



President
Mr. Steve Baker
City of Yreka

Vice President
Mr. Wes Heathcock
City of Colfax

Secretary
Ms. Brooke Kerrigan
City of Rio Dell

Treasurer
Mr. Roger Carroll
Town of Loomis

**SMALL CITIES ORGANIZED RISK EFFORT
BOARD OF DIRECTORS
MEETING**

Date: Friday, March 29, 2019
Time: 10:00 AM
Location: Gaia Hotel
4125 Riverside Place
Anderson, CA

A Action
I Information

1 Attached
2 Hand Out
3 Separate Cover
4 Verbal

PAGE **A. CALL TO ORDER**

B. ROLL CALL

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 of SCORE that are of interest to them.

E. CONSENT CALENDAR

A 2

All matters listed under the consent calendar are considered routine with no separate discussion necessary. Any member of the public or Board of Directors may request an item to be considered separately. If not, the Board will take action to accept and file the items below.

- Pg. 6 1. Board of Directors Meeting Draft Minutes – January 25, 2019
- Pg. 14 2. Executive Committee Meeting Draft Minutes – March 6, 2019
- Pg. 16 3. US Bank Custodial Account Statement – January – February 2019
- Pg. 30 4. Local Agency Investment Fund (LAIF) Quarterly Statement of Investments –December 31, 2018
- Pg. 31 5. Treasurer’s Report as of December 31, 2018
- Pg. 32 6. SCORE Checking Account Transaction List – January – February, 2019
- Pg. 34 7. Investment Statements from Chandler Asset Management – January – February 2019
- Pg. 42 8. Target Solutions Monthly Utilization Report – January – February 2019
- Pg. 43 9. FY 19/20 Service Calendar Final – Draft was Approved by Board on January 25, 2019
- Pg. 51 10. Company Nurse Injury Summary Report – January – February 2019
- Pg. 55 11. DAP Final – Draft as Modified by the Board on January 25, 2019

F. ADMINISTRATIVE REPORTS

1. President’s Report

I 4

Steve Baker will address the Board on items pertaining to SCORE.

The Small Cities Organized Risk Effort or SCORE, 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.

- 2. Excess Pool Reports** I 4
The Board will receive updates from the Excess Representative of each Pool.
- a) **CJPRMA (Rep. Roger Carroll)** Minutes of the last meeting can be found at www.cjprma.org.
 - b) **ERMA Update (Rep. John Duckett)** Minutes of the last meeting can be found at www.ermajpa.org.
 - c) **LAWCX Update (Rep. Steve Baker)** Minutes of the last meeting can be found at lawcx.org.

- 3. Alliant Update** I 4
Alliant will update the Board on matters pertinent to SCORE.
- a) *Alliant Transition Plan introducing Conor Boughey*
 - b) *Form 700 – Last Day to File April 2, 2019*
 - c) *Renewal Update*

G. FINANCIAL

- Pg. 58 **1. Transition to “Bickmore Actuarial”** I 1
Board members will receive information about the upcoming transition of SCORE’s actuary services team from York to the “Bickmore Actuarial Group”.

- 2. Actuarial Studies** A 1
Mike Harrington will present the Board with the actuarial studies completed by Bickmore Risk Services for the Board to review and accept.

- Pg. 60
Pg. 94
- a. **Liability – Actuarial Review**
 - b. **Workers’ Compensation – Actuarial Review**

- Pg. 128 **3. Quarterly Financials for Period Ending December 31, 2018** A 1
Board members will review the December 31, 2018 Quarterly Financials report presented by Gilbert & Associates, Inc. and may take action to Accept and File.

- 11:45a-12:45p **SCORE PROGRAM COVERAGE REVIEW - Alliant Property Insurance Program (APIP)** I 2
The Board will receive a review of the coverage documents and will be provided with a summary of coverage.

H. JPA BUSINESS

- Pg. 146 **1. Loss Control Grant Fund Program** A 1
The Board of Directors will receive status of funds used in FY 18/19 and will consider the FY 19/20 funding.

- Pg. 151 **2. Workers’ Compensation Claims Audit** A 1
The Board will be asked if they would like to request bids for the Workers’ Compensation Claims Audit.

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3. Service Provider Contract Renewals A 1

Pg. 152 **a. Crowe Horwath Proposed Financial Audit for YE June 30, 2019**
The Board will be presented with the proposed engagement letter from Crowe Horwath for a Financial Audit Services for the year ending June 30, 2019.

Pg. 167 **b. Gilbert & Associates Proposed Service Agreement FY 19/22**
The Board will review and consider approval of the agreement for accounting services for FY 19/20.

Pg. 186 **c. DKF Agreement – Proposed Three Year Agreement Extension FY 19/22**
The Board will be asked if they would like to extend the current Risk Control Services Agreement for an additional three years with a 2 year optional extension.

4. FY 19/20 Funding Rates A 1
The Board will use the information provided by the Program Administrators and Actuary to establish the funding rates used in the FY 19/20 Budget deposit calculations.

Pg. 190 **a. Liability Program**

Pg. 194 **b. Workers’ Compensation Program**

Pg. 198 **5. FY 19/20 SCORE Preliminary Budget** I 1
Staff will provide the Board with a Preliminary Budget and the Board will be asked provide staff with direction as necessary.

Pg. 201 **6. SCORE Training Day** I 1
The Board of Directors will receive information about training topics for the October 3-4, 2019 training meeting.

Pg. 202 **I. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95 *REQUESTING AUTHORITY**

1. Workers’ Compensation A 4

- a. SCWA-5560000 v. City of Susanville*
- b. SCWA-556062 v. City of Weed*

J. REPORT FROM CLOSED SESSION

K. INFORMATION ITEMS I 1

Pg. 204 1. FY 18/19 Resource Contact Guide

Pg. 212 2. Glossary of Terms

Pg. 222 3. SCORE Travel Reimbursement Form

L. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES I 4

The Small Cities Organized Risk Effort or SCORE, 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.



M. CLOSING COMMENTS

N. ADJOURNMENT

UPCOMING MEETING

Board of Directors Meeting – June 14, 2019, Anderson, CA

IMPORTANT NOTICES AND DISCLAIMERS:

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 Michelle Minnick at Alliant Insurance at (916) 643-2715.

The Agenda packet will be posted on the SCORE website at www.scorejpa.org. Documents and material relating to an open session agenda item that are provided to the SCORE 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, SCORE 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.

The Small Cities Organized Risk Effort or SCORE, 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.

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 should be pulled from the agenda for separate discussion. The Board should adopt the Consent Calendar excluding those items removed.

RECOMMENDATION: The Program Administrator recommends adoption of the Consent Calendar after review by the Board of Directors. *Items requested to be removed for Consent will be placed back on the agenda in an order determined by the President.*

FISCAL IMPACT: None.

BACKGROUND: Items of importance, that may not require discussion, are included on the Consent Calendar for adoption.

ATTACHMENT:

1. Board of Directors Meeting Draft Minutes – January 25, 2019
2. Executive Committee Meeting Draft Minutes – March 6, 2019
3. US Bank Custodial Account Statement – January – February 2019
4. Local Agency Investment Fund (LAIF) Quarterly Statement of Investments –December 31, 2018
5. Treasurer’s Report as of December 31, 2018
6. SCORE Checking Account Transaction List – January – February, 2019
7. Investment Statements from Chandler Asset Management – January – February 2019
8. Target Solutions Monthly Utilization Report – January – February 2019
9. FY 19/20 Service Calendar Final – Draft was Approved by Board on January 25, 2019
10. Company Nurse Injury Summary Report – January – February 2019
11. DAP Final – Draft as Modified by the Board on January 25, 2019



Small Cities Organized Risk Effort (SCORE) Board of Directors Meeting Minutes January 25, 2019

Member Cities Present:

Nathan Wilkinson, City of Biggs
Mark Sorensen, City of Biggs
Wes Heathcock, City of Colfax
Blake Michaelsen, City of Dunsmuir
Robert Jankovitz, City of Isleton
Luis Cibrian, City of Live Oak
Roger Carroll, Town of Loomis
Crickett Strock, Town of Loomis

Kathy LeBlanc, City of Loyalton
David Dunn, City of Montague
Melissa Klundby, City of Portola
Brooke Kerrigan, City of Rio Dell
Laura Redwine, City of Shasta Lake
Penny Velador, City of Tulelake
Diana Howard, City of Weed
Steve Baker, City of Yreka

Member Cities Absent:

City of Etna
Town of Fort Jones

City of Mt. Shasta
City of Susanville

Consultants & Guests

Marcus Beverly, Alliant Insurance Services
Michelle Minnick, Alliant Insurance Services
Jennifer Zraick, Gilbert Associates, Inc.

Dorienne Zumwalt, York Risk Services
Craig Nunn, York Risk Services

A. CALL TO ORDER

Mr. Steve Baker called the meeting to order at 10:02 a.m.

B. ROLL CALL

The above mentioned members were present constituting a quorum. Cities absent from this meeting were the City of Etna, Town of Fort Jones, City of Mt. Shasta and the City of Susanville.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Wes Heathcock

SECOND: Kathy LeBlanc

**MOTION CARRIED
UNANIMOUSLY**

Absent: Redwine



D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

1. Board of Directors Meeting *Draft* Minutes – November 2, 2018
2. US Bank Custodial Account Statement – October – December 2018
3. SCORE Checking Register – October – December 2018
4. Investment Statements from Chandler Asset Management – October – December 2018
5. ACI Specialty Quarterly Utilization Report – October – December 2018
6. Target Solutions Utilization Report Summary – October – December 2018
7. Alliant Additional Commission Opt Out letter (APIP & ACIP) FY 2018-2019

Marcus Beverly mentioned that once a year we provide a full report for the December US and Chandler Report to meet CAJPA standards.

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

MOTION: Roger Carroll

SECOND: Blake Michaelsen

**MOTION CARRIED
UNANIMOUSLY**

Absent: Redwine

F. ADMINISTRATIVE REPORTS

F1. President's Report

Mr. Steve Baker had no issues to report for SCORE and wished the Board a Happy New Year!

F.2.A. CJPRMA Update

Mr. Roger Carroll noted CJPRMA reviewed the Actuarial Report and indicated that rates are going up. CJPRMA are considering moving from \$500k to \$750k Self-Insured Retention. Roger noted that we were one of the cities who would benefit from paying the additional \$250k but mentioned that nothing has been finalized. He also noted that SB1421 is related to Police Departments Personnel records and should be a focus for those agencies who have Police Departments. SB 1421 allows the public to request personnel records of officers as a public information request. Members were encouraged to follow your established records retention policy and destroy personnel records in accordance with your policy. Mike noted that we should request numbers for a \$750SIR and mentioned it would be a good idea to move up to \$750K SIR at this time.

F.2.B. ERMA Update

Marcus Beverly provided the Board of Directors with a brief update of the November ERMA Meeting and noted the ERMA Underwriting Committee approved the town of Fort Jones as a new member eff. 1-1-19 and is pending approval from the full Board. SCORE Members that are not a part of this EPL



program were encouraged to request a quote and noted that all members participating in ERMA should be receiving notices of training announcements from ERMA.

F.2.C. LAWCX Update

Steve Baker provided the Board of Directors with an update of the 10 year layer LAWCX Deficit Cure Plan which is on the agenda for discussion later today.

F.3. Alliant Update

- a. Property Renewal Packet training session discussion – The Program Administration was asked to send an email to all SCORE Board Representatives and Alternates to ask their employees if they would like a Webinar to review the Property Renewal process.
- b. Michael Simmons letter – Mike provided the board with an update regarding his upcoming retirement and noted that Conor Boughey will be stepping into the role of Mike.
- c. Member Directory – Members were informed the Program Administration will be reaching out to obtain contact information for key city personnel to help with requests for information from the members. It was noted that the SCORE Board Representatives and Alternates will be included as a cc on all communication from the Program Administration.
- d. Scooter/bicycles – Members were encouraged to reach out to the Program Administration once these have been rolled out in a member city. It was mentioned that there is no one right answer to handle the exposure but members were encouraged to create a pilot program. It was also noted that Encroachment permit can help control where the bikes are parked when not in use – if the bike/scooter is encroaching on the sidewalk you are able to remove.
- e. York brief
- f. CJPRMA Renewal – Members were informed that CJPRMA has made a detailed request for a renewal application from each SCORE member. It was noted the last time they collected information from the SCORE JPA was in FY 14/15. The Program Administration noted that there is a very quick turnaround time for this request as we will need to compile all the responses into one master SCORE Application – the due date for this information is February 8, 2019. Members were encouraged to start the application as soon as possible as the deadline is only two weeks away. Mike noted that CJPRMA is marketing their program aggressively which is why this information is necessary to help their marketing efforts.

G. SCORE PROGRAM COVERAGE REVIEW

Michelle Minnick provided the Board with a review of the ACIP crime program.

H. FINANCIAL

H.1. Quarterly Financial Report – Period Ended September 30, 2018

Jennifer Zraick provided a handout which had an updated financial statement as we were able to identify payments made in 2018 during the transition of Treasurer Duties from one city to another. She noted that cash has remained steady and mentioned the investments are at \$1.8M this year as compared to \$10.8M last year but this is because we have split the investments between Current and Non-Current assets so the total for Chandler Investments for the current year is \$11.2M (actually a net increase of approximately \$357,000).

- US bank account has decreased significantly and unrealized losses have also decreased
- Interest receivable has remained steady
- Member’s account receivable has gone down significantly – as a result of the payment plans being paid on time.
- Claim recoveries receivable has increased and relates to two claims which payments have gone past the SIR threshold so we should see a receivable for any amount paid over the SIR.
- Accounts payable has increased as we have included the LAWCX Deficit Cure amount included in this number to be prepared to pay.

Marcus Beverly noted the Total Liabilities have gone up is a result of us being more aggressive by settling claims via C&R and hopefully reducing long term liabilities and the actuary hasn’t caught up and bears watching – he also note that the Workers’ Compensation Shared Layer is not at the bench mark so there is no dividend coming out of that program.

A motion was made to accept and file the Quarterly Financial Report for the Period Ended September 30, 2018.

MOTION: Roger Carroll

SECOND: Nathan Wilkinson

**MOTION CARRIED
UNANIMOUSLY**

H.2. LAWCX Deficit Cure Plan Options

Marcus Beverly noted that we have been aware of this for approximately a year and so we have already booked the total cost – the Board was asked to consider two options: 1) pay annually for 10 years or 2) pay the entire balance (less 10%) in one payment. It was noted that Chandler was asked to determine if we should pay up front or if we would potentially earn more in interest over the next 10 years but given the rates the Program Administration is recommending to pay annually over the next 10 years.

A motion was made to make 10 annual payments as recommended by Program Administration.

MOTION: Roger Carroll

SECOND: Kathy LeBlanc

**MOTION CARRIED
UNANIMOUSLY**

H.3. SCORE Dividend & Assessment Plan (DAP)

Marcus Beverly presented the proposed Dividend & Assessment Plan and noted that there will be no waterfall into the banking layer from the Workers’ Compensation program. He also mentioned that there are 3 members that are not at the minimum required balance and will owe an assessment but everyone else will be receiving some money. The Workers’ Compensation Banking layer has some money coming out and includes \$50K for the Loss Control Grant Funds. Marcus mentioned the Program Administration is recommending to fund the Loss Control Grant Funds solely from the Liability program (\$100K). For the Liability Program he noted that two members will not be receiving a waterfall from the Shared Risk Layer.



A motion was made to approve the Dividend and Assessment Plan as amended with the Ione settlement and the \$100k to be taken from the Liability Program.

MOTION: Roger Carroll

SECOND: Laura Redwine

**MOTION CARRIED
UNANIMOUSLY**

Marcus Beverly noted that the corrected exhibit will be placed into the Consent Calendar for the March meeting as well as on the website.

LUNCH PRESENTATION – STATE OF THE INSURANCE MARKET 2019

Marcus Beverly provided the Board with a review of the insurance market as we begin 2019.

I. JPA BUSINESS

I.1. FY 19/20 Renewal Marketing Plan

Marcus Beverly provided the Board a review of the renewal marketing plan for SCORE coverages. He noted there will be a 19% increase in Liability coverage expected for FY 19/20. The Property Program is also expected to go up and we are requesting a \$5K deductible for auto (as opposed to \$10K for FY 18/19). Members should also anticipate a 5-10% increase in Workers’ Compensation.

This was an information item.

I.2. SCORE Service Provider Survey Results

Michelle Minnick provided a review of the SCORE Service Provider Survey Results. Overall the scores were high for all vendors

A motion was made to accept and file the SCORE Service Provider Survey Results as presented.

MOTION: Kathy LeBlanc

SECOND: Nathan Wilkinson

**MOTION CARRIED
UNANIMOUSLY**

I.3. Property Program Appraisal Allocation

Michelle Minnick provided an update regarding the recent appraisal completed at member sites. It was noted that HCA has provided Replacement Cost values for both the Buildings and Contents and the Board at a cost of \$82/location and the Board was asked how to fairly allocate the cost of the appraisals equitably to the members. After a discussion the Board generally agreed that each individual city should pay for the buildings appraised (including additions) at each individual city.

A motion was made pay the bill based on per building allocation.

**MOTION: Laura Redwine
Nay: Loomis**

SECOND: Nathan Wilkinson

MOTION CARRIED



I.4. Loss Control Grant Fund Program

Michelle Minnick provided the Board with an update regarding usage of the FY 18/19 Loss Control Grant Funds. It was noted we are seeing more members request use of these funds – this year has seen 7 requests for funds and members were encouraged to find creative ways to use the funds available. Members were provided with examples of requests made in the past (ADA signage, Public Works Equipment, training sessions, bulletproof vests, etc.). It was also suggested that members consider using these funds for things that will help to reduce exposure to a loss – for example Sidewalk Cutting, Arborists, etc. There was a discussion about sidewalk cutting and members confirmed that Precision Cutting is the preferred vendor who will also complete a demonstration for your public works employees.

This was an information item.

I.5. Form 700 Reporting – Annual Filing Deadline April 1, 2019

Michelle Minnick informed the Board that the FPPC required Form 700 can now be completed online. It was noted that members should have received a welcome email from the FPPC indicating this change and if not they should reach out to Alliant for assistance. If there has been a change to the Board Representative or Board Alternate please let the Program Staff know as soon as possible to ensure the Form 700 is completed within 30 days of assuming or leaving a position. Members were reminded that failure to complete the Form 700 by the April 1, 2019 deadline may receive a penalty of \$10 for every day it is late up to a maximum fine of \$100. It was also noted that some members have already completed their Form 700 and provided feedback to the Board indicating the website was very easy to use and took very little time to complete.

I.6. FY 19/20 Meeting Dates and Locations

Michelle Minnick provided members with a list of potential meeting dates for the FY 19/20 in an effort to avoid scheduling conflicts. The members generally agreed that the Gaia is centrally located for all cities and has treated us well. There was a discussion of changing the venue of the two day meeting in October and the Program Administration was provided with direction to research alternate locations (such as Bodega Bay, Napa, Portola, Nakoma Resort).

A motion was made to approve Resolution 19-01 for FY 19/20 meeting dates with locations to be presented at a later Board meeting.

MOTION: Nathan Wilkinson

SECOND: Kathy LeBlanc

**MOTION CARRIED
UNANIMOUSLY**

I.7. FY 19/20 Service Calendar

Marcus Beverly provided the board with a review of the service calendar for FY 19/20. We provide this so that members are aware of what is coming up on the horizon.



A motion was made to approve the FY 19/20 service calendar.

MOTION: Kathy LeBlanc

SECOND: David Dunn

**MOTION CARRIED
UNANIMOUSLY**

**J. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95
REQUESTING AUTHORITY

1. Liability

- a. Joan & Cathy Lynch v. City of Yreka**

2. Workers' Compensation

- a. SCWA-555810 & SCWA-555981 v. City of Portola**
- b. SCWA-556041 v. City of Weed**
- c. SCWA-556055 v. City of Shasta Lake**
- d. SCWA-555997 v. City of Yreka**
- e. SCWA-556018 v. City of Dunsmuir**
- f. SCWA-556012 v. City of Dunsmuir**

K. REPORT FROM CLOSED SESSION

L. ROUNDTABLE DISCUSSION

M. INFORMATION ITEMS

M.1. 2018 PARMA Conference – February 11 – 13, 2019 in Anaheim, CA

This was provided as an information item only.

M.2. Glossary of Terms

This was provided as an information item only.

M.3. FY 18/19 Resource Contact Guide

This was provided as an information item only.

M.4. SCORE Travel Reimbursement Form

This was provided as an information item only.

N. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES

There were no discussion items.



O. CLOSING COMMENTS

Roger noted that if you are not going to PARMA you should consider attending.

P. AJOURNMENT

The meeting was adjourned at 2:07 PM

NEXT MEETING DATE: March 29, 2019 in Anderson, CA

Respectfully Submitted,

Brooke Kerrigan, Secretary

Date

DRAFT



**Small Cities Organized Risk Effort (SCORE)
Special Executive Committee
Teleconference Meeting Minutes
March 6, 2019**

Member Cities Present:

Steve Baker, City of Yreka
Roger Carroll, Town of Loomis

John Duckett, City of Shasta Lake
Brooke Kerrigan, City of Rio Dell

Member Cities Absent:

Wes Heathcock, City of Colfax

Consultants & Guests:

Marcus Beverly, Alliant Insurance Services
Ariel Leonhard, York Risk Services

Michelle Minnick, Alliant Insurance Services

A. CALL TO ORDER

Mr. Steve Baker called the meeting to order at 10:32 A.M.

B. ROLL CALL

The above mentioned members were present constituting a quorum.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Roger Carroll

SECOND: John Duckett

**MOTION CARRIED
UNANIMOUSLY**

D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

1. Executive Committee Special Meeting Minutes – December 7, 2017



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

MOTION: John Duckett

SECOND: Roger Carroll

**MOTION CARRIED
UNANIMOUSLY**

F. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9

****REQUESTING AUTHORITY**

At 10:34 A.M., pursuant to Government code section 54956.95, the Board held a closed session to discuss the following claims for payment of tort liability loss or public liability loss.

1. Workers' Compensation

a. SCWA-556094 v. Mt. Shasta**

G. REPORT FROM CLOSED SESSION

The Executive Committee returned from closed session at 10:40 A.M. President Baker announced the Committee provided direction on the claims but no reportable actions were taken.

H. CLOSING COMMENTS

There were no comments.

I. AJOURNMENT

The meeting was adjourned at 10:40 A.M.

NEXT MEETING DATE: March 29, 2019 in Anderson, CA

Respectfully Submitted,

Brooke Kerrigan, Secretary

Date

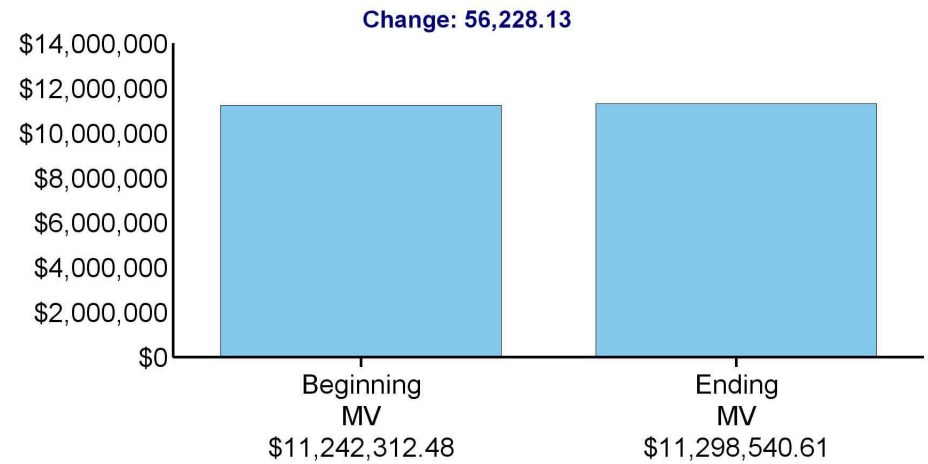


SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

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MARKET VALUE SUMMARY

	Current Period 01/01/19 to 01/31/19
Beginning Market Value	\$11,242,312.48
Taxable Interest	22,420.07
Fees and Expenses	-1,228.26
Long Term Gains/Losses	-159.53
Short Term Gains/Losses	1.06
Change in Investment Value	35,194.79
Ending Market Value	\$11,298,540.61





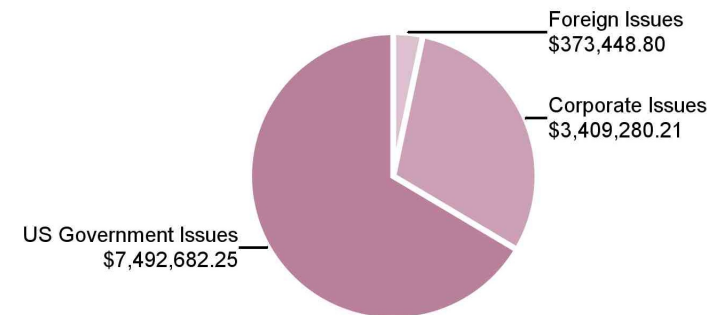
SMALL CITIES ORGANIZED
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ASSET SUMMARY

Assets	Current Period Market Value	% of Total	Estimated Annual Income
Cash & Equivalents	23,129.35	0.20	463.71
Taxable Bonds	11,275,411.26	99.80	223,284.83
Total Market Value	\$11,298,540.61	100.00	\$223,748.54

Fixed Income Summary





SMALL CITIES ORGANIZED
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INCOME SUMMARY

	Income Received Current Period
Taxable Interest	22,420.07
Total Current Period Income	\$22,420.07



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CASH SUMMARY

	Principal Cash	Income Cash	Total Cash
Beginning Cash 01/01/2019	-\$912,032.55	\$912,032.55	\$0.00
Taxable Interest		22,420.07	22,420.07
Fees and Expenses	-1,228.26		-1,228.26
Purchases	-172,258.79		-172,258.79
Sales	159,045.93		159,045.93
Net Money Market Activity	-7,978.95		-7,978.95
Ending Cash 01/31/2019	-\$934,452.62	\$934,452.62	\$0.00



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ASSET DETAIL (continued)

Security Description

	Shares/Face Amt	Price	Market Value	Tax Cost	Unrealized Gain/Loss	Percent of Total Portfolio	Estimated Annual Income	Estimated Current Yield
Inter American Devel Bk - 4581X0CZ9 1.750 09/14/2022	100,000.000	97.1380	97,138.00	98,067.00	-929.00	0.9	1,750.00	1.80
Total Foreign Issues			\$373,448.80	\$376,863.80	-\$3,415.00	3.3	\$7,550.00	
Total Taxable Bonds			\$11,275,411.26	\$11,349,607.70	-\$74,196.44	99.8	\$223,284.83	
Total Assets			\$11,298,540.61	\$11,372,737.05	-\$74,196.44	100.0	\$223,748.54	
Estimated Current Yield								1.98

ASSET DETAIL MESSAGES

Time of trade execution and trading party (if not disclosed) will be provided upon request.

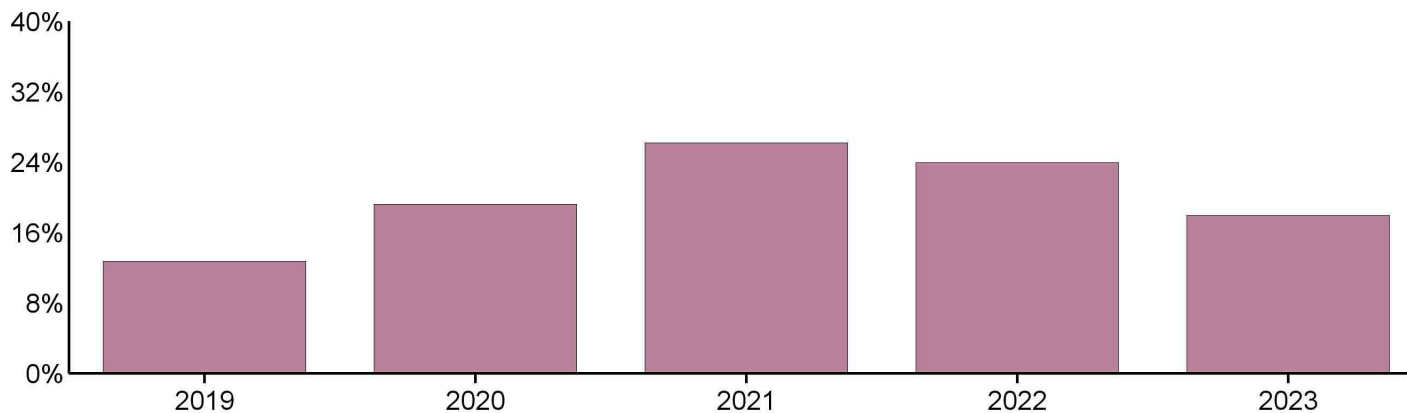
Publicly traded assets are valued in accordance with market quotations or valuation methodologies from financial industry services believed by us to be reliable. Assets that are not publicly traded may be reflected at values from other external sources. Assets for which a current value is not available may be reflected at a previous value or as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could be bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.



SMALL CITIES ORGANIZED
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BOND SUMMARY



	Par Value	Market Value	Percentage of Category
MATURITY			
2019	1,440,000.00	1,435,109.20	12.73
2020	2,193,656.60	2,166,708.96	19.22
2021	3,020,000.00	2,953,097.20	26.19
2022	2,745,000.00	2,700,886.05	23.95
2023	2,010,000.00	2,019,609.85	17.91
Total of Category	\$11,408,656.60	\$11,275,411.26	100.00

MOODY'S RATING

Aaa	8,646,948.48	8,531,767.98	75.66
Aa2	395,000.00	394,642.35	3.50
A1	1,040,000.00	1,031,407.50	9.15
A2	925,000.00	921,103.80	8.17
A3	150,000.00	148,734.00	1.32



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 23 of 23
January 1, 2019 to January 31, 2019

BOND SUMMARY (continued)

	Par Value	Market Value	Percentage of Category
N/A	251,708.12	247,755.63	2.20
Total of Category	\$11,408,656.60	\$11,275,411.26	100.00

S&P RATING

AAA	553,970.00	548,958.15	4.87
AA+	4,050,000.00	4,013,201.25	35.59
AA	545,000.00	544,069.35	4.83
AA-	435,000.00	431,541.90	3.83
A+	460,000.00	458,774.10	4.07
A	795,000.00	788,275.35	6.99
A-	275,000.00	273,226.95	2.42
N/A	4,294,686.60	4,217,364.21	37.40
Total of Category	\$11,408,656.60	\$11,275,411.26	100.00

BOND SUMMARY MESSAGES

Data contained within this section excluded Mutual Funds, Exchange Traded Funds, and Closed-Ended Funds.

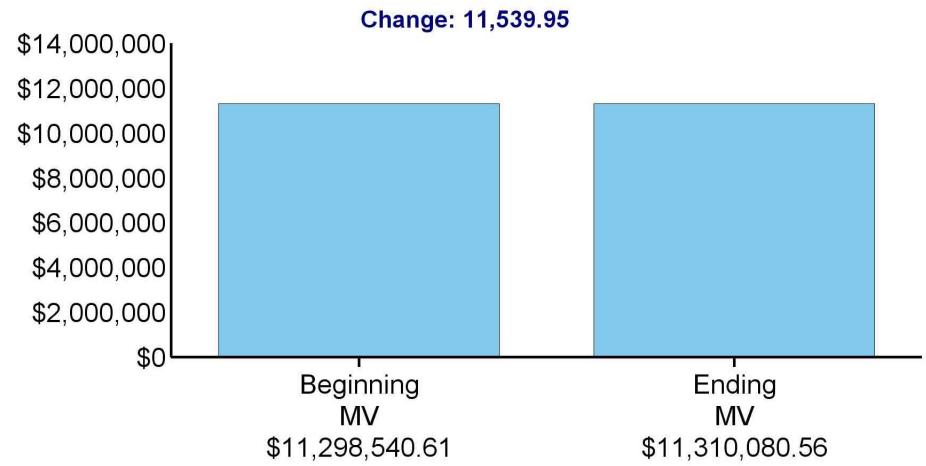


SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 1 of 23
February 1, 2019 to February 28, 2019

MARKET VALUE SUMMARY

	Current Period 02/01/19 to 02/28/19
Beginning Market Value	\$11,298,540.61
Taxable Interest	17,199.32
Fees and Expenses	-1,236.34
Long Term Gains/Losses	-120.17
Change in Investment Value	-4,302.86
Ending Market Value	\$11,310,080.56





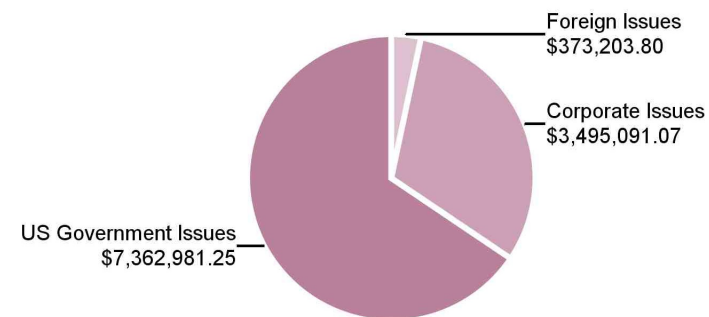
SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 2 of 23
February 1, 2019 to February 28, 2019

ASSET SUMMARY

Assets	Current Period Market Value	% of Total	Estimated Annual Income
Cash & Equivalents	78,804.44	0.70	1,583.06
Taxable Bonds	11,231,276.12	99.30	224,574.55
Total Market Value	\$11,310,080.56	100.00	\$226,157.61

Fixed Income Summary





SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 3 of 23
February 1, 2019 to February 28, 2019

INCOME SUMMARY

	Income Received Current Period
Taxable Interest	17,199.32
Total Current Period Income	\$17,199.32



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 4 of 23
February 1, 2019 to February 28, 2019

CASH SUMMARY

	Principal Cash	Income Cash	Total Cash
Beginning Cash 02/01/2019	-\$934,452.62	\$934,452.62	\$0.00
Taxable Interest		17,199.32	17,199.32
Fees and Expenses	-1,236.34		-1,236.34
Purchases	-367,850.31		-367,850.31
Sales	407,562.42		407,562.42
Net Money Market Activity	-55,675.09		-55,675.09
Ending Cash 02/28/2019	-\$951,651.94	\$951,651.94	\$0.00



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 14 of 23
February 1, 2019 to February 28, 2019

ASSET DETAIL (continued)

Security Description

	Shares/Face Amt	Price	Market Value	Tax Cost	Unrealized Gain/Loss	Percent of Total Portfolio	Estimated Annual Income	Estimated Current Yield
Inter American Devel Bk - 4581X0CZ9 1.750 09/14/2022	100,000.000	97.0990	97,099.00	98,067.00	-968.00	0.9	1,750.00	1.80
Total Foreign Issues			\$373,203.80	\$376,863.80	-\$3,660.00	3.3	\$7,550.00	
Total Taxable Bonds			\$11,231,276.12	\$11,309,775.42	-\$78,499.30	99.3	\$224,574.55	
Total Assets			\$11,310,080.56	\$11,388,579.86	-\$78,499.30	100.0	\$226,157.61	
Estimated Current Yield								1.99

ASSET DETAIL MESSAGES

Time of trade execution and trading party (if not disclosed) will be provided upon request.

Publicly traded assets are valued in accordance with market quotations or valuation methodologies from financial industry services believed by us to be reliable. Assets that are not publicly traded may be reflected at values from other external sources. Assets for which a current value is not available may be reflected at a previous value or as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could be bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 21 of 23
February 1, 2019 to February 28, 2019

SALE/MATURITY SUMMARY (continued)

Settlement Date	Description	Tax Cost	Proceeds	Estimated Gain/Loss
	U S Treasury Note 1.500 05/31/2019 912828WLO			
02/20/19	Sold 100,000 Par Value Trade Date 2/19/19 Sold Through Rbc Capital Markets, LLC 100,000 Par Value At 99.74609 %	-98,844.09	99,746.09	902.00
Total Taxable Bonds		-\$407,682.59	\$407,562.42	-\$120.17
Total Sales & Maturities		-\$407,682.59	\$407,562.42	-\$120.17

SALE/MATURITY SUMMARY MESSAGES

Estimated Year-To-Date Short-Term Gain (Loss): \$1.06

Estimated Year-To-Date Long-Term Gain (Loss): (\$279.70)

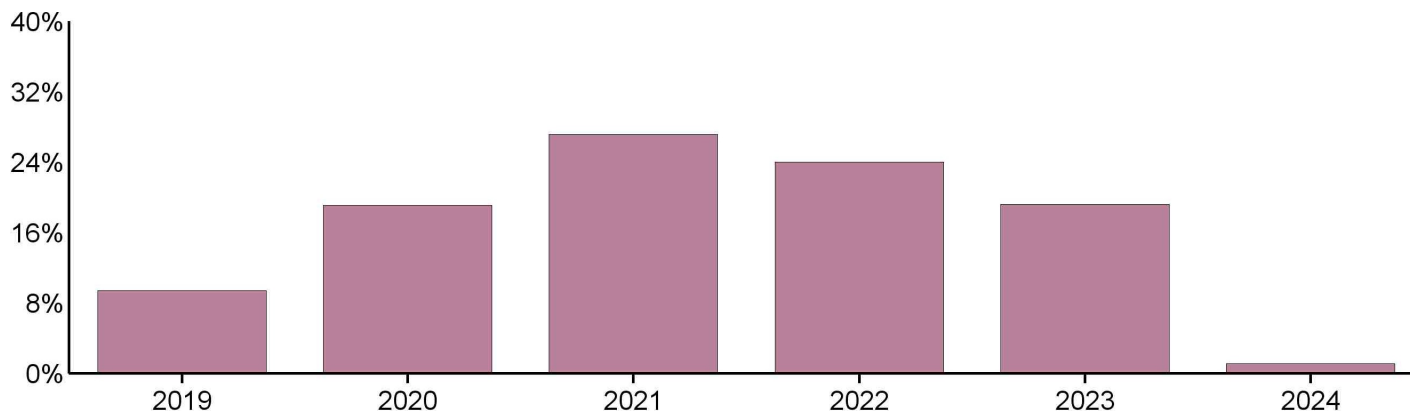
Estimates should not be used for tax purposes



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 22 of 23
February 1, 2019 to February 28, 2019

BOND SUMMARY



	Par Value	Market Value	Percentage of Category
MATURITY			
2019	1,055,000.00	1,051,618.35	9.37
2020	2,170,587.37	2,143,688.87	19.09
2021	3,120,000.00	3,051,748.60	27.18
2022	2,745,000.00	2,698,301.55	24.02
2023	2,160,000.00	2,161,677.50	19.24
2024	125,000.00	124,241.25	1.10
Total of Category	\$11,375,587.37	\$11,231,276.12	100.00

MOODY'S RATING

Aaa	8,501,094.44	8,381,094.18	74.63
Aa2	395,000.00	394,544.20	3.51
A1	905,000.00	896,280.90	7.98
A2	1,075,000.00	1,065,098.70	9.48
A3	150,000.00	148,545.00	1.32



BETTY T. YEE
California State Controller

**LOCAL AGENCY INVESTMENT FUND
 REMITTANCE ADVICE**

Agency Name	S.C.O.R.E.
Account Number	40-04-001

As of 01/15/2019, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 12/31/2018.

Earnings Ratio		.00006573663340150
Interest Rate		2.40%
Dollar Day Total	\$	38,194,243.24
Quarter End Principal Balance	\$	415,496.50
Quarterly Interest Earned	\$	2,510.76

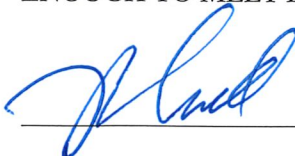


SCORE TREASURER INVESTMENT REPORT
FOR THE QUARTER ENDING DECEMBER 31, 2018

	MARKET VALUE
CASH:	
(1) Mechanic's Bank Checking	\$2,231,573.16
(2) Local Agency Inv Fund (LAIF)	\$415,496.50
TOTAL CASH	\$2,647,069.66
INVESTMENTS (Unrestricted):	
(3) Chandler Investments Account no. 590	\$11,371,160.36
TOTAL UNRESTRICTED INVESTMENTS	\$11,371,160.36
TOTAL CASH AND INVESTMENTS	\$14,018,230.02

- (1) This consists of one checking account and two pass-thru accounts (Liability and Workers' Compensation claims).
- (2) The LAIF rate of return as of quarter ended December 31, 2018 2.40%
- (3) See attached Investment Activity Reports.

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



 Roger Carroll, SCORE Treasurer

 3/1/19
 Date

**Small Cities Organized Risk Effort
Check Detail
January through February 2019**

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Check	EFT	01/16/2019	Bank Fee	100-01 · Mechanics Bank - Main		-20.00
				601 · Checking Account Bank Fees	-20.00	20.00
TOTAL					-20.00	20.00
Check	2997	02/04/2019	DJ Elliot	100-01 · Mechanics Bank - Main		-300.00
				606 · LRP & Training Day Mtg Expenses	-300.00	300.00
TOTAL					-300.00	300.00
Bill Pmt -Check	Bill.com	01/10/2019	DKF Solutions Group, LLC	1072 · Bill.com Money Out Clearing		-8,750.00
Bill	14256	01/08/2019		675 · Loss Control Services - DKF	-8,750.00	8,750.00
TOTAL					-8,750.00	8,750.00
Bill Pmt -Check	Bill.com	01/16/2019	York Insurance Services Group, Inc-CA	1072 · Bill.com Money Out Clearing		-8,287.50
Bill	500018381	01/14/2019		722 · Claims Admin - GL	-8,287.50	8,287.50
TOTAL					-8,287.50	8,287.50
Bill Pmt -Check	Bill.com	01/16/2019	York Insurance Services Group, Inc-CA	1072 · Bill.com Money Out Clearing		-8,459.59
Bill	500018380	01/14/2019		721 · Claims Admin - WC	-8,459.59	8,459.59
TOTAL					-8,459.59	8,459.59
Bill Pmt -Check	Bill.com	01/30/2019	Gaia Hotel	1072 · Bill.com Money Out Clearing		-1,344.72
Bill	BEO373303	01/28/2019		605 · BOD Activities	-1,344.72	1,344.72
TOTAL					-1,344.72	1,344.72
Bill Pmt -Check	Bill.com	01/30/2019	HCA Asset Management LLC	1072 · Bill.com Money Out Clearing		-15,800.00
Bill	18-1149	01/28/2019		678 · Appraisal Services	-15,800.00	15,800.00
TOTAL					-15,800.00	15,800.00
Bill Pmt -Check	Bill.com	01/30/2019	HCA Asset Management LLC	1072 · Bill.com Money Out Clearing		-36,750.00
Bill	18-1137	01/28/2019		678 · Appraisal Services	-36,750.00	36,750.00
TOTAL					-36,750.00	36,750.00
Bill Pmt -Check	Bill.com	02/04/2019	DKF Solutions Group, LLC	1072 · Bill.com Money Out Clearing		-8,750.00
Bill	14289	01/31/2019		675 · Loss Control Services - DKF	-8,750.00	8,750.00
TOTAL					-8,750.00	8,750.00
Bill Pmt -Check	Bill.com	02/04/2019	City of Rio Dell	1072 · Bill.com Money Out Clearing		-141.90
Bill	BOD 1-25-19	01/31/2019		606 · LRP & Training Day Mtg Expenses	-141.90	141.90
TOTAL					-141.90	141.90
Bill Pmt -Check	Bill.com	02/04/2019	City of Portola	1072 · Bill.com Money Out Clearing		-108.90
Bill	BOD 1-25-19	01/31/2019		606 · LRP & Training Day Mtg Expenses	-108.90	108.90
TOTAL					-108.90	108.90
Bill Pmt -Check	Bill.com	02/04/2019	City of Susanville	1072 · Bill.com Money Out Clearing		-1,896.18
Bill	256637158	01/31/2019		Accrued Grant Fund	-1,896.18	1,896.18
TOTAL					-1,896.18	1,896.18
Bill Pmt -Check	Bill.com	02/04/2019	Brooke Kerrigan	1072 · Bill.com Money Out Clearing		-107.30
Bill	BOD 1/19	01/31/2019		606 · LRP & Training Day Mtg Expenses	-107.30	107.30
TOTAL					-107.30	107.30
Bill Pmt -Check	Bill.com	02/04/2019	City of Colfax	1072 · Bill.com Money Out Clearing		-296.43
Bill	BOD 1/25/19	01/31/2019		606 · LRP & Training Day Mtg Expenses	-296.43	296.43
TOTAL					-296.43	296.43

**Small Cities Organized Risk Effort
Check Detail
January through February 2019**

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	Bill.com	02/04/2019	Melissa Klundby	1072 · Bill.com Money Out Clearing		-222.72
Bill	1/25/19 BOD	01/31/2019		606 · LRP & Training Day Mtg Expenses	-222.72	222.72
TOTAL					-222.72	222.72
Bill Pmt -Check	Bill.com	02/07/2019	Brooke Kerrigan	1072 · Bill.com Money Out Clearing		-107.30
Bill	BOD RT mileage	02/04/2019		606 · LRP & Training Day Mtg Expenses	-107.30	107.30
TOTAL					-107.30	107.30
Bill Pmt -Check	Bill.com	02/19/2019	York Insurance Services Group, Inc-CA	1072 · Bill.com Money Out Clearing		-8,287.50
Bill	500018473	02/15/2019		722 · Claims Admin - GL	-8,287.50	8,287.50
TOTAL					-8,287.50	8,287.50
Bill Pmt -Check	Bill.com	02/19/2019	York Insurance Services Group, Inc-CA	1072 · Bill.com Money Out Clearing		-8,459.59
Bill	500018472	02/15/2019		721 · Claims Admin - WC	-8,459.59	8,459.59
TOTAL					-8,459.59	8,459.59
Bill Pmt -Check	Bill.com	02/22/2019	City of Colfax	1072 · Bill.com Money Out Clearing		-3,000.00
Bill	Grant Fund 2019-0005	02/20/2019		Accrued Grant Fund	-3,000.00	3,000.00
TOTAL					-3,000.00	3,000.00
Bill Pmt -Check	Bill.com	02/26/2019	Employment Risk Management Authority	1072 · Bill.com Money Out Clearing		-1,221.00
Bill	ERMA-00364	02/21/2019		875 · Ins Premiums	-1,221.00	1,221.00
TOTAL					-1,221.00	1,221.00
Bill Pmt -Check	Bill.com	02/28/2019	HCA Asset Management LLC	1072 · Bill.com Money Out Clearing		-5,834.00
Bill	19-1171	02/25/2019		678 · Appraisal Services	-5,834.00	5,834.00
TOTAL					-5,834.00	5,834.00
Check	5486-5498	01/31/2019	York Insurance Services Group, Inc-CA	106-01 · Trust - Liab - MB 7380		-14,747.36
				Liability Claim Payments	-14,747.36	14,747.36
TOTAL					-14,747.36	14,747.36
Check	41045-41137	01/31/2019	York Insurance Services Group, Inc-CA	106-02 · Trust - WC - MB 7379		-70,160.07
				Workers' Comp Claims Payments	-70,160.07	70,160.07
TOTAL					-70,160.07	70,160.07



Small Cities Organized Risk Effort - Account #590

MONTHLY ACCOUNT STATEMENT

JANUARY 1, 2019 THROUGH JANUARY 31, 2019

Chandler Team:

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

Custodian

US Bank
Christopher Isles
(503) 464-3685

CHANDLER ASSET MANAGEMENT
chandlerasset.com

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.33
Average Coupon	1.96%
Average Purchase YTM	2.08%
Average Market YTM	2.59%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.53 yrs
Average Life	2.44 yrs

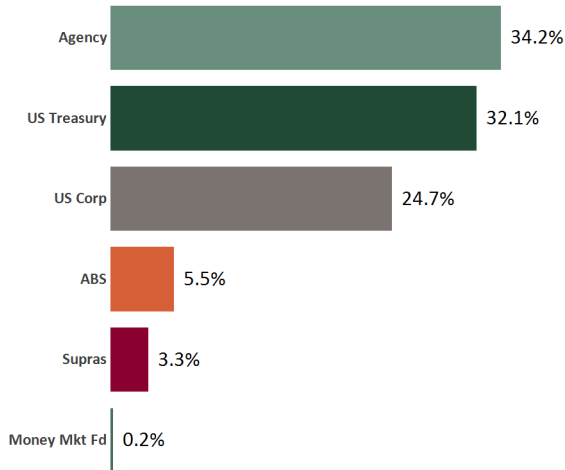
ACCOUNT SUMMARY

	Beg. Values as of 12/31/18	End Values as of 1/31/19
Market Value	11,242,312	11,298,536
Accrued Interest	53,107	49,453
Total Market Value	11,295,419	11,347,989
Income Earned	19,468	19,795
Cont/WD		-1,228
Par	11,407,853	11,431,786
Book Value	11,371,160	11,393,381
Cost Value	11,351,704	11,372,737

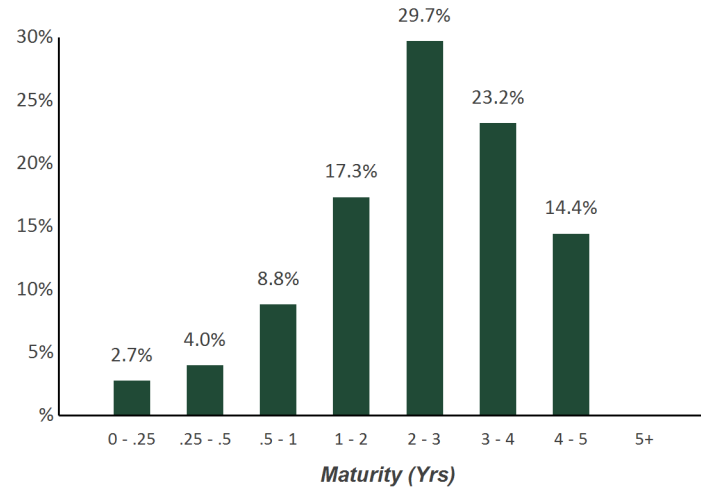
TOP ISSUERS

Government of United States	32.1%
Federal National Mortgage Assoc	16.3%
Federal Home Loan Bank	12.6%
Federal Home Loan Mortgage Corp	5.3%
Intl Bank Recon and Development	1.7%
John Deere ABS	1.7%
Honda ABS	1.4%
Eli Lilly & Co	1.3%
Total	72.4%

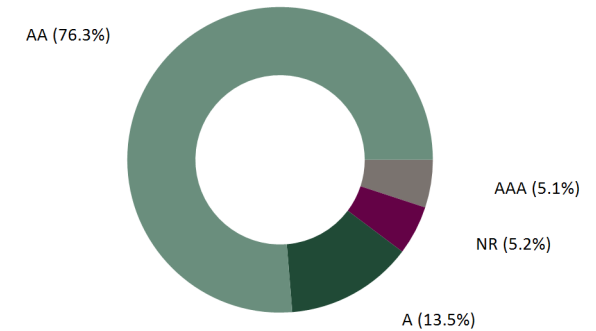
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	Annualized									
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	3/31/2006	
Small Cities Organized Risk Effort	0.48%	1.85%	0.48%	2.53%	1.44%	1.14%	1.27%	1.80%	2.89%	
ICE BAML 1-5 Yr US Treasury/Agency Index	0.32%	1.91%	0.32%	2.43%	1.17%	0.85%	1.08%	1.47%	2.64%	
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	0.41%	1.93%	0.41%	2.45%	1.28%	0.99%	1.19%	1.76%	2.71%	

Statement of Compliance

As of January 31, 2019



Small Cities Organized Risk Effort

Assets managed by Chandler Asset Management are in full compliance with state law and with the Client's investment policy.

Category	Standard	Comment
U.S. Treasury Issues	No limitations	Complies
Government Agencies	No limitations	Complies
Municipal Securities	"A-" rated by a NRSRO; 20% maximum; 5% per issuer	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or higher by a NRSRO; 30% maximum; 10% per issuer	Complies
Negotiable CDs	"A" or better by a NRSRO; 30% maximum; 5% per issuer	Complies
Banker's Acceptances	A-1 rated or equivalent by a NRSRO; 30% maximum; 5% per issuer; 180 days max maturity	Complies
Commercial Paper	A-1 rated or equivalent by a NRSRO; 25% maximum; 5% per issuer; 270 days max maturity; Issuing Corp must be organized and operating within U.S., having total assets in excess of \$500 million.	Complies
Medium Term Notes	"A-" or better by a NRSRO; 30% maximum; 5% per issuer	Complies
Asset-Backed Securities	AAA rated or equivalent by a NRSRO; 20% maximum with Mort. Pass-Throughs; 5% per issuer	Complies
Mortgage Pass-Through Securities	AAA rated or equivalent by a NRSRO; 20% maximum with Asset Backs; 5% per issuer	Complies
Money Market Funds	AAA/Aaa rated by two NRSROs; 20% maximum; 10 per fund	Complies
Repurchase Agreements	5% per issuer; 1 year max maturity; Not used by investment adviser	Complies
LAIF	Not used by investment adviser	Complies
Max Per Issuer	5% per issuer (except US Government, Agencies, Supranationals, and LAIF)	Complies
Maximum maturity	5 years	Complies



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$11,371,160.36
Acquisition		
+ Security Purchases	\$172,258.79	
+ Money Market Fund Purchases	\$182,099.41	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$354,358.20
Dispositions		
- Security Sales	\$0.00	
- Money Market Fund Sales	\$172,892.20	
- MMF Withdrawals	\$1,228.26	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$135,000.00	
- Calls	\$0.00	
- Principal Paydowns	\$24,045.93	
Total Dispositions		\$333,166.39
Amortization/Accretion		
+/- Net Accretion	\$1,028.92	
		\$1,028.92
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	\$0.00	
		\$0.00
ENDING BOOK VALUE		\$11,393,381.09

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$15,150.40
Acquisition		
Contributions	\$0.00	
Security Sale Proceeds	\$0.00	
Accrued Interest Received	\$0.00	
Interest Received	\$22,821.08	
Dividend Received	\$232.40	
Principal on Maturities	\$135,000.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$24,045.93	
Total Acquisitions	\$182,099.41	
Dispositions		
Withdrawals	\$1,228.26	
Security Purchase	\$172,258.79	
Accrued Interest Paid	\$633.41	
Total Dispositions	\$174,120.46	
ENDING BOOK VALUE		\$23,129.35



Small Cities Organized Risk Effort - Account #590

MONTHLY ACCOUNT STATEMENT

FEBRUARY 1, 2019 THROUGH FEBRUARY 28, 2019

Chandler Team:

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

Custodian

US Bank
Christopher Isles
(503) 464-3685

CHANDLER ASSET MANAGEMENT
chandlerasset.com

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.35
Average Coupon	1.97%
Average Purchase YTM	2.11%
Average Market YTM	2.62%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.58 yrs
Average Life	2.46 yrs

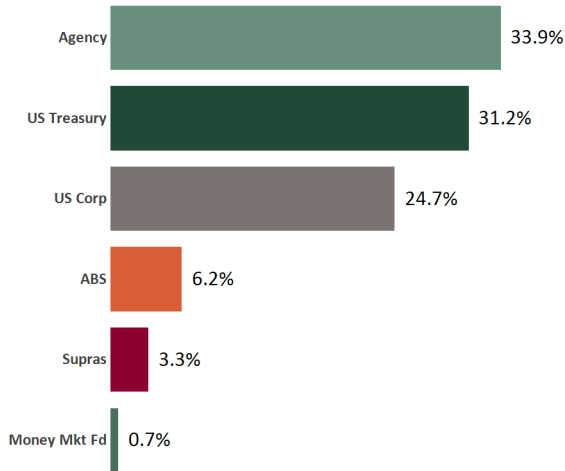
ACCOUNT SUMMARY

	Beg. Values as of 1/31/19	End Values as of 2/28/19
Market Value	11,298,536	11,310,084
Accrued Interest	49,453	50,649
Total Market Value	11,347,989	11,360,732
Income Earned	19,795	19,425
Cont/WD		-1,236
Par	11,431,786	11,454,392
Book Value	11,393,381	11,409,903
Cost Value	11,372,737	11,388,580

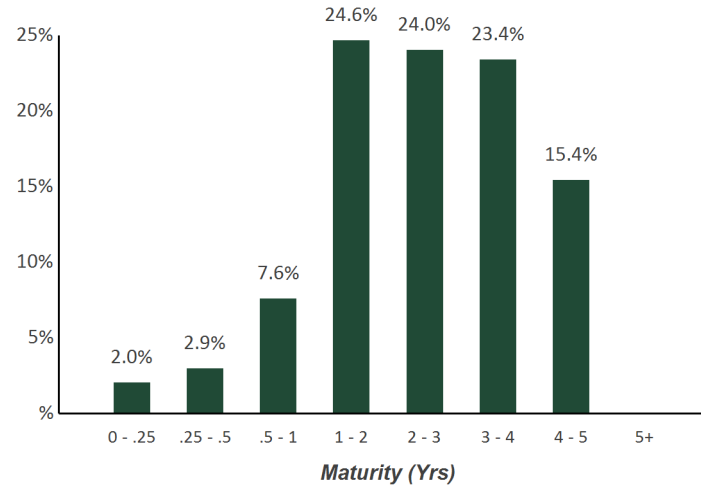
TOP ISSUERS

Government of United States	31.2%
Federal National Mortgage Assoc	17.4%
Federal Home Loan Bank	12.6%
Federal Home Loan Mortgage Corp	3.9%
Honda ABS	2.2%
Intl Bank Recon and Development	1.7%
John Deere ABS	1.6%
Berkshire Hathaway	1.3%
Total	72.0%

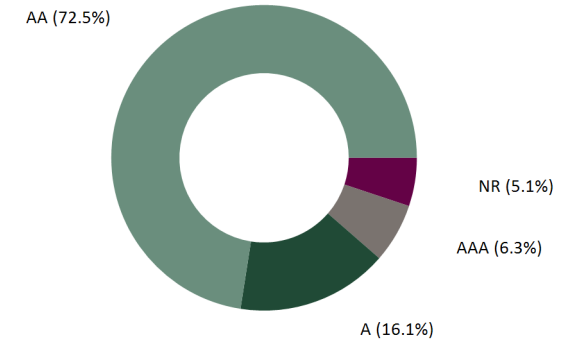
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	3/31/2006
Small Cities Organized Risk Effort	0.12%	1.59%	0.60%	2.82%	1.40%	1.12%	1.26%	1.79%	2.88%
ICE BAML 1-5 Yr US Treasury/Agency Index	0.04%	1.46%	0.36%	2.60%	1.12%	0.78%	1.06%	1.49%	2.63%
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	0.07%	1.57%	0.48%	2.68%	1.22%	0.94%	1.17%	1.80%	2.70%

Statement of Compliance

As of February 28, 2019



Small Cities Organized Risk Effort

Assets managed by Chandler Asset Management are in full compliance with state law and with the Client's investment policy.

Category	Standard	Comment
U.S. Treasury Issues	No limitations	Complies
Government Agencies	No limitations	Complies
Municipal Securities	"A-" rated by a NRSRO; 20% maximum; 5% per issuer	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or higher by a NRSRO; 30% maximum; 10% per issuer	Complies
Negotiable CDs	"A" or better by a NRSRO; 30% maximum; 5% per issuer	Complies
Banker's Acceptances	A-1 rated or equivalent by a NRSRO; 30% maximum; 5% per issuer; 180 days max maturity	Complies
Commercial Paper	A-1 rated or equivalent by a NRSRO; 25% maximum; 5% per issuer; 270 days max maturity; Issuing Corp must be organized and operating within U.S., having total assets in excess of \$500 million.	Complies
Medium Term Notes	"A-" or better by a NRSRO; 30% maximum; 5% per issuer	Complies
Asset-Backed Securities	AAA rated or equivalent by a NRSRO; 20% maximum with Mort. Pass-Throughs; 5% per issuer	Complies
Mortgage Pass-Through Securities	AAA rated or equivalent by a NRSRO; 20% maximum with Asset Backs; 5% per issuer	Complies
Money Market Funds	AAA/Aaa rated by two NRSROs; 20% maximum; 10 per fund	Complies
Repurchase Agreements	5% per issuer; 1 year max maturity; Not used by investment adviser	Complies
LAIF	Not used by investment adviser	Complies
Max Per Issuer	5% per issuer (except US Government, Agencies, Supranationals, and LAIF)	Complies
Maximum maturity	5 years	Complies



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$11,393,381.09
Acquisition		
+ Security Purchases	\$367,850.31	
+ Money Market Fund Purchases	\$164,407.76	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$532,258.07
Dispositions		
- Security Sales	\$384,493.19	
- Money Market Fund Sales	\$107,496.33	
- MMF Withdrawals	\$1,236.34	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$23,069.23	
Total Dispositions		\$516,295.09
Amortization/Accretion		
+/- Net Accretion	\$1,029.47	
		\$1,029.47
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	(\$470.82)	
		(\$470.82)
ENDING BOOK VALUE		\$11,409,902.72

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$23,129.35
Acquisition		
Contributions	\$0.00	
Security Sale Proceeds	\$384,493.19	
Accrued Interest Received	\$2,286.46	
Interest Received	\$15,379.53	
Dividend Received	\$175.69	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$23,069.23	
Total Acquisitions	\$425,404.10	
Dispositions		
Withdrawals	\$1,236.34	
Security Purchase	\$367,850.31	
Accrued Interest Paid	\$642.36	
Total Dispositions	\$369,729.01	
ENDING BOOK VALUE		\$78,804.44

SCORE – TargetSolutions Utilization Report Summary

	This Year	Last Year
	1/1/2019-2/28/2019	1/1/2018-2/28/2018
Active Entities	9	8
# of Potential Active Entities	20	20
% Entities Active	45.00%	40.00%
# of Licenses	n/a	n/a
Total Active/Offline Users	551	452
Registered Users	350	290
% Users Active	63.52%	64.15%
Users Completing One or More Course	47	35
Courses Completed - Total	185	78
Users Completing One or More Custom Activities	14	1
Custom Activities Completed - Total	34	1

Member Organization	Total Active and Offline Employees	Registered Users	Courses Completed- Total	Users Completing One or More Courses	Custom Activities Completed- Total	Users Completing One or More Custom
City of Biggs	13	7	0	0	0	0
City of Colfax	16	13	13	8	0	0
City of Dunsuir	42	31	59	7	0	0
City of Etna	42	28	15	3	0	0
City of Isleton	1	0	0	0	0	0
City of Live Oak	22	5	0	0	0	0
City of Loyalton	1	1	0	0	0	0
City of Montague	35	27	0	0	0	0
City of Mount Shasta	110	81	33	5	0	0
City of Portola	30	9	0	0	0	0
City of Rio Dell	17	9	0	0	0	0
City of Shasta Lake	32	17	0	0	0	0
City of Susanville	27	17	0	0	0	0
City of Tulelake	16	2	0	0	0	0
City of Weed	2	1	0	0	0	0
City of Yreka	47	34	2	1	0	0
Fort Jones Volunteer Fire Department	26	24	48	15	34	14
SCORE - Small Cities Organized Risk Effort	7	7	0	0	0	0
Town of Fort Jones	14	6	12	5	0	0
Town of Loomis	22	14	2	2	0	0
Weed City Fire	29	17	1	1	0	0
TOTAL	551	350	185	47	34	14



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Tentative Dates	Activity	Completed by
JULY 2019		
07/03/2019	Send Program Invoices from ERMA, LAWCX, & CJPRMA to Gilbert Associates for payment	ALL
07/03/2019	Finalize June Board of Directors draft minutes	AS
07/08/2019	Send Members Binders for all coverages including: WC, GL, Property, Crime, etc via email	
07/08/2019	Update SCORE Website to include coverage information	AS
07/10/2019	Prepare all signature items for Board President – Policies, MOCs, Summaries of Coverage, etc. Follow up with President of the Board regarding items needing signatures	AS/BD
07/11/2019	Begin Agenda for October Board of Directors Meeting 10/03/19 - 10/04/19 (it will be presented as a DRAFT at Aug Teleconference Meeting)	AS
07/11/2019	Request Proposal for either WC or LIAB Claims audit (then alternate WC every even year, Liab every odd year)	AS
07/15/2019	Follow up with ACIP members regarding premium payments	AS
07/19/2019	Property Summary – send to Members	AS, GB
07/19/2019	Follow up on payments for ERMA, LAWCX, PEPIP, CJPRMA, etc	AS
07/22/2019	Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature	AS
07/23/2019	Request Consent Calendar items from vendors for August Board of Directors Meeting	AS
07/25/2019	Continue work on Agenda for October Training Day for inclusion in the 8/23/2019 Agenda	AS
07/26/2019	Request RSVP by 08/16/2019 to members for Aug BOD Meeting on 08/23/2019 – Teleconference	AS, BD
07/31/2019	DE9 due to EDD by today	
AUGUST 2019		
08/05/2019	Send request to members for DE9 Reports for Q2 of 2019	AS, BD
08/05/2019	Begin work on October Training and Board of Directors Agenda	AS
08/05/2019	LAWCX sends renewal apps to members in Workers' Compensation	AS/BD
08/07/2019	Follow up with members to ensure they complete the LAWCX application on RiskConsole Website (Payroll Audit) due 09/15/2019	AS/BD
08/17/2019	Post BOD Meeting Agenda on SCORE Website and email to members	AS
08/17/2019	Confirm Attendance for BOD Meeting (ensure quorum)	AS
08/22/2019	Collect Q2 2019 DE9 from members and submit to: CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2019	BD/AS

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08/22/2019	Begin Public Self/Insurers Report with the State of California (OSIP)	AS
08/22/2019	LAWCX Actual payroll Audit by class code –receive from members and post to LAWCX website with DE9’s for all members	AS
08/23/2019	August Board of Directors Meeting – Teleconference	AS
Mtg	Begin Selecting topics for Training Day Agenda	AS/BD
Mtg	Conflict of Interest Code Revision/Approval (every even year)	AS/BD
Mtg	ACI Quarterly Utilization Reports: April 1, 2019 – June 30, 2019	AS
Mtg	Quarterly Financials as of June 30 , 2019	GB
Mtg	Select & Reserve October Training Day and Board meeting location	AS
Mtg	Draft October Training Day Agenda	AS
Mtg	Remind members about LAWCX application due 09/15/2019	BD
Mtg	Select Training Material and Potential Trainer to present at Training Day Meeting in November 2019	AS/BD
08/26/2019	Submit Fiscal Year Financial Information to Auditor – York and Gilbert as needed	AS
08/26/2019	Debrief from 08/23/2019 BOD meeting—determine action steps	AS
SEPTEMBER 2019		
09/05/2019	Finalize and email August Board Meeting draft minutes – due today	AS
09/05/2019	Prepare Annual Report for members – ready for October 3, 2019 BOD MTG	AS
	CAJPA Accreditation (2017 and every 3 years after – next up late 2020)	AS
09/05/2019	Retrieve Loss Run data from York and determine if loss trends exist that can be addressed through training	AS
09/05/2019	Request Consent Calendar Items from Service Providers	GB
09/05/2019	Develop Loss Analysis charts showing frequency and severity of claims by department and cause of loss to present at Training Day	AS
09/05/2019	Reminder email RSVP by 09/19/2019 to members for October BOD Meeting on 10/03/2019-10/04/2019 in Anderson, California	BD/AS
09/09/2019	Financial Audit - review status and determine if ready for BOD	BD/AS
09/10/2019-09/13/2019	2019 CAJPA Fall Conference and Training Seminar – South Lake Tahoe	BD/AS
09/13/2019	Final reminder email to all members to complete LAWCX application on RiskConsole Website (Payroll Audit) due 09/13/2019	AS
09/13/2019	LAWCX application deadline is today	BD
09/16/2019	Work with Board Members on finalizing October Training Day reservations and scheduling	AS
09/16/2019	Confirm Attendance for BOD Meeting (ensure quorum, catering and hotel accommodations)	AS

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Tentative Dates	Activity	Completed by
09/16/2019	OSIP Public Self Insurer's Annual Report for JPA & Members – due 10/01/2019	AS
09/19/2019	Request RSVP from members by today for October BOD Meeting on 10/3/2019-10/4/2019 in Anderson, California	BD/AS
09/23/2019	Biennial Notice for JPA & Members-deadline 10/01/2019	AS/York
OCTOBER 2019		
10/01/2019	Annual Report of Financial Transactions Report -deadline 10/01/2019	GS, AS/York
10/01/2019	Biennial Notice for JPA & Members-deadline 10/01/2019	AS/York
10/03/2019-10/04/2019	Training Day and Board of Directors Meeting – Anderson, CA	BD
Mtg	Present Loss Analysis Data to Board for review	BD
Mtg	Investment Policy - submit for approval (annually)	BD
Mtg	Annual Survey Members – Vendor Performance – Announce & Send after	AS
Mtg	List PARMA Conference on Board/Training Day agenda	
10/07/2019	Follow up with Action Plan from Long Range Planning Meeting-debrief	AS
10/07/2019	Draft Program Manuals – when complete notify members via email when posted to the website	AS
10/07/2019	Begin working on CSAC Pollution Renewal (currently 3 year policy 7/1/2018 – 7/1/2021) – may request additional application from members	AS
10/07/2019	Follow up with Action Plan from Long Range Planning Meeting-debrief	AS
10/15/2019	Receive ACI Quarterly Utilization Reports	AS
10/15/2019	Finalize and October Training Day and Board Meeting Draft Minutes for inclusion in the January 2020 Agenda	AS
10/15/2019	File Controllers Report with the State of California (filed with Controller)	GB
10/17/2019	Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature and for November Agenda	AS
10/21/2019	Annual Recertification Profile Report for RRE ID# 36464 (Medicare) – receive email and respond	AS
10/21/2019	Prepare FY 2020/21 Marketing Plan & Renewal Timeline - submit for approval	AS
10/30/2019	Completed Program Manual sent to Members and posted to the website	AS
10/31/2019	Send request to members for DE9 Reports for Q3 of 2019	AS,BD
10/31/2019	DE9 due to EDD by today	
NOVEMBER 2019		
11/08/2019	Collect Q3 2019 DE9 from members and submit to: CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2020	AS

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Tentative Dates	Activity	Completed by
11/12/2019	Property (location schedules), Liability & WC Programs (estimated payroll) - request renewal specifications for the next fiscal year, if needed	AS, BD
11/18/2019	Follow up with LAWCX regarding their W.C. Claims Audit	AS/GB
11/25/2019	Set up new year Budget file	AS
DECEMBER 2019		
12/03/2019	Request Agenda items for vendors to be included in the January 2020 Board of Directors Meeting including Excess Pool Partners	AS, BD
12/10/2019	Submit Audited Financials to County of Sacramento and State of California	AS, GB
12/12/2019	Mail out Christmas Cards to Board Members	AS
12/13/2019	Prepare Statement of Facts – Roster of Public Agencies to be filed with the State and County – DUE 1/1/2020	AS
12/13/2019	Prepare 2019/20 Service Calendar – Prepare for January 2020 Board mtg.	BD
12/16/2019	Begin preparing agenda for January Board meeting	AS
JANUARY 2020		
01/01/2020	Statement of Facts – Roster of Public Agencies to be filed with the State and County – due today	AS
01/01/2020	Form 700s – FPPC will email BOD Representatives and Alternates to complete online – deadline 04/1/2020	BD/AS
01/03/2019	Request RSVP by 01/24/2019 to members for January BOD Meeting on 01/31/2019 in Anderson, California	AS
01/03/2020	Determine WCIRB Class Code Rates - taken from WCIRB.com for member payroll allocations by class code	AS
01/06/2020	Request Electronic Loss Runs from York for Liability and Workers' Compensation and ask to separate 4850. Deadline 01/15/2020 for receipt from York	AS, York
01/06/2020	Begin working with Gilbert on next year's dividend calculations	AS, GB
01/06/2020	Review to do list from prior Board of Directors Meeting	AS
01/15/2020	Begin working on preliminary FY 2020/21 Budget – put loss data & payroll into the Budget Spreadsheet	BD, AS
01/17/2020	Request Audit of WC and Liability Programs (then alternate WC every even year, Liab every odd year)	AS
01/17/2020	Property Program – <u>Upon notification</u> send out Renewal items & Property Schedules/Vehicle Schedules to members and request update—deadline March 2, 2020 Update Oasys with member updates to property schedule as they come in	AS
01/17/2020	Submit Loss Runs, Payroll data and any options requested to Actuary for studies in Liability/ WC	AS

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Tentative Dates	Activity	Completed by
01/17/2020	Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature	AS
01/21/2020	Send Loss Runs to Gilbert Associates for review	AS
01/21/2020	Follow up with Gilbert Associates for dividend return calculations	GB
01/21/2020	Develop recommendation for dividend release for the Board	AS, GB
01/22/2020	Submit Incurred Loss Valued as of 12/31/2019 OR "No Known Loss" letter to send to ERMA	AS
01/24/2020	Confirm Attendance for BOD Meeting on 01/31/2020 in Anderson, California (ensure quorum, catering and hotel accommodations)	AS, BD
01/24/2020	Post January BOD Meeting Agenda on SCORE Website & Email to members	AS
01/29/2020	Send out renewal items for ACIP Crime program	AS
01/30/2020	Upon receipt send PEPIP Policy to members and Post on SCORE website	BD
01/30/2020	Property (PEPIP) Policy Notebooks – when available prepare and send via email to Members and post to the website	AS
01/30/2020	Reminder to member that Property Schedules need to be reviewed and returned – deadline March 2, 2020	AS/BD
01/30/2020	Obtain Draft Quarterly Financials from Gilbert Associates–deadline 03/18/2020	GB
01/30/2020	Collect Q4 2019 DE9 from members and submit 2018 CY Payroll to: ERMA (all members) in Excel format – deadline 02/01/2020 CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2020	AS
01/30/2020	Reminder to member that Property Schedules need to be submitted – deadline March 2, 2020	AS
01/30/2020	Send request to members for DE9 Reports for Q4 of 2019	AS
01/30/2020	DE9 due to EDD by today	
01/31/2020	Board of Directors Meeting – in Anderson, California	BD/AS
Mtg	2020/21 Service Calendar - submit for approval	BD
Mtg	2020/21 Meeting Dates Calendar - submit for approval	BD
Mtg	Present Marketing Plan & Renewal Timeline: submit for approval	BD
Mtg	Survey Member interest in joining ERMA	BD
Mtg	Present Claims Administration Audit agreement to Board (<i>even years ONLY</i>)	BD
Mtg	Present the Long Range Planning derived Action Plan to Board of Directors (every other year, after LRP Meeting)	AS
Mtg	Dividend and Assessment Analysis	BD
Mtg	Loss Control Grant Fund Program Update	AS
Mtg	Service Provider Performance Evaluations – Submit responses for review	BD

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Tentative Dates	Activity	Completed by
FEBRUARY 2020		
02/03/2020	Submit 2019 Calendar Year Payroll (for all members) to ERMA in Excel format – deadline 02/01/2020	AS
02/03/2020	Debrief of 01/31/2020 BOD meeting – determine action steps	AS
02/03/2020	Review Loss Runs for Common Loss Trends	AS
02/05/2020	Collect APIP Renewal information from Members and Submit to Alliant Underwriting	AS, BD
02/06/2020	Reminder to member that Property Schedules need to be submitted – deadline March 2, 2020	AS
02/06/2020	Receive Dividend Calculations and Info from CJPRMA	AS, BD
02/06/2020	PA to meet to discuss updates to Administrative Costs for Budget	AS
02/07/2020	Request consent calendar items for March Agenda	AS
02/07/2020	Prepare January BOD Meeting Draft Minutes for inclusion in March Agenda	AS
02/10/2020-02/13/2020	PARMA Annual Risk Management Conference – Anaheim, California	BD/AS
02/13/2020	Crime Program – prepare and send applications to Members	AS, BD
02/13/2020	Submit CSAC Pollution Program Renewal Applications to Members – Confirm ACE policy (currently 3 year policy 7/1/2018 – 7/1/2021)	AS, BD
02/13/2020	Reminder to member that Property Schedules need to be reviewed and returned – deadline March 2, 2020	AS/BD
02/15/2020	Collect drafts of WC & Liability Actuarial Studies for March 2020 BOD meeting and send to Gilbert Associates for EX mods and credibility	AS, Actuary
02/20/2020	Request RSVP by 03/19/2020 to members for March Board Meeting on 03/27/2020 in Anderson, California	AS, BD
02/20/2020	Reminder – Form 700s to Board and Alternate Members – due 04/01/2020	AS, BD
02/27/2020	Reminder to member that Property Schedules need to be submitted – deadline March 2, 2020 (next week)	AS
MARCH 2020		
03/02/2020	Claims Audit – if any findings, request response from York and include in agenda packet.	AS, York
03/02/2020	Reminder to member that Property Schedules need to be submitted – deadline TODAY	AS
03/05/2020-03/08/2020	Begin work on Draft Budget and Member allocations for next Fiscal Year (Review and incorporate LAWCX, ERMA, CJPRMA & PEPID draft members into budget)	AS
03/19/2020	Confirm Attendance for BOD Meeting	AS
03/20/2020	Post BOD Meeting Agenda on SCORE Website & send out to all members	AS

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Tentative Dates	Activity	Completed by
03/27/2020	Board of Directors Meeting – Anderson, California	BD
Mtg	4 th Quarter Investment Reports (as of 12/31) - submit for review	BD
Mtg	4 th Quarter Financials (as of 12/31) - submit for review	BD
Mtg	Review and approve actuarial studies	BD
Mtg	Preliminary FY 2020/21 Budget - submit for review	BD
Mtg	Liability & WC Banking & Shared Layer – preliminary deposit calculation for review	BD
Mtg	Claims Auditor – Receive audit results for Both Liability and Worker’s Compensation and present to Board for review and approval	BD
03/30/2020	Debrief from 03/27/2020 BOD Meeting–determine action steps	AS
03/30/2020	Renewal Certificates List sent to members for review – Deadline 30 days	AS, BD
03/30/2020	Form 700s - receive from Board Members and Alternates – due 04/01/20	AS, BD
APRIL 2020		
04/01/2020	Form 700s - file with FPPC due today – – due 04/01/2020 (TODAY IS LAST DAY TO SUBMIT)	AS
04/03/2020	Service Provider contract signing & submission for approval at June Board Mtg	AS
04/03/2020	Finalize March Board of Directors Draft Minutes for inclusion in June Agenda	AS
04/05/2020	Issue Payment for Treasurer’s Bond	AS
04/15/2020	Alliant begins contact with various contractors regarding renewal terms	AS
04/17/2020	Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature for inclusion in the June Agenda	AS
04/20/2020	1 st Quarter Losses - receive from York (as of 03/31)	GB
04/23/2020	Banking Layer and Shared Risk Layer Member Allocation Calculations finalized	AS
04/23/2020	Update Draft Budget to include updates from the March BOD meeting	AS
04/27/2020	Crime Renewal Apps received – send to ACIP	AS
04/30/2020	CJRPMA Certificate Renewal List DUE TODAY	AS
04/30/2020	SCORE Certificate Renewal List Due	AS
04/30/2020	DE9 due to EDD by today	
MAY 2020		
05/01/2020	Review Contracts and terms for next FY	AS
05/01/2020	Annual Certificate Renewal reminder to members – all submitted?	AS, BD
05/01/2020	Obtain PEPiP Renewal Proposals From Oasys	AS
05/01/2020	Obtain Quarterly Financials as of 3/31/2020	AS
05/06/2020	Send request to members for DE9 Reports for Q1 of 2020	AS

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05/06/2020	Obtain Final Actuarial Reports for W.C. and Liability for June BOD Meeting	AS
05/10/2020	Collect Q1 2020 DE9 from members and submit to: CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2020	AS
05/15/2020	Request Agenda Items from Vendors	AS
05/15/2020	W.C. & Liability Memorandum of Coverage FY 2020/21 – submit for approval	AS
05/15/2020	Request RSVP by 06/08/2020 to members for June BOD Meeting on 06/19/2020 in Anderson, California, California	AS, BD
05/22/2020	Property Renewal Status Review	AS
05/29/2020	Request Employee Count (from all members) for ACI renewal and budget allocations- reminder about payroll by class code to ensure proper allocations	AS, BD
JUNE 2020		
06/06/2020	Claims analysis (as of 12/31)	RM
06/07/2020	Confirm Attendance for BOD Meeting	AS
06/19/2020	Post BOD Meeting Agenda on SCORE Website & email to all members	AS
06/26/2020	Board of Directors Meeting – in Anderson, California	BD
Mtg	1 st Quarter Investment Reports (as of 03/31) - submit for approval	BD
Mtg	1 st Quarter Financials (as of 03/31) - submit for approval	BD
Mtg	FY 2020/21 Budget - submit final for approval	BD
Mtg	Liability and WC FY 2020/21 Banking & Shared Risk Layer Program Deposits - submit final for approval	BD
Mtg	Liability Memorandum of Coverage FY 2020/21 - submit for approval	BD
Mtg	WC Memorandum of Coverage FY 2020/21 - submit for approval	BD
Mtg	Property Program - provide report and allocations on renewal quotes	BD
Mtg	Crime Program – provide report and allocations on renewal quotes	AS
06/29/2020	Send Bind Orders for PEPiP Program – BOD will vote at 6/14/2020 meeting	AS
06/29/2020	Debrief from 06/26/2020 BOD meeting – determine action steps	AS
06/29/2020	Generate Certificate Holder Renewal Insurance Certificates for next year	AS
06/30/2020	Send certificates to Certificate Holders and Members	AS
06/30/2020	Generate Auto ID Cards for Members – send out	AS

Injury Summary Report

Date Comparison: 1/1/2019 - 1/31/2019



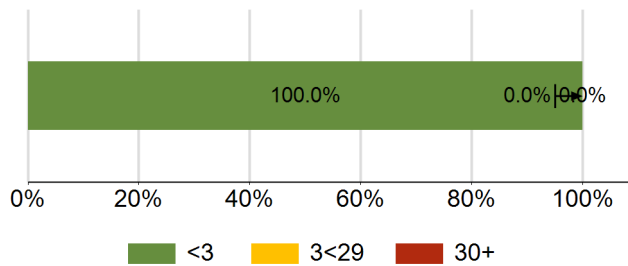
SCORE (Small Cities Organize Risk Effort)

City of Weed

Last Name SSN (last 4 Digits)	Injury Date/Time 1st CN Report Date/Time Most Recent Report D/T	Call Conf # Lag Days	# of Calls to CN ER Status	Action	Nature of Injury Part of Body	Treatment Facility Injury Department
Q1180001 - Weed (City), CA						
Fahrney 3588	1/29/2019 01/29/2019 01/29/2019	11:15 AM 02:02 PM 02:56 PM	466492 0 Days	Calls: 2 ER: N Triaged: Y Treated: N	Knee	Outdoors

Totals for City of Weed

Total Incidents	1	Total Incidents	1	Total Incidents	1
Totals Calls	2	Total Treated	0 0%	Total Triaged	1 100%
Average Calls per Incidents	2.0	Total Not Treated	1 100%	Total Not Triaged	0 0%
Average Reporting Lag in Days	0.0	Total Treated	0	Total Triaged	1
Lag Days < 3 Days	1 100.0%	Triaged to Treatment	0 0%	Triaged to ER	0 0%
Lag Days 3<29 Days	0 0.0%	Treated w/out Triage	0 0%	Triaged to Non-ER	0 0%
Lag Days 30+ Days	0 0.0%	Total Treated	0	Triaged to Self Care	1 100%
		Treated to ER	0 0%		
		Treated to Non-ER	0 0%		
		Total to ER	0		
		Triaged to ER	0 0%		
		To ER w/out Triage	0 0%		



Injury Summary Report

Date Comparison: 1/1/2019 - 1/31/2019

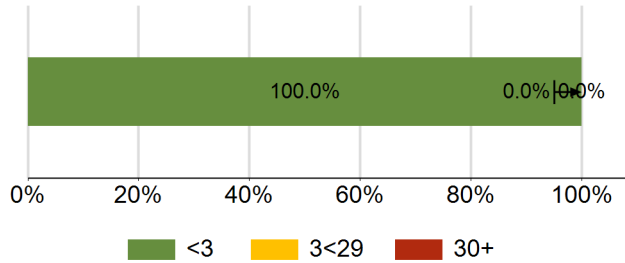


Totals for SCORE (Small Cities Organize Risk Effort)

Total Incidents	1
Totals Calls	2
Average Calls per Incidents	2.0
Average Reporting Lag in Days	0.0
Lag Days < 3 Days	1 100.0%
Lag Days 3<29 Days	0 0.0%
Lag Days 30+ Days	0 0.0%

Total Incidents	1	
Total Treated	0	0%
Total Not Treated	1	100%
Total Treated	0	
Triaged to Treatment	0	0%
Treated w/out Triage	0	0%
Total Treated	0	
Treated to ER	0	0%
Treated to Non-ER	0	0%
Total to ER	0	
Triaged to ER	0	0%
To ER w/out Triage	0	0%

Total Incidents	1	
Total Triaged	1	100%
Total Not Triaged	0	0%
Total Triaged	1	
Triaged to ER	0	0%
Triaged to Non-ER	0	0%
Triaged to Self Care	1	100%



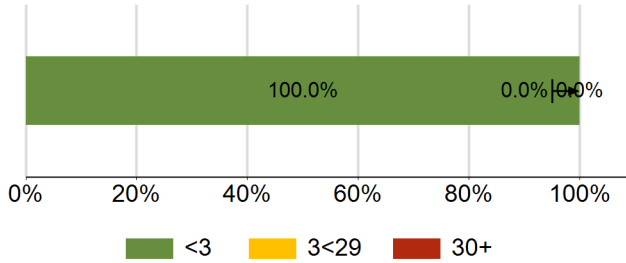
Injury Summary Report

Date Comparison: 1/1/2019 - 1/31/2019



Report Totals

Total Incidents	1
Totals Calls	2
Average Calls per Incidents	2.0
Average Reporting Lag in Days	0.0
Lag Days < 3 Days	1 100.0%
Lag Days 3<29 Days	0 0.0%
Lag Days 30+ Days	0 0.0%



Total Incidents	1	
Total Treated	0	0%
Total Not Treated	1	100%
Total Treated	0	
Triaged to Treatment	0	0%
Treated w/out Triage	0	0%
Total Treated	0	
Treated to ER	0	0%
Treated to Non-ER	0	0%
Total to ER	0	
Triaged to ER	0	0%
To ER w/out Triage	0	0%

Total Incidents	1	
Total Triaged	1	100%
Total Not Triaged	0	0%
Total Triaged	1	
Triaged to ER	0	0%
Triaged to Non-ER	0	0%
Triaged to Self Care	1	100%

Incident Summary Report

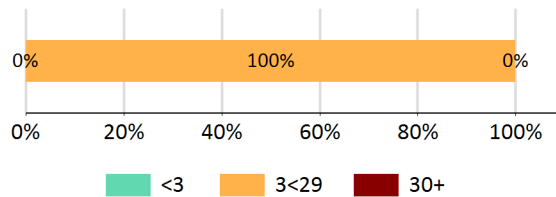
Date Comparison: 02/01/2019 - 02/28/2019



SCORE (Small Cities Organize Risk Effort)

Totals for SCORE (Small Cities Organize Risk Effort)

Total Incidents	2		
New Incidents	1		
Total Calls	3		
Average Call per Incidents	1.50		
Average Lag Days for New Incidents	22.00		
Lag Days < 3 Days	0	0%	
Lag Days 2 - 29 Days	1	100%	
Lag Day 30+ Days	0	0%	



Total Incidents	2		
Total Treated	2	100%	
Total Not Treated	0	0%	
Total Treated	2		
Triaged to Treatment	2	100%	
Treated w/out Triage	0	0%	
Total Treated	2		
Treated to ER	0	0%	
Treated to Non-ER	2	100%	
Total to ER	0		
Triaged to ER	0	0%	
To ER w/out Triage	0	0%	

Total Incidents	2		
Total Triaged	2	100%	
Total Not Triaged	0	0%	
Total Triaged	2		
Triaged to ER	0	0%	
Triaged to Non-ER	2	100%	
Triaged to Self Care	0	0%	

SCORE LIAB PROGRAM
Liability Dividend Calculation
2018-2019

CITY	STARTING POINT		
	6/30/2018 BANKING LAYER BALANCE	6/30/2018 SHARED RISK BALANCE	AUDITED 6/30/2018 PLAN TOTAL
BIGGS	4,445		
COLFAX	34,262		
CRESCENT CITY	-		
DORRIS	12,500		
DUNSMUIR	57,254		
ETNA	25,203		
FORT JONES	25,886		
IONE	31,434		
ISLETON	53,370		
LIVE OAK	102,049		
LOOMIS	16,247		
LOYALTON	26,721		
MONTAGUE	21,877		
MOUNT SHASTA	58,070		
PORTOLA	72,123		
RIO DELL	70,563		
SHASTA LAKE	218,704		
SUSANVILLE	185,265		
TULELAKE	26,367		
WEED	31,499		
WILLIAMS	-		
YREKA	200,077		
Sum of Positive Values	1,273,915		
Sum of Negative Values	-		
TOTAL	1,273,915	4,180,633	5,454,548

SHARED LAYER

CITY	DATA INPUTS						Net	Alloc %	Distrib.	"Waterfall" To Banking	CITY
	(1)	(2)	(3)	(4)	(5)	(6)					
	Premiums	Last 10 years Assess/(Div)	Claims	(1)/10 10 year Avg Prem	(2)/10 10 year Avg A/(D)	(3)/10 10 year Avg Claims	(4)	(5)	(6)		
BIGGS	101,324	(25,889)	39,683	10,132	(2,589)	3,968	3,575	1.20%	3,599	----->	BIGGS
COLFAX	134,798	(33,028)	-	13,480	(3,303)	-	10,177	3.41%	10,245	----->	COLFAX
CRESCENT CITY	235,114	(48,395)	79,671	23,511	(4,840)	7,967	10,705	3.59%	10,776	----->	CRESCENT CITY
DORRIS	23,603	(9,396)	-	2,360	(940)	-	1,421	0.48%	1,430	----->	DORRIS
DUNSMUIR	166,734	6,625	208,675	16,673	663	20,868	(3,532)	0.00%	-	----->	DUNSMUIR
ETNA	80,428	(22,525)	-	8,043	(2,253)	-	5,790	1.94%	5,829	----->	ETNA
FORT JONES	52,130	(12,238)	-	5,213	(1,224)	-	3,989	1.34%	4,016	----->	FORT JONES
IONE	69,712	(36,673)	-	6,971	(3,667)	-	3,304	1.11%	3,326	----->	IONE
ISLETON	104,012	-	142,485	10,401	-	14,248	(3,847)	0.00%	-	----->	ISLETON
LIVE OAK	283,398	(61,027)	-	28,340	(6,103)	-	22,237	7.46%	22,386	----->	LIVE OAK
LOOMIS	187,091	(45,216)	7,663	18,709	(4,522)	766	13,421	4.50%	13,511	----->	LOOMIS
LOYALTON	46,046	(14,909)	-	4,605	(1,491)	-	3,114	1.04%	3,134	----->	LOYALTON
MONTAGUE	70,738	(19,731)	-	7,074	(1,973)	-	5,101	1.71%	5,135	----->	MONTAGUE
MOUNT SHASTA	563,952	(79,766)	232,638	56,395	(7,977)	23,264	25,155	8.44%	25,323	----->	MOUNT SHASTA
PORTOLA	156,107	(44,398)	-	15,611	(4,440)	-	11,171	3.75%	11,245	----->	PORTOLA
RIO DELL	191,905	(50,961)	-	19,191	(5,096)	-	14,094	4.73%	14,188	----->	RIO DELL
SHASTA LAKE	707,601	(217,457)	50,001	70,760	(21,746)	5,000	44,014	14.77%	44,308	----->	SHASTA LAKE
SUSANVILLE	733,339	(164,682)	127,393	73,334	(16,468)	12,739	44,126	14.81%	44,421	----->	SUSANVILLE
TULELAKE	67,211	(13,969)	-	6,721	(1,397)	-	5,324	1.79%	5,360	----->	Tule Lake
WEED	501,549	(31,279)	321,682	50,155	(3,128)	32,168	14,859	4.99%	14,958	----->	WEED
WILLIAMS	130,108	(45,596)	-	13,011	(4,560)	-	8,451	2.84%	8,508	----->	WILLIAMS
YREKA	717,514	(171,004)	66,690	71,751	(17,100)	6,669	47,982	16.10%	48,302	----->	YREKA
Sum of Positive Values	5,324,414	(1,141,514)	1,276,580				290,632		300,000		
Sum of Negative Values	-	-	-				(7,379)		-		

BANKING LAYER

CITY	6/30/2018 BANKING BALANCE	SHARED RISK DISTRIB	BANKING BALANCE TOTAL	Banking Alloc %	Max Dist Avail	Min Bal Reqmt*	Permitted Distrib
BIGGS	4,445	3,599	8,044	0.51%	1,599	12,500	-
COLFAX	34,262	10,245	44,507	2.83%	8,847	12,500	8,847
CRESCENT CITY	-	10,776	10,776	0.68%	2,142	-	10,776 **
DORRIS	12,500	1,430	13,930	0.89%	2,769	12,500	1,430
DUNSMUIR	57,254	-	57,254	3.64%	11,381	24,321	11,381
ETNA	25,203	5,829	31,032	1.97%	6,168	12,500	6,168
FORT JONES	25,886	4,016	29,902	1.90%	5,944	12,500	5,944
IONE	31,434	3,326	34,760	2.21%	6,909	-	34,760 (A)
ISLETON	53,370	-	53,370	3.39%	10,609	12,500	10,609
LIVE OAK	102,049	22,386	124,435	7.91%	24,734	12,500	24,734
LOOMIS	16,247	13,511	29,757	1.89%	5,915	15,979	5,915
LOYALTON	26,721	3,134	29,855	1.90%	5,934	12,500	5,934
MONTAGUE	21,877	5,135	27,012	1.72%	5,369	12,500	5,369
MOUNT SHASTA	58,070	25,323	83,393	5.30%	16,576	38,558	16,576
PORTOLA	72,123	11,245	83,369	5.30%	16,571	12,500	16,571
RIO DELL	70,563	14,188	84,752	5.38%	16,846	12,500	16,846
SHASTA LAKE	218,704	44,308	263,012	16.71%	52,280	12,500	52,280
SUSANVILLE	185,265	44,421	229,685	14.59%	45,655	21,561	45,655
Tule Lake	26,367	5,360	31,727	2.02%	6,306	12,500	6,306
WEED	31,499	14,958	46,457	2.95%	9,234	31,991	9,234
WILLIAMS	-	8,508	8,508	0.54%	1,691	-	8,508 **
YREKA	200,077	48,302	248,379	15.78%	49,371	23,512	49,371 ***
Sum of Positive Values	1,273,915	300,000	1,573,915		312,850		
Sum of Negative Values	-	-	-		-		

Amount available for SHARED LAYER distribution:

Share Risk Layer Net Position:	\$ 4,180,633
Min Equity Reserve (\$475,000 x 5):	(2,375,000)
70% Confidence Level Adjustment for Claims Liabilities:	(147,000)
Safety Grant Fund:	(100,000)
Undesignated Net Assets	<u>1,558,633</u>
Proposed Distribution:	\$ 300,000

Amount available for BANKING LAYER distribution:

Banking Net Assets + Shared Distribution Available:	1,573,915
Min Banking Reserve (example 10 x \$25k):	(250,000)
70% Confidence Level Adjustment for Claims Liabilities:	(36,000)
Net Assets Subject to Distribution:	<u>1,287,915</u>
Proposed Distribution:	312,851

* Avg of last 5 years claims or \$12.5K, whichever is higher.

** Minimum Balance Requirement was changed to \$0 as of 6/16/17. Total Banking Balance is eligible for distribution possibly resulting in the Permitted Distribution > Max Distribution Available.

*** Recommendation for Board approval to be distributed from the Banking Layer

(A) 1/25/19 Board approved the distribution of \$34,760 from the Liability Banking Layer. \$12,279 will be transferred to the lone WC Banking Layer to increase the balance to the minimum \$25,000. Ther remaining \$22,481 will be distributed in the form of a check to lone.

SCORE WC PROGRAM
WC Dividend Calculation
2018-2019

STARTING POINT			
CITY	6/30/2018 BANKING LAYER BALANCE	6/30/2018 SHARED RISK BALANCE	6/30/2018 PLAN TOTAL
COLFAX	60,734		
CRESCENT CITY	37,050		
DUNSMUIR	13,206		
IONE	12,721		
LIVE OAK	131,299		
LOOMIS	72,033		
MOUNT SHASTA	126,547		
PORTOLA	408		
RIO DELL	38,238		
SHASTA LAKE	242,547		
SUSANVILLE	212,944		
WEED	79,263		
WILLIAMS	25,000		
YREKA	193,130		
MINICITIES	74,278		
Total	1,319,398	716,284	2,035,682

Sum of Positive Values 1,319,398
Sum of Negative Values -

MINI CITIES	6/30/2018 BANKING LAYER BALANCE
BIGGS	40,196
DORRIS	4,369
ETNA	16,535
FORT JONES	510
LOYALTON	12,530
MONTAGUE	(18,615)
TULELAKE	18,753
Total	74,278

Sum of Positive Values 92,893
Sum of Negative Values (18,615)

SHARED LAYER										BANKING LAYER						
(1)	(2)	(3)	(4)	(5)	(6)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
(1)/10	(2)/10	(3)/10	[(1)+(2)-(3)]/10	(4)/Total	(5)*Total											

DATA INPUTS										BANKING LAYER							
(1)	(2)	(3)	(4)	(5)	(6)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)		
(1)/10	(2)/10	(3)/10	[(1)+(2)-(3)]/10	(4)/Total	(5)*Total												
Last 10 years										JUNE 30 BANKING BALANCE							
Premiums	Assess/(Div)	Claims	10 year Avg Prem	10 year Avg A/(D)	10 year Avg Claims	Combined 10 Yr Avg	Alloc %	Distrib.	"Waterfall" To Banking	CITY	BANKING BALANCE	SHARED RISK DISTRIB	BANKING BALANCE TOTAL	Banking Alloc %	Max Dist Avail	Min Bal Reqmt*	Permitted Distrib
COLFAX	151,228	(5,888)	62,999	15,122.80	(588.80)	6,299.90	8,234	3.41%	-	COLFAX	60,734	-	60,734	4.60%	4,434	12,500	4,434
CRESCENT CITY	256,619	-	307,997	25,662	-	30,800	(5,138)	0.00%	-	CRESCENT CITY	37,050	-	37,050	2.81%	2,705	25,000 *	2,705
DUNSMUIR	163,396	(10,158)	123,196	16,340	(1,016)	12,320	3,004	1.25%	-	DUNSMUIR	13,206	-	13,206	1.00%	964	18,007	-
IONE	55,437	(3,582)	-	5,544	(358)	-	5,186	2.15%	-	IONE	12,721	-	12,721	0.96%	929	25,000 *	-
LIVE OAK	307,802	(27,225)	-	30,780	(2,723)	-	28,058	11.63%	-	LIVE OAK	131,299	-	131,299	9.95%	9,586	12,500	9,586
LOOMIS	206,126	(8,298)	-	20,613	(830)	-	19,783	8.20%	-	LOOMIS	72,033	-	72,033	5.46%	5,259	12,500	5,259
MOUNT SHASTA	719,015	15,331	751,618	71,902	1,533	75,162	(1,727)	0.00%	-	MOUNT SHASTA	126,547	-	126,547	9.59%	9,239	43,589	9,239
PORTOLA	191,690	(7,077)	133,074	19,169	(708)	13,307	5,154	2.14%	-	PORTOLA	408	-	408	0.03%	30	12,500	-
RIO DELL	260,408	(8,634)	7,053	26,041	(863)	705	24,472	10.14%	-	RIO DELL	38,238	-	38,238	2.90%	2,792	12,500	2,792
SHASTA LAKE	678,147	(59,023)	101,995	67,815	(5,902)	10,200	51,713	21.44%	-	SHASTA LAKE	242,547	-	242,547	18.38%	17,708	22,777	17,708
SUSANVILLE	1,167,077	(61,290)	675,043	116,708	(6,129)	67,504	43,074	17.85%	-	SUSANVILLE	212,944	-	212,944	16.14%	15,547	60,922	15,547
WEED	500,217	(19,847)	266,505	50,022	(1,985)	26,651	21,386	8.87%	-	WEED	79,263	-	79,263	6.01%	5,787	14,871	5,787
WILLIAMS	127,290	(2,560)	101,528	12,729	(256)	10,153	2,320	0.96%	-	WILLIAMS	25,000	-	25,000	1.89%	1,825	25,000 *	-
YREKA	985,163	(59,241)	700,107	98,516	(5,924)	70,011	22,581	9.36%	-	YREKA	193,130	-	193,130	14.64%	14,101	46,599	14,101
MINICITIES	467,152	(12,076)	392,273	46,715	(1,208)	39,227	6,280	2.60%	-	MINICITIES	74,278	-	74,278	5.63%	5,423	25,000 *	5,423
Total	6,236,767	(269,569)	3,623,389			Total	234,381	Total	-		1,319,398	-	1,319,398		96,329		92,581

Sum of Positive Values 241,246
Sum of Negative Values (6,865)

Amount available for SHARED LAYER distribution:
Shared Risk Layer Net Position: 716,284
Min Equity Reserve (\$225,000 x 5): (1,125,000)
70% Conf Level Adjustment for Claims Liabilities: (446,000)
Safety Grant Fund: - (Funded 100% by Liab)
Net Position in Excess of Designations: (854,716)

Distribution: -

Sum of Positive Values 1,319,398
Sum of Negative Values -

Amount available for BANKING LAYER distribution:
Banking Net Position + Shared Distribution Available: 1,319,398
Min Banking Reserve (example 10 x \$25k): (250,000)
70% Confidence Level Adjustment for Claims Liabilities: (44,000)
Banking Net Position in Excess of Designations: 1,025,398

MINI CITIES	CONTRIBUTION %	DISTRIB
BIGGS	23.82%	1,292
DORRIS	3.61%	196
ETNA	22.14%	1,201
FORT JONES	15.88%	861
LOYALTON	6.77%	367
MONTAGUE	18.22%	988
TULELAKE	9.55%	518
Total	100.00%	5,423

Distribution: 96,330

* Current Members: Avg of last 5 years claims or \$12.5K (Minicities \$25K) whichever is higher.
Former Members: Min Bal Reqmt was set at \$25K per Board instruction for resolution of any remaining WC claims.

** Recommendation for Board approval to be distributed from the Banking Layer

(A) 1/25/19 Board approved the distribution of \$34,760 from the Liability Banking Layer. \$12,279 will be transferred to the lone WC Banking Layer to increase the balance to the minimum \$25,000. Ther remaining \$22,481 will be distriuted in the form of a check to lone.

**SCORE Dividend Distribution (Assessment) Calculation
2018-2019**

City	LIABILITY PROGRAM				W/C PROGRAM				Net Combined DISTRIBUTION / (ASSESSMENT)
	(A) Permitted Distribution	(B) Shared 10yr Neg. Net	(C) Banking Neg. Bal.	(A)+(B)+(C) Net Distr/(Neg)	(a) Permitted Distribution	(b) Shared 10yr Neg. Net	(c) Banking Neg. Bal.	(a)+(b)+(c) Net Distr/(Neg)	
* BIGGS	-	-	-	-	1,292	-	-	1,292	1,292
COLFAX	8,847	-	-	8,847	4,434	-	-	4,434	13,281
CRESCENT CITY	10,776	-	-	10,776	2,705	(5,138)	-	(2,433)	8,343
* DORRIS	1,430	-	-	1,430	196	-	-	196	1,626
DUNSMUIR	11,381	(3,532)	-	7,849	-	-	-	-	7,849
* ETNA	6,168	-	-	6,168	1,201	-	-	1,201	7,369
* FORT JONES	5,944	-	-	5,944	861	-	-	861	6,805
IONE	34,760	-	-	34,760	-	-	(12,279)	(12,279)	22,481
ISLETON	10,609	(3,847)	-	6,762	-	-	-	-	6,762
LIVE OAK	24,734	-	-	24,734	9,586	-	-	9,586	34,320
LOOMIS	5,915	-	-	5,915	5,259	-	-	5,259	11,174
* LOYALTON	5,934	-	-	5,934	367	-	-	367	6,301
* MONTAGUE	5,369	-	-	5,369	988	-	-	988	6,357
MOUNT SHASTA	16,576	-	-	16,576	9,239	(1,727)	-	7,512	24,088
PORTOLA	16,571	-	-	16,571	-	-	-	-	16,571
RIO DELL	16,846	-	-	16,846	2,792	-	-	2,792	19,638
SHASTA LAKE	52,280	-	-	52,280	17,708	-	-	17,708	69,988
SUSANVILLE	45,655	-	-	45,655	15,547	-	-	15,547	61,202
* TULELAKE	6,306	-	-	6,306	518	-	-	518	6,824
WEED	9,234	-	-	9,234	5,787	-	-	5,787	15,021
WILLIAMS	8,508	-	-	8,508	-	-	-	-	8,508
YREKA	49,371	-	-	49,371	14,101	-	-	14,101	63,472
	<u>353,214</u>	<u>(7,379)</u>	<u>-</u>	<u>345,835</u>	<u>92,581</u>	<u>(6,865)</u>	<u>(12,279)</u>	<u>73,437</u>	<u>419,272</u>
	-	-	-	-	-	-	(12,279)	-	-

* Mini City

Notes:

Banking activity - per banking balances at 6/30/18

Shared layer - Audited program balance at 6/30/18 less total of all Banking Layer balances

This calculation nets each program's Permitted Distribution amount vs. negative net 10 year shared layer and banking balances

Finally, Liability and W/C amounts are netted together to arrive at total combined Distribution/(Assessment)

Minimum assessment due: 50%

<A> No liability minimum balance requirement, \$25K WC minimum balance requirement

 1/25/19 Board approved the distribution of \$34,760 from the Liability Banking Layer. \$12,279 will be transferred to the Ione WC Banking Layer to increase the balance to the minimum \$25,000. The remaining \$22,481 will be distributed in the form of a check to Ione.



**TRANSITION TO “BICKMORE ACTUARIAL”
INFORMATION ITEM**

ISSUE: Mike Harrington will provide an overview and address the upcoming transition of the actuarial team currently providing services to SCORE from York Risk Services to the “Bickmore Actuarial Group”.

RECOMMENDATION: None.

FISCAL IMPACT: None. Expect proposal for services beyond this fiscal year to be at the same fee as if remained with York.

BACKGROUND: Bickmore Risk Services has been instrumental in forming the pooling community in California, growing with the increased focus on risk management and self-insurance for public entities. Actuarial services were a staple of Bickmore’s offerings and SCORE has used their services for over twenty years—Mike Harrington has been engaged with SCORE’s actuary studies since 2012. This transition to a separate company, with the same team in place, will provide the same level of service and expertise while maintaining independence and keeping the Bickmore name alive.

ATTACHMENT(S): Bickmore Actuarial Group Special Announcement

› Bickmore Actuarial Group Special Announcement

Effective April 1, 2019, the Bickmore Actuarial Group will become a wholly independent entity and will no longer be part of York. They will continue to operate under the Bickmore brand with the company name Bickmore Actuarial. All existing actuarial clients and actuarial staff will transfer over to Bickmore Actuarial. Given the unique nature of their business, having the actuarial team operate as an independent group will eliminate any perceived conflicts by current and future York clients. York will continue to partner with them moving forward.

Please note that we will communicate this news to clients beginning March 1.

Why is this change taking place?

Some clients may perceive a potential conflict with one division of York setting the client's case reserves and another division of York setting the client's actuarial reserves. This change makes those functions independent while still maintaining the high quality of service currently provided by York's adjusters and actuaries.

Will York have an ownership interest in Bickmore Actuarial?

Effective April 1, Bickmore Actuarial will be a separate entity with no York ownership. However, York supports the transition and will work with Bickmore Actuarial on a collaborative basis moving forward so we can continue providing clients with the same level of exceptional service.

How will Bickmore Actuarial operations and contact information change?

There will be minimal changes to current actuarial operations and contacts. Bickmore Actuarial is a California Corporation and will continue to maintain offices in both Sacramento, California and Medford, Oregon. All existing phone numbers for actuarial staff will be maintained for consistency. The former @bickmore.net email addresses for actuarial staff will change to @bickmoreactuarial.net with the same prefixes as before.

Does this have an impact on clients that York and Bickmore Actuarial share?

This transition should have no impact on our joint clients. All actuarial services will continue to be provided on previously agreed upon scope and timelines by the same actuarial team that has provided those services historically.

How will actuarial clients with active projects on April 1 be handled?

On April 1, all York clients will be transitioned to the Bickmore Actuarial team. All projects in progress at the transition date will be completed by the same team that performed them under the York contracted work prior to April 1.



LIABILITY ACTUARIAL REVIEW

ACTION ITEM

ISSUE: Bickmore Risk Services has prepared their *draft* of the annual actuarial review of SCORE's Liability Program, based on 12/31/18 loss data. The review estimates the ultimate cost of claims and expenses for the Banking and Shared Risk Layers for the 2019/20 Program Year. This review also estimates the outstanding liabilities for the Banking and Shared Risk layers as of 6/30/19. The liability losses have developed favorably in both the banking and shared layers, resulting in an overall decrease in rates and a slight increase in reserves for both layers.

Rates for FY 2018/19 at the 70% Confidence Level (CL), discounted at 1.5%, are as follows:

- **Combined rates decreased 3.5%**, from \$3.12 last year to \$3.01 this year. Banking layer rates decreased 2.8%, while shared rates decreased 4.0%, *contrary to the industry trend*, and after a decrease of 10.6% last year. Total funding at the 70% CL is \$748,000 compared to \$771,000 last year, a *decrease of 3% in spite of a 5% increase in payroll*.

Estimated Liabilities (reserves) at the Expected Confidence Level as of 6/30/18, discounted at 1.5%, are:

- **Combined reserves have increased 2.6%**, from \$997,000 to \$1,023,000, a total of \$26,000. Banking layer reserves increased \$15,000, from \$249,000 to \$264,000, while shared layer reserves increased \$11,000, from \$748,000 to \$759,000. For comparison, last year combined reserves decreased 10.3%, from \$1,111,000 to \$997,000, a total of \$114,000.

RECOMMENDATION: Accept and request a final report.

FISCAL IMPACT: *Decrease* of \$23,000 in total FY 2019/20 funding at the 70% CL.

BACKGROUND: SCORE has Actuarial Studies done annually for accreditation and budget purposes. The studies determine funding for the upcoming fiscal year and outstanding liabilities as of June 30.

ATTACHMENTS: Draft Actuarial Review of the Self-Insured Liability Program, *without Exhibits or Appendices*, dated March 15, 2019.

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Bickmore

Actuarial Review of the Self-Insured Liability Program

Outstanding Liabilities as of June 30, 2019

Forecast for Program Year 2019-20

Presented to

Small Cities Organized Risk Effort

March 15, 2019

Friday, March 15, 2019

Mr. Marcus Beverly
Pool Administrator
Small Cities Organized Risk Effort
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 requested, we have completed our review of the Small Cities Organized Risk Effort's (SCORE's) self-insured liability program.

Assuming an SIR of \$500,000 per occurrence and a 1.5% annual return on investment, we estimate the ultimate cost of claims and expenses for claims incurred during the 2019-20 program year to be \$256,000 for the banking layer and \$358,000 for the shared layer for a total of \$614,000. For budgeting purposes, these costs translate to rates of \$1.03, \$1.44 and \$2.47 per \$100 payroll for the banking layer, shared layer, and in total respectively.

Assuming an SIR of \$500,000 per occurrence and a 1.0% annual return on investment, we estimate the ultimate cost of claims and expenses for claims incurred during the 2019-20 program year to be \$258,000 for the banking layer and \$362,000 for the shared layer for a total of \$620,000. For budgeting purposes, these costs translate to rates of \$1.04, \$1.46 and \$2.50 per \$100 payroll for the banking layer, shared layer, and in total respectively.

These amounts include allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income, but exclude 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 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 SCORE's claims.

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Assuming a 1.5% annual return on investment, we estimate the program's liability for outstanding claims as of June 30, 2019 to be \$264,000 for the banking layer and \$759,000 for the shared layer for a total of \$1,023,000. Given estimated program assets of \$6,275,000 as of June 30, 2019, the program is expected to be funded above the 90% confidence level on a combined basis.

Assuming a 1.0% annual return on investment, we estimate the program's liability for outstanding claims as of June 30, 2019 to be \$266,000 for the banking layer and \$766,000 for the shared layer for a total of \$1,032,000. Given estimated program assets of \$6,275,000 as of June 30, 2019, the program is expected to be funded above the 90% confidence level on a combined basis.

These amounts include allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income.

These estimates are the minimum liabilities to be booked by SCORE at June 30, 2019 for its liability program for each layer, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires SCORE 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.

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on SCORE'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.

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Our conclusions regarding SCORE’s liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2019 are summarized in the following tables.

Small Cities Organized Risk Effort
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2019
1.5% Discount Rate
Banking Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$236,000	\$269,000	\$284,000	\$301,000	\$322,000	\$350,000
ULAE	35,000	40,000	42,000	45,000	48,000	52,000
Investment Income Offset	<u>(7,000)</u>	<u>(8,000)</u>	<u>(9,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(11,000)</u>
Discounted Loss and LAE	\$264,000	\$301,000	\$317,000	\$336,000	\$360,000	\$391,000

Shared Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$661,000	\$792,000	\$860,000	\$942,000	\$1,044,000	\$1,180,000
ULAE	118,000	141,000	154,000	169,000	187,000	211,000
Investment Income Offset	<u>(20,000)</u>	<u>(24,000)</u>	<u>(26,000)</u>	<u>(29,000)</u>	<u>(32,000)</u>	<u>(36,000)</u>
Discounted Loss and LAE	\$759,000	\$909,000	\$988,000	\$1,082,000	\$1,199,000	\$1,355,000

Combined

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$897,000	\$1,061,000	\$1,145,000	\$1,243,000	\$1,367,000	\$1,531,000
ULAE	153,000	181,000	195,000	212,000	233,000	261,000
Investment Income Offset	<u>(27,000)</u>	<u>(32,000)</u>	<u>(35,000)</u>	<u>(37,000)</u>	<u>(41,000)</u>	<u>(46,000)</u>
Discounted Loss and LAE	\$1,023,000	\$1,210,000	\$1,305,000	\$1,418,000	\$1,559,000	\$1,746,000
Assets	<u>\$6,275,000</u>	<u>\$6,275,000</u>	<u>\$6,275,000</u>	<u>\$6,275,000</u>	<u>\$6,275,000</u>	<u>\$6,275,000</u>
Surplus or (Deficit)	\$5,252,000	\$5,065,000	\$4,970,000	\$4,857,000	\$4,716,000	\$4,529,000

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The table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2019-20 fiscal year, assuming the current SIR of \$500,000.

Small Cities Organized Risk Effort (SIR = \$500,000)

Self-Insured Liability Program

Loss and LAE Funding Guidelines for 2019-20

1.5% Discount Rate

Banking Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$263,000	\$308,000	\$330,000	\$355,000	\$387,000	\$429,000
ULAE	0	0	0	0	0	0
Investment Income Offset	<u>(7,000)</u>	<u>(8,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>(10,000)</u>	<u>(11,000)</u>
Discounted Loss and LAE	\$256,000	\$300,000	\$321,000	\$346,000	\$377,000	\$418,000
Rate per \$100 of 2019-20 Payroll	\$1.03	\$1.21	\$1.29	\$1.39	\$1.52	\$1.68

Shared Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$369,000	\$462,000	\$519,000	\$586,000	\$671,000	\$786,000
ULAE	0	0	0	0	0	0
Investment Income Offset	<u>(11,000)</u>	<u>(14,000)</u>	<u>(15,000)</u>	<u>(17,000)</u>	<u>(20,000)</u>	<u>(23,000)</u>
Discounted Loss and LAE	\$358,000	\$448,000	\$504,000	\$569,000	\$651,000	\$763,000
Rate per \$100 of 2019-20 Payroll	\$1.44	\$1.81	\$2.03	\$2.29	\$2.62	\$3.08

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$632,000	\$770,000	\$849,000	\$942,000	\$1,059,000	\$1,216,000
ULAE	0	0	0	0	0	0
Investment Income Offset	<u>(18,000)</u>	<u>(22,000)</u>	<u>(24,000)</u>	<u>(27,000)</u>	<u>(31,000)</u>	<u>(35,000)</u>
Discounted Loss and LAE	\$614,000	\$748,000	\$825,000	\$915,000	\$1,028,000	\$1,181,000
Rate per \$100 of 2019-20 Payroll	\$2.47	\$3.01	\$3.33	\$3.69	\$4.14	\$4.76

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The funding recommendations shown in the tables above do not include any recognition of the existing funding margin at June 30, 2019. They are for losses and allocated loss adjustment expenses only, and do not include a provision for claims administration, 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 SCORE's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to the Small Cities Organized Risk Effort 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, Bickmore
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

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James Kim, ACAS, MAAA
Senior Analyst, Property and Casualty Actuarial Services, Bickmore
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Eric Small
Senior Analyst, Property and Casualty Actuarial Services, Bickmore

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I. BACKGROUND

The Small Cities Organized Risk Effort began its self-insured liability program on July 1, 1983. Its current self-insured retention is \$500,000, and excess coverage is provided by the California Joint Powers Risk Management Authority (CJPRMA). SCORE has a banking layer to \$25,000 per occurrence. Each member is directly responsible for its own losses within the banking layer. Losses above \$25,000 are shared up to SCORE's self-insured retention. Claims administration services are provided by York Risk Services. Additional background on the program is shown in Appendix BL-J or SIR-J.

The purpose of this review is to provide a guide to SCORE to determine reasonable funding levels for its self-insurance program according to the funding policy SCORE has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate SCORE's liability for outstanding claims as of June 30, 2019, project ultimate loss costs for 2019-20, 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 SCORE's funding position as of June 30, 2019. 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.

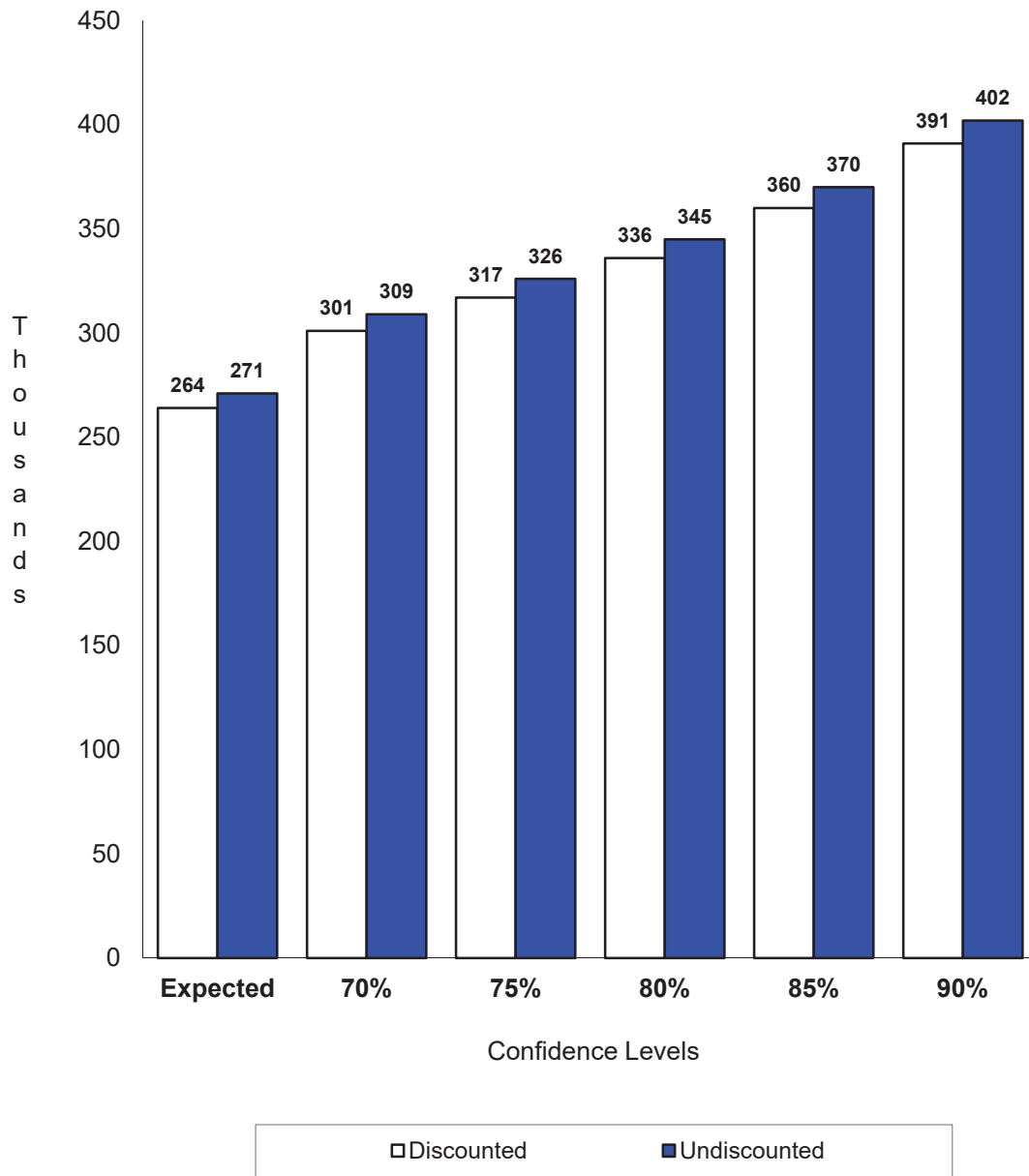
Our best estimate of the full value of SCORE's liability for outstanding claims within its self-insured retention (SIR) as of June 30, 2019, is \$271,000 for the banking layer and \$779,000 for the shared layer for a total of \$1,050,000. These amounts include losses, allocated loss adjustment expenses (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.

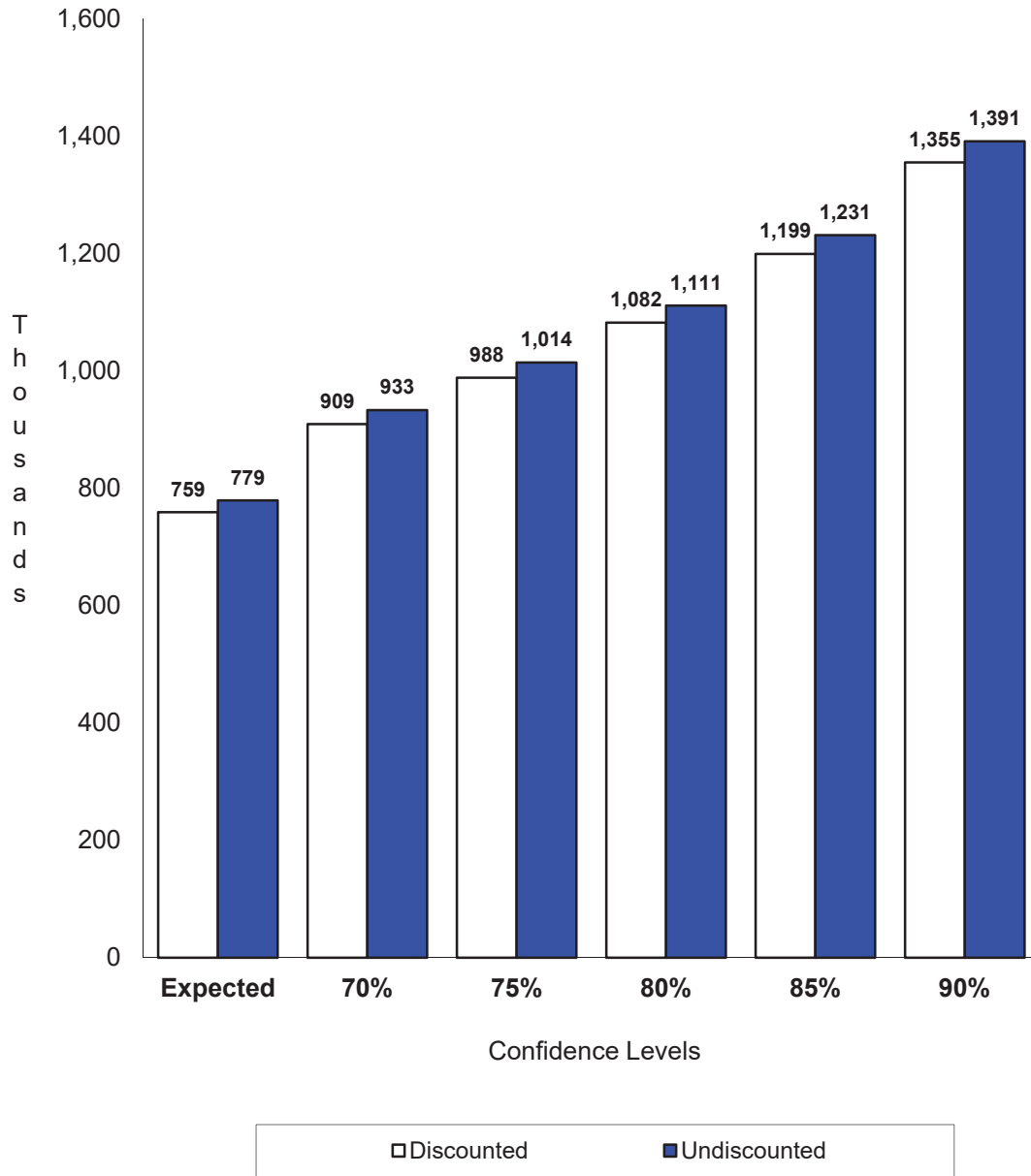
SCORE can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.5%, we estimate the impact of investment income earnings to be about 2.6% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$264,000 for the banking layer and \$759,000 for the shared layer for a total of \$1,023,000 as of June 30, 2019.

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 SCORE's discounted liability for outstanding claims.

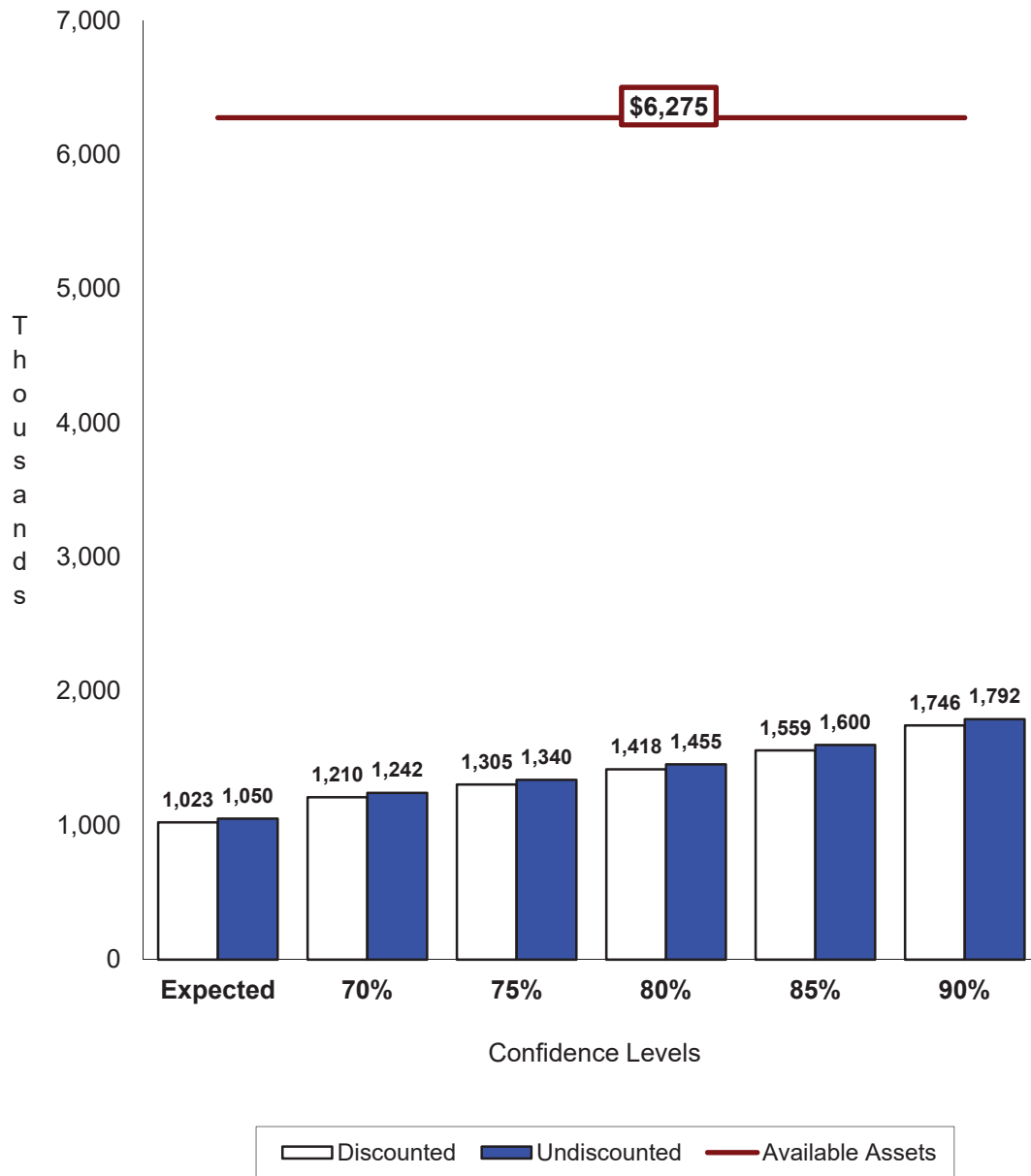
SCORE - Liability
Outstanding Liability (\$000's)
at June 30, 2019
Banking Layer



SCORE - Liability
Outstanding Liability (\$000's)
at June 30, 2019
Shared Layer



SCORE - Liability
Available Assets vs Outstanding Liability (\$000's)
at June 30, 2019
Combined



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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, 2019, before recognition of investment income.

Small Cities Organized Risk Effort
Self-Insured Liability Program – Combined
Estimated Liability for Unpaid Loss and LAE at June 30, 2019

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$0	\$0	\$0
2015-16	15,946	28,641	44,587
2016-17	61,461	79,374	140,835
2017-18	50,949	178,989	229,938
2018-19	136,490	345,841	482,331
Loss and ALAE	\$264,846	\$632,845	\$897,691
ULAE		153,000	153,000
Total	\$264,846	\$785,845	\$1,050,691

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 SCORE.

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.

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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, SCORE'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.

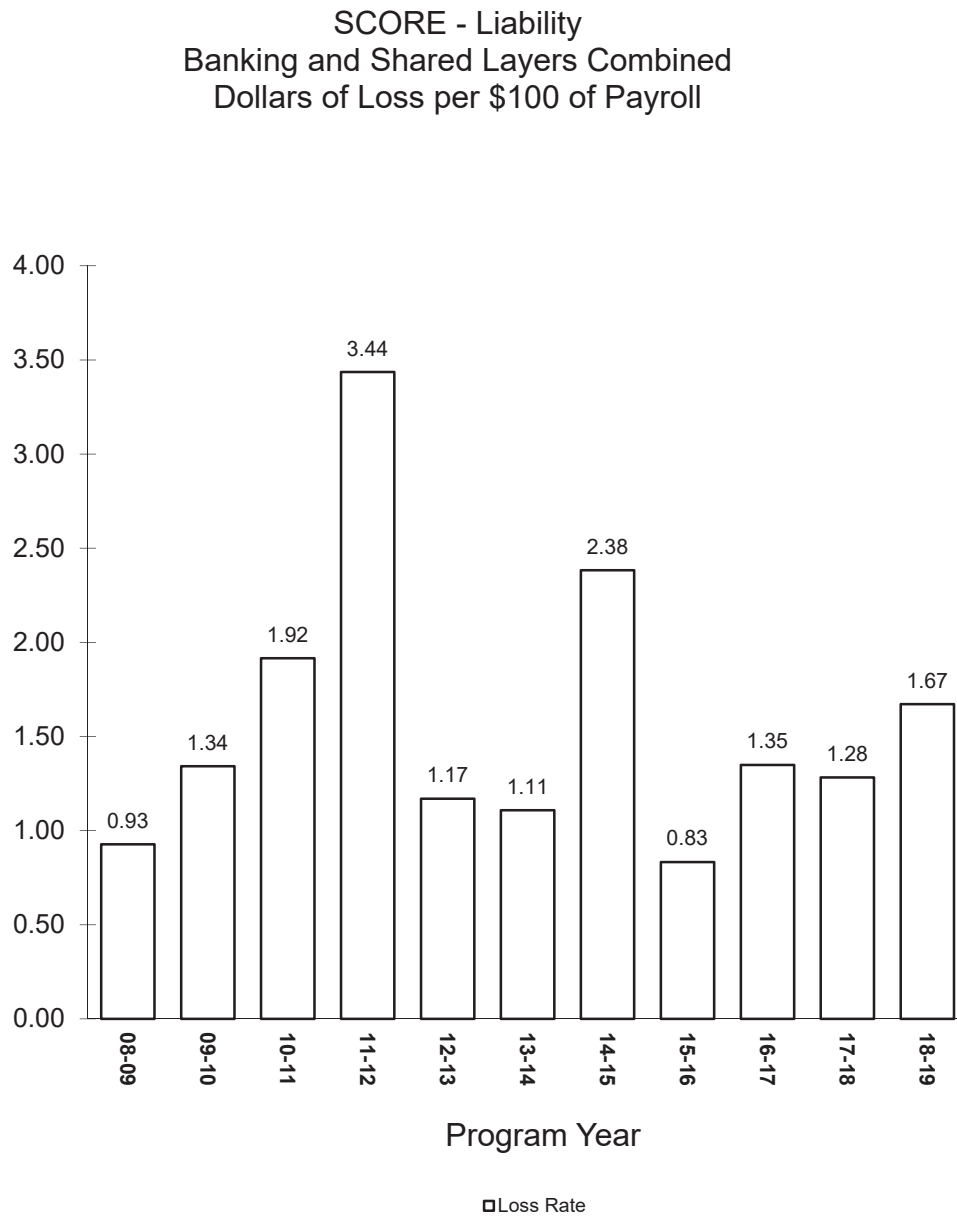
In general, we recommend funding each year's claims costs in that year. When surpluses or deficits have developed on outstanding liabilities and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained. 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 \$6,275,000 at June 30, 2019, resulting in the program being funded above the 90% confidence level on a combined basis.

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The program's loss rate per \$100 payroll has varied substantially from year to year. We selected a loss rate of \$1.67 per \$100 of payroll for the 2018-19 program year based on the average of the recent years. See Graph 2a below.

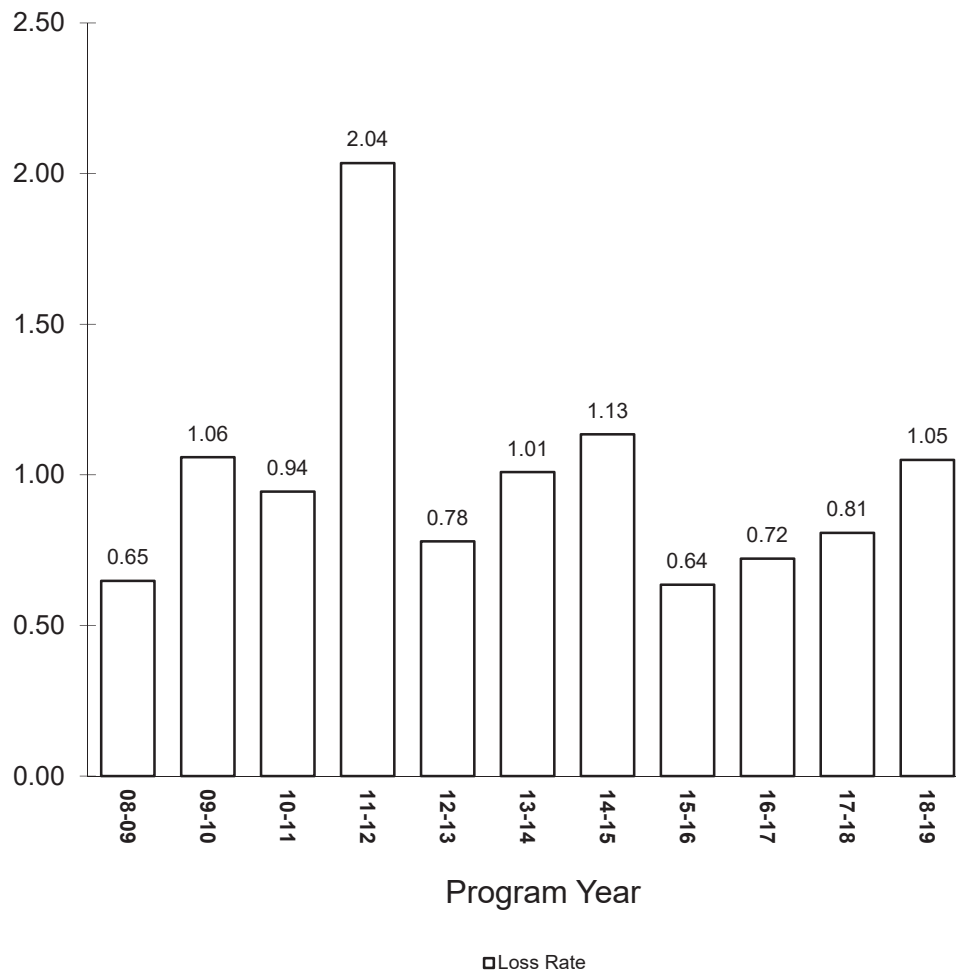
Graph 2a



The banking layer loss rate per \$100 payroll has also varied over the past ten years. Our projected 2018-19 loss rate of \$1.05 per \$100 of payroll is based on the average of the recent years. See Graph 2b below.

Graph 2b

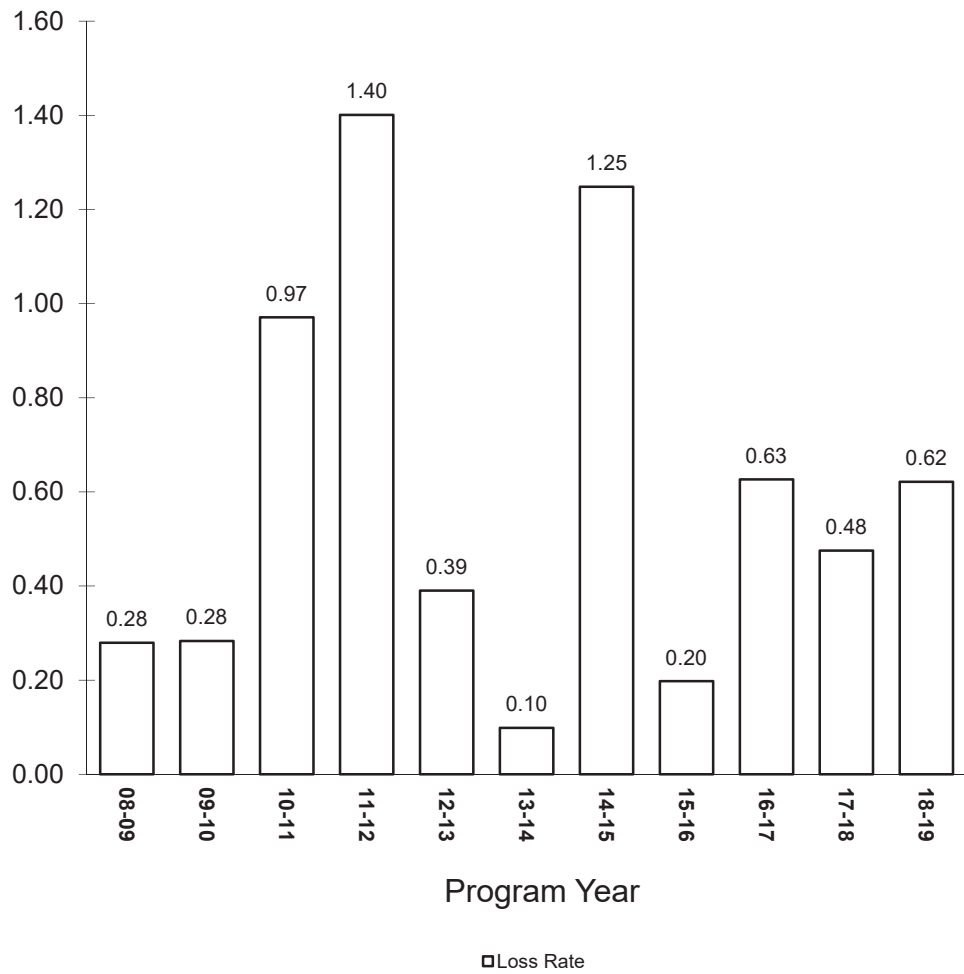
SCORE - Liability
Banking Layer
Dollars of Loss per \$100 of Payroll



The shared layer loss rate has varied over the last ten years, typical for excess layers losses, with no apparent trend. See Graph 2c below.

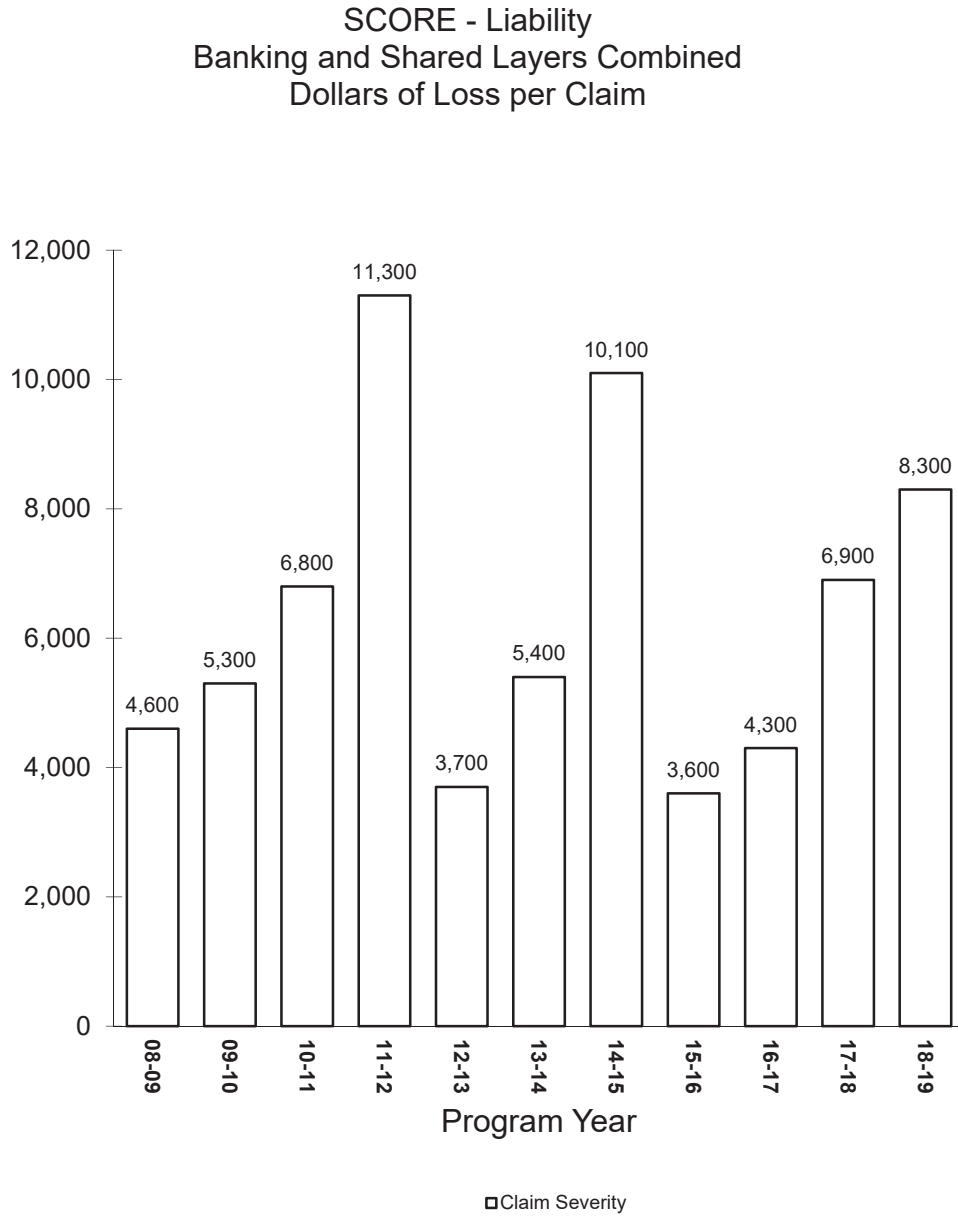
Graph 2c

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



The program's average cost per claim, or severity, has been volatile over the past ten years, with the 2011-12 and 2014-15 years coming in particularly high. Our projected 2018-19 average cost is \$8,300 per claim. See Graph 3a below.

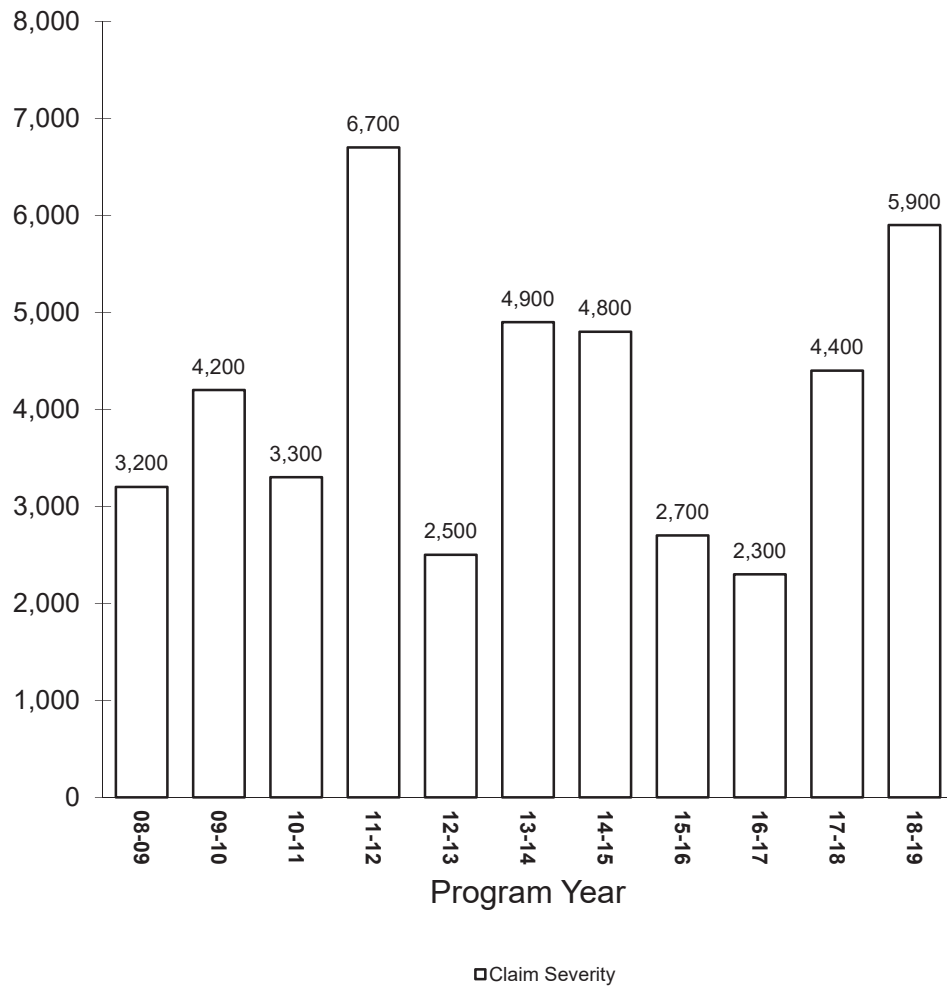
Graph 3a



The banking layer average cost per claim, or severity, has varied over the last ten years. Our projected 2018-19 average cost is \$5,900. See Graph 3b below.

Graph 3b

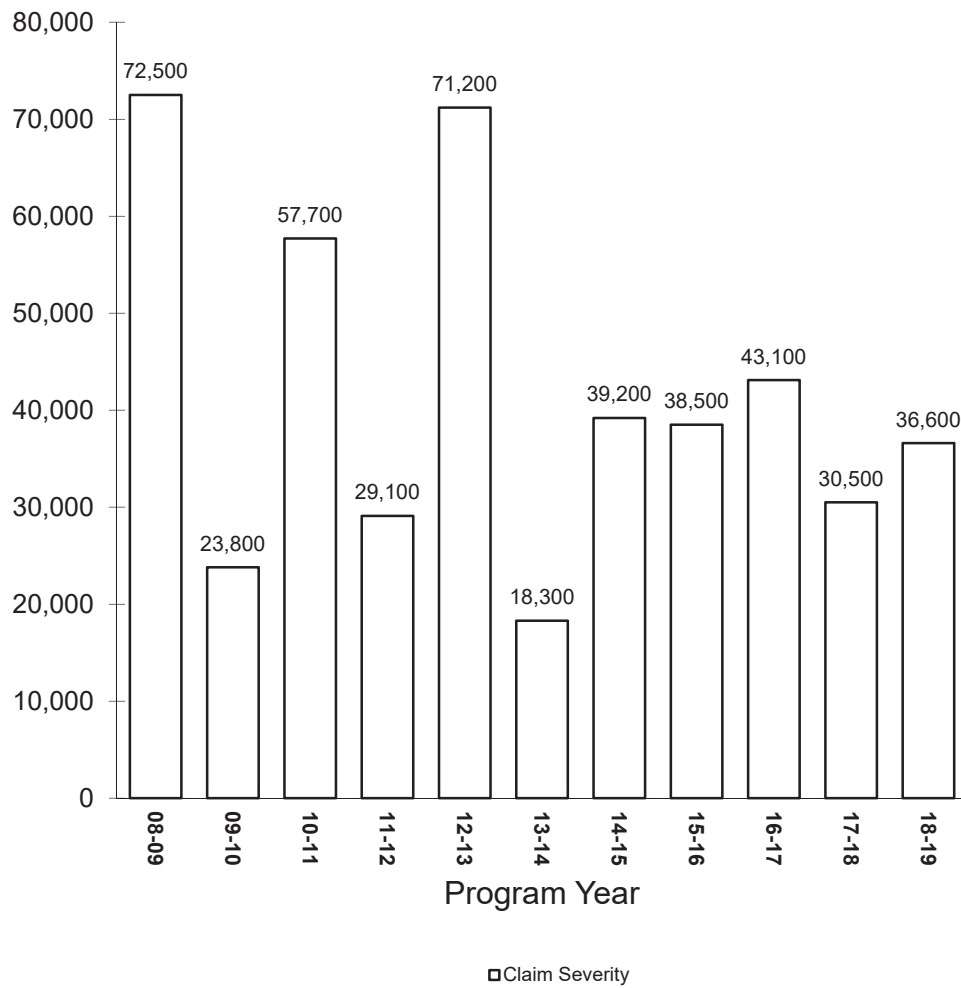
SCORE - Liability
Banking Layer
Dollars of Loss per Claim



The shared layer average cost per claim has been volatile over the period shown below. We project the 2018-19 shared layer severity to be \$36,600 per claim. See Graph 3c below.

Graph 3c

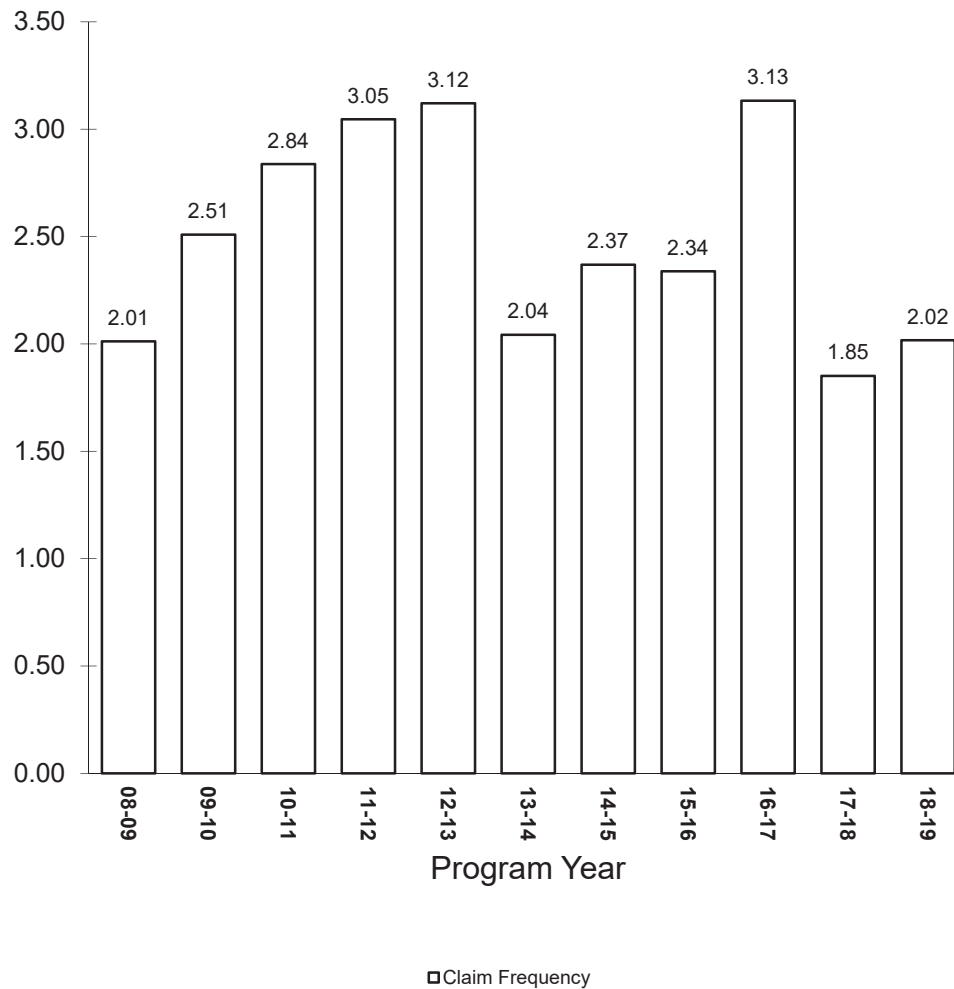
SCORE - Liability
Shared Layer
Dollars of Loss per Claim



The program's frequency of claims per \$1 million payroll had been generally increasing until 2012-13. Since then, the frequency has been relatively flat. The projected 2018-19 frequency is based on the latest five years. See Graph 4a below. (Note that shared and banking layers' frequency is the same as shown below for the program.)

Graph 4a

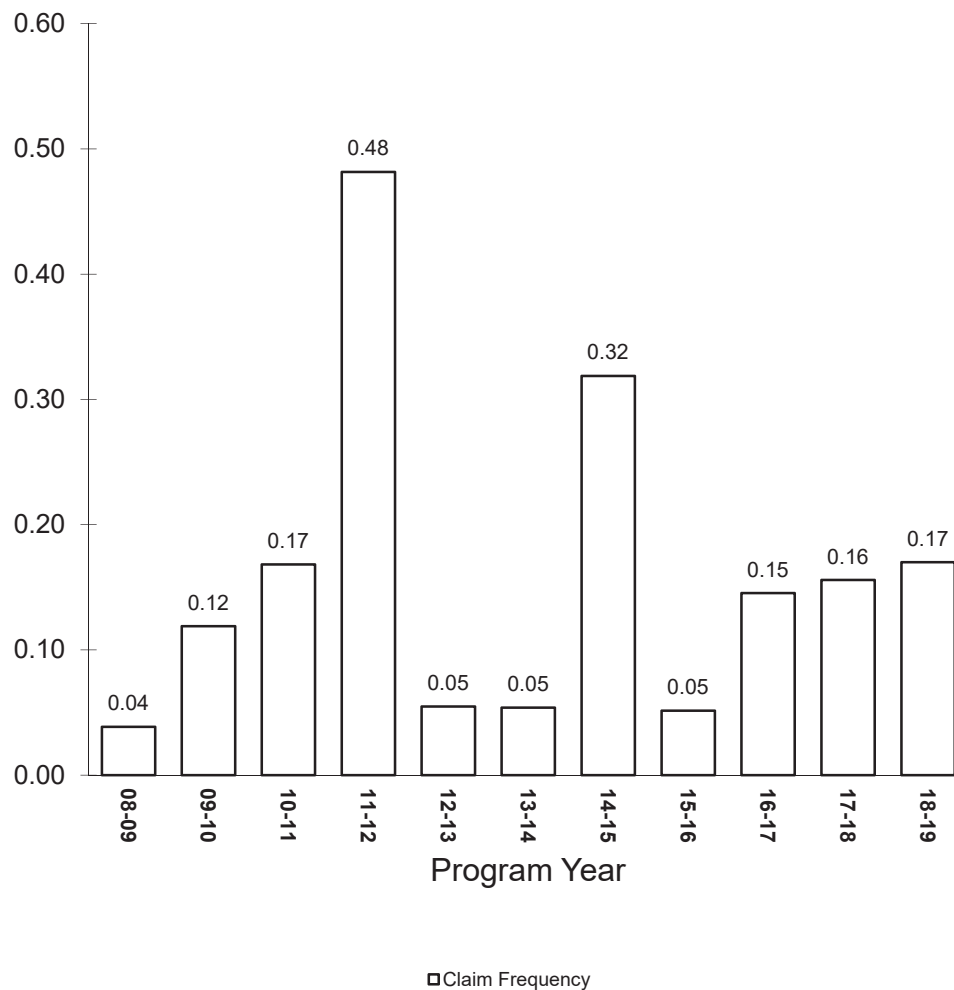
SCORE - Liability
Banking and Shared Layers Combined
Number of Claims per \$1 Million of Payroll



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 2018-19 shared layer frequency to be 0.17 claims per \$1M payroll. See Graph 4b below.

Graph 4b

SCORE - Liability
Shared Layers
Number of Claims per \$1 Million of Payroll



D. COMPARISON WITH PREVIOUS RESULTS

The prior report for the Small Cities Organized Risk Effort was dated March 14, 2018. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 12/31/2017 evaluation date of the prior report and the 12/31/2018 evaluation date of the current report.

Actual Versus Expected Incurred Loss and ALAE Development – Combined

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$0	\$0	\$0
1999-00	0	0	0
2000-01	0	0	0
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	0	0	0
2008-09	0	0	0
2009-10	0	0	0
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	0	0	0
2014-15	25,000	(42,000)	(67,000)
2015-16	47,000	(10,000)	(57,000)
2016-17	123,000	41,000	(82,000)
2017-18	332,000	147,000	(185,000)
2018-19	99,000	80,000	(19,000)
Total	\$626,000	\$216,000	(\$410,000)

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 \$626,000 between the two evaluation dates. However, actual development was approximately \$216,000; or about \$410,000 less than expected. All program years developed less than anticipated.

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In the table below we display actual versus expected development of paid losses and ALAE by accident year between the 12/31/2017 evaluation date of the prior report and the 12/31/2018 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development – Combined

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$0	\$0	\$0
1999-00	0	0	0
2000-01	0	0	0
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	0	0	0
2008-09	0	0	0
2009-10	0	0	0
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	0	0	0
2014-15	45,000	12,000	(33,000)
2015-16	61,000	12,000	(49,000)
2016-17	122,000	33,000	(89,000)
2017-18	174,000	140,000	(34,000)
2018-19	34,000	19,000	(15,000)
Total	\$436,000	\$216,000	(\$220,000)

As shown, actual paid development was also less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$436,000 between the two evaluation dates. However, actual development was approximately \$216,000; or about \$220,000 less than expected. Similar to the incurred loss development, all program years developed less than anticipated.

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 – Combined

Accident Year	Prior Report	Current Report	Change In Ultimate
1997-98	\$768,000	\$768,000	\$0
1998-99	224,000	224,000	0
1999-00	999,000	999,000	0
2000-01	502,000	502,000	0
2001-02	744,000	744,000	0
2002-03	1,215,000	1,215,000	0
2003-04	775,000	775,000	0
2004-05	370,000	370,000	0
2005-06	645,000	645,000	0
2006-07	836,000	836,000	0
2007-08	755,000	755,000	0
2008-09	272,000	272,000	0
2009-10	353,000	353,000	0
2010-11	545,000	545,000	0
2011-12	764,000	764,000	0
2012-13	625,000	625,000	0
2013-14	217,000	217,000	0
2014-15	594,000	513,000	(81,000)
2015-16	263,000	207,000	(56,000)
2016-17	477,000	393,000	(84,000)
2017-18	568,000	443,000	(125,000)
2018-19	622,000	593,000	(29,000)
Total	\$13,133,000	\$12,758,000	(\$375,000)

As shown, overall we have decreased our estimated ultimate losses by \$375,000 since our prior report. The better than anticipated incurred and paid 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 and paid loss development.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2018 to be \$997,000 at the discounted, expected level. Our current estimate as of June 30, 2019, is \$1,023,000, an increase in our assessment of SCORE's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE – Combined

	Prior Report at June 30, 2018	Current Report at June 30, 2019	Change
(A) Case Reserves:	\$262,000	\$264,000	\$2,000
(B) IBNR Reserves:	613,000	633,000	20,000
(C) Claims Administration (ULAE):	149,000	153,000	4,000
(D) Total Reserves:	\$1,024,000	\$1,050,000	\$26,000
(E) Offset for Investment Income:	(27,000)	(27,000)	0
(F) Total Outstanding Claim Liabilities:	\$997,000	\$1,023,000	\$26,000

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2018 and June 30, 2019 as reflected in our prior and current reports respectively.

The increase in claim reserves (case and IBNR) is driven primarily by the addition of the 2018-19 accident year, resulting in a \$22,000 increase in total claim reserves. Reserves for future claims administration expenses have increased, resulting in a \$26,000 increase in total claim reserves. The offset for investment income is expected to be consistent. The net change due to the above factors is an overall increase of \$26,000 in our estimate of outstanding claim liabilities for loss and LAE.

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At the time of the prior report, our funding estimate for the 2018-19 year was \$604,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income. Our current estimate for the 2019-20 year is \$614,000 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 ALAE – Combined

	Prior Report 2018-19	Current Report 2019-20	Change
	SIR = \$500,000	SIR = \$500,000	
(A) Ultimate Loss and ALAE:	\$622,000	\$632,000	\$10,000
(B) Ultimate Claims Administration (ULAE):	0	0	0
(C) Total Claim Costs:	\$622,000	\$632,000	\$10,000
(D) Offset for Investment Income:	(18,000)	(18,000)	0
(E) Total Recommended Funding:	\$604,000	\$614,000	\$10,000
(F) Funding per \$100 of Payroll:	\$2.56	\$2.48	(\$0.08)

As you can see, our funding recommendations at the discounted, expected level have increased between 2018-19 and 2019-20, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have increased by \$10,000, driven by an increase in the projected payroll, partially offset by a decrease in the projected loss rate. Investment income is expected to be consistent with our prior estimate. The net change due to the above factors is an overall increase of \$10,000 in our annual funding estimate for loss and ALAE.

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 2018-19 and 2019-20 (See Appendix BL-J or SIR-J).
- We estimated the June 30, 2019 asset balance by beginning with the June 30, 2018 asset balance, and adjusting for anticipated revenue and expense for 2018-19 (see Appendix SIR-K).
- We received loss data evaluated as of 12/31/2018 (See Appendix BL-L or SIR-L). We also utilized the data from SCORE's most recent actuarial study for our assessment of loss development.
- We have assumed that SCORE's payroll for 2019-20 will be \$24,809,766, based upon information provided by SCORE (See Appendix BL-M or SIR-M).

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 SCORE. 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 entity 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 similar liability programs in the aggregate form a reasonable basis of comparison to the patterns from the Small Cities Organized Risk Effort'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 0.5% per year. We have assumed that claim severity increases at 2.0% per year, and that claim frequency decreases at 1.5% per year.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.

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- 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 SCORE.
- Our funding recommendations do not include provisions for catastrophic events not in SCORE'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 SCORE's excess coverage.
- SCORE's assets available for the program are estimated to be \$6,275,000 as of June 30, 2019 for use in this report. This is shown in further detail in Appendix SIR-J.

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.

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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 - ACTUARIAL REVIEW

ACTION ITEM

ISSUE: Bickmore Risk Services has prepared a *draft* of their annual Workers' Compensation Program actuarial review, based on 12/31/18 loss data. The review estimates the ultimate cost of claims and expenses for the banking and shared risk layers for the 2019/20 program year. This review also estimates the outstanding liabilities for the banking and shared risk layers as of 6/30/19. *This year workers' compensation losses have developed favorably in the shared layer and as expected in the banking layer, resulting in a slight decrease in the rate and slight increase in reserves.*

Rates at the current and recommended 75% Confidence Level (CL), discounted at 1.5%, are as follows:

- **Combined Rates have decreased 0.9%, from \$5.85 to \$5.80.** Last year the rates increased 1.5% and the Board decided to maintain the Confidence Level at 75%.

Outstanding Liabilities (reserves) at the Expected Confidence Level, discounted at 1.5%, are:

- **Combined reserves have increased \$109,000, or 2.5%, from \$4,378,000 to \$4,487,000.** Liabilities increased 20% last year and 13% at the end of FY 17/18. Reserves have increased in spite of favorable development due to payments being less than expected.

RECOMMENDATION: Accept and request a final report after review at meeting.

FISCAL IMPACT: Using the 75% CL the combined rate will decrease by 0.9%

BACKGROUND: SCORE has Actuarial Studies done annually for accreditation and budget purposes. The studies determine funding for the upcoming fiscal year and outstanding liabilities as of June 30.

ATTACHMENTS: Draft Actuarial Review of the Self-Insured Workers' Compensation Program, *without Exhibits or Appendices*, dated March 15, 2019.

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Bickmore

Actuarial Review of the Self-Insured Workers' Compensation Program

Outstanding Liabilities as of June 30, 2019

Forecast for Program Year 2019-20

Presented to

Small Cities Organized Risk Effort

March 15, 2019

Friday, March 15, 2019

Mr. Marcus Beverly
Pool Administrator
Small Cities Organized Risk Effort
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 requested, we have completed our review of the Small Cities Organized Risk Effort's self-insured workers' compensation program.

Assuming an SIR of \$250,000 per occurrence and a 1.5% annual return on investment, we estimate the ultimate cost of claims and expenses for claims incurred during the 2019-20 program year to be \$324,000 for the banking layer and \$778,000 for the shared layer, for a total of \$1,102,000. For budgeting purposes, these costs translate to rates of \$1.32, \$3.18 and \$4.51 per \$100 payroll for the banking layer, shared layer, and in total respectively.

Assuming an SIR of \$250,000 per occurrence and a 1.0% annual return on investment, we estimate the ultimate cost of claims and expenses for claims incurred during the 2019-20 program year to be \$326,000 for the banking layer and \$805,000 for the shared layer, for a total of \$1,131,000. For budgeting purposes, these costs translate to rates of \$1.33, \$3.29 and \$4.62 per \$100 payroll for the banking layer, shared layer, and in total respectively.

These amounts include allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income, but exclude 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 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 SCORE's claims.

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Assuming a 1.5% annual return on investment, we estimate the program's liability for outstanding claims as of June 30, 2019 to be \$394,000 for the banking layer and \$4,093,000 for the shared layer, for a total of \$4,487,000. Given estimated program assets of \$6,540,000 as of June 30, 2019, the program is expected to be funded above the 90% confidence level on a combined basis.

Assuming a 1.0% annual return on investment, we estimate the program's liability for outstanding claims as of June 30, 2019 to be \$397,000 for the banking layer and \$4,225,000 for the shared layer, for a total of \$4,622,000. Given estimated program assets of \$6,540,000 as of June 30, 2019, the program is expected to be funded above the 90% confidence level on a combined basis.

These amounts include allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income.

These estimates are the minimum liabilities to be booked by SCORE at June 30, 2019 for its liability program for each layer, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires SCORE 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.

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on SCORE'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 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.

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Our conclusions regarding SCORE’s liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2019 are summarized in the following tables.

Small Cities Organized Risk Effort
Self-Insured Workers’ Compensation Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2019
1.5% Discount Rate

Banking Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$379,000	\$429,000	\$451,000	\$476,000	\$507,000	\$549,000
ULAE	25,000	28,000	30,000	31,000	33,000	36,000
Investment Income Offset	<u>(10,000)</u>	<u>(11,000)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>(14,000)</u>
Discounted Loss and LAE	\$394,000	\$446,000	\$469,000	\$495,000	\$528,000	\$571,000

Shared layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$4,194,000	\$4,660,000	\$4,857,000	\$5,089,000	\$5,371,000	\$5,746,000
ULAE	322,000	358,000	373,000	390,000	413,000	442,000
Investment Income Offset	<u>(423,000)</u>	<u>(470,000)</u>	<u>(490,000)</u>	<u>(513,000)</u>	<u>(542,000)</u>	<u>(580,000)</u>
Discounted Loss and LAE	\$4,093,000	\$4,548,000	\$4,740,000	\$4,966,000	\$5,242,000	\$5,608,000

Combined

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$4,573,000	\$5,090,000	\$5,309,000	\$5,565,000	\$5,881,000	\$6,297,000
ULAE	347,000	386,000	403,000	422,000	446,000	478,000
Investment Income Offset	<u>(433,000)</u>	<u>(482,000)</u>	<u>(503,000)</u>	<u>(526,000)</u>	<u>(557,000)</u>	<u>(596,000)</u>
Discounted Loss and LAE	\$4,487,000	\$4,994,000	\$5,209,000	\$5,461,000	\$5,770,000	\$6,179,000
Assets	<u>\$6,540,000</u>	<u>\$6,540,000</u>	<u>\$6,540,000</u>	<u>\$6,540,000</u>	<u>\$6,540,000</u>	<u>\$6,540,000</u>
Surplus or (Deficit)	\$2,053,000	\$1,546,000	\$1,331,000	\$1,079,000	\$770,000	\$361,000

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The following tables show our funding recommendations for the Small Cities Organized Risk Effort for the 2019-20 fiscal year, assuming the current SIR of \$250,000.

Small Cities Organized Risk Effort (SIR = \$250,000)

Self-Insured Workers' Compensation Program

Loss and LAE Funding Guidelines for 2019-20

1.5% Discount Rate

Banking Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$330,000	\$387,000	\$413,000	\$445,000	\$483,000	\$535,000
ULAE	0	0	0	0	0	0
Investment Income Offset	(6,000)	(7,000)	(7,000)	(9,000)	(9,000)	(9,000)
Discounted Loss and LAE	\$324,000	\$380,000	\$406,000	\$436,000	\$474,000	\$526,000
Rate per \$100 of 2019-20 Payroll	\$1.32	\$1.55	\$1.66	\$1.78	\$1.94	\$2.15

Shared layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$864,000	\$1,043,000	\$1,124,000	\$1,222,000	\$1,340,000	\$1,501,000
ULAE	0	0	0	0	0	0
Investment Income Offset	(86,000)	(104,000)	(112,000)	(122,000)	(133,000)	(149,000)
Discounted Loss and LAE	\$778,000	\$939,000	\$1,012,000	\$1,100,000	\$1,207,000	\$1,352,000
Rate per \$100 of 2019-20 Payroll	\$3.18	\$3.84	\$4.14	\$4.50	\$4.93	\$5.53

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,194,000	\$1,429,000	\$1,537,000	\$1,664,000	\$1,821,000	\$2,035,000
ULAE	0	0	0	0	0	0
Investment Income Offset	(92,000)	(110,000)	(119,000)	(128,000)	(140,000)	(157,000)
Discounted Loss and LAE	\$1,102,000	\$1,319,000	\$1,418,000	\$1,536,000	\$1,681,000	\$1,878,000
Rate per \$100 of 2019-20 Payroll	\$4.51	\$5.39	\$5.80	\$6.28	\$6.87	\$7.68

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The funding recommendations shown in the tables above do not include any recognition of the existing funding margin at June 30, 2019. They are for losses and allocated loss adjustment expenses only, and do not include a provision for claims administration, 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 SCORE's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to the Small Cities Organized Risk Effort 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,

Sincerely,

Bickmore

DRAFT

Mike Harrington, FCAS, MAAA
President, Actuarial Consulting, Bickmore
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Eric Small
Senior Analyst, Property and Casualty Actuarial Services, Bickmore

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TOTAL	102

I. BACKGROUND

The Small Cities Organized Risk Effort began its self-insured workers' compensation program on July 1, 1993. Its current self-insured retention is \$250,000, and excess coverage is provided by the Local Agency Workers' Compensation Excess (LAWCX) Joint Powers Authority. SCORE has a banking layer to \$25,000 per occurrence. Each member is directly responsible for its own losses within the banking layer. Losses above \$25,000 are shared up to SCORE's self-insured retention. Claims administration services are provided by York Risk Services. Additional background on the program is given in Appendix BL-J or SIR-J.

The purpose of this review is to provide a guide to SCORE to determine reasonable funding levels for its self-insurance program according to the funding policy SCORE has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate SCORE's liability for outstanding claims as of June 30, 2019, project ultimate loss costs for 2019-20, 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 SCORE's funding position as of June 30, 2019. 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.

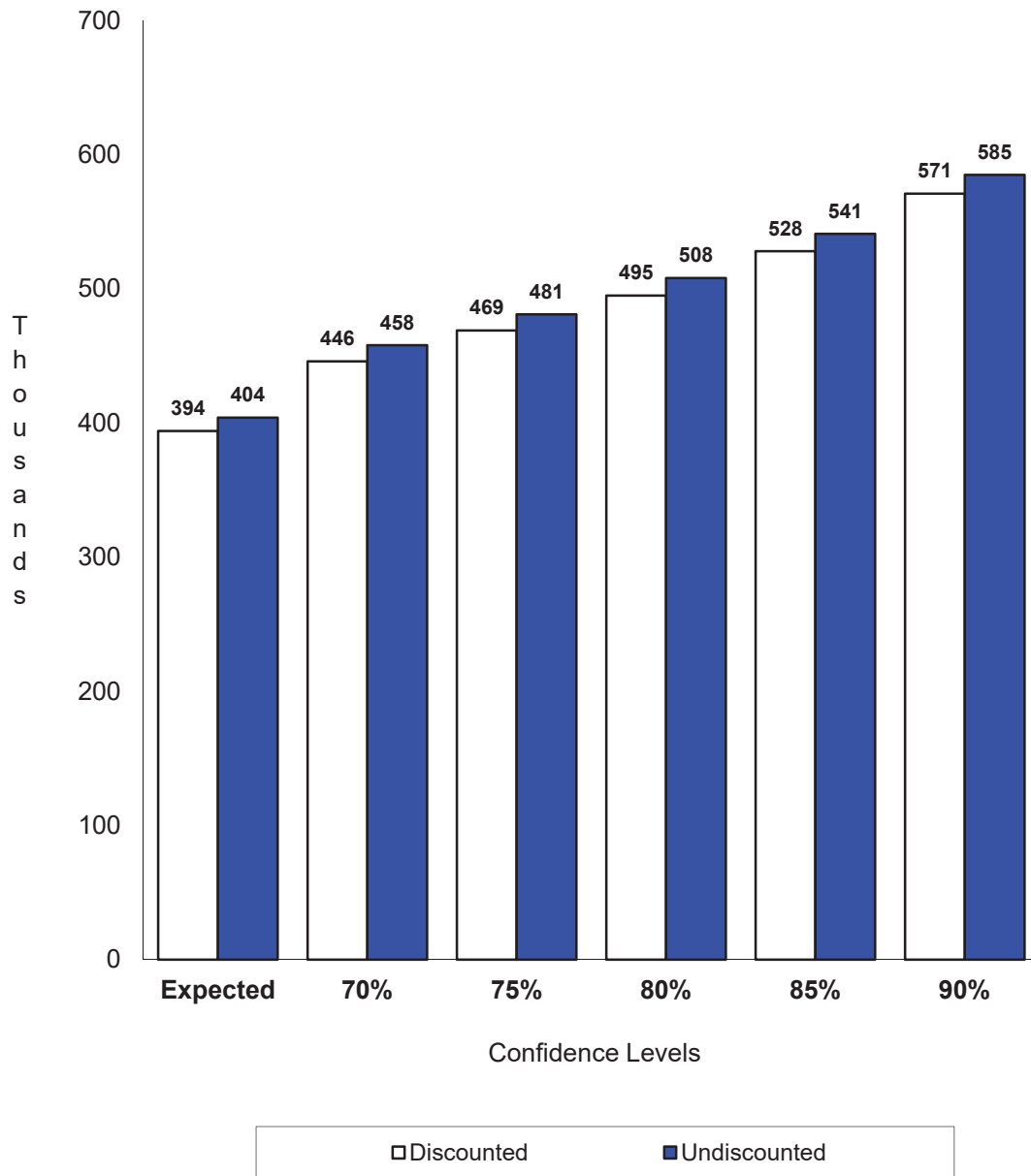
Our best estimate of the full value of SCORE's liability for outstanding claims within its self-insured retention (SIR) as of June 30, 2019 is \$404,000 for the banking layer and \$4,516,000 for the shared layer, for a total of \$4,920,000. This amount includes losses, allocated loss adjustment expenses (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.

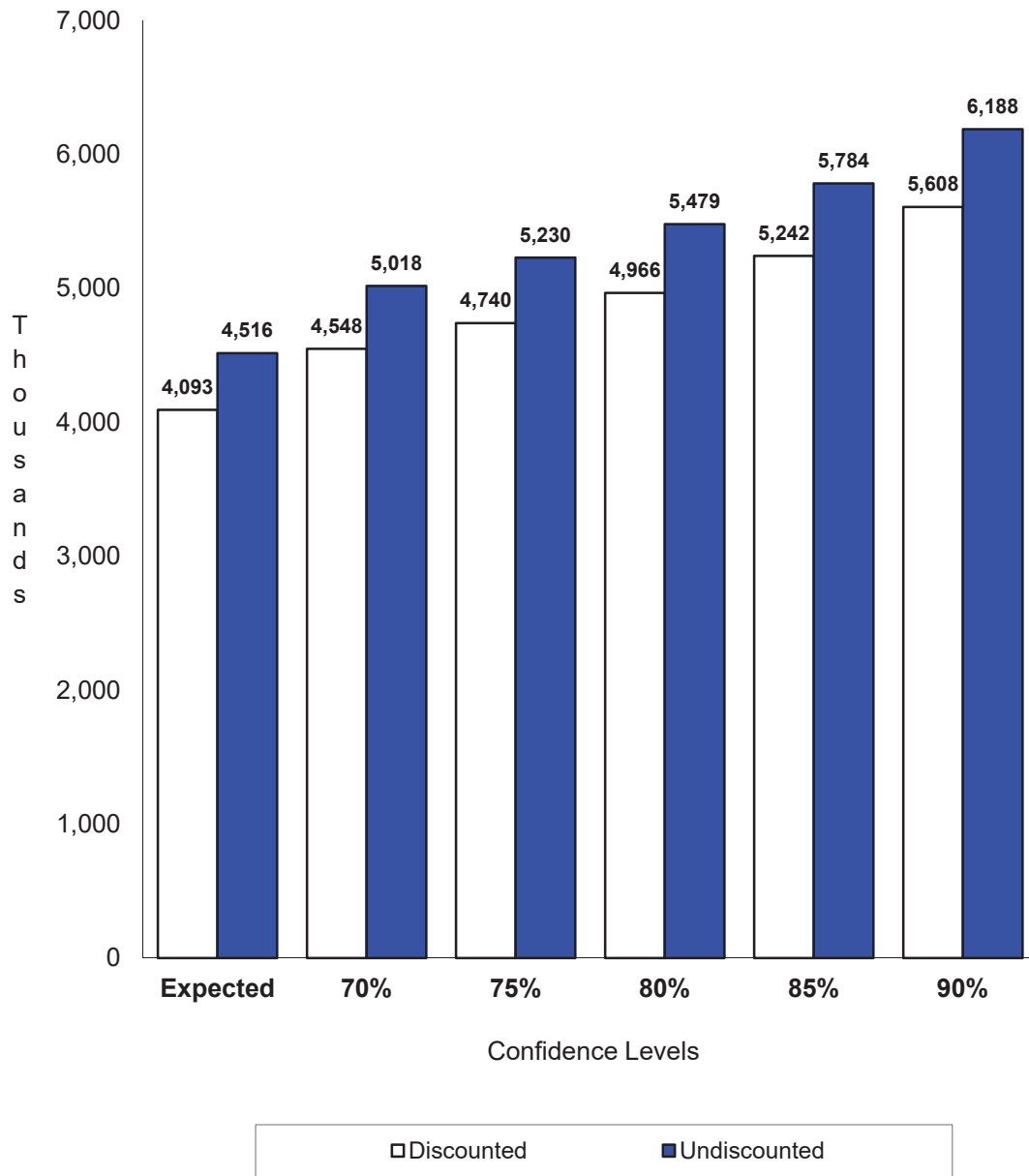
SCORE can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.5%, we estimate the impact of investment income earnings to be about 8.8% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$394,000 for the banking layer and \$4,093,000 for the shared layer for a total of \$4,487,000 as of June 30, 2019.

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 SCORE's discounted liability for outstanding claims.

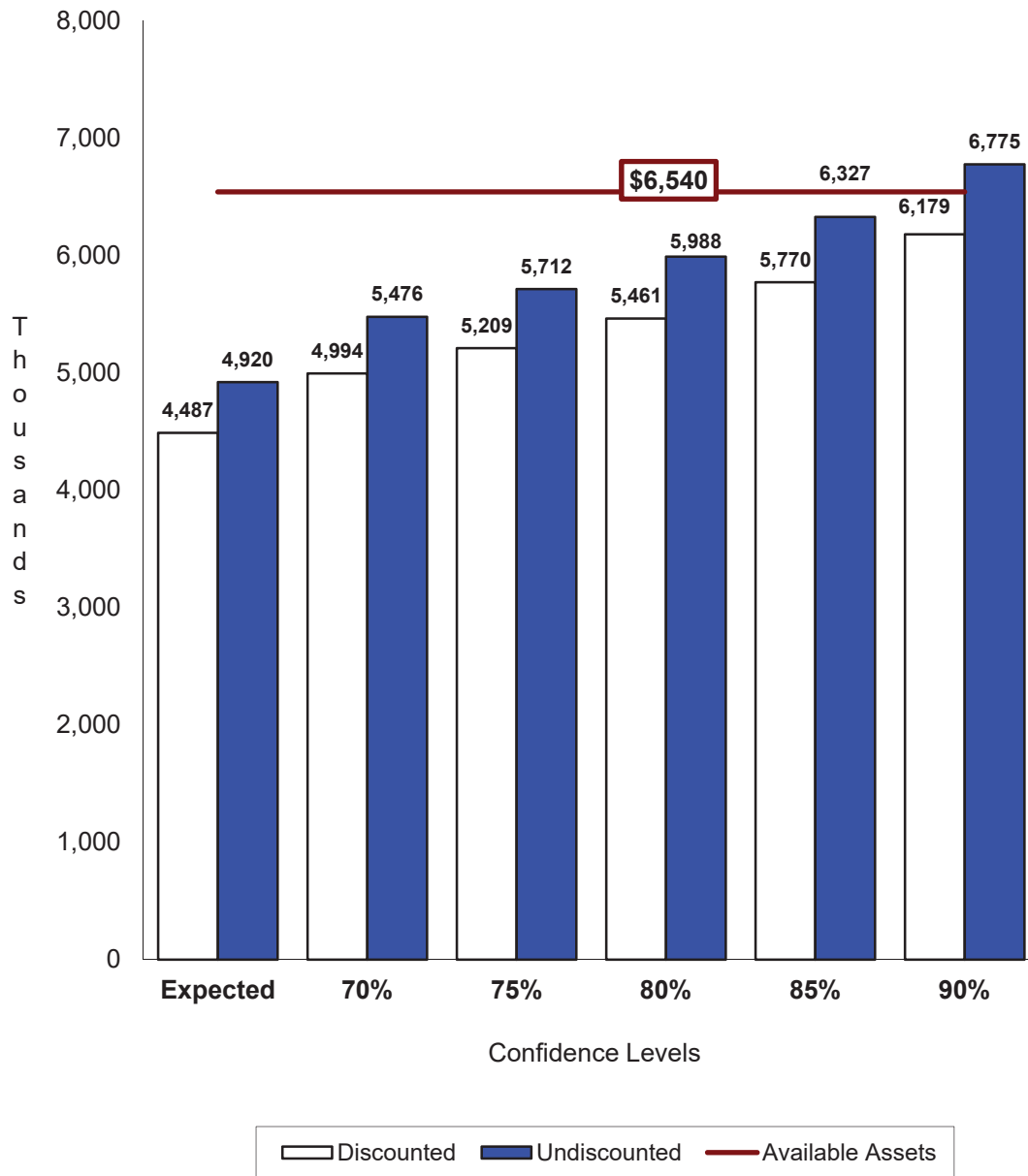
SCORE - Workers' Compensation
Outstanding Liability (\$000's)
at June 30, 2019
Banking Layer



SCORE - Workers' Compensation
Outstanding Liability (\$000's)
at June 30, 2019
Shared layer



SCORE - Workers' Compensation
Available Assets vs Outstanding Liability (\$000's)
at June 30, 2019
Combined



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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, 2019, before recognition of investment income.

Small Cities Organized Risk Effort
Self-Insured Workers' Compensation Program – Combined
Estimated Liability for Unpaid Loss and LAE at June 30, 2019

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$67,716	\$23,931	\$91,647
1998-99	43,738	2,206	45,944
1999-00	47,026	4,340	51,366
2000-01	84,943	398	85,341
2001-02	36,540	16,531	53,071
2002-03	17,059	21,344	38,403
2003-04	66,946	15,167	82,113
2004-05	70,779	24,804	95,583
2005-06	0	0	0
2006-07	22,570	26,728	49,298
2007-08	6,537	41,520	48,057
2008-09	34,043	38,193	72,236
2009-10	29,409	58,993	88,402
2010-11	2,721	59,248	61,969
2011-12	60,095	82,518	142,613
2012-13	91,904	75,511	167,415
2013-14	17,893	122,143	140,036
2014-15	262,984	157,452	420,436
2015-16	108,090	236,585	344,675
2016-17	388,278	313,359	701,637
2017-18	288,354	440,528	728,882
2018-19	465,286	598,947	1,064,233
Loss and ALAE	\$2,212,911	\$2,360,446	\$4,573,357
ULAE		347,000	347,000
Total	\$2,212,911	\$2,707,446	\$4,920,357

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 SCORE.

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.

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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, SCORE'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.

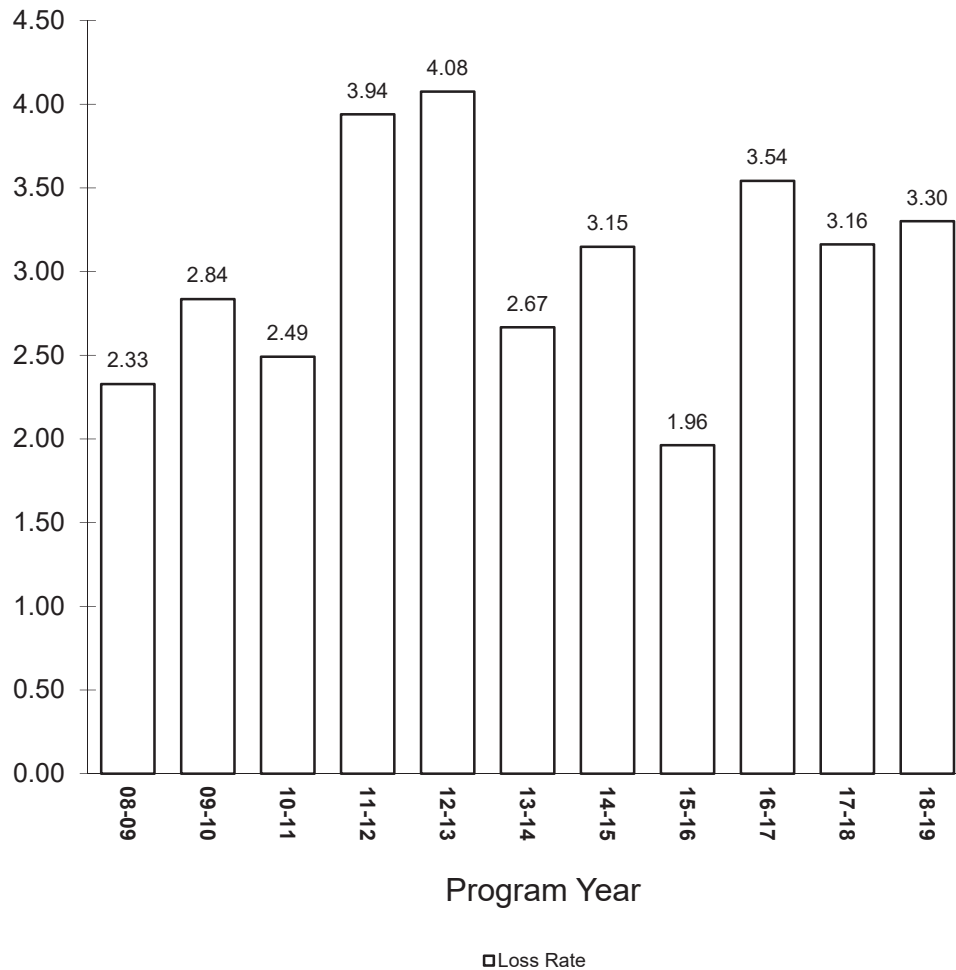
It is estimated that program assets will be \$6,540,000 at June 30, 2019, resulting in the program being funded above the 90% confidence level on a combined basis.

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 \$3.30 per \$100 of payroll for the 2018-19 program year based on the assumption that this trend will continue. See Graph 2a below.

Graph 2a

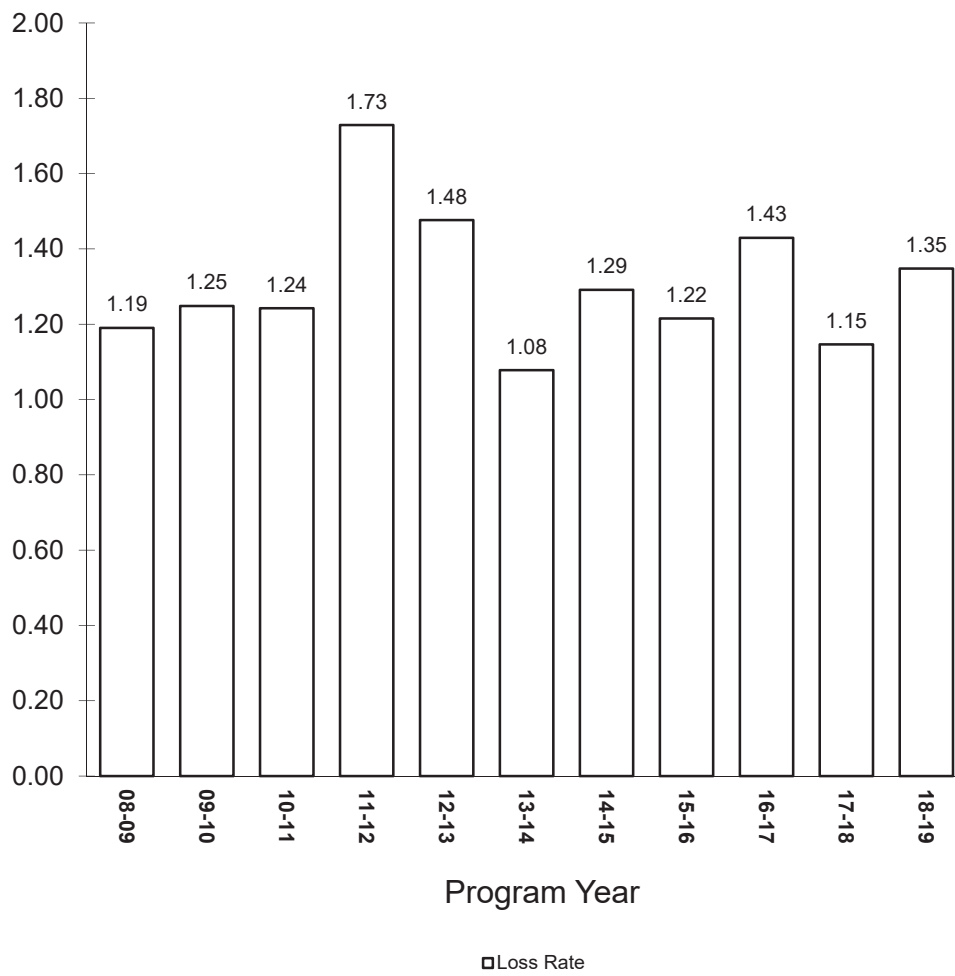
SCORE - Workers' Compensation
Banking and Shared Layers Combined
Dollars of Loss per
\$100 of Payroll



The banking layer loss rate per \$100 payroll has been relatively stable during most recent ten years. Our projected 2018-19 loss rate of \$1.35 per \$100 of payroll reflects this trend. See Graph 2b below.

Graph 2b

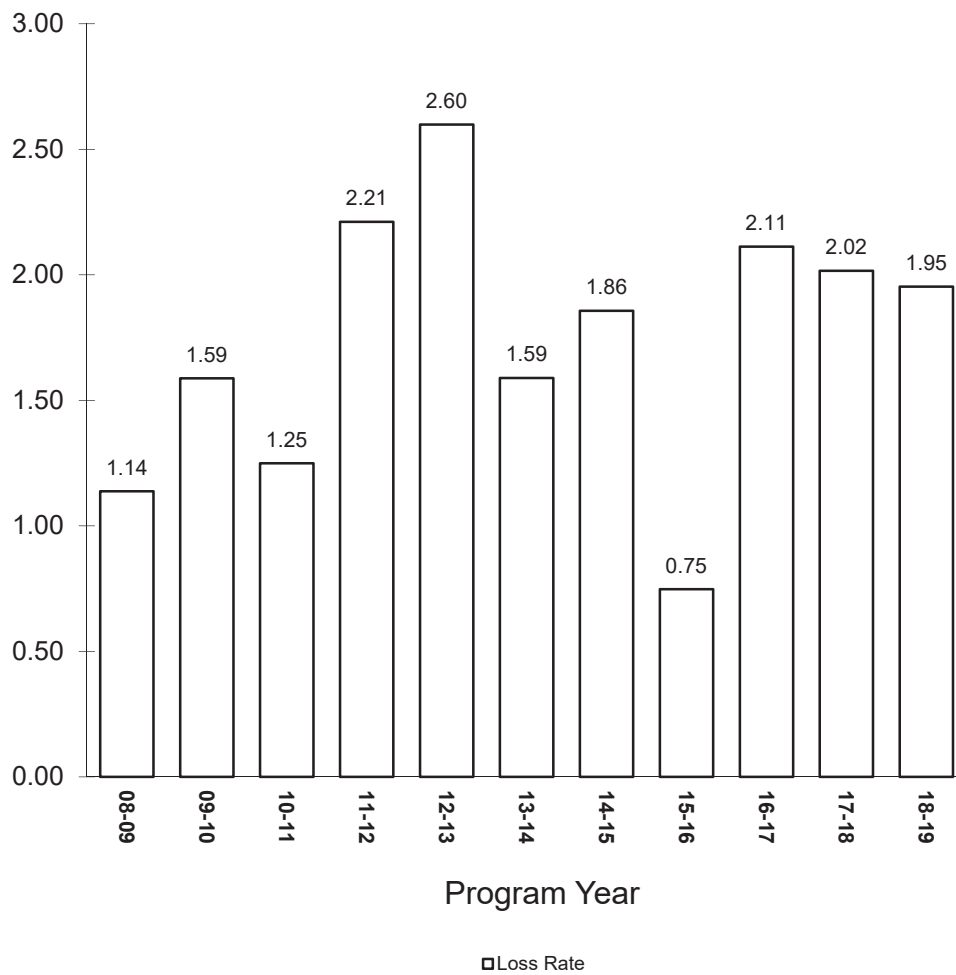
SCORE - Workers' Compensation
Banking Layer
Dollars of Loss per
\$100 of Payroll



The shared layer loss rate has varied over the last ten years, typical for excess layers losses. Overall rates appear to follow an increasing trend in the most recent ten years. We projected 2018-19 loss rate of \$1.95 based on this recent trend. See Graph 2c below.

Graph 2c

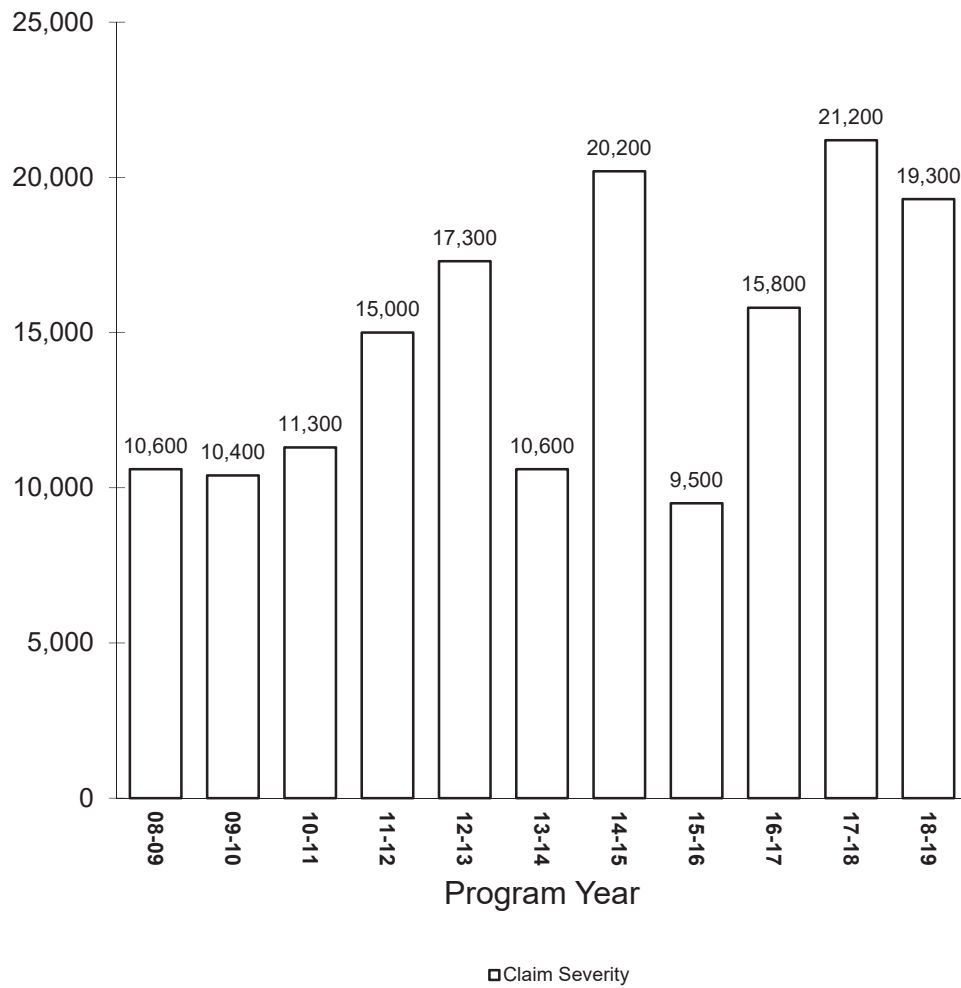
SCORE - Workers' Compensation
Shared Layer
Dollars of Loss per
\$100 of Payroll



The program's average cost per claim has been following a generally increasing trend over the past ten years. Our projected 2018-19 average cost of \$19,300 per claim reflects this trend. See Graph 3a below.

Graph 3a

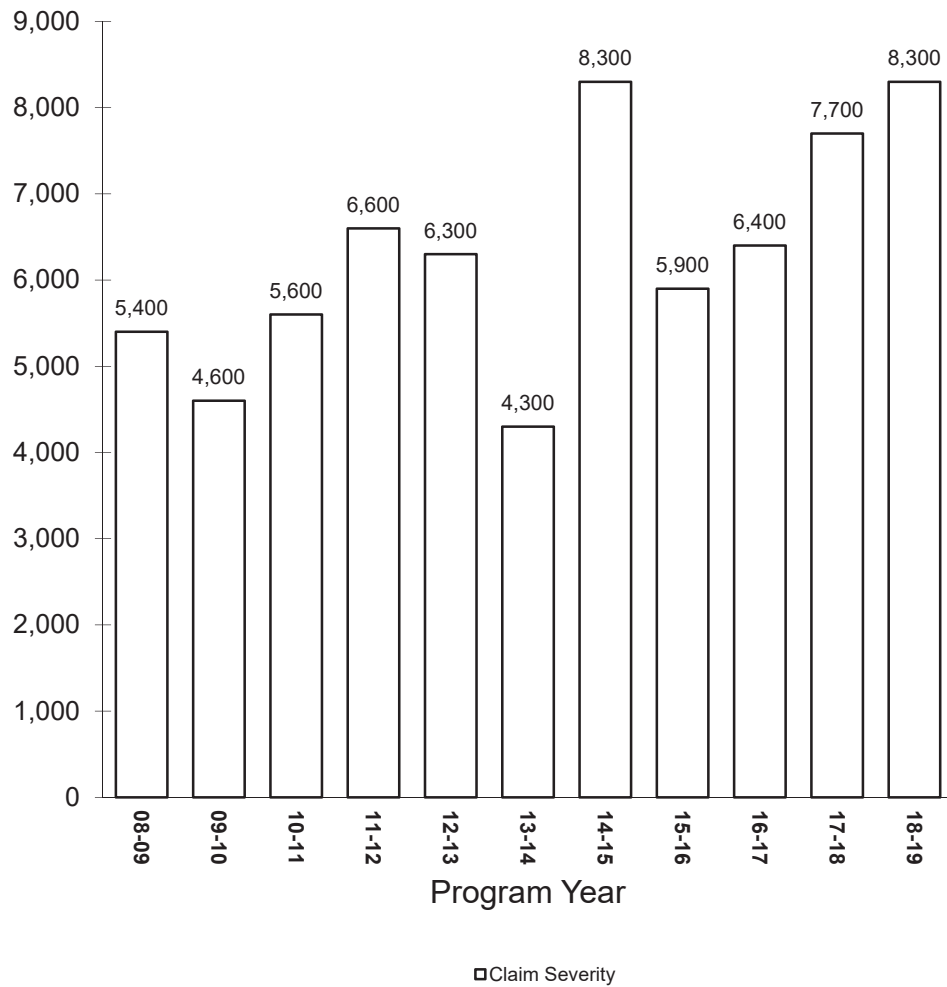
SCORE - Workers' Compensation
Banking and Shared Layers Combined
Dollars of Loss per Claim



The banking layer's average cost per claim has been increasing overall since 2009-10. Our projected 2018-19 average cost is \$8,300. See Graph 3b below.

Graph 3b

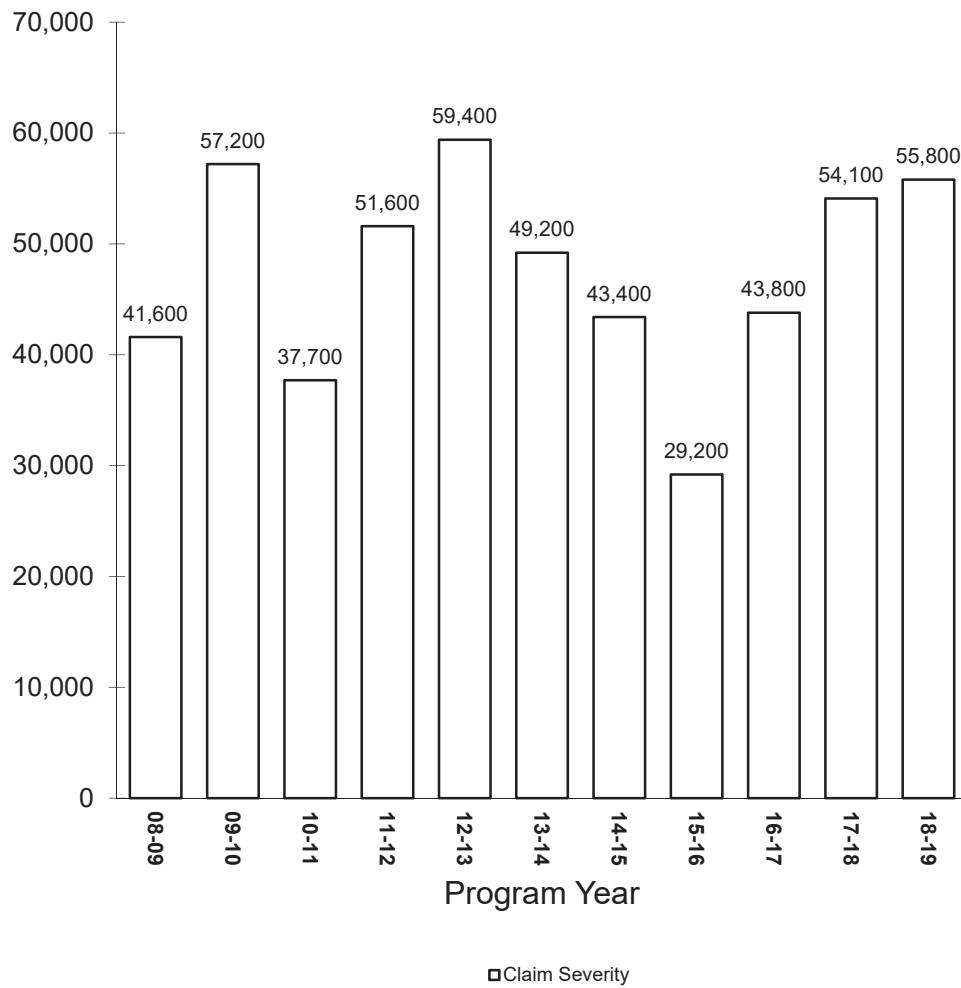
SCORE - Workers' Compensation
Banking Layer
Dollars of Loss per Claim



The shared layer average cost per claim has been volatile over the period shown below. We project the 2018-19 shared layer severity to be \$55,800 per claim. See Graph 3c Below.

Graph 3c

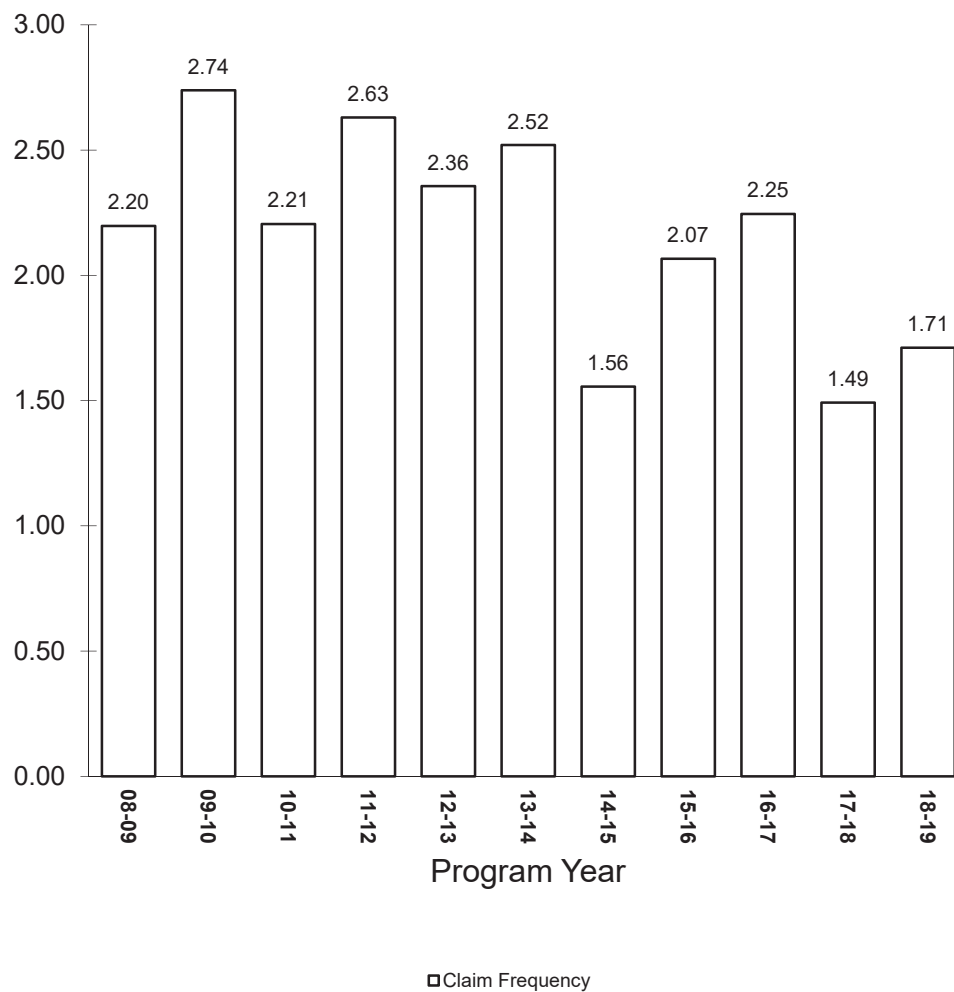
SCORE - Workers' Compensation
Shared Layer
Dollars of Loss per Claim



The program's frequency of claims per \$1 million payroll has been generally trending downward. The projected 2018-19 frequency of 1.71 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

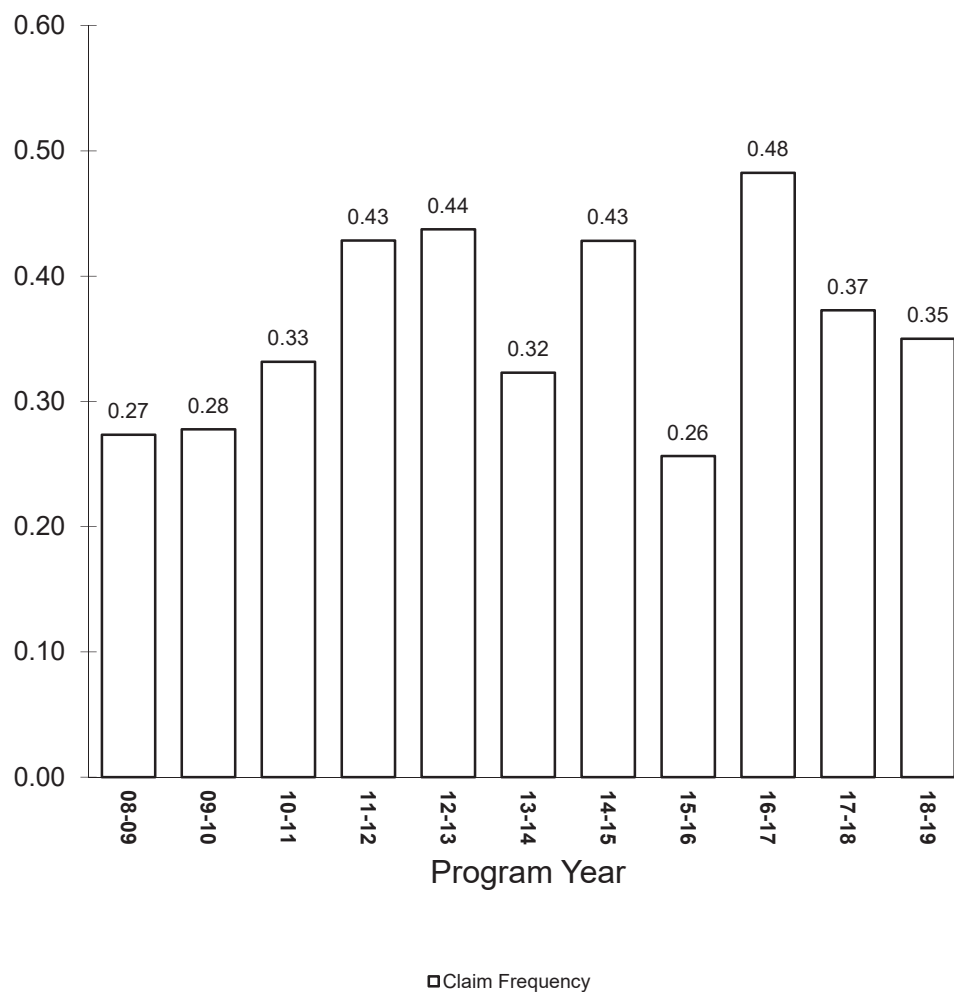
SCORE - Workers' Compensation
Banking and Shared Layers Combined
Number of Claims per
\$1 Million of Payroll



The shared layer frequency of claims per \$1 million payroll has been 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 2018-19 shared layer frequency to be 0.35 claims per \$1M payroll. See Graph 4b below.

Graph 4b

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



D. COMPARISON WITH PREVIOUS RESULTS

The prior report for the Small Cities Organized Risk Effort was dated March 14, 2018. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 12/31/2017 evaluation date of the prior report and the 12/31/2018 evaluation date of the current report.

Actual Versus Expected Incurred Loss and ALAE Development – Combined

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$6,000	(\$74,000)	(\$80,000)
1998-99	1,000	1,000	0
1999-00	2,000	(12,000)	(14,000)
2000-01	1,000	0	(1,000)
2001-02	5,000	0	(5,000)
2002-03	4,000	0	(4,000)
2003-04	3,000	24,000	21,000
2004-05	6,000	0	(6,000)
2005-06	2,000	(14,000)	(16,000)
2006-07	6,000	0	(6,000)
2007-08	9,000	0	(9,000)
2008-09	7,000	26,000	19,000
2009-10	10,000	0	(10,000)
2010-11	12,000	(38,000)	(50,000)
2011-12	15,000	49,000	34,000
2012-13	12,000	(21,000)	(33,000)
2013-14	87,000	0	(87,000)
2014-15	35,000	52,000	17,000
2015-16	57,000	(9,000)	(66,000)
2016-17	94,000	58,000	(36,000)
2017-18	402,000	363,000	(39,000)
2018-19	227,000	477,000	250,000
Total	\$1,003,000	\$882,000	(\$121,000)

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 \$1,003,000 between the two evaluation dates. However, actual development was approximately \$882,000; or about \$121,000 less than expected. Although most accident years have developed lower than expected, this favorable experience is partially offset by greater than expected development for the 2018-19 accident year.

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In the table below we display actual versus expected development of paid losses and ALAE by accident year between the 12/31/2017 evaluation date of the prior report and the 12/31/2018 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development – Combined

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$26,000	\$15,000	(\$11,000)
1998-99	8,000	4,000	(4,000)
1999-00	10,000	1,000	(9,000)
2000-01	10,000	2,000	(8,000)
2001-02	5,000	(3,000)	(8,000)
2002-03	7,000	18,000	11,000
2003-04	9,000	17,000	8,000
2004-05	11,000	2,000	(9,000)
2005-06	10,000	73,000	63,000
2006-07	7,000	0	(7,000)
2007-08	8,000	16,000	8,000
2008-09	6,000	0	(6,000)
2009-10	10,000	0	(10,000)
2010-11	15,000	1,000	(14,000)
2011-12	24,000	78,000	54,000
2012-13	36,000	65,000	29,000
2013-14	96,000	20,000	(76,000)
2014-15	83,000	101,000	18,000
2015-16	88,000	64,000	(24,000)
2016-17	217,000	169,000	(48,000)
2017-18	245,000	194,000	(51,000)
2018-19	35,000	49,000	14,000
Total	\$966,000	\$886,000	(\$80,000)

As shown, actual paid development was also less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$966,000 between the two evaluation dates. However, actual development was approximately \$886,000; or about \$80,000 less than expected. Similar to the incurred loss development, most accident years have developed lower than expected. However, this favorable experience is partially offset by greater than expected development for the accident years prior to 2005-06, 2011-12, 2012-13, 2014-15, and 2018-19 accident years.

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 – Combined

Accident Year	Prior Report	Current Report	Change In Ultimate
Prior	\$4,321,000	\$4,249,000	(\$72,000)
1998-99	518,000	518,000	0
1999-00	711,000	697,000	(14,000)
2000-01	402,000	400,000	(2,000)
2001-02	1,164,000	1,159,000	(5,000)
2002-03	1,111,000	1,107,000	(4,000)
2003-04	734,000	755,000	21,000
2004-05	1,000,000	994,000	(6,000)
2005-06	345,000	320,000	(25,000)
2006-07	667,000	662,000	(5,000)
2007-08	852,000	845,000	(7,000)
2008-09	657,000	676,000	19,000
2009-10	903,000	894,000	(9,000)
2010-11	834,000	782,000	(52,000)
2011-12	927,000	965,000	38,000
2012-13	963,000	951,000	(12,000)
2013-14	738,000	678,000	(60,000)
2014-15	949,000	975,000	26,000
2015-16	631,000	593,000	(38,000)
2016-17	1,297,000	1,266,000	(31,000)
2017-18	1,102,000	1,089,000	(13,000)
2018-19	1,160,000	1,256,000	96,000
Total	\$21,986,000	\$21,831,000	(\$155,000)

As shown, overall we have decreased our estimated ultimate losses by \$155,000 since our prior report. The changes in our estimates of ultimate losses take into account both the incurred and paid development listed on the previous two pages.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2018 to be \$4,378,000 at the discounted, expected level. Our current estimate as of June 30, 2019, is \$4,487,000, an increase in our assessment of SCORE's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE – Combined

	Prior Report at June 30, 2018	Current Report at June 30, 2019	Change
(A) Case Reserves:	\$2,234,000	\$2,213,000	(\$21,000)
(B) IBNR Reserves:	2,225,000	2,360,000	135,000
(C) Claims Administration (ULAE):	334,000	347,000	13,000
(D) Total Reserves:	\$4,793,000	\$4,920,000	\$127,000
(E) Offset for Investment Income:	(415,000)	(433,000)	(18,000)
(F) Total Outstanding Claim Liabilities:	\$4,378,000	\$4,487,000	\$109,000

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2018 and June 30, 2019 as reflected in our prior and current reports respectively.

The increase in claim reserves (case and IBNR) is driven primarily by the addition of the most recent accident year. The ultimate losses in the most recent years are greater than ultimate losses for older years, resulting in growth in IBNR. Reserves for future claims administration expenses have increased, resulting in a \$127,000 increase in total claim reserves. This increase in reserves leads to a larger offset for investment income. The net change due to the above factors is an overall increase of \$109,000 in our estimate of outstanding claim liabilities for loss and LAE.

At the time of the prior report, our funding estimate for the 2018-19 year was \$1,071,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income. Our current estimate for the 2019-20 year is \$1,102,000 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 ALAE – Combined

	Prior Report 2018-19	Current Report 2019-20	Change
	SIR = \$250,000	SIR = \$250,000	
(A) Ultimate Loss and ALAE:	\$1,160,000	\$1,194,000	\$34,000
(B) Ultimate Claims Administration (ULAE):	0	0	0
(C) Total Claim Costs:	\$1,160,000	\$1,194,000	\$34,000
(D) Offset for Investment Income:	(89,000)	(92,000)	(3,000)
(E) Total Recommended Funding:	\$1,071,000	\$1,102,000	\$31,000
(F) Funding per \$100 of Payroll:	\$4.59	\$4.51	(\$0.08)

As you can see, our funding recommendations at the discounted, expected level have increased between 2018-19 and 2019-20, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have increased by \$34,000, driven by an increase in the projected payroll, partially offset by a decrease in the projected loss rate. This increase in loss estimate leads to a larger offset for investment income. The net change due to the above factors is an overall increase of \$31,000 in our annual funding estimate for loss and ALAE. It should be noted that our estimated loss and ALAE 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 \$250,000 per occurrence for 2018-19 and 2019-20 (See Appendix BL-J or SIR-J).
- We estimated the June 30, 2019 asset balance by beginning with the June 30, 2018 asset balance, and adjusting for anticipated revenue and expense for 2018-19 (see Appendix SIR-K).
- We received loss data evaluated as of 12/31/2018 (See Appendix BL-L or SIR-L). We also utilized the data from SCORE's most recent actuarial study for our assessment of loss development.
- We have assumed that SCORE's payroll for 2019-20 will be \$24,460,833 based upon information provided by SCORE (See Appendix BL-M or SIR-M).

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 SCORE. 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 entity workers' compensation 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 similar workers' compensation programs in the aggregate form a reasonable basis of comparison to the patterns from the Small Cities Organized Risk Effort's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial review of similar workers' compensation programs.
- 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.

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- We have assumed that the loss rate trend associated with claim costs remain unchanged from year to year. We have assumed that claim severity increases at 2.0% per year, and that claim frequency decreases at 2.0% 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 SCORE.
- Our funding recommendations do not include provisions for catastrophic events not in SCORE'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 SCORE's excess coverage.
- SCORE's assets available for the program are estimated to be \$6,540,000 as of June 30, 2019 for use in this report. This is shown in further detail in Appendix SIR-K.

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.

DRAFT

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.)



**Small Cities Organized Risk Effort
Board of Directors Meeting
March 29, 2019**

Agenda Item G.3.

QUARTERLY FINANCIALS FOR QE DECEMBER 31, 2018

ACTION ITEM

ISSUE: The Board of Directors receives a quarterly report on the financial status of SCORE. Gilbert Associates will present SCORE's Financials for Quarter ending December 31, 2018 to the Board of Directors for their review.

RECOMMENDATION: Receive and file the Quarterly Financials as presented.

FISCAL IMPACT: Unknown.

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

ATTACHMENT(S): Quarterly Financial Reports as of 12/31/18

Small Cities Organied Risk Effort
Statement of Net Position
As of December 31, 2018 and December 31, 2017

	Dec 31, '18	Dec 31, '17
ASSETS		
Current Assets		
Checking/Savings		
Mechanics Bank - General	\$ 2,176,049.90	\$ 1,576,952.51
Mechanics Bank Claims Accounts		
Mechanics Bank - Liability	36,023.16	37,594.94
Mechanics Bank - Workers' Comp	14,307.74	36,922.29
LAIF		
LAIF	415,496.50	408,534.60
Total LAIF	415,496.50	408,534.60
Petty Cash		
Total Checking/Savings	2,641,877.30	2,060,004.34
Other Current Assets		
Chandler Investments		
Chandler - Investments	1,576,463.83	10,928,850.26
Chandler - Unrealized Gain (Loss)	(8,543.64)	(79,821.22)
US Bank	15,150.44	242,679.99
Total Chandler - Investment Account	1,583,070.63	11,091,709.03
Due from Members - Adj Premiums	-	5,274.06
Interest Receivable	55,617.67	46,066.13
Member Accounts Receivable	331,099.85	372,533.48
Claim Recovery Receivable	123,793.54	86,986.72
Prepaid Insurance	544,557.31	454,735.35
Prepaid Administration	143,079.00	135,172.50
Prepaid Expenses	36,892.71	35,600.17
Total Other Current Assets	2,818,110.71	12,228,077.44
Total Current Assets	5,459,988.01	14,288,081.78
Noncurrent Assets		
Chandler Investments		
Chandler - Investments	9,760,086.44	-
Chandler - Unrealized Gain (Loss)	(100,848.12)	-
Total Chandler - Investment Account	9,659,238.32	-
TOTAL ASSETS	\$ 15,119,226.33	\$ 14,288,081.78

Small Cities Organied Risk Effort
Statement of Net Position
As of December 31, 2018 and December 31, 2017

	Dec 31, '18	Dec 31, '17
LIABILITIES		
Current Liabilities		
Accounts Payable	149,675.37	38,741.76
Deferred Income	1,003,668.43	889,291.61
Dividend Payable to Members	5,835.00	5,835.00
 Claims Reserves - Current		
Claims Reserves - W/C	835,754.00	799,607.00
Claims Reserves - Liability	203,650.21	201,817.59
Total Claims Payable - Current	1,039,404.21	1,001,424.59
 IBNR - Current		
IBNR Reserves - W/C	-	-
IBNR Reserves - Liability	145,527.73	260,820.41
Total IBNR	145,527.73	260,820.41
Total Current Liabilities	2,344,110.74	2,196,113.37
 Long Term Liabilities		
Claims Reserves - Non-Current		
Claims Reserves - W/C	1,447,748.52	1,447,322.56
Claims Reserves - Liability	-	-
Total Claims Payable - Non-Current	1,447,748.52	1,447,322.56
 IBNR		
IBNR Reserves - W/C	2,298,776.48	1,924,410.00
IBNR Reserves - Liability	822,607.99	362,088.59
Total IBNR	3,121,384.47	2,286,498.59
 ULAE		
ULAE - W/C	343,000.00	303,000.00
ULAE - Liability	69,000.00	69,000.00
Total ULAE	412,000.00	372,000.00
Total Long Term Liabilities	4,981,132.99	4,105,821.15
Total Liabilities	7,325,243.73	6,301,934.52
NET POSITION		
Net Position - Workers' Compensation		
Board Designated - W/C	1,250,000.00	1,250,000.00
Workers' Compensation Banking Layer	1,246,139.96	1,023,332.15
Net Position - Liability		
Board Designated - Liability	2,500,000.00	2,500,000.00
Liability Banking Layer	1,277,598.72	971,749.50
Undesignated Net Position		
Unrestricted	1,238,904.74	1,708,928.40
Net Revenues Over (Under) Expenditures	281,339.11	532,137.21
Total Net Position	\$ 7,793,982.53	\$ 7,986,147.26

Small Cities Organied Risk Effort
Statement of Revenue, Expenses and Changes in Net Position
For the Quarter and Year to Date Ended December 31, 2018 and December 31, 2017

	<u>Oct '18 - Dec '18</u>	<u>Jul '18 - Dec '18</u>	<u>Jul '17 - Dec '17</u>
Ordinary Revenue			
Revenue			
Member Contributions	\$ 1,031,295.00	\$ 2,053,005.26	\$ 1,874,813.42
Member Assessment/Refunds	986.67	1,070.47	-
Bank/LAIF Interest	2,568.05	4,876.04	2,875.06
Managed Portfolio	54,370.89	107,194.11	91,292.47
Miscellaneous Income	-	49,477.00	57,631.00
Total Operating Revenue	<u>1,089,220.61</u>	<u>2,215,622.88</u>	<u>2,026,611.95</u>
Operating Expenses			
General and Administrative Expenses			
Bank Service Charges	25.00	133.84	-
Accreditation Fee	-	-	-
Cash Over/Short	-	-	-
Conference	-	-	-
Dues & Subscriptions	-	-	450.00
ID Fraud Coverage	938.91	1,877.82	1,813.32
Insurance	-	-	-
Meeting Expense	10,887.86	11,552.88	9,037.81
Member Conference Reimbursement	651.93	651.93	1,887.55
Miscellaneous Expenses	-	-	-
Office Supplies	-	-	-
Safety Services	26,250.00	52,500.00	52,500.00
Safety Training	13,156.25	26,312.50	25,553.00
Treasury Services (Fort Jones)	-	-	-
User Funding Assessment (WC)	26,561.99	26,561.99	22,100.75
Total Administration	<u>78,471.94</u>	<u>119,590.96</u>	<u>113,342.43</u>
Board Meeting/Travel			
Consulting Services			
Accounting Services	14,190.66	28,325.79	26,400.00
Actuarial Study	-	-	2,500.00
Administration Costs	65,802.00	131,604.00	122,422.50
Appraisal Services			
Audit Services			
Claims Audit	2,950.00	2,950.00	-
Audit - Financial	-	19,350.00	20,900.00
Total Audit Services	<u>2,950.00</u>	<u>22,300.00</u>	<u>20,900.00</u>
Claims Services			
Claims Management -WC	25,378.77	50,757.54	50,254.84
Claims Management - Liability	24,862.50	49,725.00	49,725.00
Consulting Services	-	-	-
TPA - Annual Fees	5,737.50	11,475.00	12,750.00
Total Claims Services	<u>55,978.77</u>	<u>111,957.54</u>	<u>112,729.84</u>
Contract Services			
Investment Fees	3,658.51	7,307.76	7,322.27
Legal	74.00	1,524.88	-
Total Consulting Services	<u>142,653.94</u>	<u>303,019.97</u>	<u>292,274.61</u>
Total General and Administrative Expenses	<u>221,125.88</u>	<u>422,610.93</u>	<u>405,617.04</u>
Insurance Expenses			
Workers' Compensation			
Combined GL/AL Excess			
Property Coverage			
Crime Policy			
Insurance Premiums	272,854.67	543,814.84	453,263.86
Total Insurance Expenses	<u>272,854.67</u>	<u>543,814.84</u>	<u>453,263.86</u>
Claims Expenses			
Claims Payments			
Claim Payments - WC	179,298.06	475,771.29	443,073.28
Claim Payments - Liability	32,817.78	100,537.03	43,476.97
Total Claim Payments	<u>212,115.84</u>	<u>576,308.32</u>	<u>486,550.25</u>
Changes in Claims Liabilities			
Change in Reserves	164,640.03	402,725.11	7,770.83
Changes in IBNR	-	-	-

Small Cities Organied Risk Effort
Statement of Revenue, Expenses and Changes in Net Position
For the Quarter and Year to Date Ended December 31, 2018 and December 31, 2017

	<u>Oct '18 - Dec '18</u>	<u>Jul '18 - Dec '18</u>	<u>Jul '17 - Dec '17</u>
Changes in ULAE	-	-	-
Total Change in Claims Liabilities	164,640.03	402,725.11	7,770.83
Total Claims Expenses	<u>376,755.87</u>	<u>979,033.43</u>	<u>494,321.08</u>
Grant Fund Program	12,809.72	20,245.54	3,614.46
Dividends	-	-	-
General Contingency	-	-	-
Total Expenses	<u>883,546.14</u>	<u>1,965,704.74</u>	<u>1,356,816.44</u>
Net Operating Revenue	<u>205,674.47</u>	<u>249,918.14</u>	<u>669,795.51</u>
Other Revenue (Expense)			
ERMA Dividend Exp	-	(49,477.00)	(57,632.00)
Investment Gain/Loss	103,921.11	80,897.97	(80,026.30)
Net Revenue Over (Under) Expenses	<u>\$ 309,595.58</u>	<u>\$ 281,339.11</u>	<u>\$ 532,137.21</u>
Net Position, Beginning		<u>\$ 7,512,643.42</u>	<u>\$ 7,454,010.05</u>
Net Position Ending		<u>\$ 7,793,982.53</u>	<u>\$ 7,986,147.26</u>

Small Cities Organied Risk Effort
Statement of Revenue, Expenses Budget to Actual
For the Year to Date Ended December 31, 2018

	<u>Jul '18 - Dec '18</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Revenue				
Revenue				
Member Contributions	\$ 2,053,005.26	\$ 2,079,936.00	\$ (26,930.74)	98.7%
Bank/LAIF Interest	4,876.04	-	4,876.04	100.0%
Managed Portfolio	107,194.11	-	107,194.11	100.0%
Member Assessments / Refunds	1,070.47	-	1,070.47	100.0%
Miscellaneous Income	49,477.00	-	49,477.00	100.0%
Total Operating Revenue	<u>2,215,622.88</u>	<u>2,079,936.00</u>	<u>135,686.88</u>	<u>106.5%</u>
Operating Expenses				
Accreditation Fee	-	-	-	0.0%
Bank Service Charges	133.84	250.00	(116.16)	53.5%
Conference	-	-	-	0.0%
Contingency Reserve	-	12,500.00	(12,500.00)	0.0%
Dues & Subscriptions	-	500.00	(500.00)	0.0%
Insurance	1,877.82	2,116.00	(238.18)	88.7%
Member Conference Reimbursement	651.93	9,500.00	(8,848.07)	6.9%
Meeting Expense	11,552.88	14,325.00	(2,772.12)	80.6%
Miscellaneous Expenses	-	500.00	(500.00)	0.0%
Office Supplies	-	-	-	0.0%
Safety Services	52,500.00	52,500.00	-	100.0%
Safety Training	26,312.50	26,312.50	-	100.0%
Treasury Services (Fort Jones)	-	500.00	(500.00)	0.0%
User Funding Assessment (WC)	26,561.99	14,719.50	11,842.49	180.5%
Total Administration	<u>119,590.96</u>	<u>133,723.00</u>	<u>(14,132.04)</u>	<u>89.4%</u>
Board Meeting/Travel				0.0%
Consulting Services				
Accounting Services	28,325.79	28,360.00	(34.21)	99.9%
Actuarial Study	-	5,430.00	(5,430.00)	0.0%
Administration Costs	131,604.00	131,604.50	(0.50)	100.0%
Appraisal Services	-	-	-	0.0%
Audit Services	-	-	-	0.0%
Claims Audit	2,950.00	1,550.00	1,400.00	190.3%
Audit - Financial	19,350.00	10,750.00	8,600.00	180.0%
Total Audit Services	<u>22,300.00</u>	<u>12,300.00</u>	<u>10,000.00</u>	<u>181.3%</u>
Bookkeeping Services	-	-	-	0.0%
Claims Services	-	-	-	0.0%
Claims Management -WC	50,757.54	50,757.50	0.04	100.0%
Claims Management - Liability	49,725.00	49,725.00	-	100.0%
TPA - Annual Fees	11,475.00	12,750.00	(1,275.00)	90.0%
Total Claims Services	<u>111,957.54</u>	<u>113,232.50</u>	<u>(1,274.96)</u>	<u>98.9%</u>
Contract Services	-	-	-	0.0%
Investment Fees	7,307.76	7,250.00	57.76	100.8%
Legal	1,524.88	3,500.00	(1,975.12)	43.6%
Total Consulting Services	<u>303,019.97</u>	<u>301,677.00</u>	<u>1,342.97</u>	<u>100.4%</u>
Total General and Administrative Expenses	<u>422,610.93</u>	<u>435,400.00</u>	<u>(12,789.07)</u>	<u>97.1%</u>
Insurance Expenses				
Workers' Compensation			-	0.0%
Combined GL/AL Excess			-	0.0%

Small Cities Organied Risk Effort
Statement of Revenue, Expenses Budget to Actual
For the Year to Date Ended December 31, 2018

	<u>Jul '18 - Dec '18</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Property Coverage			-	0.0%
Crime Policy			-	0.0%
Insurance Premiums	543,814.84	497,230.50	46,584.34	109.4%
Total Insurance Expenses	<u>543,814.84</u>	<u>497,230.50</u>	<u>46,584.34</u>	<u>109.4%</u>
Claims Expenses				
Claims Payments				
Claim Payments - WC	475,771.29		475,771.29	100.0%
Claim Payments - Liability	100,537.03		100,537.03	100.0%
Total Claim Payments	<u>576,308.32</u>	<u>-</u>	<u>576,308.32</u>	<u>100.0%</u>
Changes in Claims Liabilities				
Change in Reserves	402,725.11	-	402,725.11	100.0%
Changes in IBNR		-	-	0.0%
Changes in ULAE		-	-	0.0%
Total Change in Claims Liabilities	<u>402,725.11</u>	<u>-</u>	<u>402,725.11</u>	<u>100.0%</u>
Change in IBNR	-	-	-	0.0%
Change in ULAE	-	-	-	0.0%
Total Claims Expenses	<u>979,033.43</u>	<u>-</u>	<u>979,033.43</u>	<u>100.0%</u>
Grant Fund Program	20,245.54	-	20,245.54	100.0%
Dividends	-	-	-	0.0%
General Contingency				
Total Expenses	<u>1,965,704.74</u>	<u>932,630.50</u>	<u>1,033,074.24</u>	<u>210.8%</u>
Net Operating Revenue	249,918.14	1,147,305.50	(897,387.36)	
Other Revenue (Expense)				
ERMA Dividend Exp	(49,477.00)	-	(49,477.00)	100.0%
Investment Gain/Loss	80,897.97	-	80,897.97	100.0%
: Revenue Over (Under) Expenses	<u>\$ 281,339.11</u>	<u>\$ 1,147,305.50</u>	<u>\$ (865,966.39)</u>	

Small Cities Organized Risk Effort
Combining Statement of Revenues, Expenses, and Changes in Net Position
For The Year To Date Ended December 31, 2018

REVENUES:	Liability	Workers' Compensation	EPLI, EAP, & Property (Other Programs)	Total
Contributions	716,351	1,034,153	302,501	2,053,005
Other Income (ERMA Refund)	49,477			49,477
Member Assessments	1,070	-	-	1,070
Other Income	-	-	-	-
Investment Income	57,787	54,283	-	112,070
Miscellaneous Income	-	-	-	-
Total Revenues	<u>824,686</u>	<u>1,088,437</u>	<u>302,501</u>	<u>2,215,623</u>
 EXPENSES:				
Operating				
Claims Expense	322,056	656,977	-	979,033
Excess Insurance	84,898	155,941	302,976	543,815
Program Administration	54,037	77,567	-	131,604
Claims Administration	57,375	54,583	-	111,958
Retro Dividends	-	-	-	-
General and Administrative	94,871	104,424	-	199,295
Total operating expenses	<u>613,236</u>	<u>1,049,492</u>	<u>302,976</u>	<u>1,965,705</u>
Operating Income (Loss)	211,449	38,944	(476)	249,918
Nonoperating Income (Loss)				
ERMA Dividend Exp	(49,477)			(49,477)
Member Dividends	-	-		-
Investment income	41,713	39,185	-	80,898
Net Income (Loss)	203,686	78,129	(476)	281,339
Beginning Net Position	<u>5,454,548</u>	<u>2,035,682</u>	<u>22,413</u>	<u>7,512,643</u>
Ending Net Position	<u>5,658,234</u>	<u>2,113,811</u>	<u>21,937</u>	<u>7,793,982</u>

Small Cities Organized Risk Effort
Combining Statement of Net Position
As Of December 31, 2018

ASSETS	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Other Programs</u>	<u>Total</u>
Current Assets				
Cash & Equivalents	1,380,114	1,276,914	-	2,657,028
Accrued Interest	28,678	26,940	-	55,618
Contributions Receivable	275,113	55,986	-	331,100
Investments	808,467	759,454	-	1,567,920
Other Receivable	31,192	92,601	-	123,794
Prepaid Assets	155,118	263,815	305,597	724,529
Total Current Assets	<u>2,678,683</u>	<u>2,475,709</u>	<u>305,597</u>	<u>5,459,988</u>
Noncurrent Assets				
Investments	4,980,593	4,678,645	-	9,659,238
Total Noncurrent Assets	<u>4,980,593</u>	<u>4,678,645</u>	<u>-</u>	<u>9,659,238</u>
Total Assets	7,659,276	7,154,354	305,597	15,119,226
LIABILITIES				
Current Liabilities				
Accounts Payable	40,412	103,276	5,987	149,675
Dividend Payable	5,835	-	-	5,835
Deferred Revenue	701,168	-	302,501	1,003,668
Claims Reserves	349,178	835,754	-	1,184,932
Total Current Liabilities	<u>1,096,593</u>	<u>939,030</u>	<u>308,488</u>	<u>2,344,111</u>
Noncurrent Liabilities				
Unpaid Claims and Claims Adjustments	891,608	4,089,525	-	4,981,133
Total Noncurrent Liabilities	<u>891,608</u>	<u>4,089,525</u>	<u>-</u>	<u>4,981,133</u>
Total Liabilities	<u>1,988,201</u>	<u>5,028,555</u>	<u>308,488</u>	<u>7,325,244</u>
NET POSITION	<u>5,658,234</u>	<u>2,113,811</u>	<u>21,937</u>	<u>7,793,982</u>

Small Cities Organized Risk Effort
 Supplemental Schedule
 Workers' Compensation Banking Layer Equity by Member
 July 1, 2018 through December 31, 2018

	<u>*Biggs*</u>	<u>Colfax</u>	<u>Crescent City</u>	<u>Dorris</u>	<u>Dunsmuir</u>	<u>*Etna*</u>	<u>*Fort Jones*</u>
Member Contributions							
Banking Layer Work Comp Contributions	3,353.00	\$ 6,670.00	\$ -	\$ -	\$ 6,840.50	\$ 4,681.00	\$ 3,910.50
Shared Layer Distributions to Banking							
Total Member Contributions	<u>3,353.00</u>	<u>6,670.00</u>	<u>-</u>	<u>-</u>	<u>6,840.50</u>	<u>4,681.00</u>	<u>3,910.50</u>
Total Contributions	<u>3,353.00</u>	<u>6,670.00</u>	<u>-</u>	<u>-</u>	<u>6,840.50</u>	<u>4,681.00</u>	<u>3,910.50</u>
Claims Cost							
Banking Layer Incurred Expense	175.62	-	-	-	4,997.16	2,411.84	3,289.00
Total Expenses	<u>175.62</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,997.16</u>	<u>2,411.84</u>	<u>3,289.00</u>
Net Contributions over Expenses	<u><u>3,177.38</u></u>	<u><u>6,670.00</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,843.34</u></u>	<u><u>2,269.16</u></u>	<u><u>621.50</u></u>
Beginning Banking Layer Equity: July 1, 2018	40,196.00	60,734.09	37,049.54	4,369.21	13,205.89	16,534.50	510.06
Prior Year Assessments							
Current Year Assessments							
Distribution (from)/to Banking							
Shared Layer Offset							
Transfers from (to) Liability Banking Layer							
Ending Banking Layer Equity: December 31, 2018	<u><u>\$ 43,373.38</u></u>	<u><u>\$ 67,404.09</u></u>	<u><u>\$ 37,049.54</u></u>	<u><u>\$ 4,369.21</u></u>	<u><u>\$ 15,049.23</u></u>	<u><u>\$ 18,803.66</u></u>	<u><u>\$ 1,131.56</u></u>

Mini Cities

Small Cities Organized Risk Effort
 Supplemental Schedule
 Workers' Compensation Banking Layer Equity by Member
 July 1, 2018 through December 31, 2018

	<u>Ione</u>	<u>Live Oak</u>	<u>Loomis</u>	<u>*Loyalton*</u>	<u>*Montague*</u>	<u>Mt. Shasta</u>	<u>Portola</u>
Member Contributions							
Banking Layer Work Comp Contributions	\$ -	\$ 8,883.50	\$ 6,023.00	\$ 915.00	\$ 2,967.00	\$ 27,864.00	\$ 6,409.50
Shared Layer Distributions to Banking							
Total Member Contributions	<u>-</u>	<u>8,883.50</u>	<u>6,023.00</u>	<u>915.00</u>	<u>2,967.00</u>	<u>27,864.00</u>	<u>6,409.50</u>
Total Contributions	<u>-</u>	<u>8,883.50</u>	<u>6,023.00</u>	<u>915.00</u>	<u>2,967.00</u>	<u>27,864.00</u>	<u>6,409.50</u>
Claims Cost							
Banking Layer Incurred Expense	<u>-</u>	<u>319.95</u>	<u>-</u>	<u>90.08</u>	<u>19,000.00</u>	<u>25,578.73</u>	<u>49,084.00</u>
Total Expenses	<u>-</u>	<u>319.95</u>	<u>-</u>	<u>90.08</u>	<u>19,000.00</u>	<u>25,578.73</u>	<u>49,084.00</u>
Net Contributions over Expenses	<u>-</u>	<u>8,563.55</u>	<u>6,023.00</u>	<u>824.92</u>	<u>(16,033.00)</u>	<u>2,285.27</u>	<u>(42,674.50)</u>
Beginning Banking Layer Equity: July 1, 2018	12,720.67	131,298.78	72,033.00	12,529.92	(18,614.50)	126,547.14	407.50
Prior Year Assessments							
Current Year Assessments							
Distribution (from)/to Banking							
Shared Layer Offset							
Transfers from (to) Liability Banking Layer							
Ending Banking Layer Equity: December 31, 2018	<u>\$ 12,720.67</u>	<u>\$ 139,862.33</u>	<u>\$ 78,056.00</u>	<u>\$ 13,354.84</u>	<u>\$ (34,647.50)</u>	<u>\$ 128,832.41</u>	<u>\$ (42,267.00)</u>

Mini Cities

Small Cities Organized Risk Effort
 Supplemental Schedule
 Workers' Compensation Banking Layer Equity by Member
 July 1, 2018 through December 31, 2018

	<u>Rio Dell</u>	<u>Shasta Lake</u>	<u>Susanville</u>	<u>*Tulelake*</u>	<u>Weed</u>	<u>Williams</u>
Member Contributions						
Banking Layer Work Comp Contributions	\$ 8,545.50	\$ 21,157.00	\$ 39,937.50	\$ 3,154.00	\$ 11,435.00	\$ -
Shared Layer Distributions to Banking						
Total Member Contributions	<u>8,545.50</u>	<u>21,157.00</u>	<u>39,937.50</u>	<u>3,154.00</u>	<u>11,435.00</u>	<u>-</u>
Total Contributions	<u>8,545.50</u>	<u>21,157.00</u>	<u>39,937.50</u>	<u>3,154.00</u>	<u>11,435.00</u>	<u>-</u>
Claims Cost						
Banking Layer Incurred Expense	<u>21,041.93</u>	<u>11,076.87</u>	<u>41,427.86</u>	<u>7,268.00</u>	<u>152.55</u>	<u>-</u>
Total Expenses	<u>21,041.93</u>	<u>11,076.87</u>	<u>41,427.86</u>	<u>7,268.00</u>	<u>152.55</u>	<u>-</u>
Net Contributions over Expenses	<u>(12,496.43)</u>	<u>10,080.13</u>	<u>(1,490.36)</u>	<u>(4,114.00)</u>	<u>11,282.45</u>	<u>-</u>
Beginning Banking Layer Equity: July 1, 2018	38,237.76	242,547.26	212,944.35	18,753.00	79,263.46	25,000.00
Prior Year Assessments						
Current Year Assessments						
Distribution (from)/to Banking						
Shared Layer Offset						
Transfers from (to) Liability Banking Layer						
Ending Banking Layer Equity: December 31, 2018	<u>\$ 25,741.33</u>	<u>\$ 252,627.39</u>	<u>\$ 211,453.99</u>	<u>\$ 14,639.00</u>	<u>\$ 90,545.91</u>	<u>\$ 25,000.00</u>

Mini Cities

Small Cities Organized Risk Effort
 Supplemental Schedule
 Workers' Compensation Banking Layer Equity by Member
 July 1, 2018 through December 31, 2018

	<u>Yreka</u>	<u>Total W/C Banking Layer</u>
Member Contributions		
Banking Layer Work Comp Contributions	\$ 30,754.00	\$ 193,500.00
Shared Layer Distributions to Banking		\$ -
Total Member Contributions	<u>30,754.00</u>	<u>193,500.00</u>
Total Contributions	<u>30,754.00</u>	<u>193,500.00</u>
Claims Cost		
Banking Layer Incurred Expense	80,844.53	266,758.12
Total Expenses	<u>80,844.53</u>	<u>266,758.12</u>
Net Contributions over Expenses	<u>(50,090.53)</u>	<u>(73,258.12)</u>
Beginning Banking Layer Equity: July 1, 2018	193,130.45	1,319,398.08
Prior Year Assessments		-
Current Year Assessments		-
Distribution (from)/to Banking		-
Shared Layer Offset		-
Transfers from (to) Liability Banking Layer		-
Ending Banking Layer Equity: December 31, 2018	<u>\$ 143,039.92</u>	<u>\$ 1,246,139.96</u>

Mini Cities

Small Cities Organized Risk Effort
 Supplemental Schedule
 Liability Banking Layer Equity by Member
 July 1, 2018 through December 31, 2018

	Biggs	Colfax	Crescent City	Dorris	Dunsmuir	Etna
Member Contributions						
Banking Layer Liability Contributions	3,301.50	4,863.00	-	-	7,439.50	3,400.00
Shared Layer Distributions to Banking						
Total Member Contributions	<u>3,301.50</u>	<u>4,863.00</u>	<u>-</u>	<u>-</u>	<u>7,439.50</u>	<u>3,400.00</u>
Total Contributions	<u>3,301.50</u>	<u>4,863.00</u>	<u>-</u>	<u>-</u>	<u>7,439.50</u>	<u>3,400.00</u>
Claims Cost						
Banking Layer Incurred Expense						
Total Claims Cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Contributions over Expenses	<u>3,301.50</u>	<u>4,863.00</u>	<u>-</u>	<u>-</u>	<u>7,439.50</u>	<u>3,400.00</u>
Beginning Banking Layer Equity: July 1, 2018	4,445.15	34,261.66	-	12,500.00	57,254.23	25,203.25
Prior Year Assessments						
Current Year Assessments						
Distributions (from)/to Banking Layer						
Shared Layer Offset						
Transfers from/(to) WC Banking Layer						
Ending Banking Layer Equity: December 31, 2018	<u>\$ 7,746.65</u>	<u>\$ 39,124.66</u>	<u>\$ -</u>	<u>\$ 12,500.00</u>	<u>\$ 64,693.73</u>	<u>\$ 28,603.25</u>

Small Cities Organized Risk Effort
 Supplemental Schedule
 Liability Banking Layer Equity by Member
 July 1, 2018 through December 31, 2018

	Fort Jones	Ione	Isleton	Live Oak	Loomis	Loyalton
Member Contributions						
Banking Layer Liability Contributions	2,898.50	-	1,861.50	7,638.50	7,075.00	737.00
Shared Layer Distributions to Banking						
Total Member Contributions	<u>2,898.50</u>	<u>-</u>	<u>1,861.50</u>	<u>7,638.50</u>	<u>7,075.00</u>	<u>737.00</u>
Total Contributions	<u>2,898.50</u>	<u>-</u>	<u>1,861.50</u>	<u>7,638.50</u>	<u>7,075.00</u>	<u>737.00</u>
Claims Cost						
Banking Layer Incurred Expense			10.00	5,849.53	6,765.01	(4.00)
Total Claims Cost	<u>-</u>	<u>-</u>	<u>10.00</u>	<u>5,849.53</u>	<u>6,765.01</u>	<u>(4.00)</u>
Net Contributions over Expenses	<u>2,898.50</u>	<u>-</u>	<u>1,851.50</u>	<u>1,788.97</u>	<u>309.99</u>	<u>741.00</u>
Beginning Banking Layer Equity: July 1, 2018	25,886.00	31,434.00	53,370.10	102,049.13	16,246.56	26,720.50
Prior Year Assessments						
Current Year Assessments						
Distributions (from)/to Banking Layer						
Shared Layer Offset						
Transfers from/(to) WC Banking Layer						
Ending Banking Layer Equity: December 31, 2018	<u>\$ 28,784.50</u>	<u>\$ 31,434.00</u>	<u>\$ 55,221.60</u>	<u>\$ 103,838.10</u>	<u>\$ 16,556.55</u>	<u>\$ 27,461.50</u>

Small Cities Organized Risk Effort
 Supplemental Schedule
 Liability Banking Layer Equity by Member
 July 1, 2018 through December 31, 2018

	Montague	Mt. Shasta	Portola	Rio Dell	Shasta Lake	Susanville
Member Contributions						
Banking Layer Liability Contributions	2,366.50	21,604.00	4,940.50	6,227.50	19,666.00	23,488.00
Shared Layer Distributions to Banking						
Total Member Contributions	<u>2,366.50</u>	<u>21,604.00</u>	<u>4,940.50</u>	<u>6,227.50</u>	<u>19,666.00</u>	<u>23,488.00</u>
Total Contributions	<u>2,366.50</u>	<u>21,604.00</u>	<u>4,940.50</u>	<u>6,227.50</u>	<u>19,666.00</u>	<u>23,488.00</u>
Claims Cost						
Banking Layer Incurred Expense	(2.00)	18,669.61	(3.00)		31,003.00	25,017.00
Total Claims Cost	<u>(2.00)</u>	<u>18,669.61</u>	<u>(3.00)</u>	<u>-</u>	<u>31,003.00</u>	<u>25,017.00</u>
Net Contributions over Expenses	<u>2,368.50</u>	<u>2,934.39</u>	<u>4,943.50</u>	<u>6,227.50</u>	<u>(11,337.00)</u>	<u>(1,529.00)</u>
Beginning Banking Layer Equity: July 1, 2018	21,877.08	58,069.96	72,123.15	70,563.03	218,703.84	185,264.51
Prior Year Assessments						
Current Year Assessments						
Distributions (from)/to Banking Layer						
Shared Layer Offset						
Transfers from/(to) WC Banking Layer						
Ending Banking Layer Equity: December 31, 2018	<u>\$ 24,245.58</u>	<u>\$ 61,004.35</u>	<u>\$ 77,066.65</u>	<u>\$ 76,790.53</u>	<u>\$ 207,366.84</u>	<u>\$ 183,735.51</u>

Small Cities Organized Risk Effort
 Supplemental Schedule
 Liability Banking Layer Equity by Member
 July 1, 2018 through December 31, 2018

	Tulelake	Weed	Williams	Yreka	Total Liability Banking Layer
Member Contributions					
Banking Layer Liability Contributions	2,419.00	16,081.50	-	16,992.50	153,000.00
Shared Layer Distributions to Banking					-
Total Member Contributions	<u>2,419.00</u>	<u>16,081.50</u>	<u>-</u>	<u>16,992.50</u>	<u>153,000.00</u>
Total Contributions	<u>2,419.00</u>	<u>16,081.50</u>	<u>-</u>	<u>16,992.50</u>	<u>153,000.00</u>
Claims Cost					
Banking Layer Incurred Expense	1.00	535.05		61,475.39	149,316.59
Total Claims Cost	<u>1.00</u>	<u>535.05</u>	<u>-</u>	<u>61,475.39</u>	<u>149,316.59</u>
Net Contributions over Expenses	<u>2,418.00</u>	<u>15,546.45</u>	<u>-</u>	<u>(44,482.89)</u>	<u>3,683.41</u>
Beginning Banking Layer Equity: July 1, 2018	26,366.96	31,499.34	-	200,076.86	1,273,915.31
Prior Year Assessments					-
Current Year Assessments					-
Distributions (from)/to Banking Layer					-
Shared Layer Offset					-
Transfers from/(to) WC Banking Layer					-
Ending Banking Layer Equity: December 31, 2018	<u>\$ 28,784.96</u>	<u>\$ 47,045.79</u>	<u>\$ -</u>	<u>\$ 155,593.97</u>	<u>\$ 1,277,598.72</u>

LUNCHTIME PRESENTATION

ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

INFORMATION ITEM

ISSUE: The Program Administrators plan *Coverage Reviews* at each Board meeting that update members on the various coverage programs offered by SCORE. As the renewal for the property program is underway members are provided an overview of the key terms and conditions found in the APIP coverage.

RECOMMENDATION: None – information only.

FINANCIAL IMPACT: No fiscal impact for SCORE. The APIP program is a group purchase program with no loss sharing.

BACKGROUND: SCORE members have participated in the APIP program since 2000. Over time it has evolved to include coverage enhancements including Pollution and Cyber coverages. Special attention will be given to important coverage considerations such as Business Interruption and Tax Interruption. Members missing this session should contact the Program Administrators directly for an understanding of these, and all coverage conditions.

Not all SCORE Members participate in this program, and those that do not should make sure that they are purchasing similar quality coverage from their local agents, or consider joining this program to obtain it.

ATTACHMENT: Handout of presentation at the meeting



**Small Cities Organized Risk Effort
Board of Directors Meeting
March 29, 2019**

Agenda Item H.1.

LOSS CONTROL GRANT FUND PROGRAM

ACTION ITEM

ISSUE: SCORE's Loss Control Grant Fund Program provides member funding on an annual basis for risk management related products and services. The Board must approve funding for the Loss Control Grant Program to continue in FY 2019/20.

Traditionally the total fund for the year is \$100,000 and comes equally from the Shared Layer of each Program. This year the Workers' Compensation Shared Layer did not have enough assets to distribute a portion to members, so the Board agreed to fund the total grant for FY 2019/20 from the Liability Shared Layer if approved.

RECOMMENDATION: Continue the program based on Board review and recommended budget.

FISCAL IMPACT: \$100,000 from the Liability Program's Shared Layer reserves.

BACKGROUND: At the January 24, 2014 Board of Directors Meeting, SCORE implemented a Loss Control Grant Fund Program funding it with \$100,000; \$50,000 out of each of the Liability and Workers' Compensation programs. The funding has been provided from the Pool's net position, before the distribution of any dividends. The Board has continued the Loss Control Grant Fund Program every year since its inception in 2014.

Members of each Program were allocated an amount directly related to their percentage contribution into that Program, subject to a minimum of \$1,000 per Program for each participating Member. The funds are available for use on a combined basis. Projects can also span over multiple years although the disbursement of monies will be limited to the member's annual allocation in any given year, and the continuation of the Loss Control Grant Program by the Board of Directors. *The deadline for submitting reimbursement requests is June 15th of every Fiscal Year.*

ATTACHMENTS:

1. Loss Control Grant Fund Policy and Procedure Document
2. Loss Control Grant Fund Member Utilization for FY 18/19



ADMINISTRATIVE POLICY AND PROCEDURE

SUBJECT: LOSS CONTROL GRANT FUNDS

Policy Statement:

This policy is effective when adopted by the Board of Directors and expires June 30, 2015, unless renewed on an annual basis by the Board of Directors. It shall be the policy of the Small Cities Organized Risk Effort to establish a "Loss Control Grant Fund" to reimburse members for costs of activities undertaken to:

- Bring member facilities into compliance with Americans with Disabilities Act (ADA) standards,
- Purchase equipment that promotes employee or premises safety,
- Purchase equipment, materials, training and professional services that facilitate OSHA or other regulatory compliance,
- Address other top frequency and/or severity risk management issues as needed.

Within the Loss Control Services (previously Safety Services) annual budget, a line item will contain the total amount of funds available for Loss Control Grants.

1. Funding will be secured from the Liability and Workers' Compensation program's equity. As such, members of the Liability Program will share the annual allocation for that program, and members of the Workers' Compensation Program will share the allocation for that program. The Authority will adopt the amount of funds available for this budgeted line item on an annual basis.
2. Allocation of funds will be based on percentage of contributions annually made by members to each program, with a minimum of \$1,000 per program for each member.
3. The funds will be available for use on a combined basis.
4. Projects can span multiple years as long as approved in advance and funds continue to be available.
5. A Member may make up to three (3) requests per year, and each request needs to be comprehensive - - specifically stating how funds will be used to the benefit of the Member to achieve a reduction in losses.
6. Any unused funds will ultimately be rolled back into available equity for the Program where the fund allocation originated from. The deadline for submitting a request for reimbursement shall be **June 15th** of each fiscal year.
7. In addition, the Program Administrator shall monitor the use of grant funds throughout the year and present a usage summary to the Board of Directors on a quarterly basis.

Funding that is converted to this program shall be secured from surplus available equity, prior to declaration and distribution of dividends. (*Unused funds ultimately return to Members' Equity in each of the programs*).

Procedure:

A Member Agency may apply for Loss Control Grant Funds by following these procedures:

1. A Member will write a request to the Program Administrators for the use of grant funds involving an expenditure. The Request will:
 - a. Include a justification of the funds, and
 - b. How these funds will lead to the reduction of frequency or severity or will mitigate liability risks of the Member Agency.
 - c. State the specific amount needed and not just request their full allocation.
2. The Program Administrator will determine if the funding request is within the member's fund allocation for the program year and facilitates the return of money to another good purpose – that of reducing future claims. If the requested amount is determined to fall within the member's grant fund allocation, the administrator and Board President (or the Executive Committee if requested or if the President has a conflict) will review each request and, if found to be appropriate and consistent with the purpose of the Grant Program, will approve the request and funds will be disbursed to the member agency. ***If funds requested exceed a member's allocation, continue to #3 below, otherwise move on to #4.***
3. In the event that the requested amount exceeds the member's total or remaining allocated grant funds, the Administrator will contact the Member to advise them that their request exceeds their allocation and ask if they:
 - a) Wish to submit a revised request; or
 - b) Request that SCORE consider payment over multiple years as outlined in the Policy Item #4 above.
4. Once approved, the Member Agency will become eligible for reimbursement by SCORE upon submitting the supplier or service provider invoice to the Program Administrator.
5. The Program Administrator will submit the reimbursement request and appropriate documentation to SCORE's accountant and/or treasurer.
6. SCORE's accountant and/or Treasurer will reimburse the Member up to the maximum allowable amount and debit the reimbursement expense from the Grant Program Budget within the Loss Control Services Budget.

- a) If a request exceeds the grant funds available to a member, only the amount available for reimbursement will be paid.
7. If any request is denied, the member may submit a new or amended request, or appeal the denial to the Board of Directors, which will make the final determination on whether the request should be granted. The Board decision shall be final.
8. After the funds are put to use, the Member should provide a brief verbal report to the Board (as agenda item) confirming this and relaying any information that may be helpful to the Board, so that it can monitor the Grant Program and consider the merits of future additions of funds.

The Loss Control Grant Fund Program will begin as a standalone program, with no matching contribution required from the requesting Member. Its composition may change, at the Board's discretion, to include a requirement for the requesting Member to co-finance or share the cost of the good or service being reimbursed.

Adopted on: March 30, 2018
Effective Date: March 30, 2018

SCORE Loss Control Grant Fund Member Utilization FY 2018/19 as of 3/21/19

Member Entity	TOTAL Grant Fund Allocation	Amount requested during FY 18-19	Remaining amount available	Notes
Biggs *	\$4,562.93	\$1,979.54	\$2,583.39	*Request made 6/15/18 by Mark Sorenson to roll over all unused funds (\$2,211.55) into FY 18/19 *Request made 7/2/18 by Paul Pratt for divider wall & Computer Monitor for training at PW (\$1,979.54)
Colfax *	\$6,682.36	\$6,682.36	\$0.00	*Request made 6/15/18 by Wes Heathcock to roll over all unused funds (\$3,050.07) into FY 18/19 *Request made 10/25/18 by Lorraine Cassidy for two (2) training sessions (\$3,000) *Request made 3/4/19 by Laurie Vangroningen for Disability Access Improvement Project to PW & handicap parking stall & sidewalks (\$3,682.36)
Dunsmuir	\$8,034.44			*Request made 6/15/18 by Blake Michaelson to roll over all unused funds (\$3,911.99) into FY 18/19
Etna *	\$2,745.72			
Fort Jones *	\$2,424.49			
Isleton	\$1,000.00			
Live Oak	\$5,073.38	\$2,091.67	\$2,981.71	*Request made 2/5/18 by Hope Ithurnburn for Ergo Furniture (total cost actually \$7,324.38) *NOTE: Amount requested exceeded amount available - \$2,091.67 will be used from FY 18/19 Loss Control Grant Funds
Loomis	\$4,010.15	\$3,996.25	\$13.90	*Request made 8/29/18 by Roger Carroll for Sidewalk repair (\$3,996.25)
Loyalton *	\$2,000.00			
Montague *	\$2,116.09			
Mt. Shasta	\$12,471.21			
Portola	\$3,590.95	\$3,907.69	-\$316.74	*Request made 6/15/18 by Melissa Klundby to roll over all unused funds (\$24.06) into FY 18/19 *Request made 8/2/18 by Melissa Klundby for Street Barricades & reflective cones (\$4,411.66) - this request was updated on 9/19/18 when total invoice submitted was \$3,907.69 *NOTE: Amount Requested exceeded amount available - \$316.74 will be used from FY 19/20 Loss Control Grant Funds if approved by BOD
Rio Dell	\$4,462.34			
Shasta Lake	\$11,818.61			
Susanville	\$16,831.32	\$4,110.89	\$12,720.43	*Request made 6/15/18 by Debi Savage to roll over all unused funds (\$216.15) into FY 18/19 *Request made 8/8/18 by Debi Savage for Purchase of 7 Ergo Chairs (\$2,214.71) * Request made 10/5/18 by Debi Savage for Purchase of 4 Ergo Chairs for FD (\$1,896.18)
Tulelake*	\$2,135.77	\$4,500.00	-\$2,364.23	*Request made 6/14/18 by Jenny Coelho requesting to roll all FY 18/19 Loss Control Funds into FY 19/20 if approved by the BOD for purchase of Ergonomic furniture - total requested \$4,500)
Weed	\$7,667.41			
Yreka	\$12,809.72	\$20,257.00	-\$7,447.28	*Request made by Renee Hoisington for purchase of 2 Floor Jacks (\$20,257)*NOTE: Amount requested exceeded amount available - \$7,447.28 will be used from FY 19/20 Loss Control Grant Funds if approved by the BOD
Total:	\$110,436.90			

* Mini-Cities



WORKERS' COMPENSATION CLAIMS AUDIT

ACTION ITEM

ISSUE: The Board will discuss and determine if they would like to stay with the current Workers' Compensation Claims Auditor or if they would like to issue a Request for Proposals.

Tim Farley has conducted the last three SCORE claims audits, and he also conducts the audits for SCORE's excess coverage provider, LAWCX. Both SCORE and LAWCX each audit the files every other year and have coordinated their timing so that Mr. Farley audits SCORE files every year. One potential benefit of changing to another auditor would be to obtain a different opinion on the claim management, though the standards used for the audit should be the same.

The downsides to conducting the RFP include a lack of qualified auditors who may be able to perform the audit with the same expertise and cost as Mr. Farley. We received three responses to the last RFP, and we would expect to see the same level of response to a new RFP.

RECOMMENDATION: Provide direction regarding RFP for Workers' Compensation Claims Auditor.

FISCAL IMPACT: Unknown. The fee for the last audit in 2017 was \$7,500.

BACKGROUND: SCORE completes a claims audit every other year – Tim Farley completed the last Workers' Compensation Claims Audit for SCORE in March of 2017, and he is currently conducting an audit for LAWCX. The last time SCORE completed an RFP for a WC Claims Auditor was in 2009 – it was sent to 5 total firms and we received 3 responses.

ATTACHMENTS: None



BACK TO AGENDA

**Small Cities Organized Risk Effort
Board of Directors Meeting
March 29, 2019**

Agenda Item H.3.a.

**CROWE HORWATH PROPOSED FINANCIAL AUDIT
FOR FYE JUNE 30, 2019**

ACTION ITEM

ISSUE: The annual Financial Audit is completed for SCORE by Crowe Horwath. Their engagement letter for the audit of the year ending June 30, 2019 is included for review and approval.

RECOMMENDATION: Approve the engagement letter from Crowe Horwath.

FISCAL IMPACT: \$22,100 representing an increase of 2.8% to the annual budget from the prior year (\$21,500).

BACKGROUND: Crowe Horwath has been completing Financial Audits for SCORE since they were selected by RFP in 2013. Their fee has remained flat for the last 5 years and they are now requesting an increase.

ATTACHMENTS: Crowe Horwath Engagement Letter dated March 20, 2019



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March 20, 2019

Mr. Roger Carroll, Board President
Small Cities Organized Risk Effort
3665 Taylor Road
Loomis, California 95650

This letter confirms the arrangements for Crowe LLP (“Crowe” or “us” or “we” or “our”) to provide the professional services discussed in this letter to Small Cities Organized Risk Effort (“the Authority” or “you”, “your” or “Authority” or “Client”) for the year ending June 30, 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 financial statements of the Authority for the period 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 Statements of Net Position
- Combining Statements of Revenue, Expenses and Change in Net Position

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 Program
- 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 Authority'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 Authority'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 those charged with governance of the Authority. 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 Authority'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 Authority 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 Authority. If we are aware that a federal awarding agency, pass-through Authority, 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 along with the related letter of comment and response thereto.

The Authority's Responsibilities

The Authority'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 Authority'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 Authority 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 Authority, and their knowledge of any fraud or suspected fraud affecting the Authority.

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 Authority 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 Authority 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 Authority 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.

Recordkeeping Assistance

The Authority will provide us with the necessary information to assist you in your recordkeeping. We will propose year end adjusting entries to management for your review and approval, including cash to accrual conversion entries. We are relying on the Authority to provide us with the necessary information in a timely fashion and ensure the data is complete and accurate.

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. If any amounts invoiced remain unpaid 30 days after the invoice date, you agree that Crowe may, in its sole discretion, cease work until all such amounts are paid or terminate this engagement.

Audit of Authority's financial statements for the year ending June 30, 2019	\$ 22,100
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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 Authority 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 Authority will cooperate with our requests for information such as explanations of account activity.

We assume that requested records such as invoices, contracts, and supporting documentation will be located and provided to us. We also assume the Authority will prepare confirmation letters, the MD&A section, the supplementary 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 Authority 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.

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. In the event

Mr. Roger Carroll
Small Cities Organized Risk Effort
March 20, 2019
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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 us relating to the services (or any deliverables or other work product) covered by this Agreement. The engagement letter and any attachments 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 both parties. 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 statements or other information not contained or incorporated in this Agreement. Any non-disclosure or other confidentiality agreement is replaced and superseded by this Agreement. The agreements of you and Crowe contained in this Agreement will survive the completion or termination of this Agreement. If any phrase, sentence, provision or other term of this Agreement is found unenforceable or invalid, this will not affect the other phrases, sentences, provisions or other terms, all of which will continue in effect as if the stricken term 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 mail, delivery, scanning, email, photocopy, facsimile or other process) 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 a copy of this letter at your earliest convenience. Please contact us with any questions or concerns.

(Signature page follows)

ACCEPTANCE

I have reviewed the arrangements outlined above and in the attached "Crowe Engagement Terms," and I accept on behalf of the Authority the terms and conditions as stated.

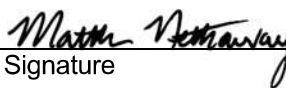
IN WITNESS WHEREOF, Small Cities Organized Risk Effort and Crowe have duly executed this engagement letter as of the date below.

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

Small Cities Organized Risk Effort

Crowe LLP

Signature



Signature

Printed Name

Matthew Nethaway

Printed Name

Title

Partner

Title

Date

March 20, 2019

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. The limitations on Client’s remedies, vis-à-vis Crowe, in this Agreement will also apply to any subcontractors.

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 (including, for financial institution clients, the objectives of the Interagency Guidelines Establishing Information Security Standards) 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 (i) that it has the authority to provide the Personal Data to Crowe in connection with the Services, (ii) that Client has processed and provided the Personal Data to Crowe in accordance with applicable law, and (iii) will limit the Personal Data provided to Crowe to Personal Data necessary to perform the Services. 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 legal requirements and professional standards applicable to Crowe) to protect the Restricted Personal Data, such as: deleting or masking unnecessary information before making it available to Crowe, using encryption 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 any confidentiality obligations under this Agreement.

GENERAL DATA PROTECTION REGULATION COMPLIANCE – If and to the extent that Client provides personal data to Crowe subject to the European Union General Data Protection Regulation (“GDPR”), then in addition to the requirements of the above Data Protection section, this section will apply to such personal data (“EU Personal Data”). The parties agree that for purposes of processing the EU Personal Data, (a) Client will be the “Data Controller” as defined by the GDPR, meaning the organization that determines the purposes and means of processing the EU Personal Data; (b) Crowe will be the “Data Processor” as defined by GDPR, meaning the organization that processes the EU Personal Data on behalf of and under the instructions of the Data Controller; or (c) the parties will be classified as otherwise designated by a supervisory authority with jurisdiction. Client and Crowe each agree to comply with the GDPR requirements applicable to its respective role. Crowe has implemented and will maintain technical and organizational security safeguards reasonably designed to protect the security, confidentiality and integrity of the EU Personal Data. Client represents it has secured all required rights and authority, including consents and notices, to provide such EU Personal Data to Crowe, including without limitation authority to transfer such EU Personal Data to the U.S. or other applicable Country or otherwise make the EU Personal Data available to Crowe, for the duration of and purpose of Crowe providing the Services. The types of EU Personal Data to be processed include name, contact information, title, and other EU Personal Data that is transferred to Crowe in connection with the Services. The EU Personal Data relates to the data subject categories of individuals connected to Client, Client customers, Client vendors, and Client affiliates or subsidiaries (“Data Subjects”). Crowe will process the EU Personal Data for the following purpose: (x) to provide the Services in accordance with this Agreement, (y) to comply with other documented reasonable instructions provided by Client, and (z) to comply with applicable law. In the event of a Crowe breach incident in connection with EU Personal Data in the custody or control of Crowe, Crowe will promptly notify Client upon knowledge that a breach incident has occurred. Client has instructed Crowe not to contact any Data Subjects directly, unless required by applicable law. In the event that a supervisory authority with jurisdiction makes the determination that Crowe is a data controller, Client will reasonably cooperate with Crowe to enable Crowe to comply with its obligations under GDPR. Crowe will reasonably cooperate with Client in responding to or addressing any request from a data subject, a supervisory authority with jurisdiction, or the Client, to the extent necessary to enable Client to

comply with its obligations under GDPR as the Data Controller. Client will promptly reimburse Crowe for any out-of-pocket expenses and professional time at Crowe's then-current hourly rates. Client will provide prompt written notice to Crowe (with sufficient detailed instructions) of any data subject request or other act that is required to be performed by Crowe as the Data Processor on behalf of Client as the Data Controller. Crowe shall promptly delete or procure the deletion of any EU Personal Data after the cessation of any Services involving the processing of Client's EU Personal Data. Notwithstanding the foregoing, Crowe may retain a copy of the EU Personal Data as permitted by applicable law or professional standards, provided that such EU Personal Data remain subject to the terms 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 hereby acknowledges and agrees that Crowe may aggregate Client content and data with content and data from other clients ("Data Aggregations") for purposes including, without limitation, product and service development, commercialization, industry benchmarking, or quality improvement initiatives. Crowe will scrub Client content and data so that Client sensitive information is not disclosed and so that all data is anonymized. All Data Aggregations will be the sole and exclusive property of Crowe.

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). Regardless of the amount in controversy, the arbitration will be administered by JAMS, Inc. ("JAMS"), pursuant to its Streamlined Arbitration Rules & Procedures 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 JAMS. 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 – Each party acknowledges that it has invested substantially in recruiting, training and developing the personnel who render services with respect to the material aspects of the engagement (“Key Personnel”). The parties acknowledge that Key Personnel have knowledge of trade secrets or confidential information of their employers that may be of substantial benefit to the other party. The parties acknowledge that each business would be materially harmed if the other party was able to directly employ Key Personnel. Therefore, the parties agree that during the period of this Agreement and for one (1) year after its expiration or termination, neither party will solicit Key Personnel of the other party for employment or hire the Key Personnel of the other party without that party’s written consent unless hiring or engaging party pays to the other party a fee equal to the hired or engaged Key Personnel’s compensation for the prior twelve-month period with the other party.

CROWE GLOBAL NETWORK – Crowe LLP and its subsidiaries are independent members of Crowe Global, a Swiss organization. “Crowe” is the brand used by the Crowe Global network and its member firms, but it is not a worldwide partnership. Crowe Global and each of its members are separate and independent legal entities and do not obligate each other. Crowe LLP and its subsidiaries are not responsible or liable for any acts or omissions of Crowe Global or any other Crowe Global members, and Crowe LLP and its subsidiaries specifically disclaim any and all responsibility or liability for acts or omissions of Crowe Global or any other Crowe Global member. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Crowe LLP or any other member. Crowe Global and its other members are not responsible or liable for any acts or omissions of Crowe LLP and its subsidiaries and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe LLP and its subsidiaries. Visit www.crowe.com/disclosure for more information about Crowe LLP, its subsidiaries, and Crowe Global.



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



**GILBERT & ASSOCIATES PROPOSED SERVICE AGREEMENT
FOR FY 2019/22**

ACTION ITEM

ISSUE: Gilbert & Associates has offered to extend their agreement for accounting services for an additional three years with an increase in the current fee of \$56,000 to \$58,000 in FY 2019/20. The proposal includes an increase of \$2,000 per year for each of the remaining two years of the contract.

RECOMMENDATION: Approve proposal for services as presented or amended during the meeting.

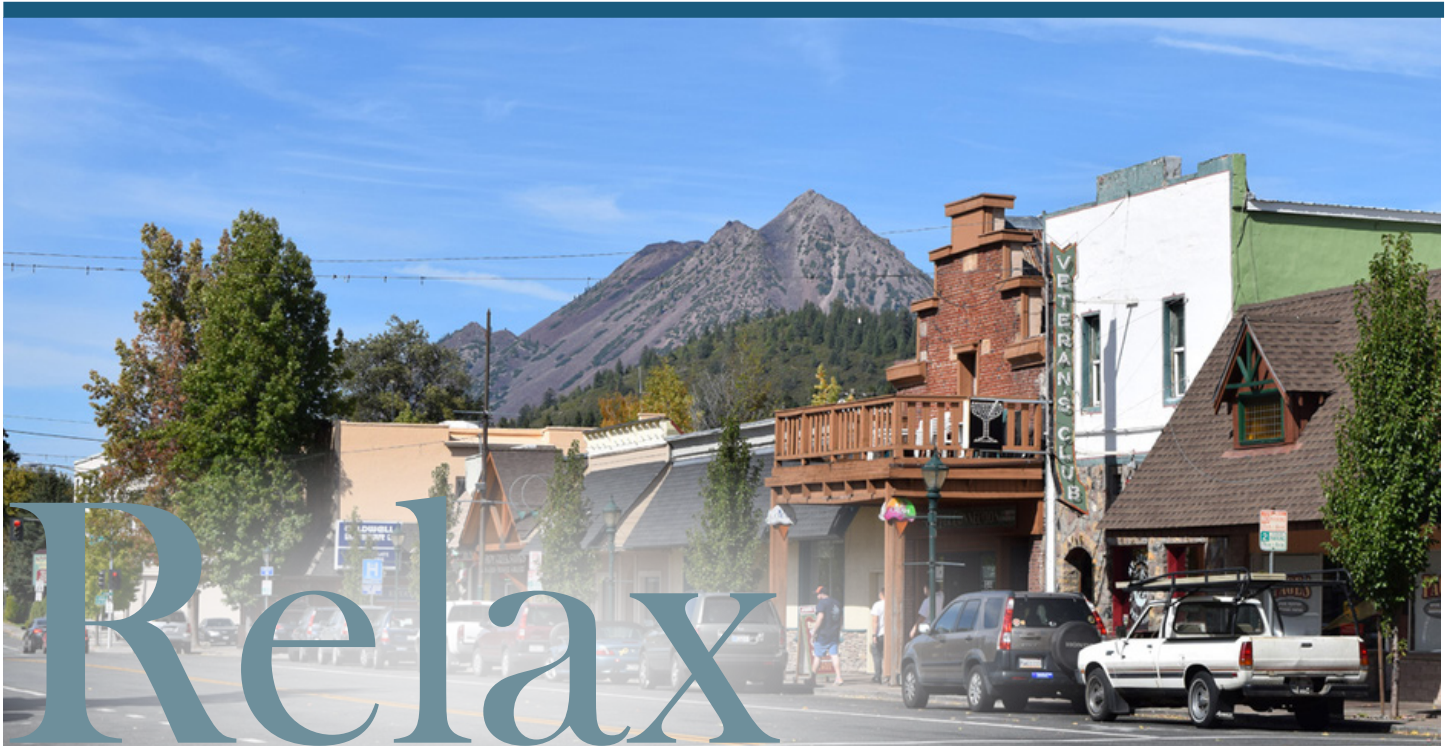
FISCAL IMPACT: Increase of \$2,000 per year, or 3.6% to 3.3% per year over the life of the agreement.

BACKGROUND: Gilbert's contract was first approved in 2011. The initial term was for three years (FY 2011/12 through FY 2013/14) with two one-year options. The Board approved an amendment to extend the contract for the first of these one-year options for FY 2015/16, at an annual cost of \$51,000, billed in monthly installments. For FY 2016/17 a new agreement was approved for one year at \$52,800, billed quarterly. For FY 2017/18 an amendment was approved for one year at \$52,800, billed quarterly. The last survey completed by the SCORE showed members were happy with the services provided by Gilbert Associates.

ATTACHMENTS: Gilbert Proposal for Professional Services, March 12, 2019.

PROPOSAL FOR PROFESSIONAL SERVICES FOR

Small Cities Organized Risk Effort



Relax
we got this.

Submitted by

Gilbert Associates, Inc.

Kevin S. Wong, CPA, Shareholder

2880 Gateway Oaks Drive, Suite 100

Sacramento, California 95833

GilbertCPA.com

phone: 916.646.6464 | fax: 916.929.6836

March 12, 2019



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March 12, 2019

Marcus Beverly, JPA Administrator
Small Cities Organized Risk Effort
c/o Alliant Insurance Services, Inc.
2810 Harvard Street, Suite 460
Sacramento, CA 95815

On behalf of Gilbert Associates, I am pleased to present our qualifications to continue to provide professional services to the Small Cities Organized Risk Effort (SCORE).

The following aspects of our qualifications, which are discussed in detail in the following pages, should be particularly meaningful to SCORE.

- **Experience with Insurance Pools** – A significant part of our firm's services are dedicated toward serving insurance pools. We have performed over a hundred insurance pool audits in the last ten years and serve as the outsourced accounting firm for four insurance pools. We have actively participated in the California Association of Joint Power Authorities (CAJPA), making numerous presentations in accounting and audit related topics. Most importantly, the team of professionals that will serve you has substantial experience in the insurance pool industry.
- **Reputation and Capabilities** – Since we founded Gilbert Associates in 1984, quality and innovative services have been our benchmark. With eight shareholders and approximately 60 staff to serve you, we are large enough to provide depth and resources, but small enough to ensure a personal approach and partner-level involvement in the services we provide to you.
- **Objective, Value-Added Service Approach** – We've gained a unique understanding of insurance pools, including management best practices and financial performance benchmarking against other pools. We pledge to keep you informed of any significant industry or accounting changes that may impact your organization. We're your partner. We're here to help.
- **National Resources** – We are members of Alliant Global, an association of over 120 of the highest-quality independent certified and chartered accounting firms in North America. Our membership allows you access to broader technical and industry expertise, specialty skills, geographic coverage and knowledge of business trends. It's like having national firm-like resources with locally-based service.
- **Personalized, Responsive Service** – We serve you. Your service team will answer your questions timely, solve problems, and be a value-added resource when you need support. We recognize the importance of a timely response. We're only a phone call away.

Marcus Beverly, JPA Administrator
Small Cities Organized Risk Effort
March 12, 2019
Page two

- **Why Choose Gilbert Associates?** – What separates Gilbert Associates from other firms that serve insurance pools is our commitment to the insurance pool sector and our clients. This commitment is demonstrated by the portion of our firm's practice devoted to insurance pools; the expert, leading-edge training we receive and provide to others; and our devotion to adding value to our clients so that they may improve their operations.


* * * * *

We are extremely proud of the professionals who are a part of our team and their technical skills, business expertise, and commitment to service. We would be very pleased to continue to serve SCORE. Please call me at (916) 646-6464 if you have any questions regarding our proposal.

Yours very truly,



Kevin S. Wong, CPA
Shareholder, Gilbert Associates, Inc.



“As our Association has grown, we have always felt comfortable that the firm and staff can meet our changing needs.”

Sandra Birkman,
California Primary Care Association

SCOPE OF SERVICES

Provide comprehensive accounting services to SCORE including:

- Invoicing members
- Preparing checks
- Reconciling checking accounts
- Reconciling investment accounts
- Preparing quarterly financial statements
- Coordinating the annual financial audit
- Annual Dividend and Assessment Program Calculation

OUR EXPERIENCE

We have made a commitment to the needs of insurance pools such as yours. In addition to our experience serving insurance pools, we engage in a variety of professional activities that help us to address our clients' needs:

- We have donated hours of instruction on financial best practices, accounting, and Board development matters on behalf of the California Association of Joint Power Authorities and the National League of Cities Risk Information Sharing Consortium. Through these programs, we have provided financial training to insurance pool financial executives and Board members.
- We require all professional staff, both certified and noncertified, to participate in at least 40 hours of professional continuing education each year. In connection with this policy, each professional staff member receives a minimum of 24 hours annually of professional continuing education in the area of governmental accounting and auditing. All audit staff meet the education requirements of the Government Auditing Standards published by the Comptroller General of the United States.

Commitment to the Industry

Gilbert Associates specializes in providing high-quality value-added audit and consulting services to insurance pools. We have performed more than 480 government audits in the last ten years. Over 25% of these have been insurance pools.

We offer insurance pools a comprehensive menu of services including:

- Financial Audits
- Outsourced Accounting Services
- Procedures Manuals for Accounting Operations
- Internal Control Design and Assessment
- New GASB Implementation
- Annual Report of Financial Transactions
- Governing Board Presentations
- Fraud Risk Assessment and Investigation
- Bylaw and Joint Powers Agreement Revisions
- Member Equity Calculations
- Dividend and Assessment Policies
- Accounting Policies
- Investment Policies

The depth and experience of our staff allows us to provide meaningful support year-round on a variety of technical and operational issues.

Searching for an audit, tax, and accounting partner that can provide freedom from financial anxiety? Gilbert has it all... pinpoint expertise, experience-driven insights, lightning-fast responsiveness and personalized communications. Our solutions turn knowledge into power. And we've been doing it for over 30 years, helping individuals and organizations throughout Northern California succeed. With Gilbert, you can relax.



AN IMPOSSIBLE PROBLEM WITH NO SOLUTION IN SIGHT?

WHAT OUR CLIENTS ARE SAYING

“We found Gilbert Associates staff to be knowledgeable, responsive to EIA needs and supportive during the audit process. We were particularly impressed with the level of support and guidance we received from Gilbert Associates when we implemented GASB68, the pension standard. In addition, the manager and partner are very accessible and helpful throughout the year as accounting and reporting issues arise.”

– CSAC-EIA

“We have found the Gilbert Associates audit teams to be thorough as required by the auditing standards yet very efficient and practical in their approach. The Gilbert Associates staff is well trained and personable and their managers and partners are present in the field bringing a high level of expertise to the engagement. We recommend a business requiring an audit consider Gilbert Associates, Inc.”

– Stanford Schools Corporation

“Best professional relationship in the last ten years!”

– Video Products Distributors, Inc.

“Our experience working with Gilbert Associates over the last 5 years has made us a financially stronger organization through the audit and management feedback process.”

- Marlu Investment Group

“Committed to the success of our organization!”

– CA Medical Association

QUALIFIED TEAM OF EXPERTS

All of our staff have extensive experience in serving insurance pools, and receive specialized training in accounting and auditing of these types of entities. In an effort to meet your specific organizational needs, we have assembled a service team that has significant experience serving insurance pools.



Kevin S. Wong, CPA

Engagement Shareholder | 31 Years of Experience

- University of California, Berkeley, B.S. (Accounting and Finance)
- Member of AICPA and CalCPA
- Speaker at state and national risk pooling conferences
- Shareholder-in-charge of our Insurance Pool Industry Team
- Shareholder-in-charge of several outsourced Controllershship and CFO services for insurance pools

Spends a significant portion of his time serving insurance pools including current and past experience with: CSAC Excess Insurance Authority, Schools Insurance Authority, Alliance of Schools for Cooperative Insurance Programs, Santa Clara County Schools Insurance Group, San Mateo County Schools Insurance Group, Tri-Counties Schools Insurance Group, and many more. He has also served as a consultant for Schools Excess Liability Fund, South Bay Area Schools Insurance Authority, Small Cities Organized Risk Effort, Municipal Pooling Authority, California Association for Park and Recreation Indemnity, and San Diego Pooled Insurance Program Authority.

Jennifer Zraick

Senior Associate | 15 Years of Experience

- California State University, Fresno, B.S. Accounting
- Member of Gilbert's Accounting Services Team

Spends a significant portion of his time serving insurance pools such as: South Bay Area Schools Insurance Authority, Small Cities Organized Risk Effort, and Bay Area Housing Authority Risk Management Agency.

GILBERT'S PRACTICES

Open Communications

We want to serve as a resource to you and encourage your questions or requests for help in any way. We would be pleased to meet with management or the Board of Directors at any time throughout the year to discuss issues of concern. We encourage open and timely communication to answer questions, discuss issues, and cover technical matters. You will not be billed for these minor requests. If there are special services or projects for which you would like our assistance, we will provide an estimate of any additional fees in advance. All of our services and fees are open and upfront. No surprises.

Retention Practices

We strive to maintain continuity for all of our clients as it is beneficial to everyone involved. Typically, the partner and manager will never change, and we expect to retain any other staff member to your engagement as well.

The unpredictable element for any service firm is staff retention. Although we can't predict the future with any certainty, our firm's track record for staff retention is exceptional. In fact, we were named by the Sacramento Business Journal three times as a finalist for the A+ employer award, signifying us as one of the top 10 employers among our size, based on employee input. We take good care of our staff and, as a result, our turnover is much lower than our counterparts, averaging about 10% per year.

Quality Control

Gilbert Associates has an active quality control committee that monitors and maintains practice quality and integrity, including safeguards of independence. In addition to internal oversight, the firm is subject to a triennial external peer review. During the firm's peer for the year ending November 30, 2016, it received an unqualified opinion with no letter of comments, matching our prior history of impeccable peer reviews. A copy of our most recent peer review report can be found on page 16 of this proposal.

No complaints have been issued against any of our professionals by the California Board of Accountancy or other agencies.

**GILBERT
UP CLOSE**

35
YEARS
IN BUSINESS

400
HAPPY
AUDIT CLIENTS

TEN PARTNERS

49
ACCOUNTANTS

9
SUPPORT STAFF

A NATIONALLY REGOGNIZED LEADER IN THE
**INSURANCE POOL
INDUSRTY**

TOP ACCOUNTING FIRM FOR
PHILANTHROPY

WE HOPE TO ADD
YOUR INSURANCE POOL
TO THE
GILBERT FAMILY

GILBERT'S PRACTICES

Community Commitment

At Gilbert Associates we are dedicated to giving back to the community that supports us. We give financial and professional support to a myriad of organizations within Northern California.

We were recently honored with the Public Service Award from the California Society of CPAs distinguishing us among all CPA firms in California for our level of community involvement and contributions to a variety of causes in our Region.

In July of 2019, the firm will hold it's thirteenth annual Community Service Day. Our offices will be closed for a day and all of our staff will be volunteering in the local community. Projects will range from painting, food preparation and serving, to distributing food and clothing.

A Resource to Your Organization

Our goal is to be a resource to you in many areas when needed including personnel and financial matters. We view our examination as a platform for building a business advisory relationship with our clients. Some additional services we can provide to you include:

- Objective advice about how you might improve your business.
- Consultations from our team of experts on accounting matters as they arise.
- Immediate responses to phone calls and other minor requests.

GILBERT'S EXPERIENCE

We have made a commitment to serving the needs of insurance pools. Following is a sample of some of the significant clients we have served:

Insurance Pools

Arizona Municipal Risk Retention Pool
Association of Bay Area Governments (ABAG)
ABAG Comp Shared Risk Pool
ABAG PLAN Corporation
Association of California Water Agencies/JPIA
Beverage Distributors of California
Self-Insurance Group
California Affiliated Risk Management Authorities
California Association for Park and Recreation Insurance
California Association of Private Schools Self-Insurance Group
California Construction Authority
California Fair Services Authority
CharterSAFE
Credit Union Self-Insurance Group
CSAC Excess Insurance Authority
Fire Districts Association of California
Fire Association Self Insurance System
Monterey County Schools Workers' Compensation JPA
Municipal Pooling Authority
North Valley Schools Insurance Group
Parks and Recreation District Employee Compensation
Plastic Manufacturers Self Insurance Program
Preferred Auto Dealers Self Insurance Program
Redwood Empire Municipal Insurance Fund
San Diego Pooled Insurance Authority
San Joaquin Data Processing JPA
San Joaquin Health Care JPA
San Joaquin Legal Services JPA
San Joaquin Property/Liability JPA
San Joaquin Workers' Compensation JPA
San Mateo County Schools Insurance Group
Santa Clara County Schools Insurance Group
Santa Cruz County Schools Health Insurance Group
School Employees Benefits Association
Schools Excess Liability Fund
Schools Insurance Authority
Small Cities Organized Risk Effort
Social Services Contractors Indemnity Pool
South Bay Area Schools Insurance Authority
Southern Peninsula Region Insurance Group
Special Districts Workers' Compensation Authority
Superior County Excess Liability Program
Tri-County Schools Insurance Group
Valley Insurance Program JPA
Western Independent Bankers Self Insurance Group

Over
40

Insurance Pool clients served

*Arizona Municipal
Risk Retention Pool • Association of
Bay Area Governments • Association of CA Water
Agencies/JPIA • Credit Union Self-Insurance Group •
Beverage Distributors of CA Self-Insurance Group • CA Affiliated
Risk Management Authorities • CA Association for Park and Recreation
Insurance • CA Association of Private Schools Self-Insurance Group •
San Mateo County Schools Insurance Authority • CharterSAFE • CA Fair
Services Authority • CSAC Excess Insurance Authority • Monterey County Schools
Workers' Compensation JPA • Fire Districts Association of CA Fire Association
Self Insurance System • Parks and Recreation District Employee Compensation •
Municipal Pooling Authority • North Valley Schools Insurance Group • Plastic
Manufacturers Self-Insurance Program • Preferred Auto Dealers Self-Insurance
Program • San Joaquin Health Care JPA • South Bay Area Schools Insurance
Authority • San Joaquin Workers' Compensation JPA • Schools Excess
Liability Fund • Schools Insurance Authority • San Diego Pooled
Insurance Authority • Social Services Contractors Indemnity
Pool • Western Independent Bankers Self-Insurance
Group • Superior County Excess Liability
Program*

More than

500

audits

PROFESSIONAL FEES

We would be very pleased to have the opportunity to continue to serve SCORE and are confident you will be delighted with a team of associates who are committed to excellent client service. Our fees for the services will be based on our standard hourly rates as indicated on the following page. You will be billed separately for out-of-pocket expenses (travel costs, per diem, etc.).

If at any time during our engagement matters come to our attention and an extension of services is required, we will consult with you concerning the additional work, and explain the adjustment to our fees. A statement will be sent to you quarterly. While we believe that the hour estimate required for these services and our fees are competitive, we would be pleased to discuss any other responsible fee quotes you receive.

Billing Rates

For additional services you may request, our hourly billing rates by professional classification are as follows:

Team Member	Rate
Engagement Shareholder	\$ 300/hour
Senior Associate	140/hour

Proposed Fee

Our proposed fees are as follows:

- July 1, 2019-June 30, 2020: \$58,000 annually (billed at \$14,500 quarterly)
- July 1, 2020 - June 30, 2021 - \$60,000 annually (billed at \$15,000 quarterly)
- July 1, 2021 - June 30, 2022 - \$62,000 annually (billed at \$15,500 quarterly)

REFERENCES & CONCLUSION

References

The following are names of several current clients served by the assigned shareholder and manager whom you may contact regarding our services. They would be pleased to discuss our relationship and the quality of services they have received from our firm. We highly encourage you to call them and get another client's perspective of Gilbert Associates' services to help you make your decision.

CSAC Excess Insurance Authority

Puneet Behl/CFO
916-850-7300

Schools Insurance Authority

Debbie Wadsworth/Director, Finance and Operations
916-369-4058

South Bay Area Schools Insurance Group

Matt Gowan, Administrator
916-643-2703

Conclusion

While there are other firms to choose from, we believe selecting our firm would be the best decision you can make. We make this claim based on our unique qualifications, expertise of our team and passion we bring to the engagement. As you've seen in our proposal, we excel at work with insurance pools. We have experience and training that transcends audit and tax work. We'll be a value-added partner and consultant to help you. You'll enjoy a highly focused team working diligently on your behalf. We appreciate the importance of your mission and want to continue to help you succeed.

ASSURANCE CLIENT SURVEY

OVERALL, I RATE YOUR SERVICES VERY HIGHLY



6% WE AGREE

94% WE STRONGLY AGREE

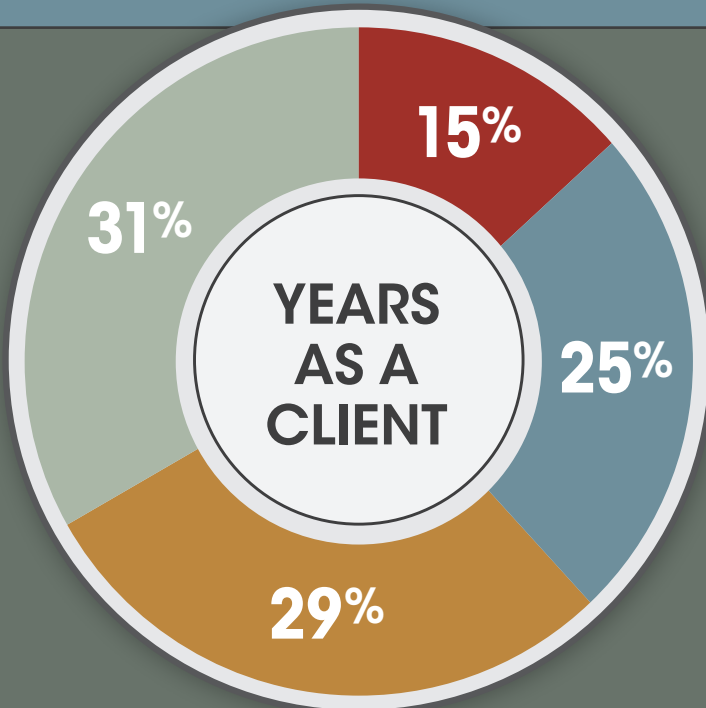
94%

I would Recommend Gilbert Associates to others

30%

30% of our assurance work is with insurance pools and governmental agencies.

We have one of the largest public accounting firms in Northern California and are dedicated to serving our clients with pinpoint expertise, experience-driven insights, lightening-fast responsiveness and always-in-contact communications. We have a passion for serving insurance pools and our clients have a passion for us. Just see how they rank us!



Less Than 1 Year 1 - 4 Years
5 - 10 Years 10+ Years

WHAT REALLY MATTERS

98%

You Make It Your Business To Understand Our Organization

100%

You Keep Your Promises on Deadlines

100%

Your Staff are Accessible

PEER REVIEW REPORT

HADDOX
REID
EUBANK
BETTS PLLC

CPAs & Advisors

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

June 5, 2017

To the Shareholders of
Gilbert Associates, Inc.
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Gilbert Associates, Inc. (the firm) in effect for the year ended November 30, 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, and audits of employee benefit plans.

One Jackson Place, Suite 500 ■ P.O. Drawer 22507 ■ Jackson, MS 39225-2507 ■ Ph: 601-948-2924 ■ Fx: 601-960-9154 ■ www.HaddoxReid.com

PEER REVIEW REPORT

Required Selections and Considerations - continued:

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Gilbert Associates, Inc. in effect for the year ended November 30, 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*. Gilbert Associates, Inc. has received a peer review rating of *pass*.

Haddox Reid Eubank Betts PLLC

HADDOX REID EUBANK BETTS PLLC

FORGET ABOUT STRESS AND ANXIETY.

For audit, tax, and accounting, you can relax now.



2880 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833

101 Parkshore Drive, Suite 100
Folsom, CA 95630

Tel: 916.646.6464 / Fax: 916.929.6836

gilbertcpa.com





**DKF RISK SOLUTIONS PROPOSED
THREE YEAR AGREEMENT EXTENSION FY 19/22**

ACTION ITEM

ISSUE: John Balestrini of DKF Risk Solutions will present his company's proposal to extend the current SCORE contract for risk control services.

DKF Risk Solutions has offered to extend their agreement for risk control services from the current contract term of FY 16/17 to FY 18/19 (with two one-year optional extensions) to a new contract term of FY 19/20 through FY21/22 (also with two one-year optional extensions). The fees for the first 2 years will be the same pricing as the current optional years, with pricing remaining at \$110,000 for the second, third and optional fourth year of the contract.

DKF has also added two additional services to the current contract, listed as follows in the attached proposal: Item #6 - Smart SOP mobile app subscription, and Item #9 – Target Solutions utilization services.

RECOMMENDATION: Review and approve as presented or amended at the meeting.

FISCAL IMPACT: Fee remains as per current contract for first two years and remains at \$110,000 per year for three years; with no increase until FY 23/24.

BACKGROUND: David Patzer and DKF Solutions began providing risk control services to SCORE members in December, 2014. Services include regular risk assessments, writing and training to procedures to comply with various regulatory standards, assistance with online training, a hotline for questions, and a number of other hands-on services. John Balestrini has been the principal DKF consultant working with David and SCORE members throughout the year.

ATTACHMENTS: DKF Solutions Proposal of March 7, 2019, for FY through FY 23/24

This PROPOSAL is made on March 7, 2019, by and between DKF Solutions Group, LLC (hereinafter referred to as DKF) and the Small Cities Organized Risk Effort (hereafter referred to as SCORE). This PROPOSAL is valid until 12am, July 1, 2019.

SCOPE, FEES and DELIVERABLES: SCORE has requested a proposal to provide the risk control consulting services described on Attachment 1.0.

TERM: The term of the Contract shall be three years commencing after execution by SCORE. SCORE shall have the sole option to extend this Contract term for up to two additional one-year periods for a maximum Contract term of five years.

CONTRACT FEE: Attachment 1 includes yearly fees for services described. Additional expenses/fees/costs will not be incurred without prior written approval from the SCORE Program Administrators.

SUBCONTRACTORS: DKF routinely subcontracts with subject matter experts to provide the highest quality policy and procedure development and training services. DKF reserves the right to subcontract subject matter experts in instances where SCORE will be best served by subcontracting a particular service.

SCORE RESPONSIBILITIES:

1. Each member will provide staff time to work with DKF to gather technical information and photos necessary to complete SCOPE. The staff provided by the member will have the technical knowledge, expertise, and/or written materials necessary for DKF to make technically correct evaluations.
2. All meetings or other work involving DKF, SCORE, and SCORE-provided vendors will be scheduled at mutually agreeable dates and times.

COMPENSATION:

1. SCORE will be billed monthly in 12 equal monthly payments each fiscal year.
2. DKF reserves the right to collect reimbursable expenses. Reimbursable expenses include, but are not limited to, administrative costs such as training handouts, postage and certificates of insurance.

AVAILABILITY: DKF is available on or after June 1, 2019.

STANDARD OF CARE/WARRANTY: DKF will perform the work under this Agreement as an independent contractor and in accordance with generally accepted professional practices. DKF will utilize reasonable care and skill consistent with and equal to that customarily possessed by environmental, health and safety consulting professionals in the community.

The parties to this agreement recognize the complex, subjective, and performance based nature of many environmental, occupational safety and health laws and regulations and the administrative interpretations thereof. In performance of the work, DKF must rely upon information derived from secondary sources and personal interviews. Except as specifically required in the

scope of work, DKF will make no independent investigation as to the accuracy of completeness of the information derived from the secondary sources and personal interviews, and will assume that such information is accurate and complete.

All recommendations, findings, and conclusions will be based upon information and circumstances as they existed at the time of preparation (e.g. Federal, state, and local laws; political climate; and other matters that DKF deemed relevant). A change in any fact or circumstance may adversely affect the recommendations, findings, and conclusions expressed in the WORK. Accordingly, except as set forth in the first paragraph of this section, DKF makes no other representation, warranty or guarantee, express or implied.

ACCEPTANCE: To accept this proposal from DKF Solutions Group, LLC, for services described in SCOPE under the terms and conditions described herein, please sign below and return.

Name and Title of SCORE Representative

Date

Attachment 1: Proposed Annual Risk Control Services for SCORE
Fiscal Years 19/20-21/22 with 2 One Year Optional Extensions

Item	Risk Control Service	19/20	20/21	21/22	22/23	23/24
1	Minimum of one site visit annually to each member to: <ul style="list-style-type: none"> • Risk Control Work Plan/Score Card update • 30-60minute awareness level training on a CalOSHA topic appropriate to the member • Safety inspection of targeted member facilities • Update CalOSHA-required policies developed in prior year(s) • Update My Safety Officer information 	✓	✓	✓	✓	✓
2	Develop 2 CalOSHA-required policies for each member based on need.	✓	✓	✓	✓	✓
3	Provide companion interactive computer based training modules customized to the CalOSHA-required policies developed in #2, above, and host on the member's Target Solutions account.	✓	✓	✓	✓	✓
4	My Safety Officer services: <ul style="list-style-type: none"> • Determination of CalOSHA requirements for each Member. • Employee training records management and record keeping • Monthly communication with each Member describing training requirements, other CalOSHA action items, training records management and available training resources to meet monthly training requirements. • Access to My Safety Officer training resources: <ul style="list-style-type: none"> ○ Video lending library ○ Online training modules • Access to the My Safety Officer suite of online services • Monthly webinars and access to past recorded webinars 	✓	✓	✓	✓	✓
5	Risk Control Hotline services via phone and email	✓	✓	✓	✓	✓
6	Smart SOP mobile app subscription for all members	✓	✓	✓	✓	✓
7	Maintain a library of risk control resources, including sample policies/procedures, for member use.	✓	✓	✓	✓	✓
8	Monthly "Did You Know" e-newsletter describing CalOSHA and State Water Board regulatory changes and other risk control information.					
9	Target Solutions utilization services (ie set each City up on Target Solutions, monthly outreach to drive member utilization).					
10	Risk Control Survey: update of existing data and new exposures		✓			✓
11	Workers' Compensation and General Liability Loss Analysis to guide development of new programs, training materials and resources.	✓			✓	
12	Sewer Overflow and Backup Response Plan update.		✓			✓
13	Fall/Spring Regional Training Workshops at 2 locations on topics targeting member losses/needs.	✓	✓	✓	✓	✓
14	Special risk control projects as directed by the Board to target new/emerging exposures and/or loss trends indicated from the Loss Analysis (NOTE: Supplemental risk control project budgets to be determined by the SCORE Board).	✓	✓	✓	✓	✓
Budget/Year		\$105k	\$110k	\$110k	\$110k	\$115k
Monthly Invoice from DKF Solutions Group, LLC to SCORE		\$8,750	\$9,166	\$9,166	\$9,166	\$9,583



FY 19/20 LIABILITY PROGRAM FUNDING RATES

ACTION ITEM

ISSUE: The Board annually reviews the actuary's funding projections for the upcoming fiscal year and approves the rates to be used for member premiums. The rates per \$100 of payroll at the 70% Confidence Level (CL) are \$1.21 for the Banking Layer and \$1.81 for the Shared Layer, for a combined rate of \$3.01, *a decrease of (-3.5%) from the current rate of \$3.12.*

The **current rate at the 75% CL, \$3.33, is well below the \$3.62 rate at the 70% CL in FY16/17.** The Board has maintained annual funding at the 70% CL, rather than the 75% CL used for the Workers' Compensation Program, and includes this lower level of funding when evaluating dividend and assessment options.

RECOMMENDATION: maintain funding at the 70% Confidence Level as set by the actuary.

FISCAL IMPACT: Decrease of \$29,000, or (-3.7%) in total Banking and Shared Layer funding, from \$777,000 to \$748,000, including a 5% increase in payroll.

BACKGROUND: The Board annually reviews the actuary's rates for projected losses and determines an appropriate funding level. The Board has maintained funding at a 70% Confidence Level but has considered higher confidence levels as well as capping rate increases in the past, using Net Position within SCORE's target funding benchmarks to smooth out the typical increases and decreases in rates.

The Program Administrators will continue to annually evaluate the need and ability to cap annual increases in funding.

ATTACHMENTS:

1. *DRAFT* Proposed Liability Program Funding FY 19/20 at 70% CL
2. SCORE Liability Experience Modification Calculation

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
Fiscal Year 2018-19
Funding (70% CL)

Total Admin Expenses: \$890,901.99
Total Liability Admin Expenses: \$502,159.50
Total WC Admin Expenses: \$388,742.49
Liability Participants 18.00

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
Fiscal Year 2019-20 PROPOSED
Funding (70% CL)

CJPRMA Premium: \$212,468
CJPRMA Refund: \$0
Rate Per \$100 Payroll: \$ 0.86
CSAC Pollution Premium: \$5,801
CSAC Pollution Payroll: \$23,808,352
Rate per \$100: \$ 0.02436540

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	
Formula/Allocation	CY 2018 Payroll x 3% Inflation Factor	Relative Loss Rate x Credibility Factor	Projected Payroll x Ex Mod	(Exp/\$100) x Rate	(Exp/\$100) x Rate	(Exp/\$100) x Rate	Banking + Shared + Excess Layers	(PP/\$100) x Banking, Shared and Excess Rates	(H) - (I)	Refund x %PP	(PP/100) x Rate	(Total Admin/2)/ Number of Members	(Total Admin/2)/ %PP	(M) + (N)	Loss Funding + Refund + Pollution + Admin						Member PP/ Total PP
MEMBER ENTITY	Projected Payroll (PP)	Ex Mod	Ex-Mod Adjusted Payroll (ExP)	BANKING LAYER at 70% CL \$0 to \$25,000	SHARED LAYER at 70% CL \$25,000 to \$500,000	EXCESS LAYER \$500k TO \$40M CJPRMA PREMIUM	LOSS FUNDING (LF)	UNADJUSTED LOSS FUNDING (ULF)	Ex Mod Impact on Loss Funding Increase or (Decrease)	CJPRMA REFUND	CSAC/CPIEA Pollution Coverage	50% ADMIN FIXED EXPENSE	50% ADMIN % PAYROLL	Proposed FY 19-20 Admin Total	Proposed FY 19-20 TOTAL FINAL DEPOSIT	FY 18-19 TOTAL DEPOSIT	\$ Change Overall	% Change Overall	% Change in Payroll	% Payroll (%PP)	Payroll used for FY 17/18 Budget
Rate Per \$100 or Amount	1.03	Calc		\$1.21	\$1.81	\$0.86	Calc		Calc	\$0	\$0.0243654	\$251,080	\$251,080	\$502,160	70% CL	70% CL					
Biggs	\$413,838	1.22	\$504,635	\$6,106	\$9,134	\$4,322	\$19,562	\$16,042	\$3,520	\$0	\$101	\$13,949	\$4,188	\$18,137	\$37,799	\$38,412	(\$612)	-1.6%	1.2%	1.67%	\$408,840
Colfax	\$707,527	0.94	\$665,866	\$8,057	\$12,052	\$5,702	\$25,812	\$27,426	(\$1,615)	\$0	\$172	\$13,949	\$7,160	\$21,109	\$47,093	\$52,377	(\$5,284)	-10.1%	-13.3%	2.85%	\$815,763
Dunsmuir	\$796,486	1.79	\$1,422,743	\$17,215	\$25,752	\$12,184	\$55,151	\$30,875	\$24,276	\$0	\$194	\$13,949	\$8,061	\$22,009	\$77,355	\$66,562	\$10,793	16.2%	20.2%	3.21%	\$662,452
Etna	\$652,481	0.89	\$577,992	\$6,994	\$10,462	\$4,950	\$22,405	\$25,293	(\$2,888)	\$0		\$13,949	\$6,603	\$20,552	\$42,957	\$40,597	\$2,360	5.8%	14.3%	2.63%	\$570,719
Fort Jones	\$545,651	0.91	\$494,257	\$5,981	\$8,946	\$4,233	\$19,159	\$21,152	(\$1,992)	\$0	\$133	\$13,949	\$5,522	\$19,471	\$38,763	\$36,666	\$2,097	5.7%	14.4%	2.20%	\$476,780
Isleton	\$348,933	1.03	\$359,081	\$4,345	\$6,499	\$3,075	\$13,919	\$13,526	\$393	\$0		\$13,949	\$3,531	\$17,480	\$31,400	\$27,993	\$3,406	12.2%	29.5%	1.41%	\$269,402
Live Oak	\$1,428,199	0.79	\$1,133,179	\$13,711	\$20,511	\$9,704	\$43,926	\$55,363	(\$11,436)	\$0	\$348	\$13,949	\$14,454	\$28,403	\$72,677	\$76,103	(\$3,426)	-4.5%	-0.6%	5.76%	\$1,436,885
Loomis	\$973,672	1.24	\$1,208,726	\$14,626	\$21,878	\$10,351	\$46,855	\$37,743	\$9,112	\$0	\$237	\$13,949	\$9,854	\$23,803	\$70,895	\$66,696	\$4,199	6.3%	10.2%	3.92%	\$883,347
Loyalton	\$114,893	1.00	\$114,506	\$1,386	\$2,073	\$981	\$4,439	\$4,454	(\$15)	\$0	\$28	\$13,949	\$1,163	\$15,112	\$19,578	\$19,464	\$114	0.6%	3.0%	0.46%	\$111,582
Montague	\$329,375	0.99	\$326,196	\$3,947	\$5,904	\$2,794	\$12,645	\$12,768	(\$123)	\$0	\$80	\$13,949	\$3,333	\$17,282	\$30,007	\$32,163	(\$2,156)	-6.7%	-9.0%	1.33%	\$361,766
Mt. Shasta	\$2,253,506	1.45	\$3,277,481	\$39,658	\$59,322	\$28,068	\$127,048	\$87,355	\$39,693	\$0	\$549	\$13,949	\$22,806	\$36,755	\$164,352	\$169,511	(\$5,159)	-3.0%	5.1%	9.08%	\$2,144,858
Portola	\$710,796	0.89	\$633,633	\$7,667	\$11,469	\$5,426	\$24,562	\$27,553	(\$2,991)	\$0	\$173	\$13,949	\$7,193	\$21,142	\$45,878	\$52,381	(\$6,503)	-12.4%	-7.9%	2.86%	\$771,697
Rio Dell	\$1,047,932	0.84	\$882,236	\$10,675	\$15,968	\$7,555	\$34,199	\$40,622	(\$6,423)	\$0	\$255	\$13,949	\$10,605	\$24,554	\$59,008	\$63,286	(\$4,277)	-6.8%	-0.3%	4.22%	\$1,050,786
Shasta Lake	\$4,181,350	0.71	\$2,955,352	\$35,760	\$53,492	\$25,309	\$114,561	\$162,085	(\$47,524)	\$0	\$1,019	\$13,949	\$42,316	\$56,265	\$171,845	\$177,839	(\$5,994)	-3.4%	3.8%	16.85%	\$4,028,147
Susanville	\$4,112,518	0.78	\$3,221,022	\$38,974	\$58,301	\$27,584	\$124,859	\$159,417	(\$34,558)	\$0	\$1,002	\$13,949	\$41,619	\$55,568	\$181,430	\$202,052	(\$20,622)	-10.2%	0.4%	16.58%	\$4,096,369
Tulelake	\$410,457	0.95	\$388,211	\$4,697	\$7,027	\$3,325	\$15,049	\$15,911	(\$862)	\$0	\$100	\$13,949	\$4,154	\$18,103	\$33,251	\$32,730	\$522	1.6%	6.7%	1.65%	\$384,553
Weed	\$2,186,875	1.43	\$3,129,884	\$37,872	\$56,651	\$26,804	\$121,326	\$84,771	\$36,555	\$0	\$533	\$13,949	\$22,131	\$36,080	\$157,940	\$132,459	\$25,481	19.2%	17.9%	8.81%	\$1,854,291
Yreka	\$3,595,296	0.98	\$3,514,767	\$42,529	\$63,617	\$30,100	\$136,246	\$139,368	(\$3,122)	\$0	\$876	\$13,949	\$36,385	\$50,334	\$187,456	\$153,580	\$33,876	22.1%	9.0%	14.49%	\$3,298,992
Grand Total	\$24,809,766	1.02	\$24,809,766	\$300,198	\$449,057	\$212,468	\$961,723	\$961,723	\$0	\$0	\$5,801	\$251,080	\$251,080	\$502,160	\$1,469,684	\$1,440,869	\$28,814	2.0%	5.0%	100.00%	\$23,627,229

Verification of Total \$ 22,033,757
Actuary Payroll \$ 22,261,000
\$ 300,000 \$ 448,000 \$212,468 \$960,468
\$198 \$1,057 \$0 \$1,255

SCORE
Liability Experience Modification Calculation
For FY 2019-20 PROPOSED

FORMULA	Losses as of 12/31/18 Capped at \$50,000							DE-9 Payroll Fiscal Years Ending						
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Total	% of Total Losses	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Total	% Total Payroll
MEMBER ENTITY														
Biggs	\$11,247			\$57,737		\$68,984	5.7%	\$381,699	\$382,291	\$379,667	\$392,776	\$398,314	\$1,934,747	1.8%
Colfax		\$596		\$14,174		\$14,771	1.2%	\$466,454	\$431,629	\$553,415	\$685,372	\$795,191	\$2,932,060	2.8%
Dunsmuir	\$50,119	\$84,000	\$5,365	\$50,000	\$1,450	\$190,934	15.9%	\$533,265	\$528,116	\$529,248	\$670,417	\$693,618	\$2,954,664	2.8%
Etna	\$0			\$8		\$8	0.0%	\$383,491	\$344,494	\$383,669	\$384,224	\$622,671	\$2,118,549	2.0%
Fort Jones							0.0%	\$296,837	\$267,933	\$275,881	\$339,322	\$551,670	\$1,731,643	1.6%
Isleton			\$14,499	\$0		\$14,499	1.2%	\$242,609	\$254,161	\$200,387	\$203,541	\$290,929	\$1,191,627	1.1%
Live Oak	\$1,175	\$1,155	\$1,371	\$5,002	\$0	\$8,703	0.7%	\$1,237,873	\$1,244,049	\$1,340,354	\$1,359,315	\$1,404,840	\$6,586,430	6.3%
Loomis	\$496	\$63,929	\$1,587	\$5,026	\$21,516	\$92,554	7.7%	\$713,269	\$708,952	\$716,410	\$786,892	\$885,890	\$3,811,413	3.6%
Loyalton	\$0				\$0	\$0	0.0%	\$144,738	\$146,327	\$110,920	\$121,101	\$101,281	\$624,368	0.6%
Montague	\$5,093	\$1,834	\$3,042	\$360	\$8	\$10,336	0.9%	\$317,465	\$319,406	\$321,124	\$342,082	\$344,421	\$1,644,497	1.6%
Mt. Shasta	\$61,015	\$63,466	\$29,178	\$51,100	\$28,750	\$233,508	19.4%	\$1,621,731	\$1,729,437	\$1,786,692	\$2,061,747	\$2,083,648	\$9,283,255	8.8%
Portola		\$8	\$2,704	\$1,750	\$3	\$4,465	0.4%	\$619,179	\$615,012	\$775,449	\$867,805	\$707,151	\$3,584,596	3.4%
Rio Dell	\$0	\$8	\$5,455	\$881		\$6,344	0.5%	\$929,077	\$991,690	\$975,147	\$1,015,930	\$1,022,382	\$4,934,225	4.7%
Shasta Lake	\$17,920	\$53,572	\$0	\$1,845	\$3,187	\$76,524	6.4%	\$3,212,992	\$3,291,793	\$3,444,570	\$3,719,515	\$3,925,030	\$17,593,899	16.7%
Susanville	\$30,692	\$27,119	\$53,507	\$2,031	\$1	\$113,349	9.4%	\$3,510,972	\$3,553,392	\$3,919,587	\$3,848,191	\$4,024,339	\$18,856,482	17.9%
Tulelake		\$0	\$2,877			\$2,877	0.2%	\$309,601	\$316,146	\$365,242	\$355,728	\$382,100	\$1,728,818	1.6%
Weed	\$39,183	\$64,435	\$2,987	\$6,360	\$94,041	\$207,004	17.2%	\$1,542,690	\$1,669,833	\$1,568,849	\$1,757,498	\$1,851,307	\$8,390,178	8.0%
Yreka		\$29,535	\$32,787	\$42,229	\$52,056	\$156,606	13.0%	\$3,047,983	\$2,881,778	\$2,878,897	\$3,115,630	\$3,262,427	\$15,186,714	14.5%
Grand Total	\$216,939	\$389,655	\$155,358	\$238,503	\$201,011	\$1,201,465	100.0%	\$19,511,926	\$19,676,437	\$20,525,511	\$22,027,084	\$23,347,208	\$105,088,165	100.0%

SCORE
Liability Experience Modification Calculation
For FY 2019-20 PROPOSED

FORMULA	(Total Member Losses/Total Member Payroll) x 100	Member LR/Total Pool LR	CY 2018 Payroll + 3% Inflation Factor	PP/(PP + Largest Member PP)	Member RLR x Member Cred + (1- Member Cred)	Projected Payroll x Ex Mod	Unadjusted Ex Mod / Weighted Ex Mod Factor*	Projected Payroll x Ex Mod	
	Loss Rate Per \$100 (LR)	Relative Loss Rate (RLR)	Projected Payroll (PP)	Credibility Factor (Cred)	Unadjusted Ex Mod	Unadjusted Ex Mod Payroll (UEP)	Ex Mod	Ex Mod Adjusted Payroll (ExP)	FY 18-19 Ex Mod
MEMBER ENTITY			1.03				0.976547316		
Biggs	\$3.57	3.12	\$413,838	9.01%	1.19	\$492,800	1.22	\$504,635	1.25
Colfax	\$0.50	0.44	\$707,527	14.47%	0.92	\$650,250	0.94	\$665,866	0.92
Dunsmuir	\$6.46	5.65	\$796,486	16.00%	1.74	\$1,389,376	1.79	\$1,422,743	1.73
Etna	\$0.00	0.00	\$652,481	13.50%	0.87	\$564,436	0.89	\$577,992	0.92
Fort Jones	\$0.00	0.00	\$545,651	11.54%	0.88	\$482,665	0.91	\$494,257	0.94
Isleton	\$1.22	1.06	\$348,933	7.70%	1.00	\$350,660	1.03	\$359,081	1.07
Live Oak	\$0.13	0.12	\$1,428,199	25.46%	0.77	\$1,106,603	0.79	\$1,133,179	0.82
Loomis	\$2.43	2.12	\$973,672	18.89%	1.21	\$1,180,378	1.24	\$1,208,726	1.24
Loyalton	\$0.00	0.00	\$114,893	2.67%	0.97	\$111,820	1.00	\$114,506	1.02
Montague	\$0.63	0.55	\$329,375	7.30%	0.97	\$318,546	0.99	\$326,196	1.01
Mt. Shasta	\$2.52	2.20	\$2,253,506	35.02%	1.42	\$3,200,615	1.45	\$3,277,481	1.56
Portola	\$0.12	0.11	\$710,796	14.53%	0.87	\$618,772	0.89	\$633,633	0.99
Rio Dell	\$0.13	0.11	\$1,047,932	20.04%	0.82	\$861,545	0.84	\$882,236	0.92
Shasta Lake	\$0.43	0.38	\$4,181,350	50.00%	0.69	\$2,886,041	0.71	\$2,955,352	0.75
Susanville	\$0.60	0.53	\$4,112,518	49.59%	0.76	\$3,145,481	0.78	\$3,221,022	0.89
Tulelake	\$0.17	0.15	\$410,457	8.94%	0.92	\$379,106	0.95	\$388,211	0.97
Weed	\$2.47	2.16	\$2,186,857	34.34%	1.40	\$3,056,479	1.43	\$3,129,884	1.34
Yreka	\$1.03	0.90	\$3,595,296	46.23%	0.95	\$3,432,337	0.98	\$3,514,767	0.80
Grand Total	\$1.14	1.00	\$24,809,766		1.00	\$24,227,911	1.02	\$24,809,766	1.05

*Weighted Ex Mod Factor = Total UEP/Total PP)



Agenda Item H.4.b.

FY 19/20 WORKERS' COMPENSATION PROGRAM FUNDING RATES

ACTION ITEM

ISSUE: The Board annually reviews the actuary's funding projections for the upcoming fiscal year and approves the rates to be used for member premiums.

The selected rates per \$100 of payroll at the current 75% Confidence Level (CL) are \$1.66 for the Banking Layer and \$4.14 for the Shared Layer, for a **combined rate of \$5.80, a 0.9% decrease from the \$5.85 rate** used for the current year. The decrease is due to favorable results in the Shared Layer, with the Banking Layer rate remaining unchanged.

Total funding is increasing \$51,000, or 3.7%, compared to the total payroll increase of 6.4%.

RECOMMENDATION: Approve the rates at the 75% Confidence Level as set by the actuary.

FISCAL IMPACT: Increase of \$51,000 in the total combined funding, from \$1,367,000 to \$1,418,000.

BACKGROUND: The Board annually reviews the actuary's rates for projected losses and determines an appropriate funding level. The Confidence Level has been set as high as 85% in the past but was decreased to 70% in FY 11/12. The Board maintained that level until increasing it to 75% for FY 16/17.

The Board previously established a goal of capping the Workers' Compensation Program loss funding rates at no more than 3% per year for the FY 13/14, FY 14/15, and FY 15/16 program years. In the first year the rate was capped at 3%, but in the second year the program's financial position would not support a cap and it was not used. For FY 2015/16 the rates fell slightly so the cap was not needed. For FY 16/17 the rates decreased again, by 6%, so the Board took the opportunity to increase the funding confidence level to 75%.

The Program Administrators will continue to annually evaluate the need and ability to cap annual increases in funding or strengthen the funding confidence level.

ATTACHMENTS:

1. *DRAFT* Proposed Workers' Compensation Program Funding FY 18/19
2. SCORE Workers' Compensation Experience Modification Calculation

SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION PROGRAM
Fiscal Year 2019-20 PROPOSED
Funding 75% CL

Total Admin Expenses: \$ 890,902
Total Liab Admin Expenses: \$ 502,160
Total WC Admin Expenses: \$ 388,742

Liability Participants 18
WC Participants 17
WC members (Mini-
Mini-Cities Members 7

SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION PROGRAM
Fiscal Year 2019-20 PROPOSED
Funding 75% CL

Total Admin Expenses: \$ 890,902
Total Liab Admin Expense \$ 502,160
Total WC Admin Expenses \$ 388,742

Liability Participants 18
WC Participants 17
WC members (Mini-
Mini-Cities Members 7

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W		
Formula/Allocation	CY 2018 Payroll + 3% Inflation Factor	Relative Loss Rate x Credibility Factor	(Projected Payroll x Ex Mod)/ExP Adjustment Factor	(Exp/\$100) x Rate	(Exp/\$100) x Rate	(Exp/\$100) x Rate	Banking + Shared + Excess Layers	(PP/\$100) x Banking, Shared and Excess Rates	(H) - (I)	Assessment x %PP	(Total Admin x .5)/ Number of Members	(Total Admin x .5)/ %PP	(L) + (M)			(H) + (K) + (N)				Member PP/Total PP	MC Member PP/Total MC PP	Relative Loss Rate x Credibility Factor		
MEMBER ENTITY	Projected Payroll (PP)	EX MOD	Ex-Mod Adjusted Payroll (ExP)	BANKING LAYER 75% CL \$0 to \$25K	SHARED LAYER 75% CL \$25K to \$250K	EXCESS LAYER \$250K TO STATUTORY LAWCX PREMIUM	Loss Funding	Unadjusted Loss Funding	Ex Mod Impact on Loss Funding Increase or (Decrease)	LAWCX ASSESSMENT	50% ADMIN FIXED EXPENSE	50% ADMIN % PAYROLL	Proposed Admin Total FY 19-20	Admin Total FY 18-19	% Change ADMIN	Proposed FY 19-20 TOTAL DEPOSIT	Prior Year FY 18-19 DEPOSIT	\$ Change Overall	% Change Overall	% Change in Payroll	% Projected Payroll (%PP)	% MC Projected Payroll	MC Indivi. Ex Mods	
Rate/Amount	1.03	Calc		\$1.66	\$4.14	\$1.57	Calc	Calc	Calc	\$12,959	\$194,371	\$194,371	\$388,742	\$376,296	3%	75% CL	75% CL							
Colfax	\$707,527	0.86	\$609,006	\$10,011	\$24,893	\$9,584	\$44,488	\$52,171	(\$7,683)	\$370	\$11,434	\$5,543	\$16,977	\$16,739	1%	\$61,834	\$75,069	(\$13,235)	-17.6%	-13.3%	2.9%			
Dunsmuir	\$796,486	1.32	\$1,050,785	\$17,273	\$42,951	\$16,537	\$76,760	\$58,731	\$18,029	\$416	\$11,434	\$6,240	\$17,674	\$15,257	16%	\$94,850	\$74,984	\$19,867	26.5%	20.2%	3.2%			
Live Oak	\$1,428,199	0.74	\$1,053,346	\$17,315	\$43,055	\$16,577	\$76,947	\$105,312	(\$28,364)	\$746	\$11,434	\$11,189	\$22,623	\$22,743	-1%	\$100,316	\$100,623	(\$307)	-0.3%	-0.6%	5.8%			
Loomis	\$973,672	0.80	\$777,030	\$12,773	\$31,761	\$12,229	\$56,763	\$71,796	(\$15,034)	\$509	\$11,434	\$7,628	\$19,062	\$17,392	10%	\$76,333	\$70,146	\$6,187	8.8%	-0.6%	3.9%			
Mt. Shasta	\$2,253,506	1.12	\$2,516,380	\$41,364	\$102,857	\$39,602	\$183,823	\$166,168	\$17,655	\$1,177	\$11,434	\$17,655	\$29,089	\$29,586	-2%	\$214,089	\$272,560	(\$58,472)	-21.5%	10.2%	9.1%			
Portola	\$710,796	0.99	\$704,311	\$11,578	\$28,789	\$11,084	\$51,450	\$52,412	(\$962)	\$371	\$11,434	\$5,569	\$17,002	\$16,313	4%	\$68,824	\$72,358	(\$3,534)	-4.9%	5.1%	2.9%			
Rio Dell	\$1,047,932	0.93	\$969,399	\$15,935	\$39,624	\$15,256	\$70,815	\$77,272	(\$6,457)	\$547	\$11,434	\$8,210	\$19,644	\$19,011	3%	\$91,006	\$93,746	(\$2,740)	-2.9%	-7.9%	4.2%			
Shasta Lake	\$4,181,350	0.68	\$2,822,562	\$46,397	\$115,372	\$44,420	\$206,190	\$308,323	(\$102,133)	\$2,184	\$11,434	\$32,759	\$44,192	\$47,790	-8%	\$252,566	\$233,610	\$18,956	8.1%	-0.3%	16.9%			
Susanville	\$4,112,518	1.13	\$4,653,420	\$76,493	\$190,208	\$73,234	\$339,935	\$303,247	\$36,688	\$2,148	\$11,434	\$32,219	\$43,653	\$48,450	-10%	\$385,736	\$397,269	(\$11,533)	-2.9%	3.8%	16.6%			
Weed	\$2,186,857	0.96	\$2,108,821	\$34,665	\$86,198	\$33,188	\$154,051	\$161,254	(\$7,203)	\$1,142	\$11,434	\$17,133	\$28,566	\$26,778	7%	\$183,759	\$127,032	\$56,727	44.7%	0.4%	8.8%			
Yreka	\$3,595,296	1.39	\$4,989,224	\$82,013	\$203,934	\$78,518	\$364,466	\$265,108	\$99,357	\$1,878	\$11,434	\$28,167	\$39,601	\$40,742	-3%	\$405,944	\$309,431	\$96,513	31.2%	17.9%	14.5%			
Subtotal Members	\$21,994,139	1.01	\$22,254,285	\$365,817	\$909,642	\$350,229	\$1,625,688	\$1,569,623	\$11,576	\$11,488	\$125,770	\$172,312	\$298,082	\$300,802	-1%	\$1,935,258	\$1,826,828	\$108,430	5.9%	9.0%	88.7%			
Biggs	\$413,838	0.90	\$372,036	\$6,116	\$15,207	\$5,855	\$27,177	\$30,515	(\$3,338)	\$216	\$11,434	\$3,242	\$14,676	\$12,806	15%	\$42,069	\$42,129	(\$60)	-0.1%	4.5%	1.7%	14.7%	0.90	
Etna	\$652,481	0.90	\$586,573	\$9,642	\$23,976	\$9,231	\$42,850	\$48,112	(\$5,263)	\$341	\$11,434	\$5,112	\$16,545	\$14,371	15%	\$59,736	\$55,304	\$4,431	8.0%	1.2%	2.6%	23.2%	1.04	
Fort Jones	\$545,651	0.90	\$490,534	\$8,063	\$20,051	\$7,720	\$35,834	\$40,235	(\$4,401)	\$285	\$11,434	\$4,275	\$15,708	\$13,463	17%	\$51,827	\$47,659	\$4,168	8.7%	14.3%	2.2%	19.4%	0.89	
Isleton (do not partic	\$348,933	0.90	\$313,687	\$5,156	\$12,822	\$4,937	\$22,915	\$25,729	(\$2,814)	\$182	\$11,434	\$0	\$11,434	\$0		\$34,531								
Loyalton	\$114,893	0.90	\$103,288	\$1,698	\$4,222	\$1,625	\$7,545	\$8,472	(\$927)	\$60	\$11,434	\$900	\$12,334	\$9,933	24%	\$19,939	\$17,936	\$2,003	11.2%	3.0%	0.5%	4.1%	0.96	
Montague	\$329,375	0.90	\$296,104	\$4,867	\$12,103	\$4,660	\$21,631	\$24,287	(\$2,657)	\$172	\$11,434	\$2,580	\$14,014	\$12,351	13%	\$35,817	\$38,298	(\$2,481)	-6.5%	-9.0%	1.3%	11.7%	1.15	
Tulelake	\$410,457	0.90	\$368,996	\$6,066	\$15,083	\$5,807	\$26,955	\$30,266	(\$3,311)	\$214	\$11,434	\$3,216	\$14,649	\$12,571	17%	\$41,819	\$40,153	\$1,667	4.2%	6.7%	1.7%	14.6%	0.90	
Subtotal Mini Cities	\$2,815,628	0.91	\$2,531,218	\$41,608	\$103,463	\$39,835	\$184,907	\$188,365	-\$22,711	\$1,471	\$80,035	\$22,059	\$102,094	\$75,494	35%	\$288,472	\$241,479	\$46,993	19.5%	21.7%	11.3%	87.6%	0.91	
Grand Total	\$24,809,766	0.99	\$24,785,503	\$407,425	#####	\$390,064	\$1,810,595	\$1,757,989	-\$11,134	\$12,959	\$205,805	\$194,371	\$400,176	\$376,296	6%	\$2,223,730	\$2,068,306	\$155,424	7.5%	6.2%	100.0%			

Verification of Total \$23,357,800 \$23,357,800 \$406,000 ##### \$ 390,064 \$1,808,064 \$388,742 \$2,196,806
Difference \$1,451,966 \$1,427,703 \$1,425 \$1,106 \$0 \$2,531 **\$11,434** **\$26,924**
 ExP Adjustment Factor 1.00 1.01 1.01 1.00
 ExP Adjustment Factor M/C
Actuary Payroll #####

SCORE
Work Comp Experience Modification Calculation
For FY 2019-20 PROPOSED

FORMULA	Incurred Losses, less 4850 SC, Capped at \$50,000 as of 12/31/18						DE9 Payroll Fiscal Years Ending					
	MEMBER ENTITY	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Total	% Total Losses	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Total
Colfax	\$ 259	\$ -	\$ 5,585	\$ 127	\$ 5,971	0.4%	\$431,629	\$553,415	\$685,372	\$795,191	\$2,465,607	2.9%
Dunsmuir	\$ 48,196		\$ 89,825	\$ 2,080	\$ 140,100	8.7%	\$528,116	\$529,248	\$670,417	\$693,618	\$2,421,399	2.8%
Live Oak	\$ 829	\$ 813		\$ 320	\$ 1,962	0.1%	\$1,244,049	\$1,340,354	\$1,359,315	\$1,404,840	\$5,348,558	6.3%
Loomis					\$ -	0.0%	\$708,952	\$716,410	\$786,892	\$885,890	\$3,098,143	3.6%
Mt. Shasta	\$ 102,129	\$ 60,433	\$ 32,169	\$ 2,929	\$ 197,660	12.3%	\$1,729,437	\$1,786,692	\$2,061,747	\$2,083,648	\$7,661,524	9.0%
Portola		\$ 48,635	\$ 3,024	\$ 5,631	\$ 57,290	3.6%	\$615,012	\$775,449	\$867,805	\$707,151	\$2,965,417	3.5%
Rio Dell	\$ 15,770	\$ 33,295	\$ 2,786	\$ 225	\$ 52,077	3.2%	\$991,690	\$975,147	\$1,015,930	\$1,022,382	\$4,005,149	4.7%
Shasta Lake		\$ 24,480	\$ 1,438	\$ 75,033	\$ 100,951	6.3%	\$3,291,793	\$3,444,570	\$3,719,515	\$3,925,030	\$14,380,907	16.8%
Susanville	\$ 22,237	\$ 61,240	\$ 238,469	\$ 51,363	\$ 373,309	23.2%	\$3,553,392	\$3,919,587	\$3,848,191	\$4,024,339	\$15,345,510	17.9%
Weed	\$ 894	\$ 7,291	\$ 12,131	\$ 100,000	\$ 120,317	7.5%	\$1,669,833	\$1,568,849	\$1,757,498	\$1,851,307	\$6,847,488	8.0%
Yreka	\$ 102,770	\$ 70,517	\$ 104,405	\$ 149,514	\$ 427,206	26.5%	\$2,881,778	\$2,878,897	\$3,115,630	\$3,262,427	\$12,138,731	14.2%
Subtotal Memb	\$ 293,084	\$ 306,704	\$ 489,832	\$ 387,222	\$ 1,476,842	91.7%	\$17,645,679	\$18,488,620	\$19,888,310	\$20,655,822	\$76,678,432	89.6%
Biggs	\$ 573				\$ 573	0.0%	\$382,291	\$379,667	\$392,776	\$398,314	\$1,553,048	1.8%
Etna	\$ 40,546			\$ 3,964	\$ 44,510	2.8%	\$344,494	\$383,669	\$384,224	\$622,671	\$1,735,058	2.0%
Fort Jones		\$ 4,377	\$ -		\$ 4,377	0.3%	\$267,933	\$275,881	\$339,322	\$551,670	\$1,434,806	1.7%
Isleton (quoting)					\$ -	0.0%	\$254,161	\$188,568	\$198,470	\$290,929	\$932,129	1.1%
Loyalton		\$ 90	\$ 1,304		\$ 1,394	0.1%	\$146,327	\$110,920	\$121,101	\$101,281	\$479,629	0.6%
Montague	\$ 77,631			\$ 4,540	\$ 82,171	5.1%	\$319,406	\$321,124	\$342,082	\$344,421	\$1,327,033	1.6%
Tulelake				\$ -	\$ -	0.0%	\$316,146	\$365,242	\$355,728	\$382,100	\$1,419,216	1.7%
Subtotal Mini C	\$ 118,749	\$ 4,467	\$ 1,304	\$ 8,504	\$ 133,025	8.3%	\$2,030,757	\$2,025,072	\$2,133,704	\$2,691,386	\$8,880,919	10.4%
Grand Total	\$ 411,833	\$ 311,171	\$ 491,136	\$ 395,727	\$ 1,609,868	100.0%	\$19,676,437	\$20,513,692	\$22,022,014	\$23,347,208	\$85,559,351	100.0%

SCORE
Work Comp Experience Modification Calculation
For FY 2019-20 PROPOSED

FORMULA	FORMULA	Total Member losses/Total Member Payroll	Member LR/Total Pool LR	CY 2018 Payroll + 3% Inflation Factor	PP/(PP + Largest Member PP)	Member RLR x Member Cred+(1-member Cred)	PP x Ex Mod	Unweighted Ex Mod/ Weighted Ex Mod Factor*	Projected Payroll x Weighted Ex Mod			
MEMBER ENTITY	Factor	Loss Rate Per \$100 (LR)	Relative Loss Rate Per \$100 (RLR)	Projected Payroll (PP)	Credibility Factor (Cred)	Unweighted Experience Mod	Unweighted Ex Mod Payroll (UEP)	Ex Mod	Ex Mod Adjusted Payroll (EP)	FY 19-20 Ex Mod	FY 18-19 Ex Mod	FY17-18 Ex Mod
	Factor			1.03				1.01323609				
Colfax		\$0.24	\$0.13	\$707,527	0.15	0.87	\$617,038	0.86	\$608,977	0.86	0.85	0.85
Dunsmuir		\$5.79	\$3.08	\$796,486	0.16	1.34	\$1,064,642	1.32	\$1,050,735	1.32	1.31	1.03
Live Oak		\$0.04	\$0.02	\$1,428,199	0.26	0.75	\$1,067,237	0.74	\$1,053,296	0.74	0.73	0.75
Loomis		\$0.00	\$0.00	\$973,672	0.19	0.81	\$787,278	0.80	\$776,994	0.80	0.79	0.84
Mt. Shasta		\$2.58	\$1.37	\$2,253,506	0.35	1.13	\$2,549,566	1.12	\$2,516,261	1.12	1.11	1.69
Portola		\$1.93	\$1.03	\$710,796	0.15	1.00	\$713,600	0.99	\$704,278	0.99	0.98	1.15
Rio Dell		\$1.30	\$0.69	\$1,047,932	0.20	0.94	\$982,183	0.93	\$969,353	0.93	0.92	0.85
Shasta Lake		\$0.70	\$0.37	\$4,181,350	0.50	0.68	\$2,859,786	0.68	\$2,822,428	0.68	0.67	0.66
Susanville		\$2.43	\$1.29	\$4,112,518	0.50	1.15	\$4,714,790	1.13	\$4,653,199	1.13	1.12	1.08
Weed		\$1.76	\$0.93	\$2,186,857	0.35	0.98	\$2,136,632	0.96	\$2,108,721	0.96	0.96	0.92
Yreka		\$3.52	\$1.87	\$3,595,296	0.47	1.41	\$5,055,021	1.39	\$4,988,987	1.39	1.38	1.07
Subtotal Mem		\$1.93	\$1.02	\$21,994,139	0.84	1.02	\$22,547,773	1.01	\$22,253,227	1.01	1.00	0.99
Biggs		\$0.04	\$0.02	\$413,838	0.09	0.92	\$380,731	0.91	\$376,593	0.91	0.99	1.13
Etna		\$2.57	\$1.36	\$652,481	0.14	0.92	\$600,283	0.91	\$593,758	0.91	0.99	1.13
Fort Jones		\$0.31	\$0.16	\$545,651	0.12	0.92	\$501,999	0.91	\$496,542	0.91	0.99	1.13
Isleton (quoting		\$0.00	\$0.00	\$348,933	0.08	0.92	\$321,018	0.91	\$317,529	0.91		
Loyalton		\$0.29	\$0.15	\$114,893	0.03	0.92	\$105,702	0.91	\$104,553	0.91	0.99	1.13
Montague		\$6.19	\$3.29	\$329,375	0.07	0.92	\$303,025	0.91	\$299,731	0.91	0.99	1.13
Tulelake		\$0.00	\$0.00	\$410,457	0.09	0.92	\$377,620	0.91	\$373,515	0.91	0.99	1.13
Subtotal Mini C		\$1.50	\$0.80	\$2,815,628	0.40	0.92	\$2,590,377	0.91	\$2,562,221	0.91	0.99	1.13
Grand Total		\$1.88	\$1.00	\$24,809,766	0.86	1.00	\$25,138,151	0.99	\$24,815,448			0.99

*Weighted Ex Mod Factor = Total UEP/Total PP)



FY 2019/20 SCORE PRELIMINARY BUDGET

INFORMATION ITEM

ISSUE: The Program Administrators will present the FY 19/20 Preliminary Budget calculations which will allow members to obtain an estimated deposit Premium due for the FY 19/20 Fiscal Year.

RECOMMENDATION: Review and provide direction for completion of final budget.

FISCAL IMPACT: T.B.D.

BACKGROUND: The budget uses estimates of payroll, property values and auto values, where appropriate, to calculate premium and expenses for SCORE Board members. The budget also recognizes the calculation of experience modification factors as adopted by the program's *Master Plan Documents*.

Although the costs are not finalized, it has become the practice in the past for SCORE to review a Preliminary Program Budget at the March Board meeting. This practice was adopted to allow the members to have an indication of costs for their individual budgets. It has also allowed the SCORE members to give direction as to where they would like to expend the funds in the following year.

ATTACHMENTS:

1. Preliminary FY 19/20 SCORE Program Budget – Administrative Funding
2. Preliminary FY 19/20 SCORE Summary of Deposits

FY 2019/20 SCORE - General Administration Budget (PROPOSED)

	Category	Work Comp	Liability	Other	Total FY 19-20	Prior Year FY 18-19	% Change
Revenues							
	400 Program Administration	\$71,559	\$196,914		\$268,473	\$263,209	2.0%
	400 Claims Administration	\$112,730	\$116,740		\$229,470	\$226,465	1.3%
	400 Other Expenses	\$204,453	\$188,506		\$392,959	\$381,126	3.1%
	400 Banking Layer Deposit	\$407,425	\$300,198		\$707,623	\$693,001	2.1%
	400 Shared Risk Layer Deposit	\$1,013,106	\$449,057		\$1,462,162	\$1,451,000	0.8%
	400 Excess Coverage Deposit (LAWCX and CJPRMA)	\$390,064	\$212,468		\$602,532	\$475,058	26.8%
	400 Group Purchase Coverage - Property			\$510,658	\$510,658	\$510,658	0.0%
	400 Group Purchase Coverage - ERMA			\$79,174	\$79,174	\$79,174	0.0%
	400 Group Purchase Coverage - CSAC Pollution			\$5,801	\$5,801	\$6,358	-8.8%
	400 Group Purchase Coverage - ACI EAP			\$13,824	\$13,824	\$13,824	0.0%
	400 Group Purchase Coverage - ACIP (Crime for Treasurer)			\$950			
	499 Reimbursement from CJPRMA for Liability Safety Training						
	Total Revenues	\$2,199,337	\$1,463,883	\$610,407	\$4,272,676	\$4,159,872	2.7%

	Category	Work Comp	Liability		Total FY 19-20	Prior Year FY 18-19	% Change
Expenses							
	710 Program Administration	\$ 71,559	\$ 196,914		\$ 268,473	\$263,209	2.0%
	720 Claims Administration (ULAE) Per Member Annual Fee	\$ 10,200	\$ 15,300		\$ 25,500	\$25,500	0.0%
	721 Claims Administration WC (Unallocated Claims Expense)	\$ 102,530			\$ 102,530	\$101,515	1.0%
	722 Claims Administration GL (Unallocated Claims Expense)		\$ 101,440		\$ 101,440	\$99,450	2.0%
Other Expenses							
	505 Accounting Services	\$ 29,000	\$ 29,000		\$ 58,000	\$56,000	3.6%
	506 Financial Audit	\$ 11,050	\$ 11,050		\$ 22,100	\$21,500	2.8%
	507 Actuarial Review and Studies	\$ 5,560	\$ 5,560		\$ 11,120	\$10,860	2.4%
	508 Bill.com	\$ 360	\$ 360		\$ 720	\$720	0.0%
	509 Legal Expenses	\$ 2,000	\$ 5,000		\$ 7,000	\$7,000	0.0%
	510 Investment Management Fees	\$ 7,250	\$ 7,250		\$ 14,500	\$14,500	0.0%
	511 Claims Audit (WC in Fall 2019 \$8,000, GL in Fall 2020 \$3,100)	\$ 8,000			\$ 8,000	\$3,100	158.1%
	512 Custodial Account Bank Fees	\$ 125	\$ 125		\$ 250	\$250	0.0%
	601 Checking Account Bank Fees	\$ 125	\$ 125		\$ 250	\$250	0.0%
	605 Board Meeting Expenses	\$ 5,425	\$ 5,425		\$ 10,850	\$10,650	1.9%
	606 LRP and Training Day Meeting Expenses	\$ 10,000	\$ 10,000		\$ 20,000	\$18,000	11.1%
	607 Company Nurse	\$ -	\$ -		\$ -	\$0	0.0%
	608 Treasury Services (provided by Loomis)	\$ 500	\$ 500		\$ 1,000	\$1,000	0.0%
	609 Website	\$ -	\$ -		\$ -	\$0	0.0%
	610 Member Conference Reimbursements	\$ 9,500	\$ 9,500		\$ 19,000	\$19,000	0.0%
	612 Contingent Reserve	\$ 12,500	\$ 12,500		\$ 25,000	\$25,000	0.0%
	615 Dues & Subscriptions - CAJPA and PARMA	\$ 500	\$ 500		\$ 1,000	\$1,000	0.0%
	625 Insurance - Employee Dishonesty/Bonds for Treasurer	\$ 575	\$ 575		\$ 1,150	\$1,150	0.0%
	626 ID Fraud Coverage	\$ -	\$ 3,082		\$ 3,082	\$3,082	0.0%
	670 CAJPA Accreditation (2020)	\$ 2,375	\$ 2,375		\$ 4,750	\$0	
	675 Loss Control Services DKF	\$ 52,500	\$ 52,500		\$ 105,000	\$105,000	0.0%
	676 Lexipol Law Enforcement Policy Manual	\$ 7,468	\$ 20,000		\$ 27,468	\$27,468	0.0%
	677 Target Solutions	\$ 12,579	\$ 12,579		\$ 25,157	\$25,157	0.0%
	699 CA DIR OSIP Self Insurance Assesment	\$ 26,562	\$ -		\$ 26,562	\$29,439	-9.8%
	999 Miscellaneous Expenses	\$ 500	\$ 500		\$ 1,000	\$1,000	0.0%
	Total Administration Expenses	\$ 388,742	\$ 502,160		\$ 890,902	\$870,800	2.3%

Red text indicates numbers are estimated

SCORE - PROPOSED Summary of Deposits FY 2019-2020

MEMBER ENTITY	TOTAL Work Comp Deposit	TOTAL Liability Deposit	\$5K All Risk Deductible Property Premium Due 7/1/2019	Property Appraisal Cost Allocation (approved by BOD)	ERMA EPLI Deposit Due 7/1/2019	EAP Premium Due 7/1/2019	2019-2020 Total Deposit (NOT incl Prop Appraisal)	2019-2020 Total Deposit (incl Prop Appraisal)	2018-2019 Total Deposit	% Change	Liability Deposit Due 7/1/2019	WC Quarterly Installment Due 7/1/2019	Crime Coverage Due 7/1/2019
Biggs	\$42,069	\$37,799	\$13,882	\$2,706	\$1,589	\$351	\$95,691	\$98,397	\$96,363	-1%	\$37,799	\$10,517.35	\$1,900
Colfax	\$61,834	\$47,093	\$24,072	\$3,280	\$3,170	\$459	\$136,629	\$139,909	\$155,147	-12%	\$47,093	\$15,458.62	\$950
Dunsmuir	\$94,850	\$77,355	\$24,881	\$4,510	N/A	\$513	\$197,599	\$202,109	\$166,939	18%	\$77,355	\$23,712.52	\$950
Etna	\$59,736	\$42,957	\$10,961	\$1,558	N/A	\$459	\$114,113	\$115,671	\$107,322	6%	\$42,957	\$14,933.94	N/A
Fort Jones	\$51,827	\$38,763	\$8,379	\$1,640	N/A	\$540	\$99,510	\$101,150	\$93,244	7%	\$38,763	\$12,956.82	N/A
Isleton	N/A	\$31,400	\$12,283	\$1,394	N/A	\$351	\$44,033	\$45,427	\$40,627	8%	\$31,400	N/A	N/A
Live Oak	\$100,316	\$72,677	\$56,581	\$5,658	\$5,584	\$2,025	\$237,183	\$242,841	\$240,916	-2%	\$72,677	\$25,079.07	\$950
Loomis	\$76,333	\$70,895	\$6,551	\$328	\$3,433	\$405	\$157,616	\$157,944	\$147,230	7%	\$70,895	\$19,083.22	\$950
Loyalton	\$19,939	\$19,578	\$15,736	\$2,296	N/A	\$243	\$55,496	\$57,792	\$53,379	4%	\$19,578	\$4,984.74	\$950
Montague	\$35,817	\$30,007	\$24,170	\$3,198	N/A	N/A	\$89,994	\$93,192	\$94,631	-5%	\$30,007	\$8,954.18	\$950
Mt. Shasta	\$214,089	\$164,352	\$13,567	\$2,952	\$8,335	\$1,242	\$401,584	\$404,536	\$465,215	-14%	\$164,352	\$53,522.17	N/A
Portola	\$68,824	\$45,878	\$15,181	\$2,296	\$2,999	\$378	\$133,259	\$135,555	\$143,297	-7%	\$45,878	\$17,205.97	N/A
Rio Dell	\$91,006	\$59,008	\$14,712	\$3,034	\$4,084	N/A	\$168,810	\$171,844	\$175,827	-4%	\$59,008	\$22,751.52	\$950
Shasta Lake	\$252,566	\$171,845	\$98,473	\$7,462	\$15,654	\$1,431	\$539,969	\$547,431	\$527,007	2%	\$171,845	\$63,141.51	\$950
Susanville	\$385,736	\$181,430	\$49,121	\$4,182	\$15,919	\$1,728	\$633,934	\$638,116	\$666,089	-5%	\$181,430	\$96,434.01	N/A
Tulelake	\$41,819	\$33,251	\$17,238	\$2,050	\$1,494	\$513	\$94,315	\$96,365	\$92,127	2%	\$33,251	\$10,454.76	N/A
Weed	\$183,759	\$157,940	\$25,313	\$2,870	\$5,439	\$1,161	\$373,612	\$376,482	\$291,404	28%	\$157,940	\$45,939.81	\$3,325
Yreka	\$405,944	\$187,456	\$79,557	\$6,970	\$12,820	\$2,025	\$687,802	\$694,772	\$557,413	23%	\$187,456	\$101,486.08	\$2,531
Grand Total	\$2,186,465	\$1,469,684	\$510,658	\$58,384	\$80,520	\$13,824	\$4,261,150	\$4,319,534	\$4,114,177	4%	\$1,469,684	\$546,616.30	\$15,356

Red text indicates numbers are estimated

Paid by member direct to ACIP Program



**SCORE TRAINING DAY
INFORMATION ITEM**

ISSUE: The Program Administrators are requesting Board input regarding topics of interest for the annual Long Range Planning Meeting which will be held on October 3, 2019 followed by the Board meeting on October 4, 2019.

Members are encouraged to provide additional planning and training topics. We typically have a representative from one or more of SCORE's service providers attend and provide training on a topic of interest.

RECOMMENDATION: Discuss and provide direction for Planning Day topics.

FISCAL IMPACT: Not to exceed \$20,000.

BACKGROUND: Every year, SCORE holds a Long Range Planning Meeting to provide Board members with an opportunity to discuss the coverage programs, risk management and loss control services available to members as well as any topics that Members may want to address. Presentations will also be provided by the Program Administrators and SCORE partners.

ATTACHMENTS: None



**Small Cities Organized Risk Effort
Board of Directors Meeting
March 29, 2019**

Agenda Item I.

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95

ACTION ITEM

ISSUE: Pursuant to Government Code Section 54956.95, the Board will hold a Closed Session to discuss the following claims for payment of a tort liability loss or a public liability loss:

**Request for Authority

1. Workers' Compensation

- a. SCWA-5560000 v. City of Susanville*
- b. SCWA-556062 v. City of Weed*

FISCAL IMPACT: Unknown.

RECOMMENDATION: The Program Administrator cannot make a recommendation at this time, as the subject matter is confidential.

BACKGROUND: Confidential.

ATTACHMENTS: None.



INFORMATION ITEMS

ISSUE: The following items are being presented as information for SCORE members.

RECOMMENDATION: None. This item is offered as information only.

BACKGROUND: None.

FISCAL IMPACT: None.

ATTACHMENT(S):

FY 2018/19 Resource Contact Guide: The Board of Directors is provided a copy of the updated Resource Contact Guide for easy reference in accessing member services and resources.

Glossary of Terms: A Glossary of terms has been created and added to the agenda packet per Member request. This will continue to be included in future Board agenda packets.

SCORE Travel Reimbursement Form: This form should be used to request reimbursement for travel expenses related to attending a SCORE meeting.

SCORE RESOURCE CONTACT GUIDE

FY 2018/19

PROGRAM ADMINISTRATION
 Alliant Insurance Services, Inc.
 2180 Harvard Street Ste 460
 Sacramento, CA 95815
 Main: (916) 643-2700 Fax: (916) 643-2750
www.Alliant.com

SUBJECT	MAIN CONTACT	PHONE	EMAIL
JPA MANAGEMENT ISSUES –coverage questions, quotations, new members, development of shared risk program coverage agreements, RFPs for actuarial services, actuary liaison, excess insurance/additional coverage marketing (Crime coverage, etc.), program development; program budget/funding, financial analysis, coordination w/financial auditor/JPA accountant	<p style="text-align: center;">Marcus Beverly</p> <p style="text-align: center;">Michael Simmons</p> <p style="text-align: center;">Michelle Minnick</p> <p style="text-align: center;">Joan Crossley</p>	<p style="text-align: center;">(916) 643-2704 (916) 660-2725 (cell)</p> <p style="text-align: center;">(415) 403-1425 (925) 708-3374 (cell)</p> <p style="text-align: center;">(916) 643-2715</p> <p style="text-align: center;">(916) 643-2712</p>	<p style="text-align: center;">Marcus.Beverly@alliant.com</p> <p style="text-align: center;">msimmons@alliant.com</p> <p style="text-align: center;">Michelle.Minnick@alliant.com</p> <p style="text-align: center;">jcrossley@alliant.com</p>
JPA ADMINISTRATIVE ISSUES – meeting agendas; minutes; development/maintenance of governing documents, development/interpretation of policies & procedures, JPA state compliance, Form 700, changes in Board members, website maintenance.	<p style="text-align: center;">Michelle Minnick</p> <p style="text-align: center;">Marcus Beverly</p> <p style="text-align: center;">Joan Crossley</p>		
COVERAGE / RISK MANAGEMENT ISSUES – <ul style="list-style-type: none"> ➤ Certificates of coverage, additions/deletions of coverage’s, special events liability coverage, automobile identification cards, auto/mobile equipment physical damage programs ➤ Coverage questions, quotations, new members, development of shared risk program coverage agreements, RFPs for actuarial services, actuary liaison, excess insurance/additional coverage marketing (Crime coverage, etc.), program development ➤ Insurance Requirements in Contracts (IRIC), hold harmless agreements, indemnification clauses, safety program planning, RFPs for JPA services & audits, third party contract review 	<p style="text-align: center;">Michelle Minnick</p> <p style="text-align: center;">Marcus Beverly</p> <p style="text-align: center;">Joan Crossley</p>		

SCORE RESOURCE CONTACT GUIDE

FY 2018/19

CLAIMS ADMINISTRATION
 York Risk Services Group, Inc.
 P.O. Box 619079
 Roseville, CA 95678
 Main: (800) 922-5020 Fax: (866) 548-2637
www.yorkrsg.com

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p>CLAIMS ADMINISTRATION – questions regarding liability and Workers’ Compensation claims handling can be forwarded to York Risk Services Group</p> <p>Property Recovery Program This program is designed to recover damages from a third party when a member has incurred a loss caused by a third party who was determined to be liable.</p> <p style="text-align: center;"><u>Liability Claims</u></p> <p style="text-align: center;"><u>Workers’ Compensation Claims</u></p> <p style="text-align: center;"><u>Subrogation</u></p>	<p>Shawn Millar, Property & Casualty Adjuster Craig Nunn, Property & Casualty Adjuster Kelly Winters, Property & Casualty Adjuster Dana Calkins, Property & Casualty Adjuster</p> <p>Ariel Leonhard, Claims Examiner Teng Her, Unit Manager</p> <p>D’Ana Seivert, Subrogation Manager</p>	<p>(530) 768-7385 (925) 349-3879 (916) 960-1024 (916) 960-0919</p> <p>(916) 960-0974 (916) 746-6302</p> <p>(916) 960-0980</p>	<p>shawn.millar@yorkrsg.com craig.Nunn@yorkrsg.com kelly.winters@yorkrsg.com dana.calkins@yorkrsg.com</p> <p>ariel.leonhard@yorkrsg.com teng.her@yorkrsg.com</p> <p>D’Ana.Seivert@yorkrsg.com</p>
<p>ADMINISTRATIVE ISSUES - annual contracts for services, IT issues, reports, service issues COMPUTER SERVICES, TRUST ACCOUNT SERVICES – loss runs, special reports, check registers, bank reconciliations</p>	<p>Dori Zumwalt, Sr. Account Manager Tom Baber, Director Casualty Claims</p>	<p>(916) 960-1017 (714) 620-1302</p>	<p>dorienne.zumwalt@yorkrsg.com tom.baber@yorkrsg.com</p>

SCORE RESOURCE CONTACT GUIDE

FY 2018/19

CLAIM REPORTING AND TRIAGE SERVICES

Company Nurse Injury Hotline

Main: (888) 817-9282

<https://companynurse.com/>

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p>CLAIM REPORTING AND TRIAGE SERVICES – Company Nurse strives to streamline injury reporting and reduce injury reporting lag time and overall cost</p> <ul style="list-style-type: none"> • Quick, easy, cost efficient way to immediately report workplace injuries • 24/7 Nurse Triage Hotline 1-888-545-9154 (Please ensure to use the city code specific to your member) 	<p>Chris Park, Account Executive</p>	<p>(480) 717-6842</p>	<p>service@companynurse.com</p>

ACCOUNTING SERVICES

Gilbert Associates, Inc.

Main: (916) 646-6464 Fax: (916) 929-6836

www.gilbertcpa.com

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p>ACCOUNTING SERVICES – any questions regarding accounting, accounts payable, invoicing, and checks can be forwarded to Gilbert Associates</p>	<p style="text-align: center;">Kevin Wong</p> <p style="text-align: center;">Jennifer Zraick</p>	<p>(916) 646-6464</p>	<p>kswong@gilbertcpa.com</p> <p>JZraick@gilbertcpa.com</p>

POLICE AND FIRE RISK MANAGEMENT SERVICES

Lexipol

Main: (949) 484-4444 Fax: (949) 484-4443

<http://www.lexipol.com/>

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p>POLICE RISK MANAGEMENT SERVICES – Lexipol helps to review members' Police and Fire Risk Management policies and offers state-specific policy manuals that are integrated with scenario-based daily training on high-risk, low frequency events</p>	<p>David Espinosa, Vice President of Business Development</p>		<p>despinosa@lexipol.com</p>

SCORE RESOURCE CONTACT GUIDE

FY 2018/19

ERMA POOL ADMINISTRATION/EXCESS PARTNER

Main: (800) 541-4591 Fax: (916) 244-1199

<http://www.ermajpa.org/>

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p>ERMA – provides loss prevention services designed to minimize employment practices liability (EPL) exposure of members</p> <p style="text-align: right;">Board Member - John Duckett</p> <p style="text-align: right;">Alternate - Roger Carroll</p> <p>Services Offered</p> <ul style="list-style-type: none"> • Employee Reporting line • Attorney Hotline • Employment Practices Training 	<p>Rob Kramer, Executive Director</p> <p>Jennifer Jobe, Assistant Executive Director</p>	<p>(530) 275-7427</p> <p>(916) 652-1840</p> <p>(916) 244-1117</p> <p>(916) 244-1139</p>	<p>info@ermajpa.org</p> <p>jduckett@cityofshastalake.org</p> <p>rcarroll@loomis.ca.gov</p> <p>rkramer@bickmore.net</p> <p>jjobe@bickmore.net</p>

LAWCX POOL ADMINISTRATION/EXCESS PARTNER

Main: (800) 541-4591 Fax: (916) 244-1199

<http://www.lawcx.org/>

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p>LAWCX – Provides Excess Workers’ Compensation coverage and additional training resources</p> <p style="text-align: right;">Board Member - Steve Baker</p> <p style="text-align: right;">Alternate – Marcus Beverly</p> <p>Online Risk Control Services</p> <ul style="list-style-type: none"> • Employees can access online training courses by registering online at www.lawcx.org. • Video/Webinars – There are over 300 Training videos and over 30 recorded webinars available. Live Webinars are also available • Training Tools – Sample Training Matrices, Safety Communications, Safe Practices Guidelines • Programs/Forms Comprehensive Sample Programs with implementation guides and Sample Forms • Blog – Timely and informational reports from Risk Control Experts • Can you Risk It? Liability Exposures- real questions from actual members are answered 	<p>Jim Elledge, Executive Director</p> <p>Tammy Vitali, Claims Manager</p> <p>Terrie Norris, Risk Control Manager</p> <p>Kim Sackett, Administrative Analyst</p>	<p>(530) 841-2321</p> <p>(916) 643-2704</p> <p>(916) 244-1124</p> <p>(916) 244-1114</p> <p>(916) 290-4655</p> <p>(916) 290-4601</p>	<p>sbaker@ci.yreka.ca.us</p> <p>Marcus.Beverly@alliant.com</p> <p>jerlledge@bickmore.net</p> <p>tvitali@bickmore.net</p> <p>tnorris@bickmore.net</p> <p>kim.sackett@yorkrisk.com</p>

SCORE RESOURCE CONTACT GUIDE

FY 2018/19

CJPRMA POOL ADMINISTRATION/EXCESS PARTNER

Main: (925) 837-0667 Fax: (925) 290-1543

<http://www.cjprma.org/>

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p>CJPRMA – Provides Excess Liability coverage and additional training resources</p> <p style="text-align: center;">Board Member - Roger Carroll</p> <p style="text-align: center;">Alternate - John Duckett</p> <p>Services Offered</p> <ul style="list-style-type: none"> • Five annual regional training workshops throughout California-previous years topics include Contractual Risk Transfer, Police Liability, Parks and Recreation Liability, and Sidewalk Liability Controls. • Two to four training sessions per year available at no charge. Topics include: police liability, tort issues, streets and sidewalks, contractual liability, employment practices • Personal assistance available to review contracts and to help look at any risk related issues (Contact Tony Giles Assistant General Manager or Marinda Griese) <p>**Services offered at an additional cost**</p> <ul style="list-style-type: none"> • Certificates of Insurance tracking through Risk Console (cost for each user is \$100/year) • Pins Advantage (alternative to Risk Console) is available to all members at a reduced rate is provided on a month to month basis and can be canceled at any time. 	<p style="text-align: center;">Marinda Griese, Claim Administrator</p> <p style="text-align: center;">Tony Giles, Assistant General Manager</p>	<p style="text-align: center;">(916) 652-1840</p> <p style="text-align: center;">(530) 275-7427</p> <p style="text-align: center;">(925) 290-1315</p> <p style="text-align: center;">(925) 290-1318</p>	<p style="text-align: center;">rcarroll@loomis.ca.gov</p> <p style="text-align: center;">jduckett@cityofshastalake.org</p> <p style="text-align: center;">marinda@cjprma.org</p> <p style="text-align: center;">tony@cjprma.org</p>

SCORE RESOURCE CONTACT GUIDE

FY 2018/19

LOSS CONTROL SERVICES

DKF Solutions

Fax: (707) 647-7200

www.dkfsolutions.com

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p>LOSS CONTROL SERVICES – DKF Solutions is the Loss Control Service Provider responsible for coordination for all Risk Management Training for SCORE. DKF has completed Risk Assessments for all members and is currently working on the approved Risk Control Plans for SCORE.</p> <p>Services available to all SCORE members Maintenance Training & Sewer Management Plans Phone and email hotline (contact David Patzer) On-Site Visit with Biomechanics Training & Review of Operations/Current Practices Online Training: Employees can access online training courses by going to: www.mysafetyofficer.com/employeetraining and entering the username “employee” and password “safety” which will grant access to the following training:</p> <ul style="list-style-type: none"> • Interactive Training: Free self-paced web training modules which include quiz questions are available to help facilitate knowledge about different topics ranging from Bloodborne Pathogens to Respiratory Protection. * requires Adobe Flash software • Tailgate Training: Free downloadable tailgate training materials covering topics from Aerial Lift Safety to Zoonotics • Webinar archive: access to one-hour webinars in your web browser covering topics ranging from Bloodborne Pathogens Regulations to SSO Volume Estimation * requires Adobe Flash software • ***NOTE: Monthly news update with a different article each month at http://www.dkfsolutions.com/blog/ 	<p style="text-align: center;">David Patzer</p> <p style="text-align: center;">John Balestrini</p> <p style="text-align: center;">Katie Frassinelli</p>	<p style="text-align: center;">(707) 373-9709</p> <p style="text-align: center;">(916) 532-5802</p>	<p style="text-align: center;">dpatzer@dkfsolutions.com</p> <p style="text-align: center;">john@dkfsolutions.com</p> <p style="text-align: center;">Kfrassinelli@dkfsolutions.com</p>

SCORE RESOURCE CONTACT GUIDE

FY 2018/19

EMPLOYEE ASSISTANCE PROGRAM ACI Specialty Benefits Corporation Main: (800) 932-0034 Fax: (858) 452-7819 www.acieap.com			
SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p>EMPLOYEE ASSISTANCE PROGRAM - EAP provides 24 hour/365 day assistance to employees and their family members who can receive up to three counseling visits per year by contacting 1-800-932-0034 or by visiting the following website http://score.acieap.com</p> <ul style="list-style-type: none"> • Each city has 4 hours per year for On-Site Employee Orientations, Manager & Supervisor Trainings, and Lunch ‘n Learn Seminars Per City per year • <i>Unlimited</i> Critical Incident Stress Management (CISM) Telephonic Consultation for Crisis response • Each city has 1 On-Site Critical Incident Stress Debriefing (CISD) per year for Crisis response • Legal and Financial Hardship Services- Employees and their family members have limited access to telephonic legal and financial hardship services (first 60 minutes are free and if they retain the attorney then additional time is offered at a discounted rate) <p>**Services offered at an additional cost**</p> <ul style="list-style-type: none"> • Wellness Resources The Core Platform wellness program is available to employees which includes workshops, personalized meal and exercise plans, articles about health, health logs, recipes, exercise tracker and log and blogs about wellness 	<p>Colleen Shuster</p>	<p>(858) 529-0171</p>	<p>cshuster@acieap.com</p>

SCORE RESOURCE CONTACT GUIDE

FY 2018/19

TRAINING SERVICES Target Solutions Main: (800) 840-8048 Fax: (858) 487-8762 www.targetsolutions.com			
SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
TRAINING SERVICES – a Web-based Safety Training Platform Services Offered <ul style="list-style-type: none"> • OSHA Training Documentation • Online Video Library http://app.targetsolutions.com/auth/index.cfm?action=login.showlogin&customerid=19258&customerpath=score • Policy Templates (IIPP examples, Bloodborne Pathogens, HAZWOPER, Emergency Response Plans) • Training Records management (i.e. Diplomas, Certificates of Completion) • Continuing Education Courses for Fire and Safety Personnel 	Karly Andrade , Account Specialist	(858) 376-1636	karly.andrade@vectorsolutions.com

CONCRETE CUTTING Precision Concrete Cutting Main: (866) 792-8006 Fax: (650) 240-3866 www.dontgrind.com			
SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
SIDEWALK TRIP HAZARD SERVICES Services Offered <ul style="list-style-type: none"> • Sidewalk Asset Management • Surveying Sidewalk Infrastructure • Repairing Uneven Sidewalk Panels 	Joseph Ortega Katrina Lynch	(650) 576-4303 (916) 847-7346	jortega@DontGrind.com Klynch@dontgrind.com

LEAGUE OF CALIFORNIA CITIES Main: (916) 658-8200 Fax: (866) 593-2927 www.cacities.org			
SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
The League of California Cities is an association of California city officials who work together to enhance their knowledge and skills, exchange information, and combine resources so that they may influence policy decisions that affect cities.	Charles W. Anderson , Regional Public Affairs Manager	(916) 798-2231	canderson@cacities.org

GLOSSARY OF TERMS

Term	Definition
4850	Labor Code 4850
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
Additional Insured	A type of status associated with general liability insurance policies that provides coverage to other individuals/groups that were not initially named. After endorsement, the additional insured will then be protected under the named insurer's policy and can file a claim in the event that they are sued.
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

GLOSSARY OF TERMS

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
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
Binder	A legal agreement issued by either an agent or an insurer to provide temporary evidence of insurance until a policy can be issued. Binders should contain definite time limits, should be in writing, and should clearly designate the insurer with which the risk is bound.
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 SCORE's Liability Program
California State Association of Governments (CSAC)	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
California State Association of Governments - Excess Insurance Authority (CSAC-EIA)	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
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

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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
Certificate Of Insurance	A certificate of insurance is a document issued by an insurance company/broker that is used to verify the existence of insurance coverage under specific conditions granted to listed individuals.
Certified Industrial Hygienist (CIH)	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
Chartered Property Casualty Underwriter (CPCU)	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")
Compromise and Release (C&R)	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
Confidence Level (CL)	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 an issuing a policy. In return, the insured relies on the company's promise and ability to provide coverage and pay claims
Certified Safety Professional (CSP)	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.
California State Association of Counties Excess Insurance Authority (CSAC-EIA)	SCORE participates in a group purchase of pollution liability coverage with CSAC-EIA
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</i>

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	<i>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
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
Difference In Conditions (DIC)	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
Directors and Officers (D&O)	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
Date of Loss (DOL)	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
Earthquake (EQ)	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
Employment Practices Liability (EPL)	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
Employment Risk Management Authority (ERMA)	ERMA provides employment practices Liability coverage to SCORE members desiring such coverage

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Errors and Omissions Insurance (E&O)	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
Executive Committee (EC)	committee within that organization which has the authority to make decisions and ensures that these decisions are carried out
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)
Financial Accounting Standards Board (FASB)	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
Generally Accepted Accounting Principles (GAAP)	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
Governmental Accounting Standards Board (GASB)	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)
Health Insurance Portability and Accountability Act (HIPAA)	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 secure
Incurred But Not Reported (IBNR)	It is that part of the total claims that is unknown at any point in time. At any time, SCORE has claims that have not been reported or recognized by SCORE or has claims recognized by SCORE but without knowledge of the cost when such claim is finally closed. SCORE uses an actuary to project the costs of these unknown liabilities to SCORE <ul style="list-style-type: none"> - the estimate of funds needed to pay for covered losses that have occurred but have not been reported to the member and/or SCORE and expected future development on claims already reported

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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)
Injury Illness Prevention Program (IIPP)	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
Insurance Requirements in Contracts (IRIC)	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.
Insurance Services Office, Inc. (ISO)	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
Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX)	LAWCX provides excess coverage to SCORE's workers' compensation pool
Long Range Planning (LRP)	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.
Loss Adjustment Expense (LAE)	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 Payee	The party to whom the claim from a loss is to be paid. Loss payee can mean several different things; in the insurance industry, the insured or the party entitled to payment is the loss payee. The insured can expect reimbursement from the insurance carrier in the event of a loss.
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
Maximum Medical Improvement (MMI)	When an injured employee's condition is well stabilized and unlikely to change substantially in the next year, with or without medical treatment. Once

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	an employee reaches MMI, a doctor can assess how much, if any, permanent disability resulted from the work injury. See also P&S
Memorandum of Coverage (MOC)	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
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 SCORE 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
Permanent and Stationary (P&S)	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
Permanent Disability (PD)	Any lasting disability that results in a reduced earning capacity after maximum medical improvement is reached

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Personal Protective Equipment (PPE)	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. SCORE'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
Public Agency Risk Managers Association (PARMA)	A statewide association for risk managers in the public sector. Educational and lobbying activities
Public Entity Property Insurance Program (PEPIP)	A group purchase program from which many SCORE members purchase their insurance
Public Risk Management Association (PRIMA)	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
Replacement Cost (RC)	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, SCORE 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, SCORE 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)

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Risk and Insurance Management Society (RIMS)	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
Self-Insured Retention (SIR)	the maximum amount of exposure to a single loss retained by SCORE
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

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	surety issues the bond. If the bonded individual does not perform as promised, the surety performs the obligation or pays for any damages
Temporary Disability Benefits (TD)	Payments an employee receives if they lose wages because of a work related injury which prevents them from doing their usual job while recovering
Third Party Administrator (TPA)	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
Total Insured Values (TIV)	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
Terrorism Risk Insurance Act (TRIA)	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
Vehicle Identification Number (VIN)	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

Small Cities Organized Risk Effort Board of Directors Travel Expense Reimbursement Form

**Please remember to provide all receipts/proof of purchase along with this form
in order to receive reimbursement.**

Payee Name (who the check should be made out to):

Payee Address (where payment should be sent):

Member City:

Date of Meeting:

Meeting or Committee:

Location of Meeting:

Total Mileage:

Total miles driven _____ X 2019 IRS Rate (\$0.58 *per mile*) = \$

Parking: \$ _____

Auto Rental: \$ _____

Total Hotel Accommodations: \$ _____

Other Expenses: \$ _____

Please explain: _____

TOTAL AMOUNT SUBJECT TO REIMBURSEMENT: \$

**ALL REIMBURSEMENT CHECKS WILL BE MADE OUT TO THE CITY
UNLESS OTHERWISE INDICATED ON THIS FORM.**

Signature _____ Date _____