20,233	12,680	(46,892)	-	-	-	(9,378)
LINCOLN	290,000	108,309	144,701	36,392	22,807	230,801	230,801	213,957	74,885	-
MARYSVILLE	108,726	153,904	205,616	51,712	32,409	24,605	24,605	22,809	7,983	-
OROVILLE	76,095	104,015	138,964	34,949	21,903	19,243	19,243	17,839	6,244	-
PARADISE	112,297	182,210	243,433	61,223	38,369	12,705	12,705	11,778	4,122	-
RED BLUFF	306,526	32,706	43,695	10,989	6,887	288,650	288,650	267,584	93,654	-
RIO VISTA	33,384	25,495	34,061	8,566	5,369	19,449	19,449	18,030	6,311	-
ROCKLIN	144,839	230,710	308,229	77,519	48,582	18,738	18,738	17,371	6,080	-
WILLOWS	41,514	27,472	36,703	9,231	5,785	26,498	26,498	24,564	8,597	-
YUBA CITY	367,738	206,691	276,139	69,448	43,524	254,766	254,766	236,173	82,661	-
	3,033,595	2,374,423	3,172,231	797,808	499,999	1,735,788	1,872,437	1,735,787	607,526	(34,369)

TARGET EQUITY CONSIDERATIONS-->	Margin to 90% conf. level	797,808
	Plus 10x SIR	500,000
	Total target equity	1,297,808
	Amount above/(below) margin	1,735,787



**LIABILITY PROGRAM
ANNUAL SHARED RISK PLAN ADJUSTMENTS**

ACTION ITEM

ISSUE: Each year NCCSIF reviews the financial status of the Shared Risk Layer Fund to determine if refunds or assessments may be declared. The total adjustment is allocated to members based on their pro-rata share of the total Shared contributions for the last fifteen years.

Based on the review as of 12/31/16, the Fund has assets of \$6,746,000. This is \$725,000 above Outstanding Liabilities at the Expected Confidence Level (CL) and, while much improved over last year, well below the two benchmarks used to evaluate Shared Layer adjustments, liabilities at a 90% CL (\$1,525,000 below that mark) or *5 times the SIR of \$450,000 (\$2,250,000, or \$1,525,000 below that benchmark).*

Members previously agreed to assess themselves \$600,000 per year for up to five years in an effort to increase assets and meet target funding goals, and that is planned to continue this year. The attached provides the allocation of the assessment among the members, assuming members will agree to allocate all of this year's refund of \$231,952 from CJPRMA to the assessment. (Members previously discussed increasing the assessment to \$800,000 this year and/or increasing the funding confidence level from 70% to 72.5% or more in order to make more progress in alleviating the deficit).

RECOMMENDATION: The Executive Committee recommended an assessment of \$600,000, offset by the full amount of the CJPRMA refund, and increasing the annual funding confidence level, as indicated in the next agenda item.

FISCAL IMPACT: Total assessment of \$600,000, with net of \$368,048 if apply the CJPRMA refund.

BACKGROUND: On an annual basis in accordance with Policy and Procedure A-12, Shared Risk Layer Plan Fund Adjustments, the NCCSIF Board of Directors reviews and determines whether to approve distributions of Shared Risk Layer Funds to the members or declare assessments. In accordance with the Target Equity Policy it is NCCSIF's *goal to maintain a contingency fund equivalent to the 90% confidence level and to maintain an Equity-to-SIR ratio of 3 to 5 times the SIR.*

ATTACHMENT(S): Liability Shared Risk Layer Fund Adjustments

NCCSIF Shared Risk Layer Plan Fund Adjustments - LIABILITY for 2017

Total Available Assets as of 12/31/16		Outstanding Liabilities @ Expected 12/31/16	Outstanding Liabilities @ 70%	Outstanding Liabilities @ 80%	Outstanding Liabilities @ 90%	Refund Available
A	B	C	D	E	F	A-F
\$6,746,000		\$6,021,000	\$6,555,000	\$7,224,000	\$8,271,000	(\$1,525,000)
	Surplus/Deficit	\$725,000	\$191,000	(\$478,000)	(\$1,525,000)	
		-\$				No refund available
Members	Historical Shared Layer Contributions 2001/02 to 2014/15*	Total %		Assessment Allocation	Less CJPRMA Refund	Assessment Amount
				\$600,000	\$ (231,952)	
Anderson	\$448,753	2.61%		\$15,679	-6,061	\$9,618
Auburn	\$945,212	5.50%		\$33,025	-12,767	\$20,258
Colusa	\$284,690	1.66%		\$9,947	-3,845	\$6,102
Corning	\$426,439	2.48%		\$14,899	-5,760	\$9,140
Dixon	\$892,109	5.19%		\$31,170	-12,050	\$19,120
Elk Grove	\$0					
Folsom	\$2,846,711	16.58%		\$99,462	-38,451	\$61,011
Galt	\$1,140,979	6.64%		\$39,865	-15,411	\$24,454
Gridley	\$458,569	2.67%		\$16,022	-6,194	\$9,828
Ione	\$71,389	0.42%		\$2,494	-964	\$1,530
Jackson	\$325,473	1.90%		\$11,372	-4,396	\$6,976
Lincoln	\$1,396,708	8.13%		\$48,800	-18,865	\$29,934
Marysville	\$679,694	3.96%		\$23,748	-9,181	\$14,567
Nevada City	\$0					
Oroville	\$1,059,847	6.17%		\$37,030	-14,315	\$22,715
Paradise	\$760,768	4.43%		\$26,581	-10,276	\$16,305
Placerville	\$0					
Red Bluff	\$973,379	5.67%		\$34,009	-13,147	\$20,862
Rio Vista	\$380,549	2.22%		\$13,296	-5,140	\$8,156
Rocklin	\$1,786,838	10.41%		\$62,431	-24,135	\$38,296
Willows	\$218,492	1.27%		\$7,634	-2,951	\$4,683
Yuba City	\$2,076,093	12.09%		\$72,537	-28,042	\$44,495
Total	\$17,172,692	100.00%		\$600,000	-231,952	\$368,048

* Missing data from 2001/02 and 2004/05

Any refund should be in excess of the liabilities at the 90% confidence level and excess of the liabilities at expected plus 5 times SIR.



**LIABILITY PROGRAM
PRELIMINARY FY 17/18 DEPOSIT PREMIUM CALCULATIONS**

ACTION ITEM

ISSUE: Each year the Executive Committee reviews the actuary's recommended funding levels for the upcoming fiscal year and recommends a Deposit Premium to the Board.

- Total funding at the current 70% Confidence Level (CL) for FY 17/18 is estimated at \$5,333,657, compared to \$5,392,923 for FY 16/17 (a decrease of 1.10%, or \$59,266). Payroll for the liability program increased only 1%.
- Total funding at a 75% CL is estimated at \$5,585,657, an increase of 3.6% over FY 16/17 funding at the 70% CL and \$252,000, or 4.72%, more than total FY 17/18 funding at the 70% CL. Individual member increases do not need to be capped at 25% this year, with the largest increase at 24.15% when comparing funding at the 70% CL. Two members exceed 25% when comparing to the 75% CL.

RECOMMENDATION: the Executive Committee recommend increasing funding from the 70% CL to the 75% CL for FY 17/18.

FISCAL IMPACT: TBD, based on chosen funding Confidence Level, per above options.

BACKGROUND: Members have steadily increased the Confidence Level of annual funding from 60% to 67.5% to the current 70% CL. Over the same period the Discount Factor has decreased from 3% to 1.5%. Both of these changes have contributed to an increase in total funding, in addition to increases in payroll in prior years. In addition, members have been assessed \$600,000 per year for the last several years to increase Shared Layer assets.

ATTACHMENTS: *Preliminary* FY 17/18 Liability Deposit Calculations at the 70% and 75% CLs.

NCCSIF FY 2017/18 General Liability Funding Allocation DRAFT

70% & 75% Confidence Levels			Total Administration Expense				\$ 547,330				
A	B	C	D	E	F	G	H	I	J	K	L
Formula or Allocation	Payroll (P)	Member Weighted Share Last 5 Years 25% Payroll, 75% Losses	Member Share of EX MOD Adjusted Payroll X Total Funding	Member Weighted Share Last 5 Years 75% Payroll, 25% Losses	(Admin/2) X Member % of Total Payroll	(Admin/2) ÷ 19 Equal Shares	C+D+E+F+G				Member % of Total Uncapped Payroll X Capped Amount
Member Entity	2016 Calendar Year Payroll	BANKING LAYER \$0 to \$50K	SHARED LAYER \$50K to \$500K	CJPRMA EXCESS LAYER \$500k to \$40M	ADMIN EXPENSE 50%	ADMIN EXPENSE 50%	FY 17-18 TOTAL DEPOSIT	FY 16-17 TOTAL DEPOSIT	\$ Change Overall	% Change Overall	Cap 25%*
Rate/Amount	Exposure Base	\$ 1,800,000	\$ 1,825,000	\$ 1,161,327	\$ 273,665	\$ 273,665	70% CL	70% CL			N/A
Anderson	\$3,564,429	\$ 27,680.82	\$ 38,374	\$ 21,924.46	\$5,988	\$14,403	\$ 108,371	\$110,093	\$ (1,722)	-1.56%	
Auburn	\$6,348,787	\$ 104,845.29	\$ 84,124	\$ 51,384.07	\$10,666	\$14,403	\$ 265,423	\$266,483	\$ (1,060)	-0.40%	
Colusa	\$2,304,648	\$ 30,341.94	\$ 27,733	\$ 16,960.65	\$3,872	\$14,403	\$ 93,311	\$75,158	\$ 18,153	24.15%	
Corning	\$3,140,249	\$ 29,532.75	\$ 35,155	\$ 21,092.05	\$5,276	\$14,403	\$ 105,459	\$118,039	\$ (12,580)	-10.66%	
Dixon	\$7,693,827	\$ 36,036.33	\$ 62,766	\$ 42,931.30	\$12,926	\$14,403	\$ 169,063	\$163,197	\$ 5,866	3.59%	
Elk Grove											
Folsom*	\$37,958,470	\$ 551,214.18	\$ 489,248	\$ 314,500.05	\$63,770	\$14,403	\$ 1,433,136	\$1,383,319	\$ 49,817	3.60%	
Galt	\$9,787,885	\$ 89,326.33	\$ 99,142	\$ 63,761.65	\$16,444	\$14,403	\$ 283,077	\$346,417	\$ (63,340)	-18.28%	
Gridley	\$3,599,942	\$ 44,137.94	\$ 57,097	\$ 32,914.76	\$6,048	\$14,403	\$ 154,601	\$140,280	\$ 14,321	10.21%	
Ione	\$1,273,191	\$ 16,284.00	\$ 15,267	\$ 9,802.47	\$2,139	\$14,403	\$ 57,896	\$54,694	\$ 3,202	5.85%	
Jackson	\$2,223,818	\$ 68,953.30	\$ 36,341	\$ 25,420.20	\$3,736	\$14,403	\$ 148,854	\$120,428	\$ 28,426	23.60%	
Lincoln	\$12,897,112	\$ 103,782.95	\$ 119,125	\$ 77,943.76	\$21,667	\$14,403	\$ 336,922	\$421,829	\$ (84,907)	-20.13%	
Marysville	\$3,325,857	\$ 106,221.02	\$ 49,371	\$ 37,816.24	\$5,587	\$14,403	\$ 213,400	\$215,767	\$ (2,367)	-1.10%	
Nevada City											
Oroville	\$7,008,304	\$ 58,738.88	\$ 85,731	\$ 49,082.45	\$11,774	\$14,403	\$ 219,730	\$212,240	\$ 7,490	3.53%	
Paradise	\$4,094,565	\$ 64,404.63	\$ 58,730	\$ 36,067.97	\$6,879	\$14,403	\$ 180,485	\$172,776	\$ 7,709	4.46%	
Placerville											
Red Bluff	\$5,798,073	\$ 61,092.62	\$ 64,372	\$ 37,821.51	\$9,741	\$14,403	\$ 187,430	\$261,437	\$ (74,007)	-28.31%	
Rio Vista	\$3,736,526	\$ 27,475.20	\$ 32,343	\$ 20,776.15	\$6,277	\$14,403	\$ 101,275	\$96,538	\$ 4,736	4.91%	
Rocklin	\$22,156,572	\$ 190,719.54	\$ 245,978	\$ 143,743.93	\$37,223	\$14,403	\$ 632,069	\$619,547	\$ 12,521	2.02%	
Willows	\$1,836,025	\$ 18,249.86	\$ 22,951	\$ 13,743.71	\$3,085	\$14,403	\$ 72,433	\$67,222	\$ 5,211	7.75%	
Yuba City	\$24,146,931	\$ 170,962.44	\$ 201,151	\$ 143,639.62	\$40,567	\$14,403	\$ 570,723	\$547,459	\$ 23,264	4.25%	
Total:	\$162,895,212	\$ 1,800,000	\$ 1,825,000	\$ 1,161,327.00	\$ 273,665	\$ 273,665	\$ 5,333,657	\$5,392,923	\$ (59,266)	-1.10%	

Verification/Actuary \$ 1,800,000 \$ 1,825,000 \$ 1,161,327 \$ 5,333,657

Don't Participate In GL Program

A	I	O	P	Q	R	S
Formula or Allocation						
Member Entity	FY 16-17 TOTAL DEPOSIT	FY 17-18 FINAL DEPOSIT	\$ Increase from 70% CL to 75% CL	% Increase from 70% to 75% CL	Total % Increase from 16/17	Payroll Increase From 16/17
Rate/Amount	70% CL	75% CL				
Anderson	\$110,093	\$ 112,975	\$ 4,604	4.25%	2.6%	8%
Auburn	\$266,483	\$ 278,534	\$ 13,111	4.94%	4.5%	12%
Colusa	\$75,158	\$ 97,344	\$ 4,034	4.32%	29.5%	10%
Corning	\$118,039	\$ 109,962	\$ 4,503	4.27%	-6.8%	0%
Dixon	\$163,197	\$ 175,962	\$ 6,899	4.08%	7.8%	1%
Elk Grove						
Folsom*	\$1,383,319	\$ 1,505,385	\$ 72,249	5.04%	8.8%	-3%
Galt	\$346,417	\$ 296,189	\$ 13,112	4.63%	-14.5%	-4%
Gridley	\$140,280	\$ 161,653	\$ 7,052	4.56%	15.2%	1%
Ione	\$54,694	\$ 60,088	\$ 2,192	3.79%	9.9%	-3%
Jackson	\$120,428	\$ 156,134	\$ 7,281	4.89%	29.6%	3%
Lincoln	\$421,829	\$ 352,435	\$ 15,512	4.60%	-16.5%	5%
Marysville	\$215,767	\$ 224,148	\$ 10,748	5.04%	3.9%	10%
Nevada City						
Oroville	\$212,240	\$ 229,804	\$ 10,074	4.58%	8.3%	-7%
Paradise	\$172,776	\$ 189,037	\$ 8,552	4.74%	9.4%	-1%
Placerville						
Red Bluff	\$261,437	\$ 196,155	\$ 8,725	4.65%	-25.0%	12%
Rio Vista	\$96,538	\$ 105,438	\$ 4,164	4.11%	9.2%	0%
Rocklin	\$619,547	\$ 662,488	\$ 30,419	4.81%	6.9%	-2%
Willows	\$67,222	\$ 75,302	\$ 2,869	3.96%	12.0%	-9%
Yuba City	\$547,459	\$ 596,624	\$ 25,901	4.54%	9.0%	6%
Total:	\$5,392,923	\$ 5,585,657	\$ 252,000	4.72%	3.6%	1%

Verification/Act
Don't Participat



Agenda Item H.4.

**AMENDMENT TO P&P #A-1
BANKING LAYER FUND ADJUSTMENTS**

ACTION ITEM

ISSUE: The suggested amount of the Available Refund in the Banking Layers to be distributed to Members is 35%, per the attached Administrative Policy and Procedure #A-1. Any available refund must first be used to offset a deficit in another Layer or Program.

The Program Administrators suggested to the Executive Committee that if a Member has an Available Refund in the Banking Layer that is not fully distributed (normally capped at 35%) AND assessments from other layers or programs that result in a net assessment for the year, then the Member would be eligible to use additional Banking Layer funds (beyond the 35% cap, up to a cap of 75%) to offset the net assessment. The cap of up to 75% is recommended to maintain some risk margin in the Banking Layer and minimize the potential that the Banking Layer will face an assessment the following year.

The Executive Committee requested that this proposal be brought to the Board for discussion and possible approval. The Program Administrators have reviewed the funding for this year and identified three members with net assessments, all of whom would qualify to use some of their Banking Layer under this proposal, Anderson, Oroville, and Paradise. *Of the three, only Anderson has enough in their Banking Layer to completely eliminate the net assessment. Oroville and Paradise have an additional \$7,135 and \$4,712, respectively, they could use to reduce their net assessment.*

Please refer to the attached spreadsheet with the impact of the proposed change and a red-line version of the proposed changes to the Policy.

RECOMMENDATION: Review and recommend change to Policy as needed.

FISCAL IMPACT: None to NCCSIF, reduction of assessment and decrease in Banking Layer Risk Margin for the member.

BACKGROUND: None.

ATTACHMENT(S):

1. Proposed Use of Banking Layer Funds
2. Red-line version of proposed changes to P&P #A-1

DRAFT NCCSIF Net Program Funding Summary For FY 2017-18

Work Comp Funding 75% CL

Member Entity	DIVIDEND		Assessment	
	Banking Layer	Shared Layer	Banking Layer	Shared Layer
Anderson		\$12,220	\$49,763	
Auburn	\$43,581	\$16,672		
Colusa	\$13,731	\$7,360		
Corning	\$48,684	\$8,392		
Dixon	\$96,553	\$22,076		
Elk Grove	\$39,251	\$21,280		
Folsom	\$699,072	\$117,055		
Galt	\$56,152	\$26,238		
Gridley	\$108,149	\$11,671		
Ione	\$28,141	\$2,060		
Jackson	\$23,485	\$6,382		
Lincoln	\$161,984	\$28,498		
Marysville	\$36,992	\$13,095		
Nevada City	\$9,560	\$6,157		
Oroville		\$22,212	\$86,736	
Paradise		\$20,097	\$25,907	
Placerville	\$86,405	\$19,566		
Red Bluff		\$20,847	\$52,869	
Rio Vista	\$32,093	\$8,469		
Rocklin	\$98,239	\$51,560		
Willows	\$61,446	\$6,931		
Yuba City	\$41,305	\$49,162		
Total:	\$1,684,823	\$ 498,000	\$ 215,275	\$ -

Liability Funding 75% CL

Member Entity	DIVIDEND		Assessment	
	Banking Layer	Shared Layer	Banking Layer	Shared Layer
Anderson	\$ 39,649			\$ 9,618
Auburn			\$ 8,833	\$ 20,258
Colusa			\$ 5,342	\$ 6,102
Corning			\$ 2,016	\$ 9,140
Dixon	\$ 33,990			\$ 19,120
Elk Grove				
Folsom	\$ 160,916			\$ 61,011
Galt	\$ 57,103			\$ 24,454
Gridley	\$ 25,331			\$ 9,828
Ione			\$ 8,800	\$ 1,530
Jackson			\$ 9,378	\$ 6,976
Lincoln	\$ 74,885			\$ 29,934
Marysville	\$ 7,983			\$ 14,567
Nevada City				
Oroville	\$ 6,244			\$ 22,715
Paradise	\$ 4,122			\$ 16,305
Placerville				
Red Bluff	\$ 93,654			\$ 20,862
Rio Vista	\$ 6,311			\$ 8,156
Rocklin	\$ 6,080			\$ 38,296
Willows	\$ 8,597			\$ 4,683
Yuba City	\$ 82,661			\$ 44,495
Total:	\$ 607,526	\$ -	\$ 34,369	\$ 368,048

Proposed Use of Banking Layer Funds

Net Dividend or (Assessment)	Banking Available?	Amount From 75% - 35%
(\$7,511.40)	GL	\$ 45,313
\$31,161.92		
\$9,647.67		
\$45,920.46		
\$133,498.79		
\$60,530.63		
\$916,032.14		
\$115,039.37		
\$135,322.42		
\$19,870.58		
\$13,513.55		
\$235,432.18		
\$43,502.42		
\$15,717.29		
(\$80,994.84)	GL	\$ 7,135
(\$17,992.44)	GL	\$ 4,712
\$105,970.87		
\$40,770.79		
\$38,717.19		
\$117,582.82		
\$72,291.71		
\$128,632.87		
\$2,172,657.00		



ADMINISTRATIVE POLICY AND PROCEDURE #A-1

SUBJECT: BANKING LAYER PLAN FUND ADJUSTMENTS

Policy Statement:

It shall be the policy of the Northern California Cities Self Insurance Fund to review annually each Program's financial status and evaluate the appropriateness of declaring either a refund or an assessment to Members.

accordance with the provisions outlined in this policy and procedure.

Provisions:

1. The refund/assessment calculations shall be performed annually and presented to the Board of Directors at its meeting in April.
2. The Net Assets, Net Margin, Expected Liability, Buffer Allocation and Available Refund, as defined below, shall be used for purposes of calculating any adjustments.

Net Position is the amount of Net Position in the Financial Consultant's Financial Report at December 31 adjusted by the subsequent actuarial update for December 31.

Expected Liabilities are the Discounted Loss and Loss Adjustment Expenses (LAE) at the Expected Confidence Level at December 31, as calculated in the annual Actuarial Report.

Buffer Allocation is the allocation among all banking Members of 10 times the Banking Layer Retained Limit.

Net Margin is the sum of the Net Assets minus the Expected Liabilities at the 90% Confidence Level plus the Buffer Allocation of 10 times the Banking Layer Retained Limit.

Available Refund is the excess of the amount above the Net Margin.

Assessments:

1. A Member with a negative Net Margin shall be required to pay twenty percent (20%) of the negative amount in two installments, due September 15 and December 15, in the calendar year in which the assessment is declared. If 20% of the negative Net Margin is less than \$10,000, then the full amount is due in the first installment of September 15, rather than two installments.

2. A Member failing to meet the payment schedule above shall be charged interest in the amount earned on funds deposited in LAIF.

Refunds:

1. A Member shall be eligible for a refund by meeting the following conditions:
 - A. Participation in the Program for three years
 - B. A positive Available Refund
2. The amount of the Available Refund distributed to Members will be determined annually by the Board of Directors. *(Suggested is 35% of the Available Refund)*
3. Members may decline the refund and leave such funds or a portion of the funds in their Banking Layer.
4. Members may elect to allocate the remaining amount available as follows:
 - A. If funds are not being retained in their Banking Layer, then a negative balance in another Program must first be offset.
 - B. If not used for “3.” or “4.A.” above, remaining available funds, or any portion thereof, may be used to offset the next fiscal year deposits, used for Risk Management Grants, or may be requested in the form of a check.

Net Assessments:

If a Member’s total refunds and assessments for a given year result in a net assessment, the member may elect to use up to 75% of the Available Refund in one or both program Banking Layers to offset the payment of the net assessment.

Effective Date:	May 26, 1989	Ninth Revision Date:	October 9, 2014
First Revision Date:	June 14, 1996	Tenth Revision Date:	January 8, 2015
Second Revision Date:	June 13, 1997	<u>Eleventh Revision Date:</u>	<u>TBD</u>
Third Revision Date:	December 17, 1999		
Fourth Revision Date:	December 15, 2000		
Fifth Revision Date:	March 16, 2007		
Sixth Revision Date:	December 13, 2007		
Seventh Revision Date:	April 25, 2008		
Eighth Revision Date:	January 24, 2013		



Agenda Item H.5.

ACCOUNTING AND FINANCIAL SERVICES AGREEMENT

ACTION ITEM

ISSUE: James Marta & Company has provided the attached renewal agreement for financial accounting and consulting services. The Program Administrators and the Executive Committee have discussed the terms with Jim Marta and the Executive Committee has proposed the following compensation terms.

First year: \$70,000; Years 2-5: renewal rate increase based on the CPI for the Bay Area (SF and SJ) for the preceding calendar year, with a minimum of 1% and maximum of 4%. Jim Marta has indicated he will present a revised proposal to the Board. At the time of this writing it has not been received, so we expect to have a revised proposal as a handout at the meeting.

Other changes to the attached proposed Agreement are as follows:

- The software subscription need to be amended to state the fees are per year, not per month.
- Item 9. Fidelity Bond is also being changed to no longer require NCCSIF to purchase a bond of \$100,000. Instead, James Marta will provide a \$1 million bond in favor of NCCSIF. The Program Administrators have also negotiated with NCCSIF's own Crime insurer to provide \$3 million in theft coverage as part of their package policy.

RECOMMENDATION: Review and negotiate agreement for accounting services.

FISCAL IMPACT: TBD. The FY 16/17 fee for services is \$66,962 (\$5,580.17 per month), with an additional \$210 per month (\$2,520 per year) for the Intacct software subscription fee and \$750 per year for the electronic check delivery subscription.

The fees in the attached represent a 3.5% increase per year for each of the next three years. The subscription fees represent a range of 2.4% to 2.2% increase each year, with no change in the check processing fee. Since NCCSIF is able to drop the individual bond currently purchased for James Marta that will save \$897 per year and greatly increase the available limit.

BACKGROUND: James Marta & Company has provided accounting services to NCCSIF since September 1, 2002.

ATTACHMENT(S): *Original Agreement for Financial Accounting and Consulting Services*
Revised Draft Agreement will be a handout at the meeting

AGREEMENT FOR FINANCIAL ACCOUNTING AND CONSULTING SERVICES

This Agreement is made and entered into effective July 1, 2017, by and between Northern California Cities Self Insurance Fund (“NCCSIF”) and James Marta & Company LLP.

WHEREAS, NCCSIF requires accounting and consulting services, and James Marta & Company LLP is agreeable to performing such services for NCCSIF;

NOW, THEREFORE, the parties agree as follows:

- 1. RETENTION OF ACCOUNTANT.** NCCSIF agrees to retain James Marta & Company LLP to provide Financial Consulting Services for NCCSIF under the terms and conditions set forth in this Agreement, and the NCCSIF JPA Agreement and Bylaws. James Marta & Company LLP agrees to accept that assignment and to perform all of the duties for which the firm has been retained.

- 2. DESCRIPTION OF WORK.** James Marta & Company LLP agrees to perform the following services:
 - a. Prepare all bank reconciliations;

 - b. Process payables:
 - i. Receive and record all invoices;
 - ii. Obtain approval when necessary; and
 - iii. Prepare and issue checks per NCCSIF policy.

 - c. Process receivables:
 - i. Receive and record invoices;
 - ii. Receive and record payments; and
 - iii. Follow up delinquent accounts.

 - d. Maintain check registers of all applicable accounts and submit to Board in a timely manner;

 - e. Maintain general ledger - prepare and enter periodic adjusting entries;

 - f. Reconcile Investments and manage investment transfers;

 - g. Act as liaison between associated banks and/or investment agencies, as required;

 - h. Perform cash management — perform the required money transfers between accounts and/or financial institutions per the NCCSIF investment and banking policies;

 - i. Facilitate the annual financial audit:
 - i. Prepare audit schedules; and
 - ii. Coordinate audit fieldwork.

- j. Prepare quarterly and annual financial reports and attend Executive Committee and Board of Directors' meetings to discuss them; (in the event of scheduling conflicts, James Marta may meet with the Treasurer and provide the required reports and update and or send an alternate accountant to attend).
- k. Review quarterly financial reports with the Treasurer.
- l. Assist with budget preparation;
- m. Annually file the State Controller's Annual Report of Financial Transactions and Local Government Compensation Report with the State of California;
- n. Prepare special reports, as required; and annually prepare and submit to the Program Administrator a completed Conflict of Interest form.
- o. Attend Finance Committee meetings, as necessary
- p. Complete any other related duties as requested by a duly authorized official.
- q. Quarterly balance sheets and income statements
- r. Quarterly budget to actual financial reporting
- s. Quarterly claims reconciliation among the York reports, actuary reports and the general ledger
- t. Quarterly claims analysis reporting (graphs and reconciliation statements)
- u. Maintain a suitable backup and recovery system for data and develop and implement processes for the protection of electronic data including a written policy with respect to:
 - i. Disaster recovery
 - ii. Physical and electronic data security
 - iii. Electronic data retention

James Marta & Company LLP will compile, from information you provide, the annual and interim balance sheets and the related statements of income, retained earnings, and cash flows of Northern California Cities Self Insurance Fund. We will not audit or review such financial statements. Our report on the annual financial statements of Northern California Cities Self Insurance Fund is presently expected to read as follows:

We have compiled the accompanying balance sheet of Northern California Cities Self Insurance Fund as of [Year End(s)], and the related statements of income, retained earnings, for the [Year or Years] then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Northern California Cities Self-Insurance Fund

If, for any reason, we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement.

Our engagement cannot be relied upon to disclose errors, fraud or illegal acts that may exist. However, we will inform you of any material errors that come to our attention and any fraud or illegal acts that come to our attention, unless they are clearly inconsequential. In addition, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control as part of this engagement

3. COMPENSATION. As compensation to James Marta & Company LLP for services rendered hereunder, NCCSIF agrees to pay James Marta & Company LLP an annual fee of:

- \$69,306 for the 2017-18 year. (\$5,775.50 per month)
- \$71,730 for the 2018-19 year. (\$5,977.50 per month)
- \$74,240 for the 2019-20 year. (\$6,186.66 per month)
- The cost of meeting attendance within one-hour of Sacramento California is included. In the event that we are required to attend meetings beyond this range we will charge mileage at the current federal reimbursement rate and time at \$125/hr. The fee will be reviewed and agreed upon each year prior to commencement of the fiscal year. For this purposes of this agreement, approval is the Executive Committee's authorization.

FEES. NCCSIF agrees to pay in addition to the monthly fee for accounting services, of:

Intacct software subscription service fees:

- \$215 for the 2017-18 year. (\$2,580 per month)
- \$220 for the 2018-19 year. (\$2,640 per month)
- \$225 for the 2019-20 year. (\$2,700 per month)

Plus \$750 annually for the annual subscription of electronic check delivery.

4. CONTRACT TERM. The term of this Agreement shall be for thirty-six (36) months commencing July 1, 2017 through June 30, 2020. The Agreement shall automatically renew annually thereafter unless terminated pursuant to Article 7 below.

- 5. OWNERSHIP OF RECORDS.** NCCSIF maintains ownership of all products, files, records, computations, studies and other data, prepared or obtained in connection with this Agreement. James Marta & Company LLP may maintain copies of records that may be required for professional liability insurance purposes and required professional practices.
- 6. DISCLOSURES OF CONFLICTS.** James Marta & Company LLP shall be responsible for disclosing financial interests that may be a conflict. Disclosure may be satisfied through completion of the related Fair Political Practice Commission form on an annual basis.
- 7. TERMINATION.** This Agreement may be terminated at any time by James Marta & Company LLP upon ninety (90) days advance written notice to NCCSIF. Further, this agreement may be terminated at any time by NCCSIF upon sixty (60) days written notice to James Marta & Company LLP. Upon termination, James Marta & Company LLP shall give to NCCSIF copies of all products, files, records, computations, studies and other data, prepared or obtained in connection with this Agreement, which shall become the permanent property of NCCSIF. James Marta & Company LLP may maintain copies of records that may be required for professional liability insurance purposes and required professional practices.
- 8. COMPLIANCE WITH LAWS.** James Marta & Company LLP agrees that all work will be conducted, and the services will be performed in compliance with all laws and regulations; with the policies; procedures and directives of NCCSIF, particularly those related to fiscal and management matters; and with generally accepted accounting principles applicable to governmental entities.
- 9. FIDELITY BOND.** NCCSIF, at its sole expense, shall provide a \$100,000 Fidelity Bond for James Marta & Company LLP.
- 10. INSURANCE.** James Marta & Company LLP shall provide Auto Liability and Professional Liability insurance with separate limits of \$1,000,000, and shall annually provide a certificate of insurance to NCCSIF if requested.
- 11. MUTUAL INDEMNIFICATION.** James Marta & Company LLP agrees to indemnify and hold harmless NCCSIF its officers, directors and member agencies from any liability arising from James Marta & Company LLP's negligence or willful misconduct or omissions in the performance of the Agreement. And NCCSIF, its officers, directors and member agencies agree to indemnify and hold harmless James Marta & Company LLP from any liability arising from the negligence, willful misconduct or omissions of NCCSIF, its officers, directors and member agencies in the performance of the Agreement.
- 12. INDEPENDENT CONTRACTOR.** It is expressly agreed by the parties that James Marta & Company LLP's relationship to NCCSIF is that of an independent contractor. As such, NCCSIF will not be providing Workers' Compensation coverage or any benefits to James Marta & Company LLP.
- 13. SUCCESSORS AND ASSIGNMENT.** James Marta & Company LLP agrees it will not assign, transfer, convey or otherwise dispose of this Agreement or any part thereof, or its rights, title or interest therein, without the prior written consent of NCCSIF.
- 14. ENTIRE AGREEMENT.** This writing constitutes the entire agreement between the parties relative to the services specified herein, and no modifications shall be effective unless and until such modification is evidenced by a writing signed by both parties.



Agenda Item H.6.

INDEPENDENT FINANCIAL AUDIT SERVICES AGREEMENT

ACTION ITEM

ISSUE: Crowe Horwath, LLP has submitted a proposal to provide financial audit services for the next three fiscal years. The Program Administrators contacted Arthur Ngo, CPA, at Crowe to discuss the proposal and negotiate the final terms of the agreement. In addition to adjusting the yearly fee, Arthur confirmed they would be replacing the audit team lead and staff going forward, to provide a fresh set of eyes for the audit.

The Executive Committee also requested that the scope of work include agreeing to an audit schedule, including a delivery date, with NCCSIF's financial accountant at the start of the engagement. Crowe Horwath has kept the agreement as originally presented but has agreed to the audit schedule requested by James Marta and Company in a separate email.

RECOMMENDATION: Approve new contract as presented.

FISCAL IMPACT: The fee will increase 2% per year, from last year's fee of \$26,100 to \$26,622 for FYE 2017, \$26,900 for FYE 2018, and \$27,700 for FYE 2019.

BACKGROUND: NCCSIF is required to conduct an annual financial audit. Crow Horwath has provided auditing services since 2003. An RFP for Financial Auditing Services was last performed in 2008, for which Crowe was selected. Given the length of service Crowe has been asked to change the audit team to maintain a fresh review of NCCSIF's financial operations.

ATTACHMENT(S): Audit Engagement Letter 2017 - 2019, dated February 24, 2017

February 24, 2017

Mr. Marcus Beverly
First Vice President, NCCSIF Program Manager
Alliant Insurance Services
2150 Harvard Street, Suite 460
Sacramento, CA 95815

Dear Salutation:

This letter confirms the arrangements for Crowe Horwath LLP (“Crowe” or “us” or “we” or “our”) to provide the professional services discussed in this letter to Northern California Cities Self Insurance Fund (“the Fund” or “you”, “your” or “Fund” or “Client”) for the years ending June 30, 2017, 2018 and 2019. The attached Crowe Engagement Terms is an integral part of this letter, and its terms are incorporated herein.

AUDIT SERVICES

Our Responsibilities

We will audit and report on the basic financial statements of the Fund for the periods indicated.

In addition to our report on the financial statements, we plan to evaluate the presentation of the following supplementary information in relation to the financial statements as a whole, and to report on whether this supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

- Combining Statement of Net Position and Combining Statement of Revenues, Expenses and Change in Net Position
- Statement of Net Position by Member
- Statement of Revenues, Expenditures, and Change in Net Position by Member

In addition to our report on the financial statements, we also plan to perform specified procedures in order to describe in our report whether the following required supplementary information is presented in accordance with applicable guidelines. However, we will not express an opinion or provide any assurance on this information due to our limited procedures.

- Management’s Discussion and Analysis
- Reconciliation of Claims Liability by Type of Contract
- Claims Development Information

The objective of the audit is the expression of an opinion on the financial statements. We will plan and perform the audit in accordance with auditing standards generally accepted in the United States of America, and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud. Because of inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected

exists, even though the audit is properly planned and performed in accordance with applicable standards. An audit is not designed to detect error or fraud that is immaterial to the financial statements. 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 that the financial statements could be misstated by an amount we believe would influence the financial statement users. 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.

In making our risk assessments, we consider internal control relevant to the 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 the Fund's internal control. However, we will communicate in writing to those charged with governance and management concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. We will communicate to management other deficiencies in internal control identified during the audit that have not been communicated to management by other parties and that, in our professional judgment, are of sufficient importance to merit management's attention. We will also communicate certain matters related to the conduct of the audit to those charged with governance, including (1) fraud involving senior management, and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (2) illegal acts that come to our attention (unless they are clearly inconsequential) (3) disagreements with management and other significant difficulties encountered in performing the audit and (4) various matters related to the Fund's accounting policies and financial statements. Our engagement is not designed to address legal or regulatory matters, which matters should be discussed by you with your legal counsel.

We expect to issue a written report upon completion of our audit of the financial statements. Our report will be addressed to Board of Directors of the Fund. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis of matter or other matter paragraph, or withdraw from the engagement.

In addition to our report on the financial statements and supplemental information, we plan to issue the following reports:

- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards — The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of your compliance with applicable laws, regulations, contracts and grants. However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us. The objective of our audit of compliance relative to the financial statements will not be to provide an opinion on overall compliance with such provisions, and we will not express such an opinion. We will advise you, however, of any matters of that nature that come to our attention, unless they are clearly inconsequential.

Our audit and work product are intended for the benefit and use of the Fund only. The audit will not be planned or conducted in contemplation of reliance by any other party or with respect to any specific transaction and is not intended to benefit or influence any other party. Therefore, items of possible interest to a third party may not be specifically addressed or matters may exist that could be assessed differently by a third party.

The working papers for this engagement are the property of Crowe and constitute confidential information. However, we may be requested to make certain working papers available to your oversight agency or grantors pursuant to authority given to them by law, regulation, or contract. If requested, access to such working papers will be provided under the supervision of our personnel. Furthermore, upon request, we may provide photocopies of selected working papers to your oversight agency or grantors. The working papers for this engagement will be retained for a minimum of three years after the date our report is issued or for any additional period requested by the oversight agency or pass-through Fund. If we are aware that a federal awarding agency, pass-through Fund, or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the working papers.

Government Auditing Standards require that we provide you with a copy of our most recent peer review report, which accompanies this letter.

The Fund's Responsibilities

The Fund's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. The Fund's management is also responsible for complying with applicable laws, regulations, contracts and grants and such responsibility extends to identifying the requirements and designing internal control policies and procedures to provide reasonable assurance that compliance is achieved.

Management has the responsibility to adopt sound accounting policies, maintain an adequate and efficient accounting system, safeguard assets, and design and implement programs and controls to prevent and detect fraud. Management's judgments are typically based on its knowledge and experience about past and current events and its expected courses of action. Management's responsibility for financial reporting includes establishing a process to prepare the accounting estimates included in the financial statements.

Management is responsible for providing to us, on a timely basis, all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters. Management is also responsible for providing such other additional information we may request for the purpose of the audit, and unrestricted access to persons within the Fund from whom we determine it necessary to obtain audit evidence. Additionally, those charged with governance are responsible for informing us of their views about the risks of fraud within the Fund, and their knowledge of any fraud or suspected fraud affecting the Fund.

Management is responsible for adjusting the financial statements to correct material misstatements related to accounts or disclosures. As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit, including that the effects of any uncorrected misstatements aggregated by us during the audit are immaterial, both individually and in the aggregate, to the financial statements and to compliance with the requirements of its Federal programs. Management acknowledges the importance of management's representations and responses to our inquiries, and that they will be utilized as part of the evidential matter we will rely on in forming our opinion. Because of the importance of management's representations to an effective audit, you agree to

release Crowe and its personnel from any liability and costs relating to our services under this letter attributable to any misrepresentations by management.

Management is responsible for the preparation of the supplementary information identified above in accordance with the applicable criteria. As part of our audit process, we will request from management certain written representations regarding management's responsibilities in relation to the supplementary information presented, including but not limited to its fair presentation in accordance with the applicable criteria, the method of measurement and presentation and any significant assumptions or interpretations underlying the supplementary information. In addition, it is management's responsibility to include the auditor's report on supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. It is also management's responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the Fund of the supplementary information and the auditor's report thereon.

Management is responsible for the preparation of the required supplementary information identified above in accordance with the applicable guidelines. We will request from management certain written representations regarding management's responsibilities in relation to the required supplementary information presented, including but not limited to whether it has been measured and presented in accordance with prescribed guidelines, the method of measurement and presentation and any significant assumptions or interpretations underlying the supplementary information.

OTHER SERVICES

Financial Statement Preparation

The Fund will provide us with the necessary information to assist in the preparation of the draft financial statements including the notes thereto. We are relying on the Fund to provide us with the detailed trial balance, note disclosure information and any other relevant report information in a timely fashion and ensure the data is complete and accurate. Management is solely responsible for the presentation of the financial statements.

With respect to the above other services, you agree to: assume all management responsibilities including making all management decisions; oversee the service by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services.

FEES

Our fees, including out-of-pocket expenses, are outlined below. Our invoices are due and payable upon receipt. Invoices that are not paid within 30 days of receipt are subject to a monthly interest charge of one percent per month or the highest interest rate allowed by law, whichever is less, which we may elect to waive at our sole discretion, plus costs of collection including reasonable attorneys' fees.

Audit of the Fund's financial statements for the years ending June 30, 2017	\$ 26,622
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Circumstances may arise under which we must perform additional work and, thus, require additional billings for our services. Examples of such circumstances include, but are not limited to:

- Changing audit requirements
- New professional standards or regulatory requirements
- New financial statement disclosures
- Work caused due to the identification of, and management's correction of, inappropriate application of accounting pronouncements
- Erroneous or incomplete accounting records
- New or unusual transactions
- Change in your organizational structure or size due to merger and acquisition activity or other events
- Change in your controls
- Agreed-upon level of preparation and assistance from your personnel not provided
- Failure of your staff to prepare information in a timely manner
- Numerous revisions to your information
- Lack of availability of appropriate Fund personnel during audit fieldwork.

Additionally, to accommodate requests to reschedule audit fieldwork without reasonable notice, additional billings for our services could be required, and our assigned staffing and ability to meet agreed-upon deadlines could be impacted.

Our fee assumes that we will be provided with auditable trial balances for all funds at year end, that all bank accounts and investment accounts will be reconciled through the end of the year being audited to the trial balances, that interfund and transfer accounts will balance, that subsidiary ledgers will reconcile to the general ledger and that beginning fund equity amounts will be reconcilable to prior year audited ending fund equity. We assume that the Fund will cooperate with our requests for information such as explanations of account activity.

We assume that requested records such as invoices, contracts, grant agreements and supporting documentation will be located and provided to us. We also assume the Fund will prepare confirmation letters, the MD&A section and the Supplemental Information and Required Supplementary Information sections of the report.

Our fee does not include implementation of any other future accounting or auditing pronouncements and/or government requirements that may change, thus, the scope or amount of auditing necessary to complete our engagements may increase beyond what is currently anticipated. Should such events occur, we would present you with our estimate of any possible increase prior to beginning our audit for the given year. An equitable adjustment in the proposed fee will be negotiated if the cost of time required for performance of the audit service is increased or decreased pursuant to a change in scope of the audit requested by the Fund or required by State or Federal regulations.

When we become aware of circumstances which impact the amount or scheduling of our work, we will issue, for your approval, a formal change order detailing the reason and the anticipated impact of the change.

PROVISION FOR THREE-YEAR PROPOSAL:

We have agreed to the following fees for the next two subsequent years as follows:

Audit of the Fund's financial statements for the years ending June 30, 2018	\$	27,154
Audit of the Fund's financial statements for the years ending June 30, 2019	\$	27,700

Because each year is a separate engagement and this three-year period does not constitute a continuous engagement, we will require execution of a new engagement letter for each subsequent year listed above. However, we agree to the fees listed above for each year unless we both agree in writing to a modification. In recognition of the significant start-up investment incurred by Crowe during the initial year of the three-year period, should you terminate Crowe during the three-year period for reasons other than failure of Crowe to perform, you agree to pay our fees and expenses for services performed up to the date of termination (which will be immediately due and payable) and a termination fee of 25% of the next year's fee if terminated after year one or 15% of the next year's fee if terminated after year two.

Our fees are exclusive of taxes or similar charges, as well as customs, duties or tariffs, imposed in respect of the Services, any work product or any license, all of which Client agrees to pay if applicable or if they become applicable (other than taxes imposed on Crowe's income generally), without deduction from any fees or expenses invoiced to Client by Crowe.

To facilitate Crowe's presence at Client's premises, Client will provide Crowe with internet access while on Client's premises. Crowe will access the internet using a secure virtual private network. Crowe will be responsible for all internet activity performed by its personnel while on Client's premises.

MISCELLANEOUS

For purposes of this Miscellaneous section, the Acceptance section below, and all of the Crowe Engagement Terms, "Client" will mean the Fund(ies) defined in the first paragraph of this letter and will also include all related parents, subsidiaries, and affiliates of Client who may receive or claim reliance upon any Report.

Crowe will provide the services to Client under this Agreement as an independent contractor and not as Client's partner, agent, employee, or joint venturer under this Agreement. Neither Crowe nor Client will have any right, power or authority to bind the other party.

This engagement letter agreement (the "Agreement") reflects the entire agreement between the parties relating to the services (or any reports, deliverables or other work product) covered by this Agreement. The engagement letter and any attachments (including without limitation the attached Crowe Engagement Terms) are to be construed as a single document, with the provisions of each section applicable throughout. This Agreement may not be amended or varied except by a written document signed by each party. It replaces and supersedes any other proposals, correspondence, agreements and understandings, whether written or oral, relating to the services covered by this letter, and each party agrees that in entering this Agreement, it has not relied on any oral or written representations, statements or other information not contained in or incorporated into this Agreement. Any non-disclosure or other confidentiality agreement is replaced and superseded by this Agreement. The agreements of the parties contained in this Agreement will survive the completion or termination of this Agreement. If any provision (in whole or in part) of this Agreement is found unenforceable or invalid, this will not affect the remainder of the provision or any other provisions in this Agreement, all of which will continue in effect as if the stricken portion had not been included. This Agreement may be executed in two or more actual, scanned, emailed, or electronically copied counterparts, each and all of which together are one and the same instrument. Accurate transmitted copies (transmitted copies are reproduced documents that are sent via

Mr. Marcus Beverly
Alliant Insurance Services
February 24, 2017
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mail, delivery, scanning, email, photocopy, facsimile or other process) of the executed Agreement or signature pages only (whether handwritten or electronic signature), will be considered and accepted by each party as documents equivalent to original documents and will be deemed valid, binding and enforceable by and against all parties. This Agreement must be construed, governed, and interpreted under the laws of the State of Illinois, without regard for choice of law principles.

We are pleased to have this opportunity to serve you, and we look forward to a continuing relationship. If the terms of this letter and the attached Crowe Engagement Terms are acceptable to you, please sign below and return one copy of this letter at your earliest convenience. Please contact us with any questions or concerns.

ACCEPTANCE

I have reviewed the arrangements outlined above and in the attached "Crowe Engagement Terms," and I accept on behalf of the Client the terms and conditions as stated. By signing below, I represent and warrant that I am authorized by Client to accept the terms and conditions as stated.

IN WITNESS WHEREOF, Northern California Cities Self Insurance Fund and Crowe have duly executed this engagement letter effective the date first written above.

Crowe Horwath LLP and the Engagement Authorized Signer below are licensed or otherwise authorized by the California Board of Accountancy.

Northern California Cities Self Insurance Fund

CROWE HORWATH LLP

Signature



Signature

Printed Name

Matthew Nethaway

Printed Name

Title

Partner

Title

Date

February 24, 2017

Date

Crowe Engagement Terms

Crowe wants Client to understand the terms under which Crowe provides its services to Client and the basis under which Crowe determines its fees. These terms are part of the Agreement and apply to all services described in the Agreement as well as all other services provided to Client (collectively, the “Services”), unless and until a separate written agreement is executed by the parties for separate services. Any advice provided by Crowe is not intended to be, and is not, investment advice.

CLIENT’S ASSISTANCE – For Crowe to provide Services effectively and efficiently, Client agrees to provide Crowe timely with information requested and to make available to Crowe any personnel, systems, premises, records, or other information as reasonably requested by Crowe to perform the Services. Access to such personnel and information are key elements for Crowe’s successful completion of Services and determination of fees. If for any reason this does not occur, a revised fee to reflect additional time or resources required by Crowe will be mutually agreed. Client agrees Crowe will have no responsibility for any delays related to a delay in providing such information to Crowe. Such information will be accurate and complete, and Client will inform Crowe of all significant tax, accounting and financial reporting matters of which Client is aware.

PROFESSIONAL STANDARDS – As a regulated professional services firm, Crowe must follow professional standards when applicable, including the Code of Professional Conduct of the American Institute of Certified Public Accountants (“AICPA”). Thus, if circumstances arise that, in Crowe’s professional judgment, prevent it from completing the engagement, Crowe retains the right to take any course of action permitted by professional standards, including declining to express an opinion or issue other work product or terminating the engagement.

REPORTS – Any information, advice, recommendations or other content of any memoranda, reports, deliverables, work product, presentations, or other communications Crowe provides under this Agreement (“Reports”), other than Client’s original information, are for Client’s internal use only, consistent with the purpose of the Services. Client will not rely on any draft Report. Unless required by an audit or other attestation professional standard, Crowe will not be required to update any final Report for circumstances of which we become aware or events occurring after delivery.

CONFIDENTIALITY – Except as otherwise permitted by this Agreement or as agreed in writing, neither Crowe nor Client may disclose to third parties the contents of this Agreement or any information provided by or on behalf of the other that ought reasonably to be treated as confidential and/or proprietary. Client use of any Crowe work product will be limited to its stated purpose and to Client business use only. However, Client and Crowe each agree that either party may disclose such information to the extent that it: (i) is or becomes public other than through a breach of this Agreement, (ii) is subsequently received by the recipient from a third party who, to the recipient’s knowledge, owes no obligation of confidentiality to the disclosing party with respect to that information, (iii) was known to the recipient at the time of disclosure or is thereafter created independently, (iv) is disclosed as necessary to enforce the recipient’s rights under this Agreement, or (v) must be disclosed under applicable law, regulations, legal process or professional standards.

THIRD PARTY PROVIDER – Crowe may use a third-party provider in providing Services to Client, which may require Crowe to share Client confidential information with the provider. If Crowe uses a third-party provider, Crowe will enter into a confidentiality agreement with the provider to require the provider to protect the confidentiality of Client’s confidential information, and Crowe will be responsible to Client for maintaining its confidentiality.

CLIENT-REQUIRED CLOUD USAGE – If Client requests that Crowe access files, documents or other information in a cloud-based or web-accessed hosting service or other third-party system accessed via the internet, including, without limitation iCloud, Dropbox, Google Docs, Google Drive, a data room hosted by a third-party, or a similar service or website (collectively, “Cloud Storage”), Client will confirm with any third-parties assisting with or hosting the Cloud Storage that either such third-party or Client (and not Crowe) is responsible for complying with all applicable laws relating to the Cloud Storage and any information contained in the Cloud Storage, providing Crowe access to the information in the Cloud Storage, and protecting the information in the Cloud Storage from any unauthorized access, including without limitation unauthorized access to the information when in transit to or from the Cloud Storage. Client represents that

it has authority to provide Crowe access to information in the Cloud Storage and that providing Crowe with such access complies with all applicable laws, regulations, and duties owed to third-parties.

DATA PROTECTION – If Crowe holds or uses Client information that can be linked to specific individuals who are Client’s customers (“Personal Data”), Crowe will treat it as confidential as described above and comply with applicable US state and federal law and professional regulations in disclosing or using such information to carry out the Services. Crowe has implemented and will maintain physical, electronic and procedural safeguards reasonably designed to (i) protect the security, confidentiality and integrity of the Personal Data, (ii) prevent unauthorized access to or use of the Personal Data, and (iii) provide proper disposal of the Personal Data (collectively, the “Safeguards”). Client warrants that it has the authority to provide the Personal Data to Crowe in connection with the Services and that Client has processed the Personal Data provided to Crowe in accordance with applicable law. To provide the Services, Client may also need to provide Crowe with access to Personal Data consisting of protected health information, financial account numbers, Social Security or other government-issued identification numbers, or other data that, if disclosed without authorization, would trigger notification requirements under applicable law (“Restricted Personal Data”). In the event Client provides Crowe access to Restricted Personal Data, Client will consult with Crowe on appropriate measures (consistent with professional standards applicable to Crowe) to protect the Restricted Personal Data, such as: deleting or masking unnecessary information before making it available to Crowe, encrypting it when transferring it to Crowe, or providing it to Crowe only during on-site review on Client’s site. Client will provide Crowe with Restricted Personal Data only in accordance with mutually agreed protective measures. Otherwise, Client and Crowe agree each may use unencrypted electronic media to correspond or transmit information and such use will not in itself constitute a breach of this Agreement.

INTELLECTUAL PROPERTY – Crowe may use ideas, concepts, methodologies, data, software, designs, utilities, tools, models, techniques, systems, Reports, or other know-how that it develops, owns or licenses (“Materials”) in performing the Services. Crowe retains all intellectual property rights in the Materials (including any improvements or knowledge developed while performing the Services), and in any working papers compiled in providing the Services, but not in the Client information reflected in them. Upon payment for Services and subject to the other terms of this Agreement, Client will use Reports, as well as any Materials therein, only to the extent necessary and permitted under this Agreement.

AGGREGATED DATA – Client agrees Crowe may from time to time use and process Client’s confidential information for data aggregation or industry benchmarking purposes. In using Client’s confidential information in this way, Crowe will maintain the information as confidential unless Crowe removes data that specifically identifies Client and Client customers.

LEGAL AND REGULATORY CHANGE – Crowe may periodically communicate to Client changes in laws, rules or regulations. However, Client has not engaged Crowe, and Crowe does not undertake an obligation, to advise Client of changes in (a) laws, rules, regulations, industry or market conditions, or (b) Client’s own business practices or other circumstances (except to the extent required by professional standards). The scope of Services and the fees for Services are based on current laws and regulations. If changes in laws or regulations change Client’s requirements or the scope of the Services, Crowe’s fees will be modified to a mutually agreed amount to reflect the changed level of Crowe’s effort.

PUBLICATION – Client agrees to obtain Crowe’s specific permission before using any Report or Crowe work product or Crowe’s firm’s name in a published document, and Client agrees to submit to Crowe copies of such documents to obtain Crowe’s permission before they are filed or published.

CLIENT REFERENCE – From time to time Crowe is requested by prospective clients to provide references for Crowe service offerings. Client agrees that Crowe may use Client’s name and generally describe the nature of Crowe’s engagement(s) with Client in marketing to prospects, and Crowe may also provide prospects with contact information for Client personnel familiar with Crowe’s Services.

NO PUNITIVE OR CONSEQUENTIAL DAMAGES – Any liability of Crowe will not include any consequential, special, incidental, indirect, punitive, or exemplary damages or loss, nor any lost profits, goodwill, savings, or business opportunity, even if Crowe had reason to know of the possibility of such damages.

LIMIT OF LIABILITY – Except where it is judicially determined that Crowe performed its Services with gross negligence or willful misconduct, Crowe’s liability will not exceed fees paid by Client to Crowe for the portion of the work giving rise to liability. A claim for a return of fees paid is the exclusive remedy for any damages. This limit of liability will apply to the full extent allowed by law, regardless of the grounds or nature of any claim asserted, including, without limitation, to claims based on principles of contract, negligence or other tort, fiduciary duty, warranty, indemnity, statute or common law. This limit of liability will also apply after this Agreement.

INDEMNIFICATION FOR THIRD-PARTY CLAIMS – In the event of a legal proceeding or other claim brought against Crowe by a third party, except where it is judicially determined that Crowe performed Services with gross negligence or willful misconduct, Client agrees to indemnify and hold harmless Crowe and its personnel against all costs, fees, expenses, damages and liabilities, including attorney fees and any other fees or defense costs, associated with such third-party claim, relating to or arising from any Services performed or work product provided by Crowe that Client uses or discloses to others or this engagement generally. This indemnification is intended to apply to the full extent allowed by law, regardless of the grounds or nature of any claim, liability, or damages asserted, including, without limitation, to claims, liability or damages based on principles of contract, negligence or other tort, fiduciary duty, warranty, indemnity, statute or common law. This indemnification will also apply after termination of this Agreement.

NO TRANSFER OR ASSIGNMENT OF CLAIMS – No claim against Crowe, or any recovery from or against Crowe, may be sold, assigned or otherwise transferred, in whole or in part.

TIME LIMIT ON CLAIMS – In no event will any action against Crowe, arising from or relating to this engagement letter or the Services provided by Crowe relating to this engagement, be brought after the earlier of 1) two (2) years after the date on which occurred the act or omission alleged to have been the cause of the injury alleged; or 2) the expiration of the applicable statute of limitations or repose.

RESPONSE TO LEGAL PROCESS – If Crowe is requested by subpoena, request for information, or through some other legal process to produce documents or testimony pertaining to Client or Crowe’s Services, and Crowe is not named as a party in the applicable proceeding, then Client will reimburse Crowe for its professional time, plus out-of-pocket expenses, as well as reasonable attorney fees, Crowe incurs in responding to such request.

MEDIATION – If a dispute arises, in whole or in part, out of or related to this engagement, or after the date of this agreement, between Client or any of Client’s affiliates or principals and Crowe, and if the dispute cannot be settled through negotiation, Client and Crowe agree first to try, in good faith, to settle the dispute by mediation administered by the American Arbitration Association, under its mediation rules for professional accounting and related services disputes, before resorting to litigation or any other dispute-resolution procedure. The results of mediation will be binding only upon agreement of each party to be bound. Costs of any mediation will be shared equally by both parties. Any mediation will be held in Chicago, Illinois.

JURY TRIAL WAIVER – FOR ALL DISPUTES RELATING TO OR ARISING BETWEEN THE PARTIES, THE PARTIES AGREE TO WAIVE A TRIAL BY JURY TO FACILITATE JUDICIAL RESOLUTION AND TO SAVE TIME AND EXPENSE. EACH PARTY AGREES IT HAS HAD THE OPPORTUNITY TO HAVE ITS LEGAL COUNSEL REVIEW THIS WAIVER. THIS WAIVER IS IRREVOCABLE, MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND APPLIES TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, OR MODIFICATIONS TO THIS AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS WRITTEN CONSENT TO A BENCH TRIAL WITHOUT A JURY. HOWEVER, AND NOTWITHSTANDING THE FOREGOING, IF ANY COURT RULES OR FINDS THIS JURY TRIAL WAIVER TO BE UNENFORCEABLE AND INEFFECTIVE IN WAIVING A JURY, THEN ANY DISPUTE RELATING TO OR ARISING FROM THIS ENGAGEMENT OR THE PARTIES’ RELATIONSHIP GENERALLY WILL BE RESOLVED BY ARBITRATION AS SET FORTH IN THE PARAGRAPH BELOW REGARDING “ARBITRATION.”

ARBITRATION – If any court rules or finds that the JURY TRIAL WAIVER section is not enforceable, then any dispute between the parties relating to or arising from this Agreement or the parties’ relationship generally will be settled by binding arbitration in Chicago, Illinois (or a location agreed in writing by the parties). Any issues concerning the extent to which any dispute is subject to arbitration, or concerning the

applicability, interpretation, or enforceability of any of this Section, will be governed by the Federal Arbitration Act and resolved by the arbitrator(s). The arbitration will be governed by the Federal Arbitration Act and resolved by the arbitrator(s). The parties will use the International Institute for Conflict Prevention & Resolution (the "CPR Institute") Global Rules for Accelerated Commercial Arbitration (the "Accelerated Rules") then in effect, or such other rules or procedures as the parties may agree in writing. In the event of a conflict between those rules and this Agreement, this Agreement will control. The parties may alter each of these rules by written agreement. If a party has a basis for injunctive relief, this paragraph will not preclude a party seeking and obtaining injunctive relief in a court of proper jurisdiction. The parties will agree within a reasonable period of time after notice is made of initiating the arbitration process whether to use one or three arbitrators, and if the parties cannot agree within fifteen (15) business days, the parties will use a single arbitrator. In any event the arbitrator(s) must be retired federal judges or attorneys with at least 15 years commercial law experience and no arbitrator may be appointed unless he or she has agreed to these procedures. If the parties cannot agree upon arbitrator(s) within an additional fifteen (15) business days, the arbitrator(s) will be selected by the CPR Institute. Discovery will be permitted only as authorized by the arbitrator(s), and as a rule, the arbitrator(s) will not permit discovery except upon a showing of substantial need by a party. To the extent the arbitrator(s) permit discovery as to liability, the arbitrator(s) will also permit discovery as to causation, reliance, and damages. The arbitrator(s) will not permit a party to take more than six depositions, and no depositions may exceed five hours. The arbitrator(s) will have no power to make an award inconsistent with this Agreement. The arbitrator(s) will rule on a summary basis where possible, including without limitation on a motion to dismiss basis or on a summary judgment basis. The arbitrator(s) may enter such prehearing orders as may be appropriate to ensure a fair hearing. The hearing will be held within one year of the initiation of arbitration, or less, and the hearing must be held on continuous business days until concluded. The hearing must be concluded within ten (10) business days absent written agreement by the parties to the contrary. The time limits in this section are not jurisdictional. The arbitrator(s) will apply substantive law and may award injunctive relief or any other remedy available from a judge. The arbitrator(s) may award attorney fees and costs to the prevailing party, and in the event of a split or partial award, the arbitrator(s) may award costs or attorney fees in an equitable manner. Any award by the arbitrator(s) will be accompanied by a reasoned opinion describing the basis of the award. Any prior agreement regarding arbitration entered by the parties is replaced and superseded by this agreement. The arbitration will be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., and judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof. All aspects of the arbitration will be treated by the parties and the arbitrator(s) as confidential.

NOTIFICATION OF NON-LICENSEE OWNERSHIP – Crowe ("the Firm") and certain owners of the Firm are licensed by the California State Board of Accountancy. However, the Firm has owners not licensed by the California State Board of Accountancy who may provide Services under this agreement. If Client has any questions regarding licensure of the personnel performing Services under this engagement, please do not hesitate to contact Crowe.

NON-SOLICITATION – Client and Crowe acknowledge the importance of retaining key personnel. Accordingly, both parties agree that during the period of this agreement, and for one (1) year after its expiration or termination, neither party will solicit any personnel or subcontractors (if any) of the other party for employment without the written consent of the other party. If an individual becomes an employee of the other party, the other party agrees to pay a fee equal to the individual's compensation for the prior full twelve-month period to the original employer.

AFFILIATES – Crowe Horwath LLP is an independent member of Crowe Horwath International, a Swiss verein. Each member firm of Crowe Horwath International is a separate and independent legal Fund. Crowe Horwath LLP and its affiliates are not responsible or liable for any acts or omissions of Crowe Horwath International or any other member of Crowe Horwath International and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe Horwath International or any other member of Crowe Horwath International. Crowe Horwath International does not render any professional services and does not have an ownership or partnership interest in Crowe Horwath LLP. Crowe Horwath International and its other member firms are not responsible or liable for any acts or omissions of Crowe Horwath LLP and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe Horwath LLP.

System Review Report

To the Partners of Crowe Horwath LLP
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Crowe Horwath LLP (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) 1 and SOC 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Crowe Horwath LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Crowe Horwath LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP
August 23, 2016



October 31, 2016

James L Powers
Crowe Horwath LLP
225 W Wacker Dr Ste 2600
Chicago, IL 60606

Dear Mr. Powers:

It is my pleasure to notify you that on October 27, 2016 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is September 30, 2019. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Michael Fawley
Chair—National PRC
nprc@aicpa.org 919 4024502

cc: Samuel Edward Johnson; Scot D Ivey

Firm Number: 10014904

Review Number 446067

Letter ID: 1122915A



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Board of Directors Meeting
April 27, 2017

Agenda Item H.7.a.

**NCCSIF WORKERS' COMPENSATION CLAIMS AUDIT
MARCH 2017**

ACTION ITEM

ISSUE: NCCSIF contracted with Farley Consulting Services to conduct a Workers' Compensation claims audit. The audit was conducted March 9 through March 20, 2017, and the attached audit report was issued on April 7, 2017.

The Executive Summary outlines the observations and recommendations in each of the major criteria for the audit. Highlights include adequate staffing and pending levels, effective cost containment and litigation management, thorough investigations, and consistent supervisory activity. The most notable improvements since the last audit are in diary maintenance, case reserve accuracy, and quality of investigation. Page three of the report outlines that York Risk Services met or exceeded the Target Performance Level for all seven of the Key Categories of Observation, with three categories achieving 100% compliance

- Deficiencies were noted in a few of the 125 claims audited, as noted in the report.
- The most significant category, reserve analysis, noted three exceptions but with a total recommended increase of under \$20,000.
- Three claims noted deficiencies in diary maintenance and one claim was identified as needing follow up on subrogation.

RECOMMENDATION: Review, accept and file report.

FISCAL IMPACT: None.

BACKGROUND: NCCSIF contracts for a Workers' Compensation claims audit every two years to measure the effectiveness of its claims management administrator and their adherence to the performance standards in their contract and those of NSCCSIF's excess coverage provider.

ATTACHMENT(S): Workers' Compensation Claims Audit 2017, Farley Consulting Services



April 7, 2017

Mr. Marcus Beverly
Northern California Cities Self-Insurance Fund
c/o Alliant Insurance Services
2180 Harvard Street, Suite 460
Sacramento, CA 95815

by e-mail: marcus.beverly@alliant.com

**Northern California Cities Self-Insurance Fund (NCCSIF)
Workers' Compensation Claims Audit – 2017**

Dear Mr. Beverly:

Enclosed is the final report of the recent audit of workers' compensation claims for the Northern California Cities Self-Insurance Fund (NCCSIF). I have amended the draft report as we discussed.

Thank you for allowing FCS to assist NCCSIF with this important project.

Sincerely,

A handwritten signature in black ink that reads "Tim Farley". The signature is written in a cursive, flowing style.

Timothy P. Farley, CPCU
President

Encl.

Workers' Compensation Claims Audit 2017

for

Northern California Cities Self-Insurance Fund (NCCSIF)



April 7, 2017



F A R L E Y
CONSULTING SERVICES, LLC

P.O. Box 5928 ~ Oceanside, CA 92052
Phone: 760.533.3439 ~ Fax: 760.722.1760
farleyconsulting@cox.net

An Independent Claims Management
Consulting Firm



April 7, 2017

Alliant Insurance Services
2180 Harvard Street, Suite 460
Sacramento, CA 95815

Attn: Mr. Marcus Beverly
by email: marcus.beverly@alliant.com

Northern California Cities Self-Insurance Fund (NCCSIF) Workers' Compensation Claims Audit – 2017

This report summarizes the results of an audit of workers' compensation claims for the Northern California Cities Self-Insurance Fund (NCCSIF). Farley Consulting Services (FCS) reviewed 125 claims via access to the claims management information system of York Risk Services Group (York) in Roseville, California. The audit sample breakdown is:

- 90 open indemnity claims
- 10 closed indemnity claims
- 25 medical only claims

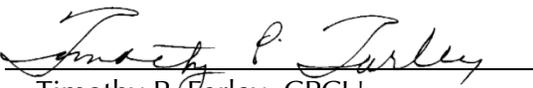
The review was conducted March 9 through March 20, 2017. FCS's primary contact at York throughout the audit process was Ms. Doriene Zumwalt. An exit discussion of audit findings was conducted via teleconference with Ms. Zumwalt, Mr. Jeff Ponta, and Mr. Steve Scott of York on March 22, 2017.

York provided written responses to the exit meeting on March 27, 2017. York's comments were considered when preparing this report.

FCS appreciates the opportunity to complete this important project for NCCSIF.

Respectfully submitted,

FARLEY CONSULTING SERVICES

by 
Timothy P. Farley, CPCU
President

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Appendix

Audit Lists

I. Executive Summary

FCS's review of 125 workers' compensation claims for NCCSIF finds that York is providing competent claims administration services. Notable deficiencies are identified in the areas of diary maintenance and claim documentation clarity, but York's overall performance meets or exceeds industry standards for the administration of municipal pooling entities. Exhibit 1 on page 3 provides York's compliance performance by key category.

FCS makes the following observations and recommendations based on the review:

1. York is adequately staffed to handle NCCSIF claims. Five indemnity examiners and three medical only/future medical only examiners are assigned to the NCCSIF account. Caseloads for all York personnel are below the recommended maximum of 175 indemnity claims or 300 medical only/future medical claims. Exhibit 2 on page 5 displays the organizational structure of York staff assigned to the NCCSIF account.
2. Case reserves are accurate. Three claims require reserve adjustment. Those claims are discussed in Exhibit 3 on page 7.
3. The audit identified no inaccurately calculated disability benefit rates. No payment accuracy deficiencies are identified. FCS re-rated 17 of the indemnity claims. York's calculation is accurate for all of the re-rated claims
Many member employees qualify for *Labor Code* 4850 benefits. Those benefits are consistently calculated accurately and were disbursed timely.
4. Investigation is thorough on all the claims reviewed. No investigation deficiencies are identified. Initial contact of the employee was timely in all recent (date of loss 1/1/16 to current) claims reviewed.
5. Six claims reviewed involve subrogation pursuit. York is aggressively pursuing the responsible party on all but one of these claims. The deficient claim is discussed on page 8.
6. Cost containment is effective. Medical bill review efforts by WellComp resulted in a net savings of 65.9% of the original amount billed for calendar year 2016. Other similar entities experience average net savings of 62%. A breakdown of these figures is charted on page 9.
7. Medical management is effective. York retains nurse case manager vendors and utilization review (UR) vendors only when these mitigating activities cannot be provided by the York examiner. The audit confirms that these key components of medical management are competently performed.
8. Forty-five (45%) of the 100 indemnity claims reviewed involve some element of litigation. Litigation management is effective. Status updates from defense counsel

- are timely. Referrals to defense counsel are also timely. No litigation management deficiencies are identified
9. York is consistently maintaining timely diary. One claim lacks a timely initial claim management review (CMR) notation. That claim is discussed in Exhibit 4 on page 12.
 10. All material reviewed for this audit was obtained via access to York's Claims Connect information system. That system is accurately recording daily claim administration information, including financial data, daily examiner activity notes, medical documentation, and legal correspondence. Three claims exhibit deficiencies. Those claims are discussed in Exhibit 5 on page 13.
 11. Supervisory activity is consistently documented to the information system. No claim administration supervision deficiencies are identified.
 12. Thirty of the claims reviewed qualify for reporting to excess insurers. All but one of these qualifying claims were reported to the excess provider timely. The deficient claim is discussed on page 11.

These and other elements of the study are discussed in more detail in the remainder of this report.

**Exhibit 1 – NCCSIF York Claim Administration Performance
Compliance Analysis**

Key Category of Observation	Target Performance Level	York Performance Compliance Rate
Case reserve accuracy	97%	97.4%
Investigation thoroughness	95%	100%
Litigation management thoroughness	95%	100%
Diary maintenance	95%	99.5%
Documentation/information system clarity	95%	97.6%
Supervisory activity timeliness and instructiveness	95%	100%
Excess reporting identification and timeliness	97%	97.7%

II. Audit Results

A. Background

NCCSIF seeks a comprehensive audit of its workers' compensation claims currently administered by York to ensure effective claims administration and adherence to California workers' compensation statutory guidelines.

FCS reviewed 125 claims remotely via access to the York Claims Connect information system.

York provided a list of all open and closed claims in Excel format. FCS chose the audit sample from that list.

An exit discussion of audit findings was conducted with York staff on March 22, 2017. York issued written responses to those findings on March 27, 2017. Those responses were considered when preparing this report.

FCS thanks York for its complete cooperation during this audit process.

B. Claims Handling Analysis

This section of the report discusses specific elements of workers' compensation claims handling. Recommendations for improvement are incorporated into the discussion of each element.

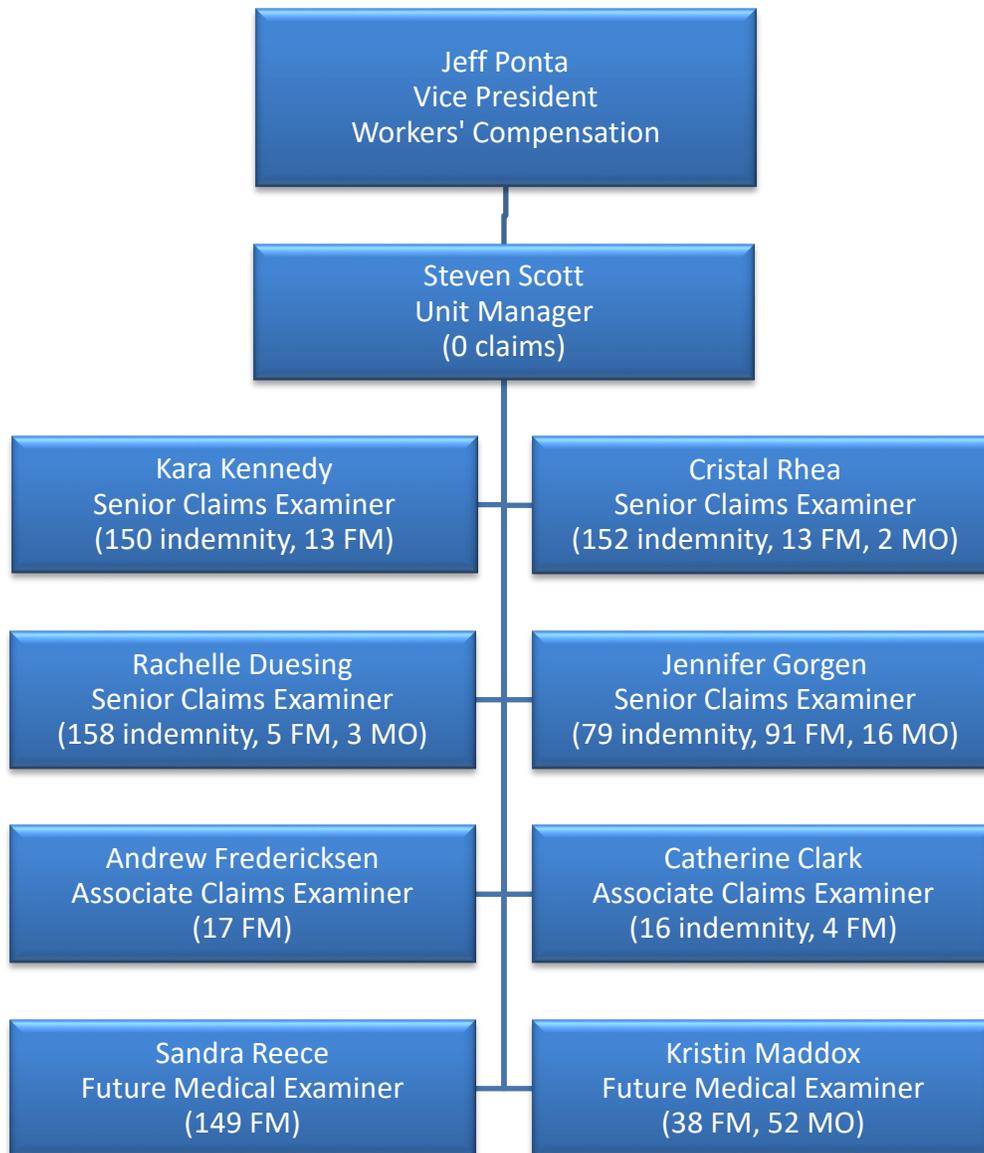
1. Staffing/Caseloads

York is adequately staffed to administer NCCSIF claims. Exhibit 2 displays the current organizational structure of York claims handling staff assigned to the NCCSIF account.

Total open caseloads are listed below the name.

Exhibit 2 reflects that all of the examiners have caseloads below the recommended maximum of 175 for indemnity and 300 for future medical/medical only.

Exhibit 2 – Claims Handling Personnel/Caseloads Analysis, York



2. Accuracy of Case Reserves

NCCSIF claim reserves should anticipate the ultimate probable cost and should be based on:

- Information contained in Form 5020 (Employer's Report of Occupational Injury or Illness)
- Information contained in Form 5021 (Physician's First Report of Injury or Illness)
- Anticipated temporary disability (TD) benefits
- Anticipated medical costs
- Employee's wage information
- Anticipated vocational rehabilitation (VR)/Supplemental Job Displacement Benefits (SJDB)
- Anticipated permanent disability (PD) benefits
- Consideration of *Labor Code* 4850 benefits
- Life expectancy and average annual medical costs for future medical claims

York is considering these and other factors and is accurately establishing reserves on most claims. Three claims requiring adjustment are discussed in Exhibit 3.

3. Payments/Benefit Calculation Accuracy

The audit evaluated the following key elements of claim payments activity:

- The accuracy of York's calculation of permanent disability and temporary disability rates.
- The timeliness of the distribution of temporary disability and permanent disability payments.
- Confirmation that payments and settlements did not exceed the individual examiner's or York's settlement authority levels.
- The identification and timely payment of penalties.
- The identification and accurate application of vocational rehabilitation voucher/payment benefits.

York is accurately calculating temporary disability and permanent disability benefit rates. FCS re-rated 17 of the indemnity claims. York's calculations are accurate on all 17 re-rated claims.

Exhibit 3 – Reserve Analysis, NCCSIF

Claim No.	Current Outstanding Reserve	Recommended Outstanding Reserve*	Comments
NCWA-556026	\$2,432 (legal expense)	\$10,000 (legal expense)	This claim is litigated. The employee has amended the application with a claim for psychological injury. That element of the claim is in dispute and will likely generate additional litigation.
NCWA-557169	\$0 (indemnity)	\$5,000 (temporary disability) \$5,000 (permanent disability)	Claim activity notes confirm the employee will undergo rotator cuff surgery. The claim will be redesignated as "indemnity." Extended TD and some PD are likely.
NCWA-557259	\$0 (permanent disability)	\$4,250 (permanent disability)	Claim activity notes indicate that York is seeking settlement authority for a 5% permanent disability award (\$4,250).

* Reserve recommendations are based on the review of files for similar municipal pooling entities in California.

4. Quality of Investigation

Proper investigation for NCCSIF workers' compensation claims includes:

- Making prompt contact with the injured employee, the treating physician, and the employee's direct supervisor (3-point contact).
- Verifying the injury is work related.
- Researching injury history (indexing) to determine potential for apportionment.
- Canvassing for possible witnesses to the industrial accident.
- Obtaining recorded or written statements regarding the incident from injured employees or witnesses when possible.
- Follow-up contact with medical providers to gain a clear understanding of the severity of the injury and the anticipated duration of disability.
- Obtaining accurate, wage information from the employer.
- Obtaining police accident reports when the industrial injury is the result of a traffic accident.
- Obtaining updated wage information to accurately calculate benefits.
- Identifying claims with rehabilitation potential and effectively monitoring rehabilitation progress.
- Identifying employees who are subject to Medicare Set Aside (MMSEA) processing.
- Identification and aggressive pursuit of other parties responsible for the injury (subrogation).

York is conducting thorough investigation on NCCSIF claims. No investigation deficiencies are identified. Timely initial contact of the employee is apparent on all claims reviewed.

5. Subrogation

Six of the claims reviewed involve situations where the NCCSIF member may recover funds expended for benefits from another responsible party. One of these claims exhibits deficiencies:

- NCWA-557246 – This City of Folsom employee was injured in a motor vehicle accident. The responsible party was identified and two letters were sent informing the responsible party of the City's right to subrogation. The last letter was issued on 12/12/16. No subsequent attempt to follow-up with the responsible party is apparent.

6. Cost Containment

Thorough scrutiny of all medical bills to identify charges not in compliance with California's fee schedule and charges or treatments that are not work related is a vital element of a fiscally responsible workers' compensation program. A complacent cost containment policy can result in thousands of dollars in unnecessary payments on a single claim. Multiplied by a substantial claim volume, this faulty policy can change a cost-effective program into a matter of great fiscal concern.

Bill review activity is performed by WellComp, a York affiliate. The table below documents the results of WellComp's fee schedule compliance efforts. NCCSIF's annual 65.9% net savings is comparable to the 62% net savings experienced by similar entities.

NCCSIF Fee Schedule Savings – WellComp Calendar Year 2016

A	Number of bills processed	8,794
B	Original amount billed	\$6,151,570
C	Amount paid	\$2,000,078
D	Gross savings (B) – (C)	\$4,150,862
E	Cost saving fees	\$98,046
F	Net savings (D) – (E)	\$4,052,816 or 65.9% of original amount billed (B)

7. Return-to-Work Policy

Any success in implementing a return-to-work program relies significantly on the individual member's ability to accommodate work restrictions.

Claim administration material consistently documents York's attempt to communicate work restrictions to the member site representative. The material also consistently document job analyses instrumental in assisting in the evaluation of the injured employee's ability to perform specific tasks. These positive results have been apparent in past audits as well.

8. Medical Management

York is complying with industry standards for medical management. WellComp also facilitates this cost mitigating service. Medical management review confirms the following:

- Outside nurse case management vendors were utilized at appropriate times. The fees charged by these vendors are similar to fees for nurse case management vendors for similar programs.
- The timeliness of payments/objections to medical bills is evident in all of the claims where medical bill processing is an issue.
- Utilization Review is evident when necessary.

9. Litigation Management

This category seeks to verify:

- That defense attorneys and the employee's attorney are responded to timely.
- That defense counsel fees are within industry averages.
- That claim examiners are performing routine activities and not assigning defense counsel to perform tasks that the examiner should be performing.

Forty-five of the 100 indemnity claims (45%) reviewed involve some degree of litigation. This is not necessarily the actual litigation rate for NCCSIF. FCS focused on high-value claims that routinely involve litigation. Other California municipalities experience an overall litigation rate of between 25% and 30%.

York is effectively managing litigation on the files reviewed. This is based on the following key findings:

- Referrals to defense counsel are timely in all instances. NCCSIF is bound by statutory requirements for filing answers to applications for adjudication of claims. The referrals also clearly set forth the facts of the claim and communicate the expectation of counsel. These expectations include submission of a proposed budget and plan of action.
- Communication between the York examiner and the assigned defense counsel is timely and thorough.
- Litigation expense rates are within the industry average for the handling of public entity claims.

The audit identified no litigation management deficiencies.

10. Diary/Case Closure

Active, unresolved claims require some adjusting activity every 45 days. Resolved claims for which the only remaining issue is the processing of medical benefits should be reviewed at least every 180 days. York is consistently complying with these standards. Still, three claims exhibit deficiencies. Exhibit 4 lists and discusses those claims.

11. Documentation and Risk Management Information System (RMIS) Clarity

All material reviewed for this project was accessed remotely using the York Claims Connect system. That system is efficiently recording routine claims administration activity such as reserve/payment data, daily examiner activity notes, medical documentation, and state-required form documentation on most claims. Three claims exhibit deficiencies. Exhibit 5 discusses those claims.

12. Supervision

All claims reviewed exhibit timely, instructive input from the York supervisor. No supervisory deficiencies are identified.

13. Excess Notification

Thirty of the claims reviewed meet excess reporting requirements. Notification to NCCSIF's excess provider was made timely in all instances, but notations on claim number NCWA-556521 dated 2/10/17 indicate the claim is not reportable. This claim has incurred more than \$750,000 and has, appropriately, been reported.

Exhibit 4 – NCCSIF Diary Maintenance Analysis

Claim Number	Discussion
NCWA-556550	Discussions about the likely resolution of this claim by stipulated award are documented in October 2016. There is no clear explanation why the proposed stipulation was not sent to the WCAB until 1/27/17.
NCWA-556829	A permanent and stationary report was received on 6/27/16. A settlement authority request (SAR) was not sent until 3/3/17.
NCWA-557338	This claim was received on 1/24/17. As of the day of this review, no initial claim management review (CMR) had been generated.

Exhibit 5 – NCCSIF Claim Documentation Analysis

Claim No.	Comments
NCWA-555829	The most recent CMR gives two different stipulated award amounts.
NCWA-556335	No clear rationale of the current outstanding medical reserve is documented in the most recent CMR.
NCWA-556349	The most recent reserve worksheet list \$0 for the amount of medical cost incurred in the past 3 years. This is an error, as the financial screen of the Claims Connect system shows \$5,111 paid for medical and the claim occurred less than 3 years ago.



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Board of Directors Meeting
April 27, 2017

Agenda Item H.7.b.

WORKERS' COMPENSATION CLAIMS ADMINISTRATION QUARTERLY REPORT

INFORMATION ITEM

ISSUE: York has provided the attached Quarterly Report to update members on their recent activities and progress to date in meeting claims management benchmarks. The Report is one aspect of the attached Performance Plan that was agreed-upon with York as a result of feedback from the members.

RECOMMENDATION: Review and comment on report contents.

FISCAL IMPACT: None.

BACKGROUND: NCCSIF's regular Service Provider Survey revealed concerns with the Workers' Compensation (WC) claims management provided by York. A subsequent survey and Board discussion regarding the WC claims administration led to a meeting with York and select Executive Committee members to agree on a Performance Plan to address member concerns. Part of that plan is a quarterly report that York will prepare for the Board to update members on progress in reaching the goals set out in the Plan.

ATTACHMENT(S):

1. York Quarterly Report
2. Performance Plan

Workers' Compensation Program Highlights for the Quarter:

- File reviews conducted with City of Elk Grove, City of Folsom, City of Lincoln, and City of Yuba City. Reserve review with Alliant.
- Workers' Compensation 101 trainings with City of Gridley, City of Rocklin, City of Yuba City, and NCCSIF Police Risk Management. Please contact Dori Zumwalt to schedule Workers' Compensation 101 with your city!
- Trending Reports presented to City of Elk Grove, City of Placerville, City of Rocklin, and City of Yuba City.
- York Annual Fall Into Education conference in Rocklin took place on October 26, 2016. Mark your calendars for October 10, 2017. It is a free conference designed for all levels of risk management expertise.
- NCCSIF Road Trip Tour – Dori Zumwalt and Steven Scott have enjoyed visiting with the NCCSIF members!



Workers' Compensation Program Results:

Item	Measurement	Nov-16	Dec-16	Jan-17	Feb-17
	Total Open Claims	506	494	496	486
1.	Closing Ratio	102.9%	138.7%	96.7%	156.3%
	a. Cases Entered During the Period				
	i. Medical Only	14	13	14	8
	ii. Indemnity	18	15	13	7
	iv. Total opened	32	28	27	15
	b. Cases Closed During the Period				
	i. Medical Only	18	25	11	12
	ii. Indemnity	18	18	18	13
	iv. Total closed	36	43	29	25
	c. Reopened Claims				
	i. Medical Only	1	-	1	-
	ii. Indemnity	2	3	2	1
	iii. Total Reopened Claims	3	3	3	1
	iv. Reopened Claims as % of Open Inventory for period	0.6%	0.6%	0.6%	0.2%
2.	Conversions				
	a. MO to Indemnity	-	2	1	4
	b. Indemnity to Future Medical	-	-	-	-
3.	Open Claims Inventory				
	a. Medical Only	58	44	49	41
	b. Indemnity	235	238	231	230
	c. Future Medical	213	212	215	215
	d. Total	506	494	495	486
	e. First Aid	-	-	1	-



Workers' Compensation Program Results:

Item	Measurement	Nov-16	Dec-16	Jan-17	Feb-17
4.	Settlements/Closures in Period				
a.	via Compromise & Release	-	1	1	1
b.	via Stipulated Awards	4	1	2	2
	Avg. Incurred Value of Indemnity				
c.	Closures	\$41,679	\$9,315	\$27,055	\$18,092
5.	Litigation				
a.	Number of open litigated cases	188	192	194	199
	Percentage of OPEN Litigation/ OPEN Indemnity				
b.		42%	43%	43%	45%
c.	Newly Litigated Cases	5	4	4	7
d.	Total Cumulative Litigated Cases	1,621	1,625	1,629	1,636
	Percentage of OPEN Litigation/ TOTAL Litigation				
e.		12%	12%	12%	12%
f.	Average incurred per litigated claim	\$79,934	\$80,299	\$80,261	\$80,443
6.	Late Reported Cases				
a.	New Claims reported >5 days from DOI	12	10	13	5
b.	as % of total new reported claims	37.5%	35.7%	48.1%	33.3%
7.	Paid this Period				
a.	Medical	\$325,155	\$194,874	\$221,271	\$246,142
b.	Indemnity	\$195,306	\$237,383	\$191,908	\$161,103
c.	Expense	\$64,489	\$77,034	\$87,749	\$93,339
d.	Total	\$584,950	\$509,291	\$500,928	\$500,584
	Medical as % of total	55.6%	38.3%	44.2%	49.2%

Goals and Objectives

Focus	Measurement	Objective
Inventory Reduction	Files closed from Critical Listing *	2 per month
Settlements	Number of Settlements	5 per month
Salvage	Salvage as % of incurred on Closed Files	10% on prior incurred value
Temporary Disability	Average Duration of TD on active TD files	24 weeks of TD on current TD files
Litigation	Newly Litigated Files as % of Newly Opened files	12% of newly opened claim files
Reserve Development	Annualized development of reserves on files DOI > 1 year	10% Annual Development

* Critical Listing claims have the following criteria:

Total Incurred > \$100k, and/or DOI prior to 1/1/2010, and/or Initially denied and currently litigated, and/or Litigated with \$0 in indemnity reserves

NCCSIF Quarterly Workers' Compensation Report: March 2017



Inventory Reduction	<u>11/30/2016</u>	<u>12/31/2016</u>	<u>1/31/2017</u>	<u>2/28/2017</u>
Claims Closed from Critical Listing	5	2	2	2
Settlements				
Compromise and Release	-	1	1	1
Stipulations	4	1	2	2
New Settlements in Period	4	2	3	3
Salvage on Closures				
Incurred Value of Closed Ind Files	\$750,227	\$167,675	\$486,989	\$235,198
Salvage on Closed Files	\$409,447	\$236,617	\$189,461	\$225,546
Salvage as % of Incurred Value	35.3%	58.5%	28.0%	49.0%
Average Duration of Active TD Files				
Num of Claims Paying TD in Period	35	30	30	27
Average Duration of TD (weeks)	17.51	23.63	21.45	25.11
Litigated Inventory				
Newly Litigated Files	5	4	4	7
Open Litigated Files	188	192	194	199
Newly Litigated Files, 6 Months Rolling	23	25	23	27
Newly Opened Files, 6 Months Rolling	217	216	210	180
Newly Litigated as % of Newly Opened	10.6%	11.6%	11.0%	15.0%
Reserve Development, DOI > 1 Year				
Change in Incurred	\$53,055	\$85,296	\$296,830	\$470,210
Ann Increase on Open Incurred	1.1%	1.8%	6.4%	10.2%
Denied Injuries				
Denials Issued in Period	9	3	5	4
Avg Days to Denial from Notice	60	57	74	77

NCCSIF Quarterly Workers' Compensation Report: March 2017

Workers' Compensation Contacts

Kara Kennedy
Senior Claims Examiner
(916) 742-3100
kara.kennedy@yorkrsg.com

Rachelle Duesing
Senior Claims Examiner
(916) 960-0982
rachelle.deusing@yorkrsg.com

Andrew Fredericksen
Associate Claims Examiner
(916) 960-1029
andrew.fredericksen@yorkrsg.com

Sandra Reece
Future Medical Examiner
(209) 475-3108
sandra.reece@yorkrsg.com

Cristal Rhea
Senior Claims Examiner
(916) 746-6307
cristal.rhea@yorkrsg.com

Jennifer Gorgen
Senior Claims Examiner
(916) 960-0962
jennifer.gorgen@yorkrsg.com

Catherine Clark
Associate Claims Examiner
(916) 960-0902
catherine.clark@yorkrsg.com

Kristin Maddox
Future Medical Examiner
(916) 580-1835
kristin.maddox@yorkrsg.com

Steven Scott
Unit Manager
(916) 960-0946
steven.scott@yorkrsg.com

Resources

Jeff Ponta
Vice President
Workers' Compensation
(916) 960-0965
jeff.ponta@yorkrsg.com

Dori Zumwalt
Senior Account Manager
Client Services
(916) 960-1017
dorienne.zumwalt@yorkrsg.com

York Risk Services Group, Inc.
P.O. Box 619079
Roseville, CA 95661
(916) 783-0100 • Fax (866) 548-2637
<http://www.yorkrsg.com>

**NCCSIF Workers' Compensation Claims Management
Performance Plan**

Category	Topic	Criteria	Measurement	
Communication	Return Phone Calls	One Working Day	Audit/Survey	
	Return Emails	One Working Day	Audit/Survey	
	Written Correspondence	Five Working Days	Audit/Survey	
	Ongoing Contact – TD claimants	Minimum every 45 days	Audit	
	New Claims	3-Point Contact, Minimum 3 days	Audit	
	Claim Reviews	At least 1 per year	Quarterly Report	
	Claim Status Call	At least 30 minutes/month	Member Feedback	
	Case Load	150 Indemnity Pending		Quarterly Report
		300 Med Only/FM		Quarterly Report
Diary	Indemnity	Every 45 Days	Audit	
	MO/FM	Every 90 Days	Audit	
	Supervisor	120 Days, 180 MO/FM	Audit	
	Compensability	Within 14 days	Audit	
	AOE/COE Investigation	Within 3 days	Audit	
	Initial Reserves	Within 14 days	Audit	
	Initial Indemnity Payment	Within 14 calendar days	Audit	
Training	Work Comp 101	By December 31	Completion	
	Roles & Responsibilities			
	Return to Work Programs	Ongoing	Quarterly Report	
Reporting	Activity Summary	Quarterly	Quarterly Report	



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Board of Directors Meeting
April 27, 2017

Agenda Item H.7.c.

WORKERS' COMPENSATION PERFORMANCE PLAN FOLLOW-UP SURVEY RESULTS

ACTION ITEM

ISSUE: At the June 2016 Board meeting, York Risk Services was put on a Performance Plan for their management of Workers' Compensation claims. A follow up survey was sent to the members to gauge the progress made to date by York.

Board Members are asked to discuss the survey results and determine if York's progress is satisfactory for the anticipated fee increase of up to 3%, as scheduled in their current agreement for FY 17/18.

RECOMMENDATION: Accept and file the Follow-up Survey results. Provide direction as needed for the fee increase in York's contract.

FISCAL IMPACT: TBD.

BACKGROUND: NCCSIF regularly surveys members regarding service provider performance and the Board uses that feedback to make changes as needed when working with service providers or considering contract renewal terms.

ATTACHMENT(S): Follow-up Workers' Compensation Claims Administration Performance Plan Survey Results

**NCCSIF Workers' Compensation Claims Administration Performance Plan
Follow-up Survey Result as of March 13, 2017**

From last survey 5/31/2016

1. Controls the claims management process well.

Answer Options	Response Percent	Response Count	Response Percent	Response Count
Very Good (Above Expectations)	26.7%	4	13.6%	3
Good (Meets Expectations)	73.3%	11	63.6%	14
Fair (Below Expectations)	0.0%	0	22.7%	5
Poor (Does Not Meet Expectations)	0.0%	0	0.0%	0
N/A (Don't have sufficient experience to evaluate)	0.0%	0	0.0%	0
Comment (please provide specific example where appropriate)		1		7
		answered question		22
		skipped question		0

Number	Response Date	Comment (please provide specific example where appropriate)	Categories
1	Mar 8, 2017 12:02 AM	Our claims examiner returns calls and emails promptly	

2. Have you had a claims review with York in the past year?

Answer Options	Response Percent	Response Count	Response Percent	Response Count
Yes	73.3%	11	54.5%	12
No	26.7%	4	45.5%	10
Comment (please provide specific example where appropriate)		3		4
		answered question		22
		skipped question		0

Number	Response Date	Comment (please provide specific example where appropriate)	Categories
1	Mar 8, 2017 12:02 AM	We have quarterly claim reviews	
2	Feb 27, 2017 11:18 PM	I have one scheduled for March.	
3	Feb 7, 2017 5:17 PM	Yes, but not formal with the departments like we really should start doing.	

3. Are the reserves set on claims reasonable?

Answer Options	Response Percent	Response Count	Response Percent	Response Count
Very Good (Above Expectations)	6.7%	1	9.1%	2
Good (Meets Expectations)	73.3%	11	68.2%	15
Fair (Below Expectations)	6.7%	1	0.0%	0
Poor (Does Not Meet Expectations)	0.0%	0	0.0%	0
N/A (Don't have sufficient experience to evaluate)	13.3%	2	22.7%	5
Comment (please provide specific example where appropriate)		0		1
		answered question		22
		skipped question		0

4. Submits timely written status reports.

Answer Options	Response Percent	Response Count	Response Percent	Response Count
Very Good (Above Expectations)	40.0%	6	31.8%	7
Good (Meets Expectations)	60.0%	9	63.6%	14
Fair (Below Expectations)	0.0%	0	4.5%	1
Poor (Does Not Meet Expectations)	0.0%	0	0.0%	0
N/A (Don't have sufficient experience to evaluate)	0.0%	0	0.0%	0
Comment (please provide specific example where appropriate)		0		2
		answered question		22
		skipped question		0

5. Recommendations concerning claims settlement or denial are clear and generally accepted.

Answer Options	Response Percent	Response Count	Response Percent	Response Count
Very Good (Above Expectations)	20.0%	3	27.3%	6
Good (Meets Expectations)	73.3%	11	68.2%	15
Fair (Below Expectations)	0.0%	0	4.5%	1
Poor (Does Not Meet Expectations)	0.0%	0	0.0%	0
N/A (Don't have sufficient experience to evaluate)	6.7%	1	0.0%	0
Comment (please provide specific example where appropriate)		0		2
		answered question		22
		skipped question		0

6. Maintains good contact and keeps member apprised on all important matters.

Answer Options	Response Percent	Response Count	Response Percent	Response Count
Very Good (Above Expectations)	53.3%	8	27.3%	6
Good (Meets Expectations)	46.7%	7	50.0%	11
Fair (Below Expectations)	0.0%	0	18.2%	4
Poor (Does Not Meet Expectations)	0.0%	0	4.5%	1
N/A (Don't have sufficient experience to evaluate)	0.0%	0	0.0%	0
Comment (please provide specific example where appropriate)		3		5
		answered question		22
		skipped question		0

Number	Response Date	Comment (please provide specific example where appropriate)	Categories
1	Mar 8, 2017 5:20 AM	York calls our HR Officer every two weeks and provides status updates on all major claims, which has been very helpful in keeping the City informed.	
2	Mar 8, 2017 12:02 AM	Kara Kennedy is awesome!	
3	Feb 7, 2017 8:11 PM	Rachelle Duesing is amazing	

7. Provides high quality advice and assistance.

Answer Options	Response Percent	Response Count	Response Percent	Response Count
Very Good (Above Expectations)	40.0%	6	50.0%	11
Good (Meets Expectations)	60.0%	9	36.4%	8
Fair (Below Expectations)	0.0%	0	9.1%	2
Poor (Does Not Meet Expectations)	0.0%	0	4.5%	1
N/A (Don't have sufficient experience to evaluate)	0.0%	0	0.0%	0
Comment (please provide specific example where appropriate)		1		4
		answered question		22
		skipped question		0

Number	Response Date	Comment (please provide specific example where appropriate)	Categories
1	Feb 7, 2017 8:11 PM	I'd like to be more involved discussion "whats next" but all in all Great job!	

8. Communicates well both orally and in writing.

Answer Options	Response Percent	Response Count	Response Percent	Response Count
Very Good (Above Expectations)	46.7%	7	18.2%	4
Good (Meets Expectations)	53.3%	8	68.2%	15
Fair (Below Expectations)	0.0%	0	13.6%	3
Poor (Does Not Meet Expectations)	0.0%	0	0.0%	0
N/A (Don't have sufficient experience to evaluate)	0.0%	0	0.0%	0
Comment (please provide specific example where appropriate)		1		7
		answered question		22
		skipped question		0

Number	Response Date	Comment (please provide specific example where appropriate)	Categories
1	Mar 8, 2017 5:20 AM	Dori Zumwalt presented the latest trending report to the City Council, which was well received by both the Council and the Public.	

9. Accomplishes goals and objectives and also provides additional value.

Answer Options	Response Percent	Response Count	Response Percent	Response Count
Very Good (Above Expectations)	13.3%	2	22.7%	5
Good (Meets Expectations)	86.7%	13	50.0%	11
Fair (Below Expectations)	0.0%	0	13.6%	3
Poor (Does Not Meet Expectations)	0.0%	0	4.5%	1
N/A (Don't have sufficient experience to evaluate)	0.0%	0	9.1%	2
Comment (please provide specific example where appropriate)		1		5
		answered question		22
		skipped question		0

Number	Response Date	Comment (please provide specific example where appropriate)	Categories
1	Mar 8, 2017 5:20 AM	The worker's compensation 101 training was well received by staff.	

10. Provides feedback and suggestions for mitigating claims.

Answer Options	Response Percent	Response Count	Response Percent	Response Count
Very Good (Above Expectations)	20.0%	3	18.2%	4
Good (Meets Expectations)	80.0%	12	54.5%	12
Fair (Below Expectations)	0.0%	0	27.3%	6
Poor (Does Not Meet Expectations)	0.0%	0	0.0%	0
N/A (Don't have sufficient experience to evaluate)	0.0%	0	0.0%	0
Comment (please provide specific example where appropriate)		1		4
		answered question		22
		skipped question		0

Number	Response Date	Comment (please provide specific example where appropriate)	Categories
1	Feb 7, 2017 8:11 PM	Could have a little more interaction on decision deciding	

11. Overall level of satisfaction.

Answer Options	Response Percent	Response Count	Response Percent	Response Count
Very Good (Above Expectations)	20.0%	3	27.3%	6
Good (Meets Expectations)	80.0%	12	54.5%	12
Fair (Below Expectations)	0.0%	0	18.2%	4
Poor (Does Not Meet Expectations)	0.0%	0	0.0%	0
N/A (Don't have sufficient experience to evaluate)	0.0%	0	0.0%	0
Comment (please provide specific example where appropriate)		0		5
		answered question		22
		skipped question		0

12. Should NCCSIF issue an RFP for Workers' Compensation TPA services in the near future?

Answer Options	Response Percent	Response Count	Response Percent	Response Count
Yes	20.0%	3	40.9%	9
No	80.0%	12	59.1%	13
Comment (please provide specific example where appropriate)		2		9
		answered question		22
		skipped question		0

Number	Response Date	Comment (please provide specific example where appropriate)	Categories
1	Mar 8, 2017 5:20 AM	York appears to be meeting or exceeding most if not all of the performance plan goals and objectives.	
2	Feb 8, 2017 4:48 PM	It wouldn't be a bad idea to see what else is out there and how they compare to York.	

13. Who is your Workers' Compensation Claims Examiner?

Answer Options	Response Count	Response Count
	15	22
answered question	15	22
skipped question	0	0

Number	Response Date	Response Text	Categories
1	Mar 8, 2017 5:24 PM	Kara Kennedy	
2	Mar 8, 2017 5:20 AM	Sara Marshall	
3	Mar 8, 2017 12:02 AM	Kara Kennedy	
4	Mar 2, 2017 12:51 AM	Rachelle Duesing	
5	Mar 1, 2017 12:46 AM	Cristal Rhea	
6	Feb 28, 2017 4:25 PM	Work with Rachelle	
7	Feb 27, 2017 11:28 PM	Have gone through several people so it has been difficult to build relationships. I currently am not sure Rachelle Duesing, Kristin Maddox, Rebecca Summers?	
8	Feb 27, 2017 11:18 PM	Jennifer Gorgen	
9	Feb 8, 2017 4:48 PM	Cristal Rhea	
10	Feb 7, 2017 8:17 PM	Kara Kennedy	
11	Feb 7, 2017 8:11 PM	Rachelle Duesing	
12	Feb 7, 2017 6:44 PM	Sara Marshall	
13	Feb 7, 2017 5:47 PM	I don't know. I believe this changed recently.	
14	Feb 7, 2017 5:17 PM	Kara Kennedy	
15	Feb 7, 2017 1:08 AM	Sara Marshall	

14. Please provide any comments on what York is doing well and/or needs to improve on?

Answer Options	Response Count	Response Count
	15	22
<i>answered question</i>	15	22
<i>skipped question</i>	0	0

Number	Response Date	Response Text	Categories
1	Mar 8, 2017 5:24 PM	Kara is well organized, professional and provides great feedback.	
2	Mar 8, 2017 5:20 AM	Continue to encourage cities to maintain return to work programs.	
3	Mar 8, 2017 12:02 AM	They are providing excellent service. Needs for improvement is not identified at this time.	
4	Mar 2, 2017 12:51 AM	n/a	
5	Mar 1, 2017 12:46 AM	Staff retention is an issue. The level of turnover should be a signal.	
6	Feb 28, 2017 4:25 PM	None	
7	Feb 27, 2017 11:28 PM	Would like one point of contact on all WC claims.	
8	Feb 27, 2017 11:18 PM	I have had no problems with York. Even when my claims adjuster suddenly left, Jennifer picked the ball up and ran with it! She has been very helpful.	
9	Feb 8, 2017 4:48 PM	Continue to provide regular communication on cases.	
10	Feb 7, 2017 8:17 PM	Kara and Dori have been very responsive and we hope to continue working with them as a team to manage our claims as successfully as possible.	
11	Feb 7, 2017 8:11 PM	Keep Rachelle Duesing	
12	Feb 7, 2017 6:44 PM	satisfied with performance	
13	Feb 7, 2017 5:47 PM	York does a great job. Very happy with their service.	
14	Feb 7, 2017 5:17 PM	n/a	
15	Feb 7, 2017 1:08 AM	Have answered questions specific to claims very well.	

15. Would you like to speak to an Alliant Representative regarding the service you're receiving from York?

Answer Options	Response Percent	Response Count	Response Percent	Response Count
Yes	0.0%	0	9.1%	2
No	100.0%	15	90.9%	20
If yes, please contact Marcus Beverly via email at Marcus.Beverly@alliant.com or by		0		1
<i>answered question</i>		15		22
<i>skipped question</i>		0		0



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Board of Directors Meeting
April 27, 2017

Agenda Item H.7.d.

**WORKERS' COMPENSATION CLAIMS
ADMIN RATE FOR FY 17/18**

ACTION ITEM

ISSUE: At the June 2016 Board meeting, York Risk Services was put on a Performance Plan for their management of Workers' Compensation claims. As part of the plan York's proposed fee increase of 3% for FY 17/18 was made contingent upon NCCSIF members agreeing that satisfactory progress had been made in improving claims management services.

Board Members are asked to discuss the audit and survey results and information presented in York's Quarterly Report to determine if York's progress is satisfactory for the anticipated fee increase of up to 3%, as scheduled in their current agreement for FY 17/18.

RECOMMENDATION: Provide direction as needed for the fee increase in York's contract.

FISCAL IMPACT: TBD.

BACKGROUND: NCCSIF regularly surveys members regarding service provider performance and the Board uses that feedback to make changes as needed when working with service providers or considering contract renewal terms.

ATTACHMENT(S): Second Amendment to the Workers' Compensation Self-Insurance Claims Administration Agreement

**SECOND AMENDMENT
TO THE WORKERS' COMPENSATION
SELF-INSURANCE CLAIMS ADMINISTRATION AGREEMENT**

This Second Amendment, dated as of July 1, 2016, to that certain Workers' Compensation Self-Insurance Claims Administration Agreement dated as of July 12, 2010 and as subsequently amended (collectively the "Agreement") by and between Northern California Cities Self Insurance Fund ("Client") and York Insurance Services Group, Inc. - California, the obligations of which were later assigned to York Risk Services Group, Inc. ("York");

WITNESSETH

WHEREAS, York has moved to a new corporate office and herein provides notice of the address change for purposes of Client providing any notice to York as required by the Agreement;

WHEREAS, the parties wish to extend the term of their Agreement; and

WHEREAS, the parties wish to amend the fee schedule of this Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other goods and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Section 1 entitled "Term of Agreement" shall be revised to include the following:

"This term of this Agreement has been further extended from July 1, 2016 through June 30, 2019."

2. Section 2(a) shall be revised to add the following thereto:

York's monthly Claims Administration fee shall be revised as follows:

- Effective July 1, 2016, the monthly Claims Administration fee shall increase by 1% over the fees paid prior to such date.
- Effective July 1, 2017, the monthly Claims Administration fee shall increase by the 3%, provided however, that if the Client does not agree with such increase, it may, prior to July 1, 2017, request in writing an alternative increase (such request, an "Alternative Increase Request"), and failing agreement by the Parties on the amount of increase, the Agreement will terminate 60 days following the delivery of the Alternative Increase Request.
- Effective July 1, 2018, the monthly Claims Administration fee shall increase by 2% provided however, that if the Client does not agree with such increase, it may, prior to July 1, 2018, provide an Alternative Increase Request, and failing agreement by the Parties on the amount of increase, the Agreement will terminate 60 days following the delivery of the Alternative Increase Request.

Section 2(a) shall also be amended to provide that from and after July 1, 2016, the Bill Review fee shall be a flat rate of \$11.75 per bill.

3. The Agreement is hereby revised so that any notice to York shall be sufficient if sent via certified or express mail (with capacity to demonstrate receipt) and addressed to:

York Risk Services Group, Inc.
Attn: Jody Moses
333 City Blvd W #1500
Orange, CA 92868

with a copy to:
York Risk Services Group, Inc.
Attn: General Counsel
One Upper Pond Road, Building F, Fourth Floor,
Parsippany, New Jersey 07054.

Any notice to Client shall be sufficient if sent via certified or express mail (with capacity to demonstrate receipt) and addressed to:

NCCSIF c/o Alliant Insurance Services, Inc.
2180 Harvard Street, Suite 460
Sacramento CA 95815

4. Except as noted above, the Agreement shall remain unchanged.

In witness whereof, the parties have executed this amendment to be effective as of July 1, 2016.

NORTHERN CALIFORNIA CITIES SELF
INSURANCE FUND

YORK RISK SERVICES GROUP, INC.

By: 

Name: David R. Warren

By: 

Jody Moses,
Senior Vice President



TRANSIT COVERAGE AND CAL TIP UPDATE

ACTION ITEM

ISSUE: Three NCCSIF Members (Auburn, Dixon, and Folsom) have **fixed route transit** exposures that are covered by the Pool's Banking and Shared Risk programs but excluded for excess coverage through CJPRMA. As a result, they are members of the 'transit pool' called CalTIP. Coverage attaches at \$250,000, reducing NCCSIF's exposure to this limit, per endorsement to the Liability Memorandum of Coverage (MOC).

Due to changes in how CalTIP wants to manage their members' claims, it was anticipated that the three members would reduce their retentions to no more than their Banking Layers (\$100,000 for Folsom and \$50,000 each for Auburn and Dixon), and the transit coverage limit in the NCCSIF endorsement would be reduced accordingly. However, due to a variety of reasons, including a prospective overall increase in premiums, the three members will maintain a \$250,000 CalTIP retention for FY 2017/18.

RECOMMENDATION: Continue to provide coverage up to \$250,000 for the fixed route transit claim exposure for Auburn, Dixon and Folsom and reconsider this well in advance of next year's renewal.

FISCAL IMPACT: Exposure to Shared Risk Layer from Banking Layer to \$250,000. Over the last ten years the average is: Auburn \$20 incurred; Dixon \$1 incurred; Folsom \$30,448 paid and \$53,213 incurred. Only one claim, for Folsom, has been and is currently reserved with an exposure to the Shared Layer.

BACKGROUND: NCCSIF has provided limited fixed route transit coverage to members with that exposure since joining CJPRMA in 1993.

ATTACHMENT(S): None



Agenda Item H.9.

**SELECTION OF THE CJPRMA BOARD AND
ALTERNATE REPRESENTATIVES**

ACTION ITEM

ISSUE: NCCSIF maintains a representative and alternate on the Board of Directors for the group's excess coverage provider, the California Joint Powers Risk Management Authority (CJPRMA). The most recent Board member and alternate have both left their respective cities, so NCCSIF must appoint new representatives.

An email was sent to members in advance of the meeting to solicit interest, and at least one member, Astrida Trupovnieks from the City of Lincoln, has expressed a desire to serve. The Program Administrators will update the Board on any other responses and/or solicit interest at the meeting.

RECOMMENDATION: Appoint a new Board and Alternate Representatives to the CJPRMA Board.

FISCAL IMPACT: None.

BACKGROUND: CJPRMA is an excess liability pool that provides NCCSIF's liability coverage above the group's \$500,000 retention, providing limits up to \$40 million. The group consists of several other risk pools of cities as well as a number of medium-sized cities in Northern California, including Fremont, Livermore, Redding, Roseville, and others.

The Board meets four times a year in Livermore, with an annual membership meeting that covers two days of planning and educational sessions. The next meeting is the annual meeting on May 24 and 25, with dinner and accommodations provided.

The Program Administrators also attend the Board meetings and are able to assist in providing advice and direction to the Board Rep. To learn more visit their website at <http://cjprma.org/index.php> or contact Marcus Beverly for more information and to discuss your interest.

ATTACHMENT(S): CJPRMA 2017 Meeting Calendar



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

2017 MEETING SCHEDULE

Executive Committee..... Thursday, January 19, 2017

Board of Directors Thursday, March 16, 2017

Executive Committee..... Thursday, April 20, 2017

Board of Directors Wednesday & Thursday,
(Annual Membership Meeting) May 24 & 25, 2017

Executive Committee..... Thursday, June 22, 2017

Board of Directors Thursday, August 17, 2017

Executive Committee..... Thursday, September 28, 2017

Board of Directors Thursday, November 16, 2017

No meetings are scheduled for February, July, October, and December.

Approved by BOD: 12/15/2016



FY 17/18 PROPERTY RENEWAL UPDATE

INFORMATION ITEM

ISSUE: Members have reviewed and made updates to their current property schedules, and these changes have been confirmed and sent to underwriters. The updated values are shown in the attached spreadsheet column labeled Total Values FY 17/18. Also included is the percentage change in total values and *estimated* premiums for FY 17/18, taking into account the change in values. One column shows the estimated premium with no rate increase and the next shows the estimate with a 5% increase.

These estimates do not include flood coverage for those members who purchase it. The current flood values and premium for those members are shown in the last two columns. Given the flood claims experienced this year a 10% increase in the flood premium is suggested for budget purposes.

This information is provided for budgeting purposes only. The actual rates and premiums should be available before the end of May and will be distributed when available.

RECOMMENDATION: None. This is provided as information only.

FISCAL IMPACT: To be determined. The property market remains soft and **rates are not expected to increase more than 5%**. Member premiums may increase or decrease based on the amount of Total Insured Values (TIV) they report.

BACKGROUND: NCCSIF provides optional property insurance for their members through the Alliant Property Insurance Program (APIP). This is a joint purchase insurance program currently providing members up to \$1 Billion in All Risk limits. Premiums are based on each member's exposures which are provided via a schedule of insured locations.

ATTACHMENT(S): Preliminary Draft Estimated Property Premiums

**PRELIMINARY DRAFT
NCCSIF ESTIMATED PROPERTY PREMIUMS FOR FY 17/18**

MEMBER	TOTAL VALUES	Total Values	Change In Values	Total Premium	Projected Premium	Projected Premium	FLOOD VALUES	Flood Premium
	FY 17/18	FY 16/17	FYE 17 to 18	FY 16/17	FY 17/18	FY 17/18		FY 16/17
NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND					NO RATE INCREASE	5% Rate Increase		
CITY OF ANDERSON	\$31,545,586	\$31,948,651	-1%	\$20,843	\$20,580	\$21,609	\$0	
CITY OF AUBURN	\$27,628,182	\$27,493,386	0%	\$18,439	\$18,530	\$19,456	\$27,628,182	\$5,671
CITY OF COLUSA	\$36,318,531	\$36,829,498	-1%	\$23,979	\$23,647	\$24,829	\$0	
Corning								
CITY OF DIXON	\$53,301,682	\$34,436,687	55%	\$22,478	\$34,792	\$36,532	\$0	
Elk Grove								
CITY OF FOLSOM	\$218,585,995	\$211,071,489	4%	\$162,606	\$168,395	\$176,814	\$0	
CITY OF GALT	\$74,843,672	\$67,178,631	11%	\$44,271	\$49,322	\$51,788	\$0	
CITY OF GRIDLEY	\$25,675,582	\$25,637,048	0%	\$16,740	\$16,765	\$17,603	\$0	
CITY OF IONE	\$15,672,033	\$15,650,402	0%	\$20,372	\$20,400	\$21,420	\$15,672,033	\$3,228
Jackson								
CITY OF LINCOLN	\$187,870,436	\$141,162,894	33%	\$111,734	\$170,704	\$179,239	\$0	
CITY OF MARYSVILLE	\$26,012,485	\$26,271,406	-1%	\$17,149	\$16,980	\$17,829	\$26,012,485	\$5,419
Nevada City								
CITY OF OROVILLE	\$31,841,006	\$31,263,103	2%	\$20,411	\$20,788	\$21,827	\$0	
Placerville								
TOWN OF PARADISE	\$11,593,309	\$11,571,081	0%	\$7,589	\$7,603	\$7,984	\$0	
CITY OF RED BLUFF	\$57,776,587	\$56,783,047	2%	\$46,745	\$47,563	\$49,941	\$0	
Rio Vista								
CITY OF ROCKLIN	\$77,841,392	\$76,517,190	2%	\$50,816	\$51,695	\$54,280	\$0	
Willows								
CITY OF YUBA CITY	\$195,093,428	\$198,537,356	-2%	\$155,540	\$152,842	\$160,484	\$195,093,428	\$40,953
NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND TOTALS:	\$1,071,599,906	\$992,351,869	8%	\$739,712	\$820,607	\$861,637	\$264,406,128	\$55,271



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Board of Directors Meeting
April 27, 2017

Agenda Item H.11.

FY 17/18 CRIME POLICY RENEWAL UPDATE

INFORMATION ITEM

ISSUE: NCCSIF's Crime policy (Bond) expires on July 1, 2017. Members have received Crime Renewal Applications and were asked to return them by February 10, 2017. Preliminary numbers are expected to be available by mid-May and will be presented to the Board of Directors for approval. We expect to present two coverage options, each with limits at \$3 million and above.

RECOMMENDATION: None. Discuss if want to increase limits above the current \$3 million coverage.

FISCAL IMPACT: TBD. We do not anticipate a rate increase. To be conservative budget 5%

BACKGROUND: The current NCCSIF Crime Policy is through the Alliant Crime Insurance Program (ACIP) at \$3 million coverage limit written through National Union Fire Insurance Co. of Pittsburg, an AIG company that carries an A.M. Best rating of A, XV (\$2 billion or greater).

ATTACHMENT(S): FY 16/17 Crime Coverage funding at \$3 million limit, for reference

**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
CRIME PROGRAM
July 1, 2016 to June 30, 2017**

2016-17 (ACIP)			
Limit Options:	\$1 MILLION	\$3 MILLION	\$5 MILLION
Premium:	\$25,889	\$50,585	\$77,667

Member Entity	DEDUCTIBLE	# EMPLOYEES	PREMIUM	PREMIUM	PREMIUM
Anderson	\$5,000	55	\$878	\$1,716	\$2,635
Auburn	\$5,000	73	\$1,166	\$2,278	\$3,498
Colusa	\$5,000	34	\$543	\$1,061	\$1,629
Corning	\$5,000	60	\$958	\$1,872	\$2,875
Dixon	\$5,000	100	\$1,597	\$3,121	\$4,791
Elk Grove					
Folsom					
Galt	\$5,000	160	\$2,555	\$4,993	\$7,666
Gridley	\$5,000	60	\$958	\$1,872	\$2,875
Ione	\$5,000	20	\$319	\$624	\$958
Jackson					
Lincoln	\$5,000	150	\$2,396	\$4,681	\$7,187
Marysville	\$5,000	64	\$1,022	\$1,997	\$3,066
Nevada City					
Oroville	\$5,000	100	\$1,597	\$3,121	\$4,791
Paradise	\$5,000	73	\$1,166	\$2,278	\$3,498
Placerville					
Red Bluff	\$5,000	160	\$2,555	\$4,993	\$7,666
Rio Vista					
Rocklin	\$5,000	221	\$3,530	\$6,897	\$10,589
Willows					
Yuba City	\$5,000	291	\$4,648	\$9,081	\$13,943
Total:		1621	\$25,889	\$50,585	\$77,667

Don't Participate



PRELIMINARY FY 17/18 NCCSIF ADMINISTRATION BUDGET

INFORMATION ITEM

ISSUE: The Executive Committee reviews and recommends to the Board the budget for the next fiscal year. Attached is the preliminary budget for review and discussion. The Administrative Costs are discussed in more detail below. The budget to actual revenues provided by our accountant are used in creating the FY 17/18 budget.

Administrative Expenses

- The Claims Audits - Every year either the Liability or Workers' Compensation claims are audited. The Workers' Compensation claims audit was performed in FY 16/17. Budgeted expense of \$7,500 is allocated for a Liability Claims audit in FY 17/18.
- The Financial Audit amount has decreased 1% based on proposal.
- Legal Services have increased by \$7,000 based on increased number of coverage opinions.
- Actuarial Services are included at \$6,650 for liability and \$5,650 for WC, including the \$2,000 credit we receive from CSAC EIA for the WC actuarial each year.
- Computer Services has been moved to Accounting Services as it is part of James Marta and Company's contract for the Intacct Accounting System. The annual cost allocated for FY 17/18 is \$3,330, of which \$2,580 is for the accounting system and \$750.00 for e-check delivery.
- The budgeted expense for the CAJPA accreditation is \$4,500 and is due this FY 17/18. This occurs every three years.
- Fidelity Bonds are no longer needed for the Treasurer or Accountant, based on negotiated agreement with James Marta and inclusion of Treasurer and Marta on the NCCSIF coverage at no additional charge.
- *Accounting Services are expected to increase up to 3.5%, net of software re-classification.*
- Bickmore's services is the same as last year based on the current three-year contract.
- ACI - Wellness has increased based on more members using the service. *Consider breaking this out and allocating by member?*



BACK TO AGENDA

**Northern California Cities Self Insurance Fund
Board of Directors Meeting
April 27, 2017**

Agenda Item H.12. (continued)

- State Funding/Fraud Assessment has been estimated to increase by 34%, or *10% from the actual expense for FY 16/17.*
- Program Administration costs have been increased 2% based on the fee schedule in the current program administration agreement.

RECOMMENDATION: Review and provide direction as needed - an information item only.

FISCAL IMPACT: Total administrative expenses are estimated to be \$1,238,044, a 3% increase over FY 16/17, not counting the increase in the State Fund Assessment, or 8% with the assessment increase. A small amount of surplus offset may also be available. Last year's increase was 2%.

BACKGROUND: None

ATTACHMENT(S): Preliminary FY 17/18 NCCSIF Budget

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
PROPOSED ADMIN BUDGET
July 1, 2017 to June 30, 2018

EXPENSES:		WORK COMP	LIABILITY	2017-18 TOTAL	2016-17 PRIOR YEAR	\$ CHANGE	CHANGE	
Administrative Expenses:								
Consultants								
52101	Claims Audit	\$0	\$7,500	\$7,500	\$8,000	(\$500)	-6%	
52102	Financial Audit	\$13,311	\$13,311	\$26,622	\$27,000	(\$378)	-1%	
52103	Legal Services	\$2,000	\$15,000	\$17,000	\$10,000	\$7,000	70%	
52104	Actuarial Review	\$5,650	\$6,650	\$12,300	\$11,800	\$500	4%	
52105	Computer Services			\$0	\$8,400	(\$8,400)	n/a	<i>moved as part of Accounting S</i>
52106	CAJPA Accreditation (2018)			\$4,500	\$0	\$4,500	n/a	
52107	Employee Dishonesty Bonds	\$0	\$0	\$0	\$1,100	(\$1,100)	-100%	<i>Included in ACIP coverage</i>
52109	Misc. Consulting/Contingency	\$2,500	\$2,500	\$5,000	\$5,000	\$0	0%	
	Total Consultant Expenses	\$23,461	\$44,961	\$72,922	\$71,300	\$1,622	2%	
Safety Services:								
52204	Bickmore Onsite Risk Assessments	\$52,500	\$31,500	\$84,000	\$84,000	\$0	0%	
52203	Bickmore Police Risk Mgmt Comm Training	\$3,950	\$3,950	\$7,900	\$7,900	\$0	0%	
52204	Bickmore Risk Control Service Days	\$18,230	\$18,230	\$36,460	\$36,460	\$0	0%	
52204	Bickmore Phone Consultation	\$9,300	\$9,300	\$18,600	\$18,600	\$0	0%	
52204	Bickmore Newsletter	\$2,790	\$2,790	\$5,580	\$5,580	\$0	0%	
52204	Bickmore Safety Training Coordination	\$7,440	\$7,440	\$14,880	\$14,880	\$0	0%	
52204	Bickmore Meeting Preparation	\$4,650	\$4,650	\$9,300	\$9,300	\$0	0%	
52214	OCCUMED Occupational Health Consulting			\$0	\$0	\$0	0%	
52215	Online Risk Management Services			\$0	\$0	\$0	0%	
52217	ACI - Wellness Optional	\$25,848	0	\$25,848	\$15,072	\$10,776	71%	<i>More members joined wellnes.</i>
52201	Outside Training	\$15,000	\$15,000	\$30,000	\$30,000	\$0	0%	
52202	Risk Mgmt Comm Mtg Expense	\$750	\$750	\$1,500	\$1,500	\$0	0%	
52207	Seminars and PARMA	\$40,000	\$32,600	\$72,600	\$72,600	\$0	0%	
52208	Lexipol Law Enforcement Policy Manual Upd	\$15,903	\$116,643	\$132,546	\$132,546	\$0	0%	
52209	Police Risk Management Funds	\$25,000	\$25,000	\$50,000	\$50,000	\$0	0%	<i>Pending RMC recommendatio</i>
	Total Safety Services Expenses	\$221,361	\$267,853	\$489,214	\$478,438	\$10,776	2%	
Claims Administration								
52302	Claims Administration Fee (Reports, etc.)	\$29,700	\$20,900	\$50,600	\$48,150	\$2,450	5%	<i>One member added</i>

	Claims Adjustment Fee*							
52303	Fraud Hotline	0	0	\$0	\$0	\$0		
52305	MPN Services	0	0	\$0	\$0	\$0		
52304	State Funding/Fraud Assessment	\$225,667		\$225,667	\$168,000	\$57,667	34%	<i>Actual 16/17 = \$205,152 Est. 1</i>
	Total Claims Administration Expenses	\$255,367	\$20,900	\$276,267	\$216,150	\$60,117	28%	
Program Administration								
52401	Program Administration and Brokerage Fee	\$137,957	\$165,548	\$303,505	\$297,556	\$5,949	2%	<i>Per contract</i>
52403	Accounting Services	\$37,818	\$37,818	\$75,636	\$66,962	\$8,674	13%	<i>Per proposal, including Intacct</i>
	Total Program Administration Expenses	\$175,775	\$203,366	\$379,141	\$365,176	\$13,966	4%	
Board Expenses								
52501	Executive Committee	\$1,250	\$1,250	\$2,500	\$3,000	(\$500)	-17%	
52502	Executive Committee Member Travel	\$2,000	\$2,000	\$4,000	\$3,000	\$1,000	33%	
52503	Board of Directors Meetings (includes Travel)	\$4,000	\$4,000	\$8,000	\$6,000	\$2,000	33%	
XXXXX	Board of Directors Long Range Planning Sess	\$1,000	\$1,000	\$2,000	\$2,000	\$0	0%	
52504	Association Memberships (PARMA, CAJPA, A	\$2,000	\$2,000	\$4,000	\$4,000	\$0	0%	
	Total Board Expenses	\$10,250	\$10,250	\$20,500	\$18,000	\$2,500	14%	
Other Administration Expenses - Not identified with above budget line items								
52000	Administrative Expense	\$0	\$0	\$0	\$0	\$0	0%	
52001	Administration Expense - Other	\$0	\$0	\$0	\$0	\$0	0%	
52900	Member Identity Theft Protection**	\$11,500	0	\$11,500	\$11,500	\$0	0%	<i>Pending quote</i>
	Total Other Admin	\$0	\$0	\$0	\$0	\$0	0%	
						\$0		
	Total Admin Expenses	\$686,214	\$547,330	\$1,238,044	\$1,149,064	\$88,980	8%	
	Net Loss/Admin Surplus Offset				TBD		0%	<i>Possible offset TBD</i>
						\$31,314	3%	<i>Without State Fund Increase</i>

* WC of \$706,000 included in Banking Layer Funding. GL time and expense billed to file.



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Board of Directors Meeting
April 27, 2017

Agenda Item I.

ROUND TABLE DISCUSSION
INFORMATION ITEM

ISSUE: The floor will be open to the Board for discussion.

RECOMMENDATION: None.

FISCAL IMPACT: None.

BACKGROUND: The item is to the Board members for any topics or ideas that members would like to address.

ATTACHMENT(S): None.



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Board of Directors Meeting
April 27, 2017

Agenda Item J.

INFORMATION ITEMS

INFORMATION ITEM

ISSUE: The following items are being presented as information for NCCSIF members.

RECOMMENDATION: None. This item is offered as information only.

FISCAL IMPACT: None.

BACKGROUND: None

ATTACHMENT(S):

1. Glossary of Terms
2. NCCSIF Organizational Chart
3. NCCSIF 2017 Meeting Calendar
4. NCCSIF Vendor Services Matrix
5. NCCSIF Resource Contact Guide
6. NCCSIF Travel Reimbursement

GLOSSARY OF TERMS

Term	Definition
4850	Labor Code Section 4850 provide a special benefit for certain public employees who are essentially in safety and law enforcement positions.
AB 1234	Ethics Education for Local Officials
AB 1825	Harassment Prevention Training for Supervisors
Active Negligence	The party that was negligent took an active part in doing whatever caused the damage. For example, a city digging a hole and someone falls in
ACV (Actual Cash Value)	The amount equal to the replacement cost minus depreciation of a damaged or stolen property at the time of the loss. It is the actual value for which the property could be sold, which is always less than what it would cost to replace it.
Adhesion	When one party has greater power over the other party in drafting the contract (i.e. the provisions of the contract are prepared by one party --the insurer. The other party the insured does not take part in the preparation of the contract).
ATD (Aerosol Transmissible Diseases)	An epidemiologically significant disease that is transmitted via droplet or airborne route.
Aggregate	The term used to describe the cumulative amount of all losses for a period of time.
Aggregate Stop Loss	A financial arrangement with a JPA's excess carrier that caps the aggregate to a predetermined limit at which point the excess carrier would "drop down" and pay losses within the JPIA's SIR, or pooled layer.
AME (Agreed Upon Medical Examiner)	A medical provider who has been certified by the Division of Workers' Compensation by passing an administrative exam. An AME is selected (or agreed upon) by two parties in order to help resolve a dispute about a WC claim.
Aleatory	An insurance contract is aleatory meaning it is contingent on an uncertain event (a loss) that provides for unequal transfer of value between the parties.
ACIP (Alliant Crime Insurance Program)	Program offered by Alliant that created to bring the advantages of group purchase to public entities seeking very broad coverage for illegal acts committed by their employees while on the job.
APIP (Alliant Property Insurance Program)	The largest single property insurance placement in the world. Formed by Alliant Insurance Services in 1993 to meet the unique property insurance needs faced by public entities.
ADA (American Disability Act)	A federal law that prohibits discrimination against people with disabilities in employment, transportation, public accommodation, communications, and governmental activities. The ADA also establishes requirements for telecommunications relay services. For the U.S. Equal Employment Opportunity Commission office (EEOC office) in your area, call 1-800-669- 4000 or 1-800-669-6820 (TTY).
Assessment company	Providing primarily fire and windstorm insurance for small towns and farmers (charge members a pro rata share of losses at the end of each policy period)
AIS (Associate in Insurance Services)	Professional designation awarded by the Insurance Institute of America (IIA) upon successful completion of four national exams, one specifically designed for this program and the three examinations in the IIA Program in General Insurance.
AGRIP (Association of Governmental Risk Pools)	A national organization of JPA's and public agency insurance pools. Formed for educational, information gathering and political lobbying purposes. Affiliated with PRIMA

GLOSSARY OF TERMS

ALCM (Associate in Loss Control Management)	A professional designation earned after the successful completion of five national examinations given by the Insurance Institute of America (IIA).
ARM (Associate in Risk Management)	A nationally recognized educational program for dedicated risk management professionals, developed by the Insurance Institute of America.
Attachment Point	The dollar amount of a loss where the next layer of insurance begins to pay for the loss.
Automobile Liability	Designed to afford bodily injury and property damage liability coverage associated with owned, non-owned and hired vehicles. May include medical payments, uninsured/underinsured motorists' liability coverages.
Automobile Physical Damage	Usually a first party coverage; however, some entities have "Bailment" or "care, custody and control" liability exposures such as garages, maintenance facilities that service vehicles of others, and parking lots
Best's Rating	A rating system that indicates the operating and financial condition of insurance companies. Information is developed and published annually by the A. M. Best company. Generally one looks for a company with a rating of A VII or better.
BOD/BD (Board of Directors)	Body of elected or appointed members who jointly oversee the activities of a company or organization.
BI (Business Interruption)	A form of insurance coverage that replaces business income lost as a result of an event that interrupts the operations of the business, such as fire or a natural disaster.
CAJPA (California Association of Joint Powers Authorities)	Performs regulatory and legislative lobbying as well as accreditation of Joint Powers Authorities to promote the financial stability of JPAs.
CIPRA (California Institute for Public Risk Analysis)	Organized to develop, analyze and disseminate information on risk management in California's public sector, especially self-insured entities and Joint Powers Authorities
CJPRMA (California Joint Powers Risk Management Authority)	CJPRMA provides the excess coverage to NCCSIF's Liability Program
CSAC (California State Association of Governments)	CSAC is a lobbying, advocacy and service organization representing the state's 58 counties at the state and federal level. Areas of focus include the state budget, health-care reform, corrections reform, transportation funding, water and climate change
CSAC-EIA (California State Association of Governments - Excess Insurance Authority)	CSAC-EIA is a member directed insurance risk sharing pool. The EIA has developed effective risk management solutions to help California public entities proactively control losses and prepare for different exposures. CSAC-EIA provides excess coverage to NCCSIF's workers' compensation pool.
CalTIP (California Transit Insurance Pool)	In 1986 the California Transit Association formed an insurance committee and authorized the preparation of a study of alternative methods of providing liability insurance coverage and began providing liability coverage in 1987.
Catastrophic Loss Reserve	A separate JPIA reserve account designated to pay losses without additional premium assessments to members.
CIC (Certified Insurance Counselor)	An insurance agent professional certification designation

GLOSSARY OF TERMS

CIH (Certified Industrial Hygienist)	CIH is a professional whose job it is to protect the health of workers and the general public. A CIH is educated, trained and certified to recognize health hazards, test the environment for those hazards and determine when they pose a risk to those who might be exposed to them.
CPCU (Chartered Property Casualty Underwriter)	CPCU is a professional designation in property-casualty insurance and risk management
Claim	A demand of a right. In general a demand for compensatory damages, resulting from the actions of another.
Claims Made	A provision of an insurance policy that requires it to pay only for claims presented during the policy period with no regard for when the action causing the claim took place. Typically, a claims-made form also includes a retroactive date setting the earliest date for which a covered occurrence can happen. (Also see "Occurrence")
C&R (Compromise and Release)	A type of settlement in which you receive a lump sum payment and become responsible for paying for your future medical care. A settlement like this must be approved by a workers' compensation judge.
Conditional	An insurance policy includes a number of conditions that both the insured and the insurer must comply with. (i.e. a covered loss occurs, the insured must notify the insurer about the loss and the insurer must use the valuation methods specified in the policy to settle the loss- thus the contract is conditional)
Conditions	Describe the responsibilities and the obligations of both the insured and the insurance company.
CL (Confidence Level)	An estimated probability that a given level of funding will be sufficient to pay actual claim costs. The higher a CL the greater the certainty the actuary has that losses will not exceed the dollar value used to attain the CL.
Contract	A legal agreement between two competent parties that promises a certain performance in exchange for a certain consideration.
Contract of Utmost Good Faith	As the insurance company relies on the truthfulness and integrity of the applicant when issuing a policy. In return, the insured relies on the company's promise and ability to provide coverage and pay claims.
CSP (Certified Safety Professional)	CSP's are qualified persons that are competent and trained to detect and appraise hazardous materials, procedures and activities of workers, materials and work environments. They are highly educated, trained and experienced in the field of safety.
Cumis Counsel	Cumis refers to a lawsuit against the Cumis Insurance Society in which they were found to have controlled the defense attorney to the detriment of their insured. The court determined that the Society should have assigned separate counsel to represent the exclusive interests of the insured. The need for <i>cumis counsel</i> arises in situations where there are significant coverage issues and defense counsel is conflicted between his duty to his client and the obligations to the insurance carrier.
DE9	Quarterly Contribution Return and Report of Wages
Declarations	Contain information such as the name of the insured, the address, the amount of coverage provided, a description of property, and the cost of the policy
Deductible	It is that portion of each claim that is paid by the member at the time of loss. It is in addition to any premium already paid
Defense	A defendant's denial to a complaint or cause of action

GLOSSARY OF TERMS

Definitions	Clarify the meaning of certain terms used in the policy
Deposit Premium	Premium required at the beginning of a policy period based on estimated costs
DIC (Difference In Conditions)	A specialized property insurance policy written to provide coverage for perils not covered in a standard property policy or in the JPIA's Memorandum of Property Coverage. In particular, it is most often used to provide coverage for earthquake and/or flood losses.
D&O (Directors and Officers)	Liability insurance payable to the directors and officers of a company, or to the organization(s) itself, as indemnification (reimbursement) for losses or advancement of defense costs in the event an insured suffers such a loss as a result of a legal action brought for alleged wrongful acts in their capacity as directors and officers.
Directors, Officers and Trustees Liability	Intended to protect nonprofit board members, officers, and directors for faulty decisions, which imperil the entity. Usually written to include entity reimbursement for legal actions and personal liability of specific wrongdoers
DOL (Date of Loss)	Regarding property claims this is usually the date of occurrence of physical damage to property. In WC claims this is usually the date a physical injury occurred to an employee.
Doctrine of reasonable expectations	a policy includes coverages that an average person would reasonably expect it to include regardless of what the policy actually provides
EQ (Earthquake)	a sudden and violent shaking of the ground, sometimes causing great destruction, as a result of movements within the earth's crust or volcanic action
Employers' Liability	Included as part of a worker's compensation insurance policy. Covers liability for losses arising out of injuries to employees that are not covered by statutory workers' compensation benefits
EPL (Employment Practices Liability)	Written to protect an entity from liabilities arising from allegations of discrimination, failure to promote or hire, harassment, ADA responsibilities, wrongful termination, etc.
Endorsement	Any change to the original policy (attached to the policy itself)
Environmental Impairment Liability	Also referred to as "Pollution" and "Pollution Legal" Liability; can be written to protect an entity from actions resulting from contamination of air, water, property. First party (damage to owned property) and third party (liability for damage to others) protections are often provided on the same policy
E&O (Errors and Omissions Insurance)	Professional liability insurance that protects companies and individuals against claims made by clients for inadequate work or negligent actions, usually includes both court costs and any settlements up to the amount specified on the insurance contract.
Errors and Omissions Liability	Excludes bodily injury and property damage; intended to afford protection for the "misfeasance, malfeasance or non-feasance" of public officials, employees and volunteers. May also include incidental medical personnel (paramedics), police and fire personnel, architects and plan checkers, engineers, and on-staff attorneys
Excess Insurance	Insurance that is purchased to provide higher limits than the primary policy or coverage provides
Excess Loss	The portion of a loss that is allocated to, or paid by, excess coverage
Exclusions	Describe the losses for which the insured is not covered
EC (Executive Committee)	Committee within that organization which has the authority to make decisions and ensures that these decisions are carried out.

GLOSSARY OF TERMS

Expected liabilities	Outstanding reserves plus Incurred But Not Reported (IBNR) and Loss Adjustment Expense, discounted at the “Expected” Confidence Level (CL).
Exposure	A condition or situation that presents a possibility of loss (i.e. home built on flood plain is exposed to the possibility of flood damage).
FASB (Financial Accounting Standards Board)	FASB standards, known as generally accepted accounting principles (GAAP), govern the preparation of corporate financial reports and are recognized as authoritative by the Securities and Exchange Commission.
Fidelity Bonds	Written as financial guarantees of employees’ honesty. Personnel with money-handling responsibilities are considered exposures to loss.
Fiduciary Liability	Covers board members, executives and other decision-making personnel with responsibilities for pension funds, retirement plans and employee benefit monies for negligent decisions that result in losses to such funds.
GAAP (Generally Accepted Accounting Principles)	GAAP refers to the standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards or standard accounting practice
GASB (Governmental Accounting Standards Board)	GASB is the source of generally accepted accounting principles (GAAP) used by State and Local governments in the United States. As with most of the entities involved in creating GAAP in the United States, it is a private, non- governmental organization.
General Liability	Written to protect the member's assets against liability for property damage of or bodily injury to third parties (see definition of parties).
Hazard	Anything that increases the chance of loss (also see Physical Hazard, Morale Hazard and Moral Hazard).
HIPAA (Health Insurance Portability and Accountability Act)	A federal law enacted in 1996 that protects continuity of health coverage when a person changes or loses a job, that limits health-plan exclusions for preexisting medical conditions, that requires that patient medical information be kept private and
IBNR (Incurred But Not Reported)	It is that part of the total claims that is unknown at any point in time. At any time, NCCSIF has claims that have not been reported or recognized by NCCSIF or has claims recognized by NCCSIF but without knowledge of the cost when such claim is finally closed. NCCSIF uses an actuary to project the costs of these unknown liabilities to NCCSIF - the estimate of funds needed to pay for covered losses that have occurred but have not been reported to the member and/or NCCSIF and expected future development on claims already reported
Incurred Loss	This is the ultimate expected total value of any claim. It includes the amount already paid, plus the estimated amount yet to be paid (reserves)
IIPP (Injury Illness Prevention Program)	Proactive process of assessing workplace hazards prior to an injury being reported
Insurable Interest	Before you can benefit from insurance; you must have a chance of financial loss or a financial interest in the property
Insurance	A contract or device for transferring risk from a person, business, or organization to an insurance company that agrees, in exchange for a premium, to pay for losses through an accumulation of premiums
IRIC (Insurance Requirements in Contracts)	In insurance, the insurance policy is a contract (generally a standard form contract) between the insurer and the insured, known as the policyholder, which determines the claims which the insurer is legally required to pay.

GLOSSARY OF TERMS

ISO (Insurance Services Office, Inc.)	An insurance industry association that collects statistical data for rate making and develops standard insurance policy forms. ISO is the organization that drafted the standard commercial general liability (CGL) commonly used by insurers
Insuring agreements	State in general what is to be covered, also includes a description of what type of property is covered and the perils against which it is insured (i.e. the losses for which the insured will be indemnified)
Inverse Condemnation	Both the United States Constitution and the California Constitution require that a private citizen be compensated if property is "taken" by a public entity. When the property is taken proactively it is called eminent domain. When the property is taken "accidentally," without due course, it is called inverse condemnation. Negligence need not be proven. The claimant's legal expenses are payable in addition to actual damages.
Limit	The most that will be paid in a loss
LRP (Long Range Planning)	Exercise aimed at formulating a long-term plan, to meet future needs estimated usually by extrapolation of present or known needs. It begins with the current status and charts out a path to the projected status, and generally includes short-term (operational or tactical plans) for achieving interim goals.
LAE (Loss Adjustment Expense)	Administrative expense to manage a claim to conclusion - Allocated LAE (ALEA) are expenses attributable to a specific claim such as attorney fees - Unallocated LAE (ULAE) are overhead expenses not attributable to a specific claim such as salaries or office rental.
Loss Ratio	The amount of loss divided by the amount of premium, contributions, payroll or property values.
Master Plan Documents	A document issued by a JPA defining the structure, rights and obligations of the participants and procedures of an insurance or self-funded program
MMI (Maximum Medical Improvement)	When an injured employee's condition is well stabilized and unlikely to change substantially in the next year, with or without medical treatment. Once an employee reaches MMI, a doctor can assess how much, if any, permanent disability resulted from the work injury. See also P&S
MOC (Memorandum of Coverage)	A document issued by a JPA defining the coverage provided to the members
Moral Hazard	A person might create a loss situation on purpose just to collect from the insurance company (i.e. a pre-arranged faked theft of an older vehicle so the owner could collect insurance money and buy something new).
Morale Hazard	An individual, through carelessness or by irresponsible actions, can increase the possibility for a loss (i.e. a person who drives a car carelessly because he knows a loss will be insured if an accident occurs).
Mutual interest company	The insureds are also owners of the company and so they can vote to elect the management of the company (profits are returned to the insureds in the form of dividends or reductions in future premiums)
Named Insured	Any person, firm, or corporation, or any of its members specifically designated by name as insured(s) in the policy as distinguished from others who, although unnamed, are protected by the policy definition. A named insured under the policy has rights and responsibilities not attributed to additional insureds, such as premium payment, premium return, notice of cancellation, and dividend participation

GLOSSARY OF TERMS

Net Assets	(Equity, surplus or Net Position) Total assets less Expected liabilities- the amount of funds remaining after subtracting liabilities at the actuarially determined "Expected" Confidence Level (approx. 50% CL)
Net Contribution	A total contribution for losses less excess insurance costs
Non Vacant land	Refers to land that is occupied and used, and/or has structures on it (i.e. shack, building, park with benches).
Obligee	Is an individual, partnership, corporation, or a government entity which requires the guarantee that an action or service will be performed. If not properly performed, the surety pays the obligee for any damages or fulfills the obligation.
Occurrence	A) In order for NCCSIF to pay a liability claim, it must arise out of an occurrence. This is an accident, event, act or omission to act which results in "damages," "bodily injury," or "property damage" neither expected nor intended from the covered parties' conduct. B) A provision of an insurance policy that requires it to pay for a claim caused during the policy period regardless of when it is presented.
Passive Negligence	The party that was negligent did not take part in the action that caused the damage, but was responsible for somehow allowing it to take place. For example, a city allowed a contractor to dig a hole on city property and someone fell in.
Peril	Cause of a loss
P&S (Permanent and Stationary)	When an employee's medical condition has reached maximum medical improvement. Once an employee is declared P&S, a doctor can assess how much, if any, permanent disability resulted from the work injury. If the disability is rated under the 2005 schedule you will see the term maximal medical improvement (MMI) used in place of P&S. See also MMI
PD (Permanent Disability)	Any lasting disability that results in a reduced earning capacity after maximum medical improvement is reached.
PPE (Personal Protective Equipment)	PPE refers to protective clothing, helmets, goggles, or other garments or equipment designed to protect the wearer's body from injury.
Physical Hazard	A hazard that arises from the condition, occupancy, or use of the property itself (i.e. skateboard left on the porch steps).
Plaintiff	The party who complains or sues in a personal action. A claimant becomes a plaintiff by filing suit.
Pooled Loss	The portion of a loss that is allocated to, or paid by, the self-insured pool. NCCSIF's Liability Program pools, or self-insures, the first \$500,000 of each occurrence. Loss costs exceeding this amount are paid by excess insurance.
Principal	Is an individual, partnership, or corporation who offers an action or service and is required to post a bond. Once bonded, the surety guarantees that he will perform as promised.
Principle of Indemnity	When a loss occurs an individual should be restored to the approximate financial condition he was in before the loss no more and no less.
Property Insurance	This covers the member for damage to its own property, sometimes called first- party coverage.
PARMA (Public Agency Risk Managers Association)	A statewide association for risk managers in the public sector. Educational and lobbying activities.

GLOSSARY OF TERMS

PRIMA (Public Risk Management Association)	A national association for risk managers in the public sector. Formed for educational, information gathering and political lobbying purposes.
Pure Risk	Involves only the possibility of loss
QME (Qualified Medical Examiner)	A medical provider who has been certified by the Division of Workers' Compensation by passing an administrative exam.
Reciprocal company	(to give/take), a member of a reciprocal agrees to share the insurance responsibilities with all other members of the unincorporated group (all members insure each other and share the losses with each other) NOTE: managed by an attorney-in-fact who is empowered to handle all of the business of the reciprocal.
RC (Replacement Cost)	The cost to replace damaged property with like kind and quality, with no deduction for depreciation, but still subject to a "limit"
Reserve	In order to budget for its expected costs and to know when a claim must be reported to the excess coverage, NCCSIF estimates the ultimate expected total value of each claim and "reserves" part of the not paid. As moneys are paid out for a claim, the reserve amount is decreased
Retrospective Premium Adjustment	At the beginning of each policy period, NCCSIF collects a deposit premium representing the estimated costs for that year. Each year a calculation of expenses associated with the policy period are subtracted from the deposit premium. At some point the excess funds will be returned, or shortage of funds will be charged. This process is repeated annually for each coverage year until all claims for that year are closed out and there is no IBNR allocated to that policy year.
Risk	The chance or uncertainty of loss (also see Speculative Risks and Pure Risks)
RIMS (Risk and Insurance Management Society)	National professional organization to promote principles of risk management and assist risk managers in their daily activities
Risk Control	Those risk management techniques designed to minimize the frequency and/or severity of claims. Risk control techniques include exposure avoidance, loss prevention, loss reduction, segregation of loss exposures, and contractual transfer to shift losses to others
Risk Financing	Techniques for generating funds to pay for losses that risk control methods do not entirely eliminate. There are two types of risk financing techniques -- retention and transfer. Retention involves paying for losses using an organization's own assets; transfer involves covering losses by an unrelated entity for a consideration (such as a payment of a premium)
Risk Management	One of the specialties within the general field of management, the process of managing an organization's activities to minimize the adverse effects of accidental losses on a cost-effective basis. Risk management has two components -- risk control and risk financing.
Self-Insured	Coverage of losses from the insured's own funds, rather than an insurance policy. Generally refers to a planned program for financing or otherwise recognizing losses
SIR (Self-Insured Retention)	The maximum amount of exposure to a single loss retained by NCCSIF

GLOSSARY OF TERMS

Severability of Interests Clause	An insurance policy provision clarifying that the word “insured,” as it appears within various parts of a policy, applies severally and not collectively. When there is more than one insured, the effect is as though a separate policy is issued to each insured. Thus, a policy containing such a clause will cover a cross liability claim – a claim made by one insured against another insured. The one exception to the separate application to each insured of a policy containing a severability of interest clause is that the limits are not cumulative; that is, one set of limits applies to all insureds collectively
Special Events	Designed to cover your sponsorship of events, such as fireworks shows, festivals, community/entity celebrations; often written to protect other policies’ loss integrity. Another type of special event coverage, known as a “tenants and permittees” policy, can be issued for third parties who rent or use your owned facilities.
Speculative Risk	Risks in which there exists both the possibility of gain and the possibility of loss (i.e. poker game)
Spread of Risk	The greater the spread of risk the less likely that there will be a catastrophic loss for the insurance company (i.e. NOT insuring every person in a single town that could be hit by a fire which destroys the town= catastrophic loss for the insurance company vs. insuring several people in MANY towns to spread out the risk of a catastrophic loss)
Stock company	Sells stock to stockholders to raise the money necessary to operate the business (profits attributed to the operation of the company are returned as dividends to the stockholders, not the insureds)
Subrogation	The insurer’s right to proceed against a third person if that third person was responsible for a claim paid by the insurer. Employee dishonesty can be subrogated by the insurance company against a dishonest employee
Surety	Is usually a corporation which determines if an applicant (principal) is qualified to be bonded for the performance of some act or service. If so, the surety issues the bond. If the bonded individual does not perform as promised, the surety performs the obligation or pays for any damages.
TD (Temporary Disability Benefits)	Payments an employee receives if they lose wages because of a work related injury which prevents them from doing their usual job while recovering.
TPA (Third Party Administrator)	TPA is a person or organization that processes claims and performs other administrative services in accordance with a service contract, usually in the field of employee benefits.
TIV (Total Insured Values)	The values shown on a member city’s schedule or appraisal for property coverage. Only those items shown on the schedule are covered for loss.
TRIA (Terrorism Risk Insurance Act)	TRIA is a United States federal law signed into law by President George W. Bush on November 26, 2002. The Act created a federal “backstop” for insurance claims related to acts of terrorism.
Vacant land	Refers to land that is unoccupied and unused, and/or has no structures on it.
VIN (Vehicle Identification Number)	Unique code including a serial number, used by the automotive industry to identify individual motor vehicles, towed vehicles, motorcycles, scooters and mopeds as defined in ISO 3833.

2017 NCCSIF Organizational Chart

MEMBER ENTITY	BOARD OF DIRECTORS	BOARD ALTERNATES	RISK MANAGEMENT COMMITTEE	POLICE RISK MANAGEMENT COMMITTEE
City of ANDERSON	EC / CC Liz Cottrell	Jeff Kiser	Liz Cottrell	Chief Michael L. Johnson
City of AUBURN	Nita Wracker	<i>Vacant</i>	Shari Harris	Chief John Ruffcorn (Chair)
City of COLUSA	EC Toni Benson	<i>Vacant</i>	<i>Vacant</i>	Chief Josh Fitch
City of CORNING	EC Kristina Miller	Tom Watson	Tom Watson	Chief Jeremiah Fears
City of DIXON	<i>Vacant</i>	Kim Stalie	<i>Vacant</i>	Chief Robert Thompson
City of ELK GROVE	Brad Koehn	Kara Reddig	Jim Ramsey	Lieutenant Jeff Scott
City of FOLSOM	Jim Francis	Kristine Haile	Kristine Haile	Chief Cynthia Renaud
City of GALT	<i>Vacant</i>	<i>Vacant</i>	<i>Vacant</i>	Chief Tod Sockman
City of GRIDLEY	Matt Michaelis	Elisa Arteaga	Matt Michaelis	Chief Dean Price
City of IONE	Jon Hanken	<i>Vacant</i>	Jon Hanken	Chief Tracy Busby
City of JACKSON	<i>Vacant</i>	Dalacie Blankenship	Dalacie Blankenship	Chief Scott Morrison
City of LINCOLN	Astrida Trupovnieks	Ruthann Codina	Astrida Trupovnieks	Sergeant Brent Craft
City of MARYSVILLE	EC Satwant Takhar	Walter Munchheimer	Satwant Takhar	Chief Aaron W. Easton
City of NEVADA CITY	S / EC Corey Shaver	Catrina Olson	Corey Shaver	Chief Tim Foley
City of OROVILLE	VP / EC / CC Liz Ehrenstrom (Vice-Chair)	<i>Vacant</i>	Liz Ehrenstrom (Chair)	Asst. Chief Allen Byers
Town of PARADISE	Gina Will	Crystal Peters	Crystal Peters	Lieutenant Eric Reinbold
City of PLACERVILLE	P / EC / CC Dave Warren (Chair)	Cleve Morris	Dave Warren	Commander Kim Nida
City of RED BLUFF	EC Sandy Ryan	Anita Rice	Sandy Ryan	Chief Kyle Sanders (Vice-Chair)
City of RIO VISTA	Donna Lee	Robert Hickey	Donna Lee	Chief Dan Ruden
City of ROCKLIN	Kimberly Sarkovich	Jason Johnson	Kimberly Sarkovich	Chief Chad Butler
City of WILLOWS	T / EC / CC Tim Sailsbery	<i>Vacant</i>	Wayne Peabody	Chief Jason Dahl
City of YUBA CITY	EC / CC Natalie Springer	Robin Bertagna	Natalie Springer	Chief Robert Landon

OFFICERS

P = President VP = Vice President
S = Secretary T = Treasurer
CJPRMA Representative

EC = Executive Committee
CC = Claims Committee

PROGRAM ADMINISTRATORS (Alliant Insurance Services)
Marcus Beverly
Michael Simmons
Raychelle Maranan
Michelle Minnick
Joan Crossley

CLAIMS ADMINISTRATORS (York Risk Services)
Dorienne Zumwalt
Cameron Dewey (Liability)
Steven Scott (Workers' Comp)

RISK CONTROL CONSULTANTS (Bickmore)
Enriqueta (Henri) Castro
Tom Kline
Jeff Johnston
Gail Zeigler

ADVISORS
Byrne Conley (Legal)
James Marta (Accounting)
Alana Theiss (Accounting)



2017 MEETING CALENDAR

- February 2, 2017..... **Police Risk Management Committee** - 10:00 a.m.
- March 23, 2017..... *Executive Committee* - 10:00 a.m.
Claims Committee - 11:30 a.m.
- April 27, 2017..... **Risk Management Committee** - 10:00 a.m.
Board of Directors - 12 noon
- May 4, 2017..... **Police Risk Management Committee** - 10:00 a.m. (Canceled)
- May 18, 2017..... **Claims Committee** - 10:00 a.m.
Executive Committee - 11:30 a.m.
- June 15, 2017..... **Risk Management Committee** - 10:00 a.m.
Board of Directors - 12 noon
- August 3, 2017 **Police Risk Management Committee** - 10:00 a.m.
- September 21, 2017 **Claims Committee** - 10:00 a.m.
Executive Committee - 11:30 a.m.
- Thursday, October 19, 2017 **Risk Management Committee** Expanded Meeting- 10:00 a.m.
(Claims Analysis)
Board of Directors - 12:30 p.m.
(Finance Focus)
- November 2, 2017 **Police Risk Management Committee** - 10:00 a.m.
- December 7, 2017..... **Board of Directors** - 10:00 a.m. - 3:00 p.m.
(Long Range Planning)

MEETING LOCATION: Rocklin Event Center - Garden Room
2650 Sunset Boulevard, Rocklin, CA 95677

NOTE: All meetings are scheduled on Thursdays and will be held at the Rocklin Event Center, Garden Room, except for February and March, in the Ballroom.



RISK MANAGEMENT VENDOR SERVICES MATRIX

As a member of NCCSIF, your City/Town has many risk management resources available. This Vendor Services Matrix is designed to assist you with identifying and locating these resources. Vendor names and service categories are hyperlinked, so you can easily navigate through the matrix for specific resources and contact information. The **BACK** button will bring you back to this home page. If you have any questions, contact Henri Castro at Bickmore Risk Services, 800.541.4591, ext. 4614, or hcastro@brsrisk.com.

SERVICE CATEGORY*		BRS	CSAC-EIA	TARGET SOLUTIONS	OCCU - MED	APIP	LEXIPOL	ACI WELLNESS	CAL-TIP	DKF SOLUTIONS GROUP
Page:										
1	Telephone Hotline - Questions & Guidance	X								
1	Hazard & Safety Assessment	X								X
2	Program/Policy Development	X	X				X			X
	Safety Materials/Web-based Courses/Videos	X	X	X						X
2	On-Site Training	X	X							X
3	Ergonomic Evaluations	X								
3	Risk Management Webinars	X	X			X				
3	Employer Pull Notice Program		X							
4	Pre-Employment Medical Services				X					
5	Employee Assistance Program - Health & Wellness							X		
5	Transit Resources (available to CalTIP members)								X	

* Services and resources are available at no additional cost unless specifically noted.



RISK MANAGEMENT VENDOR SERVICES MATRIX

Vendor Contact Information

Vendor Name	Contact Information	Services Provided
BRS - Bickmore Risk Services Risk Management Services Provider	Enriqueta Castro (Henri) Office: 800.541.4591, ext. 4614 Email: hcastro@brsrisk.com Website: http://riskcontrol.brsrisk.com/	<ul style="list-style-type: none"> ▪ Telephone Hotline - Questions & Guidance ▪ Hazard & Safety Assessment ▪ Program/Policy Development ▪ Ergonomic Evaluations ▪ On-site Training ▪ Safety Materials ▪ On-line Streaming Videos ▪ Webinars - WC and Liability Risk Management Topics
CSAC-EIA Excess Workers' Compensation Coverage Target Solutions Web-based Resources available through CSAC-EIA	Travis Clemmer Kristen Calderon (video library) Office: 916.850.7300 Email: tclemmer@csac-eia.org Website: www.CSAC-EIA-eia.org Website: http://www.targetsolutions.com/eia/	<ul style="list-style-type: none"> ▪ Program/Policy Development (additional member cost) ▪ On-site Training ▪ Safety Materials ▪ Video Library ▪ Webinars - WC Risk Management Topics ▪ Web-based Courses* ▪ Records Management <p><i>*EIA members are able to access the standard course library at no cost. However, there is a cost to the member for the premium content listed under "Additional Courses"</i></p>
CJPRMA - California Joint Powers Risk Management Authority Excess Liability Coverage	David Clovis - General Manager Office: 925.290.1316 Email: david@cjprma.org Website: http://www.cjprma.org/	<ul style="list-style-type: none"> ▪ Regional Training provided on a variety of Liability-related Topics





RISK MANAGEMENT VENDOR SERVICES MATRIX

Vendor Contact Information

Vendor Name	Contact Information	Services Provided
Occu-Med Pre-employment Medical Services	Bill Vogeler Office: 559.435.2800, ext. 101 Email: bvogeler@occu-med.com Website: www.occu-med.com	<ul style="list-style-type: none"> Review of Pre-placement Medical Exams Job Analysis Additional cost to Member
APIP - Alliant Property Insurance Program	Contact Marcus Beverly, Alliant Insurance Services, for questions.	<ul style="list-style-type: none"> Webinars - Property Risk Management Topics
Lexipol Police risk management policies	Contact Marcus Beverly, Alliant Insurance Services, for policy updates.	<ul style="list-style-type: none"> Police Risk Management Policies and Procedures
ACI Wellness Employee assistance program	Kathryn Mullis, Account Manager Office: 800.932.0034 Website: www.acieap.com	<ul style="list-style-type: none"> Wellness Resources Employee Assistance Program provided at an Additional Cost
CalTIP - California Transit Insurance Pool Self-insurance program for public transit operators	Lee Sorenson, Bickmore Risk Services Office: 800.541.4516. ext. 1168 Email: lsorenson@brsrisk.com Website: http://www.caltiponline.org/	<ul style="list-style-type: none"> Transit Specific Risk Management Resources for Member Cities (Auburn, Dixon, and Folsom)
DKF Solutions Group, LLC	David Patzer Office: 707.373.9709 Email: dpatzer@dkfsolutions.com Website: http://www.dkfsolutions.com	<ul style="list-style-type: none"> Sewer Risk Management Additional cost to member



RISK MANAGEMENT VENDOR SERVICES MATRIX

Vendor Contact Information

Vendor Name	Contact Information	Services Provided
Total Aquatic Management	Jim Wheeler Office: 510.523.3155 Email: jim@totalaquaticmanagement.com swimnjim@hotmail.com Website: http://www.totalaquaticmanagement.webs.com	<ul style="list-style-type: none">▪ Aquatic Safety services▪ Certified Pool Operator (CPO) Trainings▪ Additional cost to member





RISK MANAGEMENT VENDOR SERVICES MATRIX

<p>Telephone Hot Line Questions/Guidance</p>	<p>BICKMORE RISK SERVICES BRS is NCCSIF’s risk control services provider. Henri is your point of contact for your risk management questions and guidance.</p> <p>Enriqueta Castro, CSP (Henri) 800.541.4591, ext. 4614 Email: hcastro@brsrisk.com</p>
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<p>Hazard & Safety Assessment</p>	<p>BICKMORE RISK SERVICES A comprehensive Hazard & Safety Assessment is completed for each city to help identify risk management strengths and improvement opportunities. The assessment is used as a tool to help prioritize risk management efforts. It includes best practices in the following areas:</p> <table border="0"> <tr> <td>1. Risk Management Program Overview</td> <td>12. Emergency Response & Management</td> <td>23. Lockout-Tagout</td> </tr> <tr> <td>2. Aerial Lift Operations</td> <td>13. Employment Practices Liability</td> <td>24. Parks & Recreation Operations</td> </tr> <tr> <td>3. Aerosol Transmissible Diseases (ATD) Control</td> <td>14. Ergonomic Injury Management</td> <td>25. Personal Protection Equipment</td> </tr> <tr> <td>4. ADA Compliance</td> <td>15. Fire Department Operations</td> <td>26. Police Department Operations</td> </tr> <tr> <td>5. Animal Control Services</td> <td>16. Fire Prevention Program</td> <td>27. Respiratory Protection Program</td> </tr> <tr> <td>6. Automobile & Fleet Liability</td> <td>17. Forklifts & Powered Industrial Trucks</td> <td>28. Return-to-Work & Transitional Duty</td> </tr> <tr> <td>7. Blood Borne Pathogens ECP</td> <td>18. Hazard Communication Program</td> <td>29. Sewers Liability Management</td> </tr> <tr> <td>8. Business Continuity Plan</td> <td>19. Hearing Conservation Program</td> <td>30. Sidewalks Liability Management</td> </tr> <tr> <td>9. Confined Space Entry Program</td> <td>20. Heat Illness Prevention Program</td> <td>31. Traffic Engineering</td> </tr> <tr> <td>10. Contractor Selection & Control</td> <td>21. Information Technology</td> <td>32. Trenching & Excavation Operations</td> </tr> <tr> <td>11. Contractual Transfer of Risk</td> <td>22. Injury & Illness Prevention Program</td> <td>33. Urban Forest Management</td> </tr> <tr> <td></td> <td></td> <td>34. Work Zone Safety</td> </tr> </table>	1. Risk Management Program Overview	12. Emergency Response & Management	23. Lockout-Tagout	2. Aerial Lift Operations	13. Employment Practices Liability	24. Parks & Recreation Operations	3. Aerosol Transmissible Diseases (ATD) Control	14. Ergonomic Injury Management	25. Personal Protection Equipment	4. ADA Compliance	15. Fire Department Operations	26. Police Department Operations	5. Animal Control Services	16. Fire Prevention Program	27. Respiratory Protection Program	6. Automobile & Fleet Liability	17. Forklifts & Powered Industrial Trucks	28. Return-to-Work & Transitional Duty	7. Blood Borne Pathogens ECP	18. Hazard Communication Program	29. Sewers Liability Management	8. Business Continuity Plan	19. Hearing Conservation Program	30. Sidewalks Liability Management	9. Confined Space Entry Program	20. Heat Illness Prevention Program	31. Traffic Engineering	10. Contractor Selection & Control	21. Information Technology	32. Trenching & Excavation Operations	11. Contractual Transfer of Risk	22. Injury & Illness Prevention Program	33. Urban Forest Management			34. Work Zone Safety
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RISK MANAGEMENT VENDOR SERVICES MATRIX

Program & Policy Development	<p>BICKMORE RISK SERVICES Our risk control service includes assistance with the development and implementation of Cal/OSHA required written programs such as Injury & Illness Prevention Program, Hazard Communication Program, Aerosol Transmissible Diseases Procedures for fire and police, Bloodborne Pathogens Exposure Control Plan, etc. Our website also includes sample programs and guides.</p> <p>CSAC-EIA (Additional Cost) CSAC-EIA loss prevention specialists are available to provide assistance with program development at an additional cost to NCCSIF members. Contact CSAC-EIA directly for assistance.</p> <p>LEXIPOL NCCSIF members have access to the police risk management policies offered through Lexipol.</p>
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On-Site Training	<p>BRS On-site training is available to members on a variety of workers' compensation, liability, and EPL exposures. Training topics include, but are not limited to, Cal/OSHA program requirements, hazard inspections, accident investigation, forklift certification, driver training, sexual harassment, CPR certification, various workplace safety topics, and more. Contact Henri Castro to discuss and schedule on-site training.</p> <p>CSAC-EIA CSAC-EIA is available to conduct a variety of workers' compensation related safety training at an additional cost to members. Contact Travis Clemmer to discuss available topics and scheduling.</p> <p>CJPRMA Every year CJPRMA conducts up to five regional training workshops throughout California. In the past, topics have included contractual risk transfer, police liability, parks and recreation liability, and sidewalk liability controls. CJPRMA will send the training announcement to Alliant, who will then forward to all NCCSIF members.</p>
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RISK MANAGEMENT VENDOR SERVICES MATRIX

Ergonomic Evaluations	<p>BRS BRS is available to conduct office and industrial ergonomic evaluations for all members. Contact Henri Castro to discuss and schedule ergonomic evaluations.</p>
Risk Management Webinars	<p>BRS Throughout the year, BRS risk control staff conducts webinars on a wide range of safety topics such as heat illness prevention, scaffold safety, disaster management, and new safety regulations. Our goal is to communicate relevant safety information in an all-inclusive and cost-effective way. NCCSIF members will receive webinar announcements via email. The one-hour webinars are recorded and available to view at any time on the BRS Risk Control website.</p> <p>CSAC-EIA CSAC-EIA conducts several workers' compensation related webinars throughout the year, which are available to all NCCSIF members. Contact Travis Clemmer to ensure your city is included in the announcement distribution.</p> <p>APIP NCCSIF members have access to all APIP property related webinars. Contact Marcus Beverly to ensure your city is included in the announcement distribution. Recorded webinars are also available on the BRS Risk Control website.</p>
Employer Pull Notice Program	<p>CSAC-EIA & TARGET SOLUTIONS (Additional cost to members) CSAC-EIA and Target Solutions have partnered with A-Check America to automate your Employer Pull Notice (EPN) program. Using this program, you can electronically monitor your employees' driving records and receive notification within hours of a reportable incident.</p> <p>You can access your driver roster and key data from a dashboard within Target Solutions. This data is accessible only to you and A-Check America and features a summary of the number of drivers added and removed from the system, an overview of the violations and accidents that have occurred, and a breakdown of your employees' license renewal status. For additional information go to www.CSAC-EIA-eia.org, Services/Loss Prevention/Target Solutions Platform.</p>



RISK MANAGEMENT VENDOR SERVICES MATRIX

Pre-Employment Medical Services

OCCU-MED

Services offered at an additional cost:

- Review of Pre-Placement Medical Exams
- Job Analysis
- Maintaining a network of qualified and trained medical providers and medical specialists for necessary exams
- Conducting job analyses and preparing job profiles and medical examination profiles
- Providing orientation of client staff in the legal/medical/risk management and human resources aspects of our service
- Scheduling and harvesting of pre-placement medical exams
- Organizing and managing return-to-work and fitness-for-duty exams
- Evaluating medical information in relation to the essential duties of jobs in a legally defensible manner (EXAMQA®)
- Communicating directly with applicants to obtain the confidential medical information that is needed for clearance for a particular job (RDQA)
- Developing “Occu-Panels” with a national laboratory that allows for the selection of only those tests for the blood chemistry panel that are compliant with state law for each job class
- Performing bill review for the medical exams performed by clinics
- Providing customized services such as OSHA Respirator Questionnaire Evaluations, Bloodborne Pathogen Programs, and clinic trainings



RISK MANAGEMENT VENDOR SERVICES MATRIX

<p>Employee Assistance & Wellness Program</p>	<p>ACI WELLNESS Services offered at no additional cost:</p> <ul style="list-style-type: none"> – Wellness The Core Platform wellness program is available to employees. It includes wellness workshops, personalized meal and exercise plans, healthy articles, healthy logs, healthy recipes, exercise tracker and log, and wellness blogs. The annual walking challenge is also available to employees and their families. <p>Services offered at an additional cost:</p> <ul style="list-style-type: none"> – Employee Assistance Program (Additional cost to members) Employees and their family members can receive up to three counseling visits per year. The family members do not need to be within the same residence. The visits are considered short-term resolution. If the person needs additional counseling, ACI will help them transition into their private insurance plan. – Legal and Financial Services (Additional cost to members) Employees and their family members have unlimited access to telephonic legal and financial services.
<p>Transit Resources</p>	<p>CalTIP - California Transit Insurance Pool Self-insurance program for public transit operators. Member cities include Auburn, Dixon, and Folsom.</p> <p>Programs and Safety Materials</p> <ul style="list-style-type: none"> – System Safety Program Plan (SSPP) Development – SSPP Implementation Assessment & Follow-up Process – SAMPA Fleet Watch Paperless DMV EPN Program – Bus Operator Selection Survey (BOSS) – CalTIP Risk Profile – APTA Membership – Bus Stop Location & Design Evaluation Program – Digital Video Event Recorder System – Mobility Device Marking & Tethering Program – APTA Safety Standards – Best Practices – Bus Stop Toolkit – Pedestrian Safety Guide for Transit Agencies – Safety Posters and Flyers

NCCSIF RESOURCE CONTACT GUIDE

<p><u>PROGRAM ADMINISTRATION</u> Alliant Insurance Services, Inc. 2180 Harvard Street, Suite 460 Sacramento, CA 95815 Main: (916) 643-2700 Fax: (916) 643-2750 www.alliant.com</p>	
SUBJECT	MAIN CONTACT
<p>JPA MANAGEMENT ISSUES</p> <ul style="list-style-type: none"> ➤ Governance - policies and procedures, program budget/funding, financial analysis, program management, personnel, contracts, consultants. ➤ Coverage - coverage questions, quotations, new members, development of shared risk program coverage agreements, RFPs for services, actuary liaison, excess insurance/additional coverage marketing (Crime coverage, etc.), program development. ➤ Risk Management - Insurance Requirements in Contracts (IRIC), third party contract review, hold harmless and indemnification clauses, risk management program planning, RFPs for JPA payment approval of budgeted funds. 	<p>Marcus Beverly Michael Simmons Raychelle Maranan Michelle Minnick Joan Crossley</p>
<p>JPA ADMINISTRATIVE ISSUES</p> <ul style="list-style-type: none"> ➤ Meetings & Compliance - agendas; minutes; development/maintenance of governing documents, development/interpretation of policies & procedures, JPA state compliance, Form 700, changes in Board members, website updates. ➤ Certificates - certificates of coverage, additions/deletions of coverages, special events liability coverage, automobile identification cards, auto/mobile equipment physical damage programs. 	<p>Raychelle Maranan Michelle Minnick Marcus Beverly Joan Crossley</p>
<p>Michael Simmons (415) 403-1425 / (925) 708-3374 cell Marcus Beverly (916) 643-2704 / (916) 660-2725 cell Raychelle Maranan (916) 643-2712 Michelle Minnick (916) 643-2715 Joan Crossley (916) 643-2708</p>	<p>msimmons@alliant.com Marcus.Beverly@alliant.com Raychelle.Maranan@alliant.com Michelle.Minnick@alliant.com jcrossley@alliant.com</p>
<p style="text-align: center;"><u>ACCOUNTING SERVICES</u> James Marta & Company CPAs 701 Howe Avenue, Suite E3 Sacramento, CA 95825 Main: (916) 993-9494 · Fax: (916) 993-9489 www.jpmpca.com</p> <p>Jim Marta - jmarta@jpmpca.com Alana Theiss - atheiss@jpmpca.com</p>	<p style="text-align: center;"><u>SAFETY & RISK CONTROL SERVICES</u> Bickmore 1750 Creekside Oaks Drive, Suite 200 Sacramento, CA 95833 Main: (800) 541-4591 Fax: (855) 242-8919 www.bickmore.net</p> <p>Henri Castro - hcastro@bickmore.net - (916) 244-1107 Police Risk Management Tom Kline - tkline@bickmore.net - (916) 244-1121</p>

NCCSIF RESOURCE CONTACT GUIDE

<p><u>CLAIMS ADMINISTRATION</u> York Risk Services Group, Inc. P.O. Box 619079 Roseville, CA 95661-9058 Main: (916) 783-0100 · Fax (866) 548-2637 www.yorkrsg.com</p>	<p><u>EMPLOYEE ASSISTANCE PROGRAM</u> ACI Specialty Benefits Corporation 6480 Weathers Place, Suite 300 San Diego, CA 92121 Main: (858) 452-1254 · Fax: (858) 452-7819 www.acispecialtybenefits.com Kathryn Mullis - kmullis@acispecialtybenefits.com</p>
CLAIMS LIABILITY CONTACTS	CLAIMS WORKERS' COMPENSATION CONTACTS
<p>Alex Davis, Claims Analyst (925) 349-3890 alex.davis@yorkrsg.com <i>Handles All Cities As Needed</i></p> <p>Gianna Polli, Subrogation Specialist (916) 580-2452 gianna.polli@yorkrsg.com <i>Handles All Cities As Needed</i></p> <p>John Tucker, Senior Adjuster (209) 320-0804 john.tucker@yorkrsg.com <i>Dixon, Galt, Ione, Rio Vista</i></p> <p>Kelley Winters, Senior Adjuster (916) 960-1024 kelley.winters@yorkrsg.com <i>Auburn, Lincoln, All Cities As Needed</i></p> <p>Erica Nichols, Adjuster (916) 960-1026 erica.nichols@yorkrsg.com <i>Folsom, Rocklin, All Cities As Needed</i></p> <p>Dan Lamb, Senior Adjuster (209) 795-0742 dan.lamb@yorkrsg.com <i>Jackson</i></p> <p style="text-align: center;">Cameron Dewey, AIC, PCLA, Unit Manager (530) 243-3249 cameron.dewey@yorkrsg.com</p> <p style="text-align: center;"><u>RESOURCES</u></p> <p>Mike Berndt Assistant Vice President Liability (925) 349-3891 mike.berndt@yorkrsg.com</p>	<p>Irina Ganchenko, Adjuster (916) 746-8856 irina.ganchenko@yorkrsg.com <i>Handles All Cities As Needed</i></p> <p>Sarah Briasco, Recovery Specialist (916) 960-0920 sarah.briasco@yorkrsg.com <i>Handles All Cities As Needed</i></p> <p>Kenneth Sloan, Senior Adjuster (916) 960-0927 ken.sloan@yorkrsg.com <i>Galt, Rio Vista</i></p> <p>Craig Nunn (530) 768-4801 craig.nunn@yorkrsg.com <i>Red Bluff, All Cities As Needed</i></p> <p>D'Ana Seivert, Adjuster/Subro Unit Mgr (916) 960-0980 dana.seivert@yorkrsg.com <i>Handles All Cities As Needed</i></p> <p>Shawn Millar, Senior Adjuster (530) 345-5998 shawn.millar@yorkrsg.com <i>Colusa, Gridley, Marysville, Oroville, Paradise, Willows, Yuba City</i></p>
<p>Kara Kennedy Senior Claims Examiner (916) 742-3100 kara.kennedy@yorkrsg.com</p> <p>Rachelle Duesing Senior Claims Examiner (916) 960-0982 rachelle.deusing@yorkrsg.com</p> <p>Andrew Frederickson Associate Claims Examiner (916) 960-1029 andrew.frederickson@yorkrsg.com</p> <p>Sandra Reece Future Medical Examiner (209) 475-3108 sandra.reece@yorkrsg.com</p>	<p>Cristal Rhea Senior Claims Examiner (916) 746-6307 crystal.rhea@yorkrsg.com</p> <p>Jennifer Gorgen Senior Claims Examiner (916) 960-0962 jennifer.gorgen@yorkrsg.com</p> <p>Catherine Clark Associate Claims Examiner (916) 960-0902 catherine.clark@yorkrsg.com</p> <p>Kristin Maddox Future Medical Examiner (916) 580-1835 kristin.maddox@yorkrsg.com</p> <p style="text-align: center;">Steven Scott Unit Manager (916) 960-0946 steven.scott@yorkrsg.com</p> <p style="text-align: center;"><u>RESOURCES</u></p> <p>Jeff Ponta Vice President Workers' Compensation (916) 960-0965 jeff.ponta@yorkrsg.com</p> <p>Dori Zumwalt Senior Account Manager Client Services (916) 960-1017 dorienne.zumwalt@yorkrsg.com</p>

Northern California Cities Self Insurance Fund

Travel Reimbursement Expense Form

Member Representative: _____

Entity: _____

Payee Address: _____

Meeting or Committee: _____

Date of Meeting: _____

Location of Meeting: _____

Total Mileage: _____

Payment Made to:

Signature _____ Date _____